

Chairperson and Subcommittee Members
AUDIT AND RISK SUBCOMMITTEE

19 SEPTEMBER 2013

Meeting Status: **Public**

Purpose of Report: For Information

IANZ AUDIT OF BUILDING CONTROL AUTHORITY

PURPOSE OF REPORT

- 1 This report presents information on the IANZ Audit of the Building Control Authority and matters arising from the results of that audit.

SIGNIFICANCE OF DECISION

- 2 The Council's significance policy is not triggered by this report.

BACKGROUND

- 3 The Council, as a Building Control Authority is subject to an audit process every two years which is conducted by International Accreditation New Zealand (IANZ). IANZ is a Crown entity established by Act of Parliament in 1972 as a non-profit organisation operating on a user-pays basis to support New Zealand business and exports. Accreditation provides formal recognition that an organisation is competent to carry out specific tasks. The Ministry of Business, Employment and Innovation has appointed IANZ as the auditors of all building consent authorities in New Zealand.
- 4 Local government is audited continuously for quality assurance and there was nothing unusual about the routine IANZ audit in December 2012. The process of achieving accreditation as a building consent authority includes an on-site assessment. A team of IANZ assessors and technical building control experts reviews the organisation's processes, documents and records, and interviews staff to determine whether actions are appropriate and effective, the organisation is competent, and whether the output is technically valid. From this, IANZ prepares a report. The report is systems-based, rather than personal, and may include corrective action requests (CARs) and/or recommendations for improving practices or documentation. Corrective action requests specify actions that must be taken to achieve accreditation, whereas recommendations are suggestions for improvements. Following this assessment and once all corrective actions have been addressed to IANZ's satisfaction IANZ decides whether to grant accreditation.
- 5 IANZ conducted an audit of the Kāpiti Coast District Council Building Consent Authority (BCA) on 4-6 December 2012 and presented a report on matters arising from that audit. Those matters covered 12 corrective action requests, 24 recommendations, 17 of which are categorised as 'strong' recommendations.

CONSIDERATIONS

Issues

- 6 The assessment for building consent authority accreditation identifies any gaps in systems, procedures, resources or competencies so that councils can address these issues and achieve accreditation. The aim of accreditation is to ensure that documented systems are technically valid, systems are effectively implemented, personnel are technically competent, and results are consistently reliable.
- 7 On-site assessments involve gathering information and checking that proper records are kept and procedures are undertaken effectively. The process IANZ uses to identify gaps in the applicant's records, procedures and systems is a corrective action request. Each corrective action details a gap and explains what actions need to be taken to show that it has been filled. It is not unusual to have corrective actions, strong recommendations and recommendations to address as part of that audit process.
- 8 The table attached as Appendix One details the corrective actions identified by IANZ in their December 2012 report that they issued. The Council fell behind the initial timeframes set by IANZ to address the corrective actions. This was primarily because of other workload pressures and because the process of appointing new managers to the regulatory team was not completed until April 2013. Negotiations with IANZ resulted in a schedule of deliverables to address all the corrective action requests within an agreed timeframe. Council met the deadline of 31 July 2013 to complete all of the corrective actions notified in December 2012 and as the status column shows they have all been all cleared, with some being subject to a further review in October this year. It is important to note when reviewing the table that a common theme across the corrective action requests was issues to do with documentation and record keeping. IANZ was satisfied with the judgements and decisions made around building consents.
- 9 Corrective Action Request One required a review and revision of the BCA's documented system. As stated in Appendix One (row one of the table refers) this review has been undertaken and a new BCA Quality Assurance System established. A corresponding new BCA Quality Assurance System Manual was published and effective from 15 August 2013. The procedures are presented in a clear format that provides easy reference to the documentation associated with each procedure and the size of the Manual has been reduced to 53 pages from 256 pages.
- 10 To contribute to the development of this new Manual Council staff hosted an IANZ official to review the draft content. They also took the opportunity to introduce the senior staff of both the restructured Building Control and Quality Regulatory Teams and provide a briefing on the progress that the BCA has made since the last IANZ visit.
- 11 Staff are currently preparing for the next IANZ audit which is scheduled for the week beginning 30 September 2013. Preparations have included:
 - 11.1 ensuring that in addition to the corrective actions, all strong recommendations and recommendations have been resolved and are either operational, or if that has not been possible in the time frame, that

they are recorded in a Continuous Improvement Register with an associated schedule as to when they will be undertaken, and

