

## INTERNAL AUDIT REPORT

**FROM:** Audit & Risk Manager  
**TO:** Head of Development  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Head of Consortium  
Portfolio Holder (Cllr Cooke)

**SUBJECT:** Building Control  
**DATE:** 31 March 2022

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 Building Regulations apply to most types of building works and set minimum standards to ensure the safety of people in and around buildings.
- 2.2 Warwick Building Control is a partnership providing building control services to Warwick District Council (the host authority), Daventry District Council (now part of West Northamptonshire Council) and Rugby Borough Council.
- 2.3 The partnership was established in April 2015 to enable the councils to work together to maximise the use of resources for the provision of a shared, professional, and effective building control service to the councils' respective communities.

### 3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following risks:
- Fees are misappropriated or are not properly accounted for
  - Fee levels are set inappropriately
  - Failure to comply with (internal) policy and legislation

- Building regulation applications may be processed incorrectly leading to adverse publicity
- Attempts to bribe officers into passing an application that would otherwise be refused or to ignore issues during site visits
- Staff not assessing risks adequately on site or upon assessment of applications
- Physical and / or verbal attacks on staff
- Staff injury on site
- Lone working
- Breakdown of shared service partnership
- Work lost to other Approved Inspectors.

3.3 These were identified during discussion between the Principal Internal Auditor, the Head of Consortium (HC) and the Business Support Manager (BSM). Two of the risks identified during this discussion (Building regulation applications may be processed incorrectly leading to adverse publicity and Breakdown of shared service partnership) were also reflected in the Significant Business Risk Register (Failure to deal with Receipting, Acknowledging and Processing Building Regulation Applications, Failure to carry out Site Inspections or incorrect / poor advice and Daventry no longer part of WBC as a result of future Northamptonshire Authority).

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

- External – People strand re Health, Homes & Communities.

3.5 Specifically, without appropriate review of works to ensure that they meet building regulations, there may be an impact on health and safety for anyone residing at or visiting these properties.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in March 2019 is as follows:

| Recommendation  | Management Response   | Current Status  |
|---|---|---|
| 1 Staff should (again) be reminded of the correct procedures to undertake regarding the processing of applications, including the completion of relevant fields on Acolaid, the retention of relevant documentation and | It is acknowledged that not all officers are completing all fields when processing applications. Principal Building Consultants (PBCs) ensure all site officers are on a rota to provide office cover, where they can be shadowed and retrained when processing applications. The PBCs are conducting regular | Similar issues were again noted when reviewing a sample of completed cases. Recommendations raised against the relevant findings. |

| Recommendation  | Management Response   | Current Status   |
|---|---|--|
| the need for timely processing.   | 1-1's with staff to support and monitor workflow / processing. This should, over time, reduce errors made. Issues highlighted at quarterly case monitoring will be fed back to the PBCs.  |  |
| 2 The supplementary fees should be included in the annual fees and charges report for approval by Members.  | The supplementary fees were discussed at the time of the fees review, but unfortunately they were not presented for approval. This was an oversight, and it is agreed they should have been included for approval by members. This will be done for the next round of fee approval. | Supplementary charges are now included in the fees and charges report to Cabinet.  |
| 3 An annual financial statement should be produced and published.   | I can confirm this was actioned for 2016/17, but apparently not for 2017/18. A reminder will be placed on the Head of Consortium's calendar to ensure this is actioned for 2018/19.   | It was confirmed that the statement had been produced as required.   |
| 4 Staff should be reminded of the need to ensure that notes are recorded on the system to highlight any fee variations.   | This will be checked and discussed with officers at the regular 1-1's.  | Similar issues were again noted when reviewing a sample of completed cases. Recommendations raised against the relevant findings.  |
| 5 The fee parameter table in Acolaid for 2019/20 should be updated to include the correct figures.  | This has since been actioned ready for 1 April 2019.  | Similar issues were noted for the current fee table (regularisation fees).   |
| 6 The quarter one recharge invoices should be checked with the BSM upon her return with charges being raised as appropriate if the figures are found to be incorrect. | The quarter one recharge invoices will be checked with the BSM upon her return with charges being raised as appropriate if the figures are found to be incorrect.   | The specific recharge invoice was not reviewed as it related to 2018/19. The recharges for the current financial year were found to have been raised, but it was not possible to check them to the time recorded as the figures had not been summarised. |

## 4.2 Financial Risks

### 4.2.1 Fees are misappropriated or are not properly accounted for.

The fee parameter tables from Acolaid were reviewed and compared to the agreed figures as set out on the application form. A number of instances were noted with regards to the regularisation fees where the fees were found to be incorrect.

