

South Ribble Borough
Council

Final
Internal Audit Report

Review of Building Control

2023/24

Audit Assurance: Adequate
Auditor: Struan Jackson/Jacqui Murray
Date Issued: 5th September 2023



WORKING TOGETHER

Reason for the Audit & Scope	
1	The Building Act 1984 and the Regulations 2010 places a legal duty on the Council to ensure building work carried out in the Borough meets the minimum standards and that buildings are accessible and provide a safe and healthy environment.
2	The review is included in the 2023/24 Annual Audit Plan approved by the Governance Committee on the 7th March 2023.
3	This review focused on the arrangements that are in place for administration of building control applications, collection of fees and site inspections. Enforcement action was not included within the scope of the review.

Audit Objectives	
4	The overall objective of the audit was to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are being sufficiently managed.
5	The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology.
6	The audit will focus on specific risks where the controls in place mitigate a gross red / amber risks to a residual green risk. In addition, all fraud risks and performance management data will be included within our work.

Audit Assurance	
7	Building Control was last reviewed in 2014/15 and was awarded an adequate assurance rating.
8	The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance.
9	Appendix A shows the risks recorded on GRACE for Building Control and the assurance opinion awarded to each. Our evaluation of the reliance we can place on the three lines of defence is also shown.
10	<p>Our work identified that the Building Control Service adheres to the LABC Quality Management System ISO 9001:2015 that aims to deliver a consistent national service delivered at a local level, as such ISO audits are undertaken on a regular basis and the service currently hold certification confirming that their Quality Management System meets these requirements.</p> <p>The Council website provides comprehensive information and guidance to residents relating to building regulations and applicants have a number of application methods available to them, including telephone, online via the Planning Portal/Submit a Plan or downloading an application form for email submission.</p> <p>The Idox Uniform management system is utilised to retain application records and record the details of building notices with the supporting documentation and information held within a separate electronic customer file. Sample testing confirmed that records were well maintained and the Idox record aligned with the information retained within the customer files. The imminent introduction of Idox Enterprise will increase functionality and further enhance record keeping enabling an immediate link between the Idox record and the supporting correspondence/documentation.</p> <p>Sample testing identified some weaknesses in income collection and monitoring arrangements during the period sampled (January - July 2023) including:</p>

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- A number of building inspections undertaken had not been invoiced amounting to approximately £8500, with one applicant having 12 separate plots inspections to be invoiced.
- The Building Control Team are not in receipt of regular aged debtor reports to identify outstanding payments, additionally status reports are not being regularly generated from Idox to assist with income management.
- A regular reconciliation of fee income is not undertaken to help identify errors, discrepancies, or missing payments.
- Acknowledgement letters are issued on receipt of the application and associated plans however, the letters do not provide confirmation that payment has been received in full or seek payment of outstanding plan check fee where this has not been made during the application process. Including this information on the acknowledgement letter would assist with income management and reinforce the submission process for the applicant whereby the plan charge is payable when plans are deposited with the authority.

For reasons highlighted in relation to the income monitoring arrangements, an **Adequate** assurance rating has been awarded for this review. Further work is required to ensure that payment for all work undertaken by the Council is sought and recovered in good time in accordance with the Council's Fair Collection Charter and that robust income monitoring arrangements are operational. The recent recruitment of two technical support officers will further improve this area after a period of induction and job specific training has been completed.

The introduction of the Building Safety Act 2022 will bring additional requirements for the Council as a building control authority including the requirement to register with the new Building Safety Regulator in England by April 2024. An implementation action plan should be developed to ensure all required tasks and resources are clearly identified and any changes that need to be made recognised and timetabled to ensure compliance by the effective date.

Improvements to be made to strengthen the current operational arrangements are detailed in the action plan at Appendix B.

Outside the scope of this review it is also noted that the Building Control Service has been referred to the Shared Services Joint Committee as a potential opportunity to help build resilience in an area that has proved very hard to recruit to. Initial proposals have been discussed at the Shared Services Joint Committee meeting on the 24 July and further discussions/work will be undertaken with staff to ascertain what a shared service could look like.

Control Rating Key

Full – the Authority can place complete reliance on the controls. No control weaknesses exist.

Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.

Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.

Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.

