



Internal Audit Position Statement

Building Control Audit

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December 2019**

1 Introduction

- 1.1 An audit of the ongoing Building Control account deficit was due to be carried out in the 2019/20 audit plan which was approved by Corporate Governance and Audit Committee.
- 1.2 The financial position of the Building Control account since 2010/11 is:

Financial Year	Surplus/ (Deficit) for the year	Cumulative Position
Oct 2010 - Mar 2011	(19,419)	(19,419)
Apr 2011 - Mar 2012	(8,352)	(27,771)
Apr 2012 - Mar 2013	(8,049)	(35,820)
Apr 2013 - Mar 2014	41,972	6,152

Apr 2014 - Mar 2015	69,885	76,037
Apr 2015 - Mar 2016	(92,798)	(16,761)
Apr 2016 - Mar 2017	(48,550)	(65,311)
Apr 2017 - Mar 2018	(84,869)	(150,180)
Apr 2018 – Mar 2019	(119,306)	(269,486)

2 Scope

- 2.1 The scope of the work was to identify what work is being done by Building Control and Finance to address this situation.

3 Outcome

- 3.1 Discussions with Finance identified the following:
- 3.2 A new Building Control category has been introduced to the Authority's charging structure which is 'Reversions'. This will generate additional income for the Authority.

Under the Building Act 1984 it is possible for a third party Approved Inspector to carry out the building control function for controllable work. To do this they submit an Initial Notice to the Council. This removes the Council from any obligation to control the work. Approval of the work becomes subject to the Approved Inspector's control.

Where the Approved Inspector is no longer able to carry out that function, for whatever reason, and the work has started, the Initial Notice will need to be cancelled. The work will then need to revert to the local authority building control team by making a reversion application.

- 3.3 There is current work being carried out by the Divisional Manager and Finance on the financial accounting of the Building Control budget. This includes reviewing the methodology used to account for the various elements of the service eg the time spent on chargeable and non chargeable building regulation work and LA buiding control work. This split is used to calculate the standardised hourly rate at which the various applications are charged out at. In addition, the time allocation for the varous applications is being reviewed. The split in time impacts on whether the account records a surplus or deficit in future years. This work is ongoing by the Divisional Manager and Finance and any change to the methodology will need to be agreed by the Section 151 Officer.
- 3.4 A review of the financial statement methodology will be carried out as part of the 2020/21 audit plan.