No recommendation is thought to be warranted at this stage as the fees are due to be updated for the next financial year.

#### **Advisory**

**Check the fees that have been loaded onto Acolaid for next year to ensure that they agree to the agreed fees.**

Testing on a sample of full plans applications was performed to ensure that the correct fees had been charged (including details of agreed fees where these differed from the fee table), the fees were being recorded against the correct application and were being received prior to decision and completion notices being issued.

In six relevant cases, there was insufficient detail recorded as to how the fee had been arrived at. This had also been raised as an issue during the previous audit (see 4.1.1 (4) above).

#### **Recommendation**

**Staff should be reminded of the need to ensure that notes are recorded on the system to state how the fees have been arrived at where this differs from the standard fees, including details of who it has been agreed with.**

The BSM advised that outstanding payments are tracked using a spreadsheet. Two reminder letters are issued before an invoice is raised. The sample testing identified a number of fees that were outstanding at the time of the audit and it was confirmed that the relevant notices had not been issued.

### 4.2.2 Fees levels are set inappropriately.

Recharge invoices were found to have been raised for each completed quarter of the current financial year. The Principal Building Consultant advised that the fees are based on the hours worked for each Council, (currently) charged at £50 per hour.

She highlighted that the figures from the timesheets are used to calculate the hours. As there are 18 different staff, each completing weekly timesheets, it was not possible to check the recorded hours against the charges raised in the time available for the audit.

Summary spreadsheets had previously been produced, but these were not in place for the current financial year.

## **Advisory**

### **Resurrect the summary timesheet spreadsheet to enable easier collation of recharge figures.**

The HC advised that the fees for next year have been based on a 5% increase in order to fund a new member of staff. The fees are required to be based on a break-even position which means that the Council's general requirement for a 15% increase for the coming year has not been followed.

The fees for the current year were initially presented to Executive on 10 November 2020 as part of the general fees and charges report. These were recommended for approval by Council. Council subsequently approved them on 25 November 2020 (by way of approving the Executive minutes).

The fees for next year have already been presented to Cabinet (4 November 2021) with these being approved by Council on 17 November 2021.

The HC advised that the updated application form setting out the new fees has already been passed to the Website Service Manager so that it can be published when the new fee year starts. Upon review of the current application form, it was confirmed that it agrees to the approved fees for 2021/22.

## **4.3 Legal and Regulatory Risks**

### **4.3.1 Failure to comply with (internal) policy and legislation.**

The financial statement for the last completed year (2020/21) was provided by the Assistant Accountant (AA).

The latest version available on the Council's website was that for 2019/20, but the AA provided the latest copy to the HC at the time of the audit so that the website could be updated with the current statement.

The HC advised that updates on changes to legislation / regulations are provided by the LABC (Local Authority Building Control). A big change in legislation is coming out in the summer with the Building Safety Bill currently at the report stage at the House of Lords.

The HC advised that a member of staff will be undertaking a review of the documents provided once this has passed and will present something to all staff.

## **4.4 Reputational Risks**

### **4.4.1. Building regulation applications may be processed incorrectly leading to adverse publicity.**

A procedure manual is in place, being last updated in December 2018. This is supported by a procedure document for the Business Support Team and an Acolaid training guide.

## Advisory

**Consideration should be given to reviewing the procedure manual to ensure that it still reflects current working practices.**

The HC advised that training courses are being run by LABC to cover the new Building Safety Bill and provided a copy of the training matrix to show which staff are signed up to the different levels of training. All staff will have to be able to evidence competency to undertake their work, with staff only being able to work on certain sites, based on the level they have passed. Testing was undertaken on the sampled cases to ensure that the applications had been processed appropriately, with all relevant information being recorded on the system and supporting documentation being retained.