Risk and Controls	Control Evaluation
Risk 1 – Policies and procedures are not in place, leading to a failure of compliance with the Building Control Act 1984 and the Building Regulations 2010	
*Procedures and guidance in compliance with the building regulations and legislation.	Working as intended
*Comprehensive guidance and application process on Council’s website.	Working as intended
Documented procedures are in place for service and are regularly reviewed.	Working as intended
Officers have access to and are familiar with the documented procedures.	Working as intended
* Procedures conforms to ISO 9001:2015 LABC Quality Management System.	Working as intended
Risk 2 – Failure to consider changes to legislations and implement suitable controls	
The Building Control Manager is tasked with monitoring legislation and disseminating to the team.	Action 1
Building Control Officers are members of the LABC (Local Authority Building Control).	Working as intended
Risk 3 – Lack of effective income management and reconciliation processes	
*Standardised plan check fees and inspection charges.	Working as intended
*Acknowledgement letter issued.	Action 2
Applications are validated on receipt of plan fee.	Working as intended
*Surveyors calculate fees and record in Idox records management system.	Working as intended
*Inspection invoices are issued promptly.	Action 3
*Payment receipts are saved to the designated applicant folder.	Action 4
*A record of payment is retained on the Financial System - Authority Web.	Working as intended
*Debtor reports are received and actioned.	Action 5
*Regular income reconciliations are completed.	Action 6
Risk 4 – Applications are not administered promptly, decisions, notices and completion certificates are not issued within statutory time limits	
Application are processed in date order.	Working as intended
Applications input to Idox and unique identifier assigned.	Working as intended
Applications are validated on receipt of plan fee.	Working as intended
*Acknowledgement letter issued.	Action 2
Decisions subject to review by suitably qualified officer.	Working as intended
Checklist/Assessment Template utilised.	Working as intended
Approval made within 5 week limit/approval to extend received.	Working as intended
Team is adequately resourced.	See Section 8 above
Risk 5 – Lack of effective monitoring to ensure that developers and builders are complying with the Building Act 1984 and the Building Regulations 2010	
Cross service working arrangements.	Working as intended
Direct customer access to Building Control officers.	Working as intended
Building inspections are scheduled, completed, and recorded.	Working as intended
Consultation with other agencies undertaken when required.	Working as intended
*Comprehensive guidance and application process on Council’s website.	Working as intended
Referrals made to the Service are investigated.	Working as intended
Risk 6 – Failure to take appropriate action on the reporting of a dangerous building or structures	
*Comprehensive guidance and application process on Council’s website.	Working as intended
Referrals made to the Service are investigated.	Working as intended
Arrangements in place to respond to emergency calls.	Working as intended
Risk 7 – Building control records are not accurately maintained, accessible and retained in compliance with data retention requirements	
Applications input to Idox and unique identifier assigned.	Working as intended

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Application folder allocated for each applicant for supporting records.	Working as intended
*Payment receipts are saved to the designated applicant folder.	Action 4
*Decisions and building conditions are recorded on Idox.	Working as intended
*Site inspection outcomes recorded, and evidence retained.	Working as intended
*Restricted access to Building Control records.	Working as intended
Decisions subject to review by a suitably qualified officer.	Working as intended
Checklist/Assessment Template utilised.	Working as intended
Risk 8 – Unable to recruit appropriate levels of qualified and experienced staff	
Recruitment undertaken to maintain full team resource.	Working as intended
Approval to recruit is sought and received.	Working as intended
Re-assess team resource in line with changes to service/legislation	Action 1
Risk 9 – Loss of business to external building control surveyors	
The market is regularly tested to establish how competitive the service is. Building control fees are regulated.	Action 7

*Additional risks and controls identified by Internal Audit to be added to GRACE

AUDIT ASSURANCE

Three Lines of Defence

Audit Area	1 st Line	2 nd Line	3 rd Line	Internal Audit opinion
Building Control	Building Control Services	LABC QM system ISO 9001:2015	Internal Audit	Our review confirmed that reliance can be placed on the 1st Line of Defence, however further work is required to strengthen processes around invoicing/income monitoring. Ongoing compliance with LABC QM system ISO 9001:2015 provides assurance of consistency of process.

Risk and Control Evaluation

Risks Examined	Full	Substantial	Adequate	Limited
Risk 1 – Policies and procedures are not in place, leading to a failure of compliance with the Building Control Act 1984 and the Building Regulations 2010	✓			
Risk 2 – Failure to consider changes to legislations and implement suitable controls			✓	
Risk 3 – Lack of effective income management and reconciliation processes				✓
Risk 4 – Applications are not administered promptly, decisions, notices and completion certificates are not issued within statutory time limits		✓		
Risk 5 – Lack of effective monitoring to ensure that developers and builders are complying with the Building Act 1984 and the Building Regulations 2010		✓		
Risk 6 – Failure to take appropriate action on the reporting of a dangerous building or structures	✓			
Risk 7 – Building control records are not accurately maintained, accessible and retained in compliance with data retention requirements		✓		
Risk 8 – Unable to recruit appropriate levels of qualified and experienced staff			✓	
Risk 9 – Loss of business to external building control surveyors			✓	
OVERALL AUDIT OPINION			✓	

