

Chorley Council

Final
Internal Audit Report

Review of Building Control 2023/24

Audit Assurance: Substantial
Auditor: Struan Jackson
Date Issued: 6th 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 15th 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 2016/17 and was awarded a substantial 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 the choice of applying online via the Planning Portal or downloading an application form for email submission.</p> <p>Our review acknowledges that the service has struggled to maintain a full team complement of permanent building control officers over the last 12-18 months and has had to bring in temporary resource to ensure the correct level of knowledge and technical experience is maintained to deliver the service. Despite this, sample testing confirmed that records were maintained to a good standard, information to support decisions was readily available and that decisions were made within the stipulated period of time (or had received agreement from the applicant to exceed timescales). Plan check fees are routinely receipted, and application acknowledgement letters highlight any outstanding fees when</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

these have not been submitted along with the application and plans. Invoicing and income monitoring arrangements are evident for inspection fees.

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.

For these reasons, a **Substantial** assurance rating has been awarded for this review. 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.

The LABC Implementation Audit undertaken by the service prior ISO accreditation identified a number of improvement recommendations relating to the service structure, team resource and competencies. The recommendations outlined in the Implementation Audit should remain a consideration throughout this process.

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.	Action 1
Risk 2 – Failure to consider changes to legislation and implement suitable controls	
The Customer Services Manager (Enforcement) is tasked with monitoring legislation and disseminating to the team.	Action 2
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.	Working as intended
*Surveyors calculate fees and record in Idox.	Working as intended
*Inspection invoices are issued promptly.	Working as intended
*Customer Services record receipt of income on each applicant account	Working as intended
*A record of payment is retained on the Financial System – Authority Web.	Working as intended
*Debtor reports are received and actioned.	Working as intended

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

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
*Acknowledgement letter issued.	Working as intended
Applications are validated on receipt of plan fee.	Working as intended
Applications/decisions determined by a suitably qualified officer.	Working as intended
The progress of applications monitored via Idox tasks	Working as intended
Approval made within 5 week limit/approval to extend received.	Working as intended
Team is adequately resourced.	Action 1 & 2
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
Supporting documentation/records retained.	Working as intended
*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 suitable qualified officer.	Working as intended
Periodic data cleansing.	Action 3
Risk 8 – Unable to recruit appropriate levels of qualified and experienced staff	
Approval to recruit and appoint staff is received from the Chief Executive.	Working as intended
Recruitment undertaken when additional staff is required.	Working as intended
Hire agency/temporary staff to maintain adequate resource.	Working as intended
Re-assess team resource in line with changes to service/legislation.	Action 1 & 2
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.	Working as intended

*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 Management as the 1st Line of Defence. 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 legislation 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		✓		

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
1	<p>The LABC Implementation Audit provided a number of improvement recommendations for the service relating to the service structure, team resource and competencies. It is evident that the Customer Services Manager has endeavored to address these issues initially through the recruitment of permanent Building Control Officers however several rounds of recruitment have failed to appoint suitably qualified and experienced staff.</p> <p>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. The recommendations outlined in the Implementation Audit should remain a consideration throughout this process.</p>	<p>A timetable for the transition of Chorley and South Ribble's Building Control teams to a shared service arrangement has been set and agreed. It is anticipated that the shared arrangements will commence with effect from 1 January 2024.</p> <p>The Customer Services Manager (Enforcement) will contribute throughout the consultation period to ensure that the proposed arrangements/structure continue to meet service objectives and address the improvement recommendations identified.</p>	<p>Tracy Brzozowski</p> <p>December 2023</p>
2	<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 Customer Service Manager (Enforcement) has an awareness of the new act but does not hold building control qualifications.</p>	<p>Service structure and job descriptions will be evaluated throughout the shared service consultation period and consideration will be given to the requirements of the Building Safety Act 2022 that seeks to ensure that Building Control Officers are suitable qualified and possess the correct level of qualification for the inspections that the routinely undertake.</p>	<p>Adele Hayes</p> <p>April 2024</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	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.		
3	<p>A data cleansing exercise was undertaken during the period of Covid in 2020 and Section 32 Notices issued where building work had not commenced within a period of 3 years application for building control approval.</p> <p>A regular data cleansing exercise should be scheduled to ensure data held is up to date, error free and not retained for longer than stated.</p>	The Customer Service Manager (Enforcement) will ensure that a data cleansing exercise is undertaken prior to the formation of a shared service.	<p>Tracy Brzozowski</p> <p>December 2023</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'