

Causeway Coast and Glens Borough Council

Internal Audit Report Building Control

November 2021



INTERNAL AUDIT REPORT

Building Control

Executive Summary

This internal audit was completed in accordance with the Council's approved annual Internal Audit Plan. This report summarises the findings arising from a review of Building Control activities.

The table below summarises the key areas of potential risk reviewed:

Risk	Number of recommendations & Priority rating		
	1	2	3
Policies and procedures of the Department may not be documented or available for review and staff, leading to inconsistencies of how building control issues are addressed	-	1	1
Building applications may not be processed accurately and promptly within agreed time limit leading to unnecessary delays in the assessment and inspection process	-	1	-
Fees and invoices may not be managed appropriately and in a timely manner leading to errors in fees being received from applicants and delays in the receipt of income.	-	1	-
Building control work is not carried out to the required standard leading to poor decision making in relation to approving plans, inspection work and issuing of completion certificates.	-	-	1
Total recommendations made	-	3	2

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

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All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

1. Objective

The areas for inclusion in the scope of the audit were determined through discussion with management and considered the main risks facing Building Control (BC) and a review of the key systems and controls in place to address these. The audit objectives were to ensure that:

- Building control applications at both plan and inspection stages are dealt with efficiently.
- Invoices are properly raised and in a timely manner.
- The performance of the BC Department is monitored, controlled, and reported on.

2. Background

The Northern Ireland Building Regulations are legal requirements made by the Department of Finance and Personnel and administered by 11 Borough Councils. The Regulations are intended to ensure the safety, health, welfare, and convenience of people in and around buildings. They are also designed to further the conservation of fuel and energy.

The Council has a statutory duty to enforce the Building Regulations. These standards are enforced through planned assessments and site inspections by BC Officers. When a building is completed, BC will issue a Certificate of Completion once it is satisfied that all necessary Building Regulations have been adhered to.

BC is also responsible for:

- **Assessing Dangerous Structures** - Councils have responsibility to inspect dangerous buildings, walls and structures that are adjoining or abutting any street or public footpath.
- **Assessing Ruinous and Dilapidated Structures** - BC is empowered to act in relation to ruinous and/or dilapidated buildings.
- **Energy Performance of Buildings** - From 30 December 2008 all properties when constructed or being marketed for sale or rent require an energy performance certificate.
- **Street Naming and Postal Numbering** - BC allocates postal numbers to houses and buildings in their locality and to name any new road or street
- **Issuing Property Certificates** - plays a vital role in the conveyancing of property as it enables prospective purchasers to find out if there are any breaches of statutory requirements in the property and if Council have taken, or intend to take, legal action regarding them.
- **Fire Risk Assessments** – to identify where fire may start and anyone who may be put at risk from that fire.
- **Building Accessibility** – to ensure building are accessible to all and compliant with legislation e.g., the Disability Discrimination Act 1995.

The scope of the audit is to review the arrangements in place within the Council in relation to BC to ascertain if:

- There are adequate procedures and guidance in place for BC which are in accordance with the regulations.
- The scale of fees and charges are transparent and in accordance with regulations.
- Applications are properly administered, and income collection is appropriately recorded and managed.
- Refunds, exemptions, and enforcements are valid, authorised and documented.

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- Appropriate performance monitoring is undertaken; and
 - Regulation changes are appropriately implemented.

The audit also assessed the impact of Covid-19 on operation and controls within BC. This includes the impact on performance of activities. The period of the audit is January 2020 to September 2021.

3. Risks

The risks identified by Internal Audit relating to BC and agreed with management are:

1. Policies and procedures of the Department may not be documented or available for review and staff, leading to inconsistencies of how BC issues are addressed.
2. Building applications may not be processed accurately and promptly within agreed time frames leading to unnecessary delays in the assessment and inspection process.
3. Fees and invoices may not be managed appropriately and in a timely manner leading to errors in fees being received from applicants and delays in the receipt of income.
4. BC work is not carried out to the required standard leading to poor decision making in relation to approving plans, inspection work and issuing of completion certificates.