This highlighted a number of issues:

- Documents were either not held or had not been produced in a number of cases (Documents not held on IDOX – Acknowledgement Letters (four – all relating to partnership applications), Decisions Notices (five), Receipts (three), Completion Certificates (one), Plans (one where they were not held and another where correspondence had been retained to highlight that they had not been received)).
- Eight cases where the commencement date had not been entered onto the system (NB these were input by the HC at the time of discussion).
- The two cases relating to non-domestic properties had not been referred to the fire service for their comments.
- One decision had not been made in a timely manner.
- One (non-domestic) case had been rejected at the decision stage, but it had still been issued with a completion certificate.

## Recommendation

**Staff should (again) be reminded of the correct procedures to undertake regarding the processing of applications, including the completion of relevant fields on Acolaid, the retention of relevant documentation and the need for timely processing.**

The HC advised that case checking used to be undertaken to ensure that all relevant steps had been undertaken, but this had fallen away during COVID. This is due to recommence in April.

The latest version of the Service Area Plan sets out a number of measures for Building Control and these are formally monitored on a quarterly basis, with the data being submitted to the Performance Management Officer (PMO). Two of these measures are then reported to JMT in the quarterly reports (income and market share measures).

The PMO advised that each Head of Service had determined which of the measures should be presented to JMT.

#### 4.5 **Fraud Risks**

##### 4.5.1 **Attempts to bribe officers into passing an application that would otherwise be refused or to ignore issues during site visits.**

The case checking, referred to above, should help to ensure that cases are being correctly processed.

#### 4.6 **Health and Safety Risks**

##### 4.6.1 **Staff not assessing risks adequately on site or upon assessment of applications.**

The departmental risk register includes generic risks for the department as a whole (which is where the health and safety risks sit) as well as risks specific to Building Control.

The HC advised that health and safety is considered at team meetings. The latest team meeting minutes were provided and this confirmed that health and safety had been covered as appropriate.

He also advised that Daventry DC had undertaken a Health & Safety Audit. The actions identified were all now shown as completed.

##### 4.6.2 **Physical and / or verbal attacks on staff.**

Staff all have access to the Warwick DC staff alert list via the intranet.

The Daventry DC audit report (see above) highlighted that staff did not (at the time) have ready access to their alert list, with the completed action plan showing that this was subsequently arranged.

The action plan also highlighted that staff working in Rugby would have to phone through to request details of their 'potential violent persons list', although there were only two people on the list at the time of the latest update (January 2021).

The Council also runs courses on conflict resolution which are available to all relevant staff.

##### 4.6.3 **Staff injury on site.**

Risk assessments were found on AssessNet for all aspects of site visits, including reference to the need for dynamic risk assessments and the use of PPE where necessary.

The HC also advised that a safety equipment checklist had been completed (although the majority of updates were from 2019).

#### **Advisory**

**Consideration should be given to re-performing the review safety equipment against the checklist.**

#### 4.6.4 **Lone working.**

The HC confirmed that all staff have the Solo Protect Devices.

Lone working is covered on the risk assessment on AssessNet (see above). A COVID-specific risk assessment had also been performed that makes reference to lone working (although it refers to following the Council's lone working arrangements which are covered by the 'pre-COVID' assessment).

#### 4.7 **Other Risks**

##### 4.7.1 **Breakdown of shared service partnership.**

A formal shared services agreement is in place that sets out the roles and responsibilities of various parties (including the Host Authority, the HC and the Management (Partnership) Board).

As at the time of the previous audit, the copy held on file only bore the seal of Warwick DC but the HC had advised that the agreement has been signed up to by all members of the partnership.

A formal business plan had also previously been in place, covering the period 2016 to (March) 2019. However, the HC was not aware of a more recent version of the document.

