

**FINAL INTERNAL AUDIT REPORT**  
**ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT**

**FOLLOW UP REVIEW OF BUILDING CONTROL  
AUDIT FOR 2017-18**

**Issued to:** Stephen Moore, Head of Building Control  
Nigel Davies, Executive Director, Environment and Community Services

**C.c.** Jim Kehoe, Head of Planning  
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**Prepared by:** Principal Auditor

**Date of Issue:** 23/01/2018  
**Report No.:** CEX/25/2017/FU

## INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Building Control. The audit was carried out in quarter three as part of the programmed work specified in the 2017-18 Internal Audit Plan, agreed by the Director of Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## AUDIT SCOPE

3. This follow up review considered the final audit report issued on 2<sup>nd</sup> August 2016 and identified progress made on implementing the previously agreed recommendations.

## MANAGEMENT SUMMARY

4. Of the previous three agreed recommendations, two have been fully implemented in respect of ensuring that all planning and building control works are notified to the Valuation Office, and that charges are reviewed to determine whether any significant changes are required to either the fee scale or the budget.
5. One recommendation relating to undertaking a reconciliation between the financial system and the Building Control case management system, remains outstanding. The management comment in response to the finding in the August 2016 report stated that an IT solution would be sought. Through discussion with the Head of Building Control and the Principal Network and Telephony Consultant, this has not been resolved and is not a current workstream. The latest correspondence relating to this issue available when undertaking the follow up audit was over a year old. The Environment and Community Services Finance section have offered, in November 2016, to extract transaction reports from the financial system to support this reconciliation.
6. The Building Control case management system does not have a direct interface with the financial system and therefore there is no automatic reconciliation of the data (income) recorded on the system with the transactions recorded on the financial system. To ensure that all income is accounted for, a periodic reconciliation of the income recorded on both systems should be undertaken with any discrepancies investigated.
7. Should the IT solution sought not be viable, Building Control should consider a manual reconciliation between the two systems in which a data extract is taken for a set time period (for example monthly) and it is confirmed that all income recorded on the Building Control case management system has been accounted for in the financial system.

## **SIGNIFICANT FINDINGS (PRIORITY 1)**

8. None.

## **DETAILED FINDINGS/MANAGEMENT ACTION PLAN**

9. Any re recommendations or new findings are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations which are being followed-up and Appendix C give definitions of the priority categories.

## **ACKNOWLEDGEMENT**

10. We would like to thank all staff contacted during this review for their help and co-operation.

**FOLLOW UP REVIEW OF BUILDING CONTROL 2017-18**

**Appendix A**

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	<p>Building Control should consider reviewing charges to ensure they do not make a surplus.</p> <p>Once the service has been reviewed, the budget should be adjusted to accurately reflect the new structure and income from the revised charges.</p>	<p>Budgets are considered each year based on previous history. It is a contingency budget and takes into account present arrangements for flexible retirement, vacancies and the overall staffing cost requirements of the section.</p> <p>Charges are reviewed each financial year and a judgment made if any significant changes are required. The charges have not been increased since 2013 which represents a decrease in market terms and is good value compared with the competition. There is already provision within the charges scheme to provide discounts on multiple works and to provide individual fees for particular applications when requested.</p>	Ongoing assessments	3	Head of Finance and Head of Building Control	<p>A sample of the current charges, which have been in place since 2013, have been compared with the published charges for three neighbouring authorities and found to be competitive.</p> <p>The 2017/18 budgets for:-</p> <ul style="list-style-type: none"> <li>- Building Control – Employees,</li> <li>- Building Control – Income,</li> </ul> <p>have reduced by 9.43% and 10.24% respectively when compared with 2016/17.</p>	Recommendation Implemented

**FOLLOW UP REVIEW OF BUILDING CONTROL 2017-18**

**Appendix A**

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
2	A reconciliation should take place between income received on the financial system and the Building Control case management system	This is to be explored via IT section to see what meaningful and viable reports can be produced by Building Control. However, clarification is required as to precisely what information is required and how it can be compared or reconciled with the financial system .	Ongoing and will depend on IT resources	2	IT and Head of Building Control	<p>This recommendation remains outstanding.</p> <p>Through discussion with the Head of Building Control and the Principal Network and Telephony Consultant, this issue has not been resolved and is not a current workstream. The latest correspondence relating to this issue available when undertaking the follow up audit was over a year old.</p> <p>The Environment and Community Services Finance section have offered, in November 2016, to extract transaction reports from the financial system to support this reconciliation and, should the IT solution sought not be viable, Building Control should consider a manual reconciliation between the two systems.</p>	<p>Recommendation Outstanding and re-recommended.</p> <p>Should the IT solution sought not be viable, Building Control should consider a manual reconciliation.</p>

**FOLLOW UP REVIEW OF BUILDING CONTROL 2017-18**

**Appendix A**

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
3	A process should be put in place to ensure all planning and building control works are notified to the valuation office	<p>A system is currently in place whereby a list of monthly Building Control completions is sent over to the Exchequer Contractor to assess and passed on to the Valuation Office. This present list is sent with a one month's delay to allow for alterations/amendments to be made to the current live Building Control case management database.</p> <p>The Exchequer Contractor's role to check and assess precisely the information required in the report to ascertain if the completion information from Building Control is the correct and timely information required to fulfil their requirements for this function or whether information is best sourced elsewhere from other Council sections.</p>	Ongoing and continuous	2	Head of Building Control to run check and send the report to the Exchequer Contractor as requested	By discussion with the Head of Building Control, 'Completion Reports' are submitted to the Exchequer Contractor on a monthly basis (October's list submitted on 6 <sup>th</sup> December). The Exchequer Contractor's Revenue Officer for the London Borough of Bromley has confirmed that the completion lists are worked on 'ad hoc' and sent over to the Valuation Office weekly.	Recommendation Implemented

**FOLLOW UP REVIEW OF BUILDING CONTROL 2017-18**

**Appendix B**

Original recommendation No.	Recommendation	Priority	Management Comment	Responsibility	Agreed Timescale
2	<p>A reconciliation should take place between income received on the financial system and the Building Control case management system.</p> <p>The Building Control case management system does not have a direct interface with the financial system and therefore there is no automatic reconciliation of the data (income) recorded on the system with the transactions recorded on the financial system. To ensure that all income is accounted for, a periodic reconciliation of the income recorded on both systems should be undertaken with any discrepancies investigated.</p> <p>Should the IT solution sought not be viable, Building Control should consider a manual reconciliation between the two systems in which a data extract is taken for a set time period (for example monthly) and it is confirmed that all income recorded on the Building Control case management system has been accounted for in the financial system.</p>	2	<p>As discussed with IT an automatic reconciliation between the Building Control case management system and the financial system, is at present not available.</p> <p>Building Control can extract the financial information regarding payments from the Building Control case management system with receipt numbers and a work request has been put in with IT to combine this Building Control case management system report with corresponding data from the financial system for comparison in one report.</p> <p>It's suggested that this report should be carried out at 3 monthly intervals to gain a more accurate reconciliation. Any discrepancies will be investigated.</p>	Head of Building Control and IT	A preliminary time scale for progress to be made is by the end of Feb 2018.

## **FOLLOW UP REVIEW OF BUILDING CONTROL 2017-18**

**Appendix C**

Definition of priority categories.

### **Priority 1**

**Required to address major weaknesses  
and should be implemented as soon as  
possible**

### **Priority 2**

**Required to address issues which do  
not  
represent good practice**

### **Priority 3**

**Identification of suggested  
areas for improvement**