4. Audit Approach

Our audit fieldwork comprised:

- Assessing key systems and process via discussions with key staff and reviewing system and process documentation.
- Consideration of the key risks within each audit area.
- Examining relevant documentation.
- Carrying out a preliminary evaluation of the arrangements and controls in operation within the Council.
- Testing the key arrangements and controls.
- Testing the completeness and accuracy of records.
- Keeping BC personnel updated of audit progress and observations as they arise.

5. Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

Risk 1: Policies and Procedures

ISSUE 1 – Building Control Manual

a) Observation – A comprehensive BC manual is available to all staff within the BC team; however, the miscellaneous section of the manual has not yet been completed and it deals with: (i) Planning Consultation Response Document; (ii) Site Inspection Audit Procedure; and (iii) Plan Assessment Audit Procedure.

It is unclear when the manual was prepared, when it was last reviewed, who performed the review, and when it was last updated as this information is not included on a control sheet at the front of the manual. There has been no changes to BC regulations in the past 18 months.

b) Implication – It is not possible to for manual users and reviewers to easily tell how up to date the manual is, which could result in manual users applying outdated regulations.

c) Priority Rating - 3

d) Recommendation – Update the miscellaneous section of the BC manual and include a control sheet on the front of the manual which indicates: (i) date it was prepared; (ii) date of last review; (iii) individual that performed the review; (iv) Timing of latest update; and (v) purpose of updates. The purpose of the updates should clearly indicate if it is due to changes in council working procedures or if the update is required as a result of legislation or regulatory changes.

e) Management Response – Agree with the recommendation.

f) Responsible Officer & Implementation Date – BC Manager – completed by 31 March 2022

ISSUE 2 – Staffing and Covid

a) Observation- The BC team has 19 fulltime personnel which consists of 1 BC manager, 2 senior BC officers, 14 BC officers and 2 technical officers that deal with boilers replacements. It has been operating without 4 personnel for some time due to various long-term medical conditions, none of which are Covid related.

Some staff have underlying health conditions and are therefore categorised as vulnerable which means that they are unable to perform the same functions that they would have originally performed prior to Covid.

During the early stages of the Covid pandemic (March to July 2020), there were significant changes to the working arrangements with virtual inspections being performed, however that changed with the introduction of a formal Covid procedure which enabled physical inspections to be performed with precautions.

In addition to the impact of Covid, there has also been an increase in BC applications with a surge in construction work during 2020 and into 2021 (2,253 applications received by November 2021 compared to 1,461 in the same period in the previous year). The combined impact of increased workload, reduced staff numbers and changes in working environment due to Covid has resulted in delays in processing applications (falling from just over 80% to just over 60% processed within deadline for 2 categories of applications).

b) Implications – Staffing pressures increase the risk of targets for processing BC applications within a specified timeframe are not being achieved. Monitoring activities may not get performed as regularly as the emphasis is on getting the job done. Delays in responding to applicants on progress of applications increasing the risk of negative public perception of the department and dissatisfaction amongst applicants. There is a higher risk of error when processing applications and certifying applications if there is an increased workload on a reducing workforce.

c) Priority Rating - 2

d) Recommendation – A review of the staffing complement and working environment should be performed in light of the impact of Covid and the increased workload during 2020 and 2021 with solutions proposed that will enable the Department to get caught up with any backlog in processing applications and performing inspections.

e) Management Response - Agree

f) Responsible Officer & Implementation Date- BC Manager by May 2022

Risk 2: Fees and Invoices

ISSUE 3 – Unpaid Invoices

a) Observation – Audit reviewed a Tascomi report for unpaid invoices for the period from 1 January 2021 to 30 September 2021 and the value of unpaid inspection invoices totalled £92,675. Many of the invoices had been outstanding for several months. The Building Control Business Support team raised the query with Finance following the audit observation and found that the Tascomi system and the TOTAL finance system had not interfaced correctly resulting in what appeared to be a large number of outstanding or unpaid invoices. Both Systems have now been reconciled and the level of aged debt at 19 November is £2,500.40. Finance have reported that the system interface between Tascomi and TOTAL fails from time to time. There is a plan to replace the TOTAL system in the 2022/2023 financial year.

