

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

**Item 6(e)**

6th November 2019

**Title of the Audit:** Development & Regeneration Services and Financial Services – Building Standards income

### 1. Introduction

1.1 As part of the Audit Plan we have carried out an Internal Audit review of the arrangements in place for the charging, receipt and management of income received in respect of building warrant applications and other chargeable building standards services.

1.1 The Scottish Building Standards regulations are intended to ensure that building work on both new and existing buildings results in buildings that meet reasonable standards as defined by the building regulations. Persons undertaking such work such as a new building, alteration, extension, conversion or demolition of an existing building need permission in the form of a building warrant from their Local Authority building standards service before any works commence. Additionally applications can be made for letters of comfort where a building warrant was not applied for or completed at the time of the works, and for copies of warrants, completion certificates, and letters of comfort or property plans, for which a fee is also charged.

1.3 When submitting an application for a Building Warrant to the Council the applicant is required to include the appropriate fee, which is set by the Scottish Government and dependent on the value of the works. Financial Services Customer and Business Services (CBS) are responsible for the administration of income and applications on behalf of the Department of Regeneration Services (DRS).

1.4 The scope of the audit was to gain assurance that DRS and CBS have adequate processes and controls in place in relation to the charging, receipt and management of income received in respect of chargeable building standards services. The scope of the audit included:

- Reviewing all processes in place for building standards fees to ensure the correct payment is received in full before an application is considered.
- Ensuring that there is a documented charging policy in place which is clear and transparent, publically available and is correctly applied.
- Ensuring adequate procedural documentation relating to the receipt and management of income in respect of building standards documents is in place.
- Arrangements for uploading and recording fee income related information on the systems used.
- Reviewing a sample of recent building standards applications to ensure that the correct fee was charged and payment subsequently received.
- Reviewing the reconciliation and banking processes for building standards fees.

This audit did not include a review of the full building warrant application and decision process, or of building standards enforcement. This will be subject to a future audit review.

### 2. Audit Opinion

2.1 Based on the audit work carried out a satisfactory level of assurance can be placed upon the control environment. The audit has identified one service improvement for management to address.

### 3. Main Findings

3.1 We are pleased to report that key controls are in place and operating effectively. There are documented procedures held

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

**Title of the Audit:** Development & Regeneration Services and Financial Services – Building Standards income

in the form of the electronic workflow created by the Service Development Team. These cover the key tasks of the CBS team, including processes for all payment methods used for Building Standards applications, and are available to all relevant CBS officers. We identified that there is also a detailed process in place in respect of income relating to additional fees, however we noted that some staff within the CBS team were not aware of its existence. As a result, the Service Development Officer issued a reminder about the procedure to the all relevant officers to advise that the process forms part of the electronic workflow used by the team.

3.2 There is a Charging Policy in place (Table of Fees), set by the Scottish Government at a national level. Details of these fees have been appropriately programmed into the Uniform system by the Service Development Team. Through sample testing of 15 building standards applications received by the Council, we identified that in all instances the correct fee had been appropriately charged and recorded on system. In addition, the payment was received before the application was validated and service/document was granted. Reconciliations between the different income sources and Uniform are also conducted using the supporting paperwork that is received with each of the different payment methods, including online card payments, cheque and payment in person at John Street Cash Office.

3.3 We obtained details relating to the discount, withdrawal and refund process and were satisfied that there are adequate controls in place to reduce the risk of these being bypassed. Through the sample testing conducted, we identified that in one instance the refund had not been processed in a timely manner, however we were satisfied that this was a result of human error and not due to a weakness in the system or refund procedure.

3.4 However, we also found an opportunity for improvement. We were advised that the CBS team retain manual records, which consist of the daily reports received from the Cash Office outlining all payments made on that day. Through discussions with staff, we were advised that the manual records held date back to approximately 2012 and are retained should a customer query a payment. As queries of a financial nature are unlikely to be received after a few years, the information may be being held longer than is required.

3.5 An action plan is provided at section four outlining our observations, findings and service improvement. We have made one Service Improvement.

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	1

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

**Title of the Audit:** Development & Regeneration Services and Financial Services – Building Standards income

- 3.6 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.7 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.8 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

**Title of the Audit:** Development & Regeneration Services and Financial Services – Building Standards income

<b>No.</b>	<b>Observation and Findings</b>	<b>Service Improvement</b>	<b>Management Response</b>
<b>1</b>	<p>We were advised that there are various documents retained by the Building Standards team, both electronically and in hard copy form.</p> <p>Applications, supporting documentation and certificates are held on IDOX only, with no manual copy held. These documents are held indefinitely for business purposes. This aligns with the Council's current Retention &amp; Disposal policy.</p> <p>However, we were also advised that the CBS team retain manual records, which consist of the daily reports received from the Cash Office outlining details of all payments made at this establishment on said day. Through discussions with staff, we were advised that the manual records date back to approximately 2012 and are held should a customer query a payment made.</p> <p>As queries of a financial nature are unlikely to be received after a few years, the information may be being held longer than is required.</p>	<p>Management should consider conducting a review of all hard copy documentation held by the team to ensure that the records held reflect the reasonable period of time determined.</p> <p>The retention and disposal policy should be updated to reflect this.</p>	<p><b>Response:</b> CBS Manager will consult with DRS colleagues and review the current working practice and make necessary changes to the retention and disposal process and update the policy as necessary.</p> <p><b>Officer Responsible for Implementation:</b> CBS Operations Manager</p> <p><b>Timescale for Implementation:</b> January 2020</p>