- 11.2 having a consultant undertake a 'dry-run' audit along the lines of the process IANZ is expected to undertake later this month. The audit was completed on 2-3 September 2013 and proved to be a useful investment in testing the completeness of the systems and preparedness for audit. No significant issues or gaps were identified.
- 12 On 12 August 2013 IANZ provided formal confirmation that Council continues to comply with Regulations 4 to 17 of the Building (Accreditation of Building Consent Authorities) Regulations 2006.

Financial Considerations

- 13 The Building (Consent Authority Accreditation Fees) Regulations 2007 set the fees payable for the accreditation of territorial and regional authorities and other organisations as building consent authorities. The Regulations enable the building consent accreditation body (IANZ) to recover costs it incurs in assessing each applicant against accreditation standards and criteria.
- 14 Accreditation fees for territorial authorities are based on the average value of building work consented to by each authority in the three financial years preceding the application to IANZ. The fee for the forthcoming audit is \$29,730 inc. GST.
- 15 Each building consent authority can decide whether it wishes to recover the cost of accreditation by increasing building consent fees. This Council does not currently recover the fees but the opportunity to do so will be considered as part of an upcoming review of building consent fees before the draft 2014/15 Annual Plan.

Legal Considerations

- 16 The IANZ audit was undertaken in accordance with the requirements of section 249 of the Building Act 2004, which requires Building Consent authorities to be subjected to a full technical reassessment at least once every two years.

Delegation

- 17 The Audit and Risk Subcommittee may make a decision under the following delegation in the Governance Structure, Section C.4.6:

Without limiting the generality of this delegation the Subcommittee has the following functions, duties and powers:

Internal Reporting

- 6.4 *To review the processes for ensuring the completeness and quality of financial and operational information, including performance measures, being provided to Council.*

Consultation

- 18 There is no need to consult on the issues discussed in this report.

Policy Implications

- 19 The territorial authority has a responsibility to the BCA to provide support to assist the latter to comply with BCA accreditation regulations, the Building Act 2004 and the Building Regulations. This commitment is stated in the form of a Quality Policy issued by the Chief Executive, a copy of which is attached as Appendix Two.

Publicity Considerations

- 20 A media release was issued on 7 July 2013 (Appendix Three refers) noting the progress that the BCA has made in achieving its corrective action requests and confirming that all consents issued in this District are robust and reliable and made by competent staff with good technical knowledge. It is worth noting that Minister of Building and Construction, Maurice Williamson, commended Kapiti Coast District Council on TVNZ's Q&A programme for the way it responded to IANZ requirements and noted that Kāpiti had acted responsibly in putting in systems to address concerns and ensure it maintained its accreditation.
- 21 There are no further publicity issues to be considered at this stage. A media release will be prepared after the next audit.

RECOMMENDATIONS

- 22 That the Audit and Risk Subcommittee note the corrective actions raised in the IANZ Report on the Results of the 2012 Audit of the Building Control Authority primarily related to documentation and record keeping issues; and that IANZ was satisfied with the judgements and decisions made around building consents.
- 23 That the Audit and Risk Subcommittee note that the Council met the IANZ deadline of 31 July 2013 to complete all of the corrective actions notified in December 2012.
- 24 That the Audit and Risk Subcommittee note that IANZ has confirmed that the Council continues to comply with Regulations 4 to 17 of the Building (Accreditation of Building Consent Authorities) Regulations 2006.