<p>b) Implications – The problematic IT system interface increases the risk of invoices not being issued to applicants and possible loss of income to Council. It also raises concerns about the accuracy of the Councils financial reports.</p>
<p>c) Priority Rating - 2</p>
<p>d) Recommendation – Audit recommends that there is a reconciliation between the TOTAL and Tascomi systems on a monthly basis with emphasis placed on revenue generation to ensure that both systems reconcile, that all invoices are issued and all receipts collected on a timely basis.</p> <p>When planning for the implementation of the new Finance system, the interface with existing and new systems should be carefully considered and the full impact of those interfaces explored well in advance of the Finance System implementation proceeding.</p>
<p>e) Management Response - Agree</p>
<p>f) Responsible Officer & Implementation Date- BC Manager and Finance Manager - December 2021</p>

Risk 3: Building Control Applications

ISSUE 4 – TASCOMI TeBUILD System

a) Observation - Tascomi Ltd was purchased by IDOX Group in 2019. The perception among BC personnel is that service delivery has declined since the takeover.

Prior audits have noted findings and recommendations to improve basic system functionality including the need for reminders / prompts for users to attach documents, complete mandatory data fields, flagging works not completed within certain timeframes etc. IDOX has been slow to address these issues and in some instances is requesting additional fees to do so.

During this audit, it was noted that some of the issues mentioned in prior audits remain outstanding even though the council has brought them to the attention of IDOX. It was also noted during the audit that some report totals do not add correctly and that the system cannot cope with part payment transactions. It also appears that it cannot accommodate credits or negative values for financial transactions.

A review of the service level agreement between IDOX and the council was not performed during the audit.

b) Implications – Inaccuracies identified in the system raise doubts about the accuracy of all the data contained in the system and therefore the level of reliance / assurance that can be placed on the system.

The inability of IDOX to respond promptly to requests for dealing with what appear to be functional weaknesses in the system increase frustration with system owners and users and raise concerns about the capacity of IDOX as the system provider to resolve the issues.

As the council is paying a fee for the Tascomi system and the system performance may not meet the standards set out in the service level agreement, the council may be paying for a service it is not receiving.

c) Priority Rating - 2

d) Recommendation – The council would benefit from a specialist functional and performance review of the Tascomi system due to the system issues identified by end users with processing transactions, the current interface with the TOTAL finance system and also in light of the new replacement finance system to be introduced in 2022/2023. The review should be performed by an IT audit professional or someone with similar technical expertise. The review should examine system functionality, internal controls both around and within the system and assess performance against the service level agreement in place between IDOX and the council. As the review will impact on other departments within CCAG and other councils, a consultative approach could be adopted to engage with other councils when performing the review to enhance the quality of the review and share the cost.

e) Management Response - Agree

f) Responsible Officer & Implementation Date – BC Manager – June 2022

Risk 4: Planning of Work

ISSUE 5 – Staff and Management Meetings

a) Observation – Audit was informed that regular staff meetings are held between the BC manager and the two senior BC officers to monitor delivery of BC activities and raise any issues. The senior BC officers then hold meetings within their respective teams. There are no formal records of those meetings with action points to be addressed with delivery dates.

There are also fortnightly management meetings held between the BC manager and the Head of Health and the Built Environment. There are handwritten notes of those meetings but not formal minutes with clearly noted actions and timeframes for delivery.

b) Implication – In the absence of a documented record of actions agreed at meetings there is an increased risk that the actions get overlooked or are not delivered in a timely manner.

c) Priority Rating - 3

d) Recommendation – All meetings should have documented notes/minutes which include actions with target delivery dates.

e) Management Response - Agree

f) Responsible Officer & Implementation Date – BC Manager & Senior BC Officers - Immediately

6. Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

7. Appendix II: Summary of Key Controls Reviewed

Risk	Control issues
Policies and procedures of the Department may not be documented or available for review and staff, leading to inconsistencies of how building control issues are addressed	<ul style="list-style-type: none"> • Documented procedures governing building control activities are in place. • Procedures were reviewed to incorporate updated regulations, the health and safety of Building Control staff and any change in building control operations in response to Covid-19; and • Staff have access to and are aware of changes in procedures
Building applications may not be processed accurately and promptly within agreed time limit leading to unnecessary delays in the assessment and inspection process	<ul style="list-style-type: none"> • The public are advised of any interruptions to building control activities resulting from the impact of the Covid-19 pandemic, and on how to submit applications (if they can no longer be delivered in person to Council offices). • All applications when received by the Building Control Department are logged on an appropriate system. • Building control staff have appropriate secure access to the system (and necessary IT hardware) if working remotely • Each application is allocated to a Building Control Officer • Appropriate information is recorded by the Administration Officer for each application: <ul style="list-style-type: none"> • Applicant details • Agent details • Date application received • Building control purpose group code (e.g., domestic, or non-domestic, full plans or building notice, replacement dwelling or extension etc). • Size of the works • Cost of the works • Fee receipt number • The application forms are checked, and all information has been entered before the application is validated and a checklist created. • Applications are processed within the prescribed number of days e.g., 3 working days from receipt of application • The Building Control Department has established internal targets for assessing plans submitted (these may have been revised as a result of Covid-19)
Fees and invoices may not be managed appropriately and in a timely manner leading to errors in fees being received from applicants and delays in the receipt of income.	<ul style="list-style-type: none"> • Appropriate accuracy checks are carried out on the calculation of the fees. • Where the fees provided are incorrect, the applicant is contacted, and this is recorded. • An application will not be processed until the full appropriate fee is received. • For building notice and building regularisation applications, the full fee (which includes the plan and inspection fee) is paid on submission of the application and the fee is receipted as having been received. • Where appropriate the Finance Department is informed to raise an invoice once the initial inspection has been conducted

Risk	Control issues
	<ul style="list-style-type: none"> • Appropriate fees charged are set (some by the Department of Finance and Personnel) and are dependent on the nature and size of the works.
<p>Building control work is not carried out to the required standard leading to poor decision making in relation to approving plans, inspection work and issuing of completion certificates.</p>	<ul style="list-style-type: none"> • Building Control Officers are fully qualified to assess plans and carry out building control inspections. • Applications/plans are only approved after the Building Control Officer is satisfied; they comply with Building Regulations (Northern Ireland) 2000. • Building Control Officers inspect the building work as it proceeds via site visits where appropriate, considering Covid-19 restrictions and regulations. • Where site visits continue appropriate risk assessment has been completed and kept up to date • Where site inspections are not possible alternative arrangements have been considered e.g., e-mailing of photographs • Inspections are undertaken on a timely basis (considering Covid-19 restrictions) • Details of each inspection are logged onto the system • There is adequate communication between builders and building control officers and this is recorded • A Building Control Manager reviews all plans prior to signing and issuing the approval certificate. (This control varies across Council's – there must be some form of oversight or review but how it is applied varies – and may have altered because of remote working) • All works completion certificates are reviewed and signed by Building Control Manager • Information from the Northern Ireland Building Control Standards Panel is issued to staff on a timely basis.
<p>It may be that building control work is not planned appropriately and the work is not prioritised correctly leading to missed deadlines or inefficient use of staffs' time.</p>	<ul style="list-style-type: none"> • An Annual Business Plan for Building Control is in place • All building control activities are planned and managed using an appropriate software or system which staff have access to remotely if remote working is in place • A report of all plans, building notice and regularisation applications received for the month including approved, acknowledged, and cancelled applications is produced and monitored. • (Virtual) meetings are regularly held with staff to review progress and internal targets. • Regular (virtual) meetings are held between Building Control manager and Head of Health & Built Environment to discuss applications and performance. • Any significant issues with meeting deadlines or targets are reported to the Director of Environmental Services

Appendix III: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.