#### **Recommendation**

##### **A new business plan should be drawn up.**

The HC advised that Partnership Board meetings are held on a quarterly basis and provided copies of the last approved minutes along with the agenda for the most recent meeting. The performance of the partnership (in budgetary and market share terms) was found to be considered, along with various other topics (e.g. complaints, staffing, health and safety etc.).

The HC also advised that there is not a formal contingency plan in place. However, in the event of staffing issues, other authorities or agencies would be approached.

Also, whilst not set out specifically as a contingency plan, the shared services agreement covers various relevant aspects. Section 22 covers withdrawals from the agreement by any of the parties and annex B covers the processes for changing the host authority. Section 24 also covers the process for termination of the agreement and this makes specific reference to ensuring 'a minimum of disruption to the delivery of building control services for each Council as reasonably practical'.

##### 4.7.2 **Work lost to other Approved Inspectors.**

The HC highlighted that the main promotional activity recently had been around the team's success at the LABC awards, with this being publicised on the Council's website.

He also suggested that they had tried to push the services at seminars etc. but this has been put off during COVID.

The main 'added value' offering from the Council was the pre application meetings which were provided for free.

In addition to this, the contact details for all staff are available on the website, so applicants are able to contact the relevant member of staff without wasting time trying to find the right person to deal with. The HC advised that benchmarking against Approved Inspectors was quite hard to perform, as other (private) providers do not tend to disclose their fees. However, he felt that the Council's fees were competitive.

## 5 Conclusions

5.1 Following our review, in overall terms we are able to give a MODERATE degree of assurance that the systems and controls in place in respect of Building Control are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

| Level of Assurance    | Definition  |
|-----------------------|---|
| Substantial Assurance | There is a sound system of control in place and compliance with the key controls.   |
| Moderate Assurance    | Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls. |
| Limited Assurance     | The system of control is generally weak and there is non-compliance with controls that do exist.  |

5.3 A number of issues were identified that require further action:

- There was insufficient detail recorded in a number of cases to support the calculation of the relevant fees.
- Issues regarding the completion of inputting of relevant information onto Acolaid and the retention of associated documents for a number of sampled applications.
- The latest available business plan for the partnership only covered the period to 2019.

5.4 Whilst the recommendations are all a 'low' rating, the fact that many of them are the same as have been raised in previous audits, with more instances of non-compliance identified in the sample testing, means that a higher level of assurance cannot be given.

5.5 Further, minor, 'issues' were identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted and addressing these issues is discretionary on the part of the service.

**6 Management Action**

- 6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit & Risk Manager

**Action Plan**

**Internal Audit of Building Control – March 2022**

| <b>Report Ref.</b> | <b>Risk Area</b>   | <b>Recommendation</b>   | <b>Rating*</b> | <b>Responsible Officer(s)</b> | <b>Management Response</b>   | <b>Target Date</b> |
|--------------------|--|---|----------------|-------------------------------|--|--------------------|
| 4.2.1              | Financial Risks – Fees are misappropriated or are not properly accounted for.                                    | Staff should be reminded of the need to ensure that notes are recorded on the system to state how the fees have been arrived at where this differs from the standard fees, including details of who it has been agreed with.                          | Low            | Head of Consortium            | Staff to be advised at the next team meeting and training to be given if requested.<br>Every officer to ensure they have the bespoke quote form downloaded to their desktop and to ensure the comment screen is completed on Acolaid where fees differ from standard fees. | End of April 2022  |
| 4.4.1              | Reputational Risks – Building regulation applications may be processed incorrectly leading to adverse publicity. | Staff should (again) be reminded of the correct procedures to undertake regarding the processing of applications, including the completion of relevant fields on Acolaid, the retention of relevant documentation and the need for timely processing. | Low            | Head of Consortium            | Staff to be advised at the next team meeting and training to be given and arranged for each officer, either via small groups via MS teams meeting or 1-1's when called into office.  | End of May 2022    |
| 4.7.1              | Other Risks – Breakdown of shared service partnership/   | A new business plan should be drawn up.   | Low            | Head of Consortium            | Accepted that Business plan needs to be reviewed.  | End of June 2022   |

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.