Report prepared by:

Approved for submission by:

Sharon Foss

Tamsin Evans

Quality Manager Regulatory Services

Group Manager Community Services

ATTACHMENTS:

Appendix 1 – Schedule of IANZ Corrective Action Requests

Appendix 2 – Kāpiti Coast District Council BCA Quality Policy

Appendix 3 – Kāpiti Coast District Council Media Release 7 July 2013 - "*Council building consent process sound says Acting CE*"

Appendix One to CS-13-985

Detail of Corrective Action Request (CAR)		Status
CAR 1	<p>Review & revise the organisation's documented system including all the documents in the P, KCDC, AP Q and Forms sections that were defined in the BCA's document and Forms Registers (and the "form" letter templates in NCS).</p> <p>Provide a copy of the complete document set to IANZ for review and acceptance.</p>	Cleared 7 August 2013 subject to review of the documented system in October 2013
CAR 2	<p>Review & revise KCDC BCA's version of prescribed form templates i.e. Forms 2, 5, 6, 7 & 13 to ensure they meet the requirements of the Forms regulations in respect of both content & order</p>	Cleared 21 June 2013
CAR 3	<p><u>Part 1:</u> Review & revise relevant procedures to include processes that define how KCDC BCA manages & records acceptance of responses to "further information" requests in a consistent manner.</p> <p>Provide IANZ a copy of the revised procedure & any amended forms for review / acceptance.</p>	Cleared 4 June 2013
	<p>Implement the agreed procedure.</p>	Complete - Implemented
	<p><u>Part 2:</u> After one month provide to IANZ a list of granted consents involving "further information" requests.</p> <p>IANZ will select records for a review of the effectiveness of implementation.</p>	Cleared 7 August 2013
CAR 4	<p>Implement* processes that ensure inclusion of the list of Specified Systems and their performance standards on the issued Form 5 for relevant consents.</p> <p>*Notes:</p> <ul style="list-style-type: none"> - implementation will be reviewed in October 2013 - if Specified Systems are identified by a draft Compliance Schedule (CS) then Form 5 must state this & the draft CS identified as an attachment. <p>if the draft CS method is to be used the procedures relating to consent issue will require modification to provide for this approach.</p>	Cleared 8 July 2013 subject to further review October 2013.
CAR 5	<p><u>Part 1:</u> Review and revise the BCA procedures for managing consents for which a time extension has been agreed so that decisions to issue or refuse to issue the CCC within 20 working days of the extensions expiry are made & recorded.</p> <p>Provide IANZ a copy of the revised procedure & associated correspondence and record making provisions for review / acceptance.</p>	Cleared 21 June 2013.

Detail of Corrective Action Request (CAR)		Status
	Part 2: Implement the agreed procedure and, after one month, provide IANZ a list of consents that have been subject to the process. IANZ will select records to verify effective implementation.	Cleared 7 August 2013
CAR 6	Provide the evidence supporting the decisions relation to numbers of building control personnel.	Cleared 30 April 2013
	Undertake an assessment of the competencies required to undertake the suite of work that is routinely presented to the BCA for consenting, inspection and certification.	Cleared 30 April 2013
	Undertake a comparison of needs versus the current competencies and staff numbers as recorded in the organisations' skills matrix and if necessary record how the BCA plans to address any competency or capacity shortfalls identified.	Cleared 30 April 2013
CAR 7	Undertake and record competence assessments for all personnel performing technical building control functions. (Provide IANZ a copy of the assessment record for each officer).	Cleared 30 April 2013
CAR 8	Review & revise procedures relating to fulfilment of the requirements if Reg. 11, providing a copy to IANZ for review and acceptance. Provide training plans for processing personnel to IANZ.	Cleared 27 April 2013
CAR 9	Review and revise procedures for identification & empowerment of Technical Leaders. Provide a copy to IANZ for review & acceptance.	Cleared 17 May 2013
	Implement the agreed procedure & identify to IANZ the Technical Leaders for KCDC. Provide evidence in support of appointments.	Cleared 8 July 2013 subject to further review October 2013.
CAR 10	Undertake an internal audit of the organisation's implementation of the revised systems, policies and procedures provided for clearance of CAR 1.	Cleared 7 August 2013 subject to review of completed audits against the audit plan October 2013.
	Provide IANZ a schedule that ensures that all aspects of the organisation's activities are subsequently audited in a manner that fulfils the requirements of Reg. 17(