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MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
1	<p>The introduction of the Building Safety Act 2022 will bring additional requirements for the Council as a building control authority including the requirement to register with the new Building Safety Regulator in England.</p> <p>Our work established that the Building Control Manager has an awareness of the new act and an understanding of the key changes that this legislation will bring.</p> <p>To help identify the tasks that are required and/or changes that need to be made within the timescales outlined, as well as identifying what resources may be needed, consideration should be given to developing an implementation action plan for the service.</p>	<p>The Building Control Manager has undertaken a review of the existing South Ribble Building Control Team and each Building Surveyor is suitably skilled/qualified to meet the requirements of the new Building Safety Act.</p> <p>Looking forward throughout the current shared service consultation period, service structure and job descriptions will be evaluated. Consideration will be given to the requirements of the Building Safety Act 2022 during this consultation to ensure that Building Control Officers/Shared Team are suitably resourced and qualified, possessing the correct level of qualification for the inspections that they routinely undertake.</p>	<p>Derek Terry/Elizabeth Hindle</p> <p>April 2024</p>
2	<p>Testing identified that acknowledgement letters are issued on receipt of the application and associated plans however, the letters do not provide confirmation that payment has been received in full or seek payment of outstanding plan check fee where this has not been made during the application process.</p> <p>Including this information on the acknowledgement letter would assist with income management and reinforce the submission process for the applicant whereby the plan charge is payable when plans are deposited with the authority.</p>	<p>The Building Control Manager will make enquiries of ICT to determine if IDOX Uniform has the functionality to add payment detail to the acknowledgement letter to assist with the income collection process.</p>	<p>Derek Terry</p> <p>November 2023</p>
3	<p>The Building Regulations 2010 – Principles of Charging Scheme as to payment, states:</p>	<p>Work has been undertaken to invoice and seek payment for the inspections identified with our sample. The Building Control Manager will request an update from the Technical Support Team to ascertain the current status</p>	<p>Derek Terry</p> <p>October 2023</p>

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	<ul style="list-style-type: none"> Any inspection charge shall be payable on demand made after the authority carry out the first inspection in respect of which the charge is payable. <p>As such invoices should be raised following the completion of the first building inspection and the Idox records management system updated accordingly to reflect this. During our review it was identified that 26 inspections had been undertaken but not subsequently invoiced amounting to approximately £8500, with one applicant having 12 separate plots inspections to be invoiced.</p> <p>Additionally, testing also identified examples where invoices had been issued but the application status on Idox had not been updated to reflect this.</p>	<p>of these payments and will ensure going forward a report will be generated on a regular basis so that any outstanding invoicing/payment issued can be identified and remedied quickly. This requirement will be included within a wider 'Admin Plan' to be mapped out and agreed with the Technical Support Team.</p>	
4	<p>A designated folder is created for each applicant and testing confirmed that payment receipts are saved within the applicant file for plan check fees/building notice payments, however this is not routinely done for inspection fees.</p> <p>To ensure a full audit trail is maintained for each applicant consideration should be given to retaining evidence of inspection fee payments within the allocated case file and a corresponding record of this retained on Idox.</p>	<p>The Building Control Manager will ensure that all payment receipts are saved within the applicant file by the Building Control Team to maintain a full audit trail for each client.</p>	<p>Derek Terry September 2023</p>
5	<p>Testing identified that the Building Control Team are not in receipt of regular aged debtor reports to identify outstanding payments, additionally status reports are not being regularly generated from Idox to assist with income management.</p> <p>Income management could be improved if reports are regularly generated/received and actioned by the team to ensure all outstanding fees are identified and sought in a timely manner.</p>	<p>The Building Control Manager will contact the Financial Systems Team to ensure a regular aged debt report is sent to the Building Control Team for action.</p>	<p>Derek Terry September 2023</p>

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6	<p>Our review identified that regular reconciliation of fee income is not undertaken.</p> <p>Periodic reconciliations can help identify errors, discrepancies, or missing payments.</p>	<p>The Building Control Manager is not aware of any specific report that can be generated from IDOX Uniform that would enable a reconciliation between Idox and the financial system, however, will seek to request appropriate 'read only' access to the Authority Financial Systems for the Technical Support Team so that payment enquiries can be readily made when required.</p>	<p>Derek Terry September 2023</p>
7	<p>Testing identified that market share testing has not been completed since December 2022 and this has historically been carried out on a more frequent basis.</p> <p>Regular testing provides an indication of the percentage market share of business that the Council is undertaking and provides an insight to how competitive the service is against private sector organisations.</p>	<p>Percentage market share is monitored and reported as a corporate PI on a quarterly basis.</p> <p>It is the intention of the Building Control Manager to review the reportable PI's for Building Control in association with the Head of Planning and Enforcement to ensure that they are meaningful, achievable and align with the objectives of the service.</p>	<p>Derek Terry/Elizabeth Hindle April 2024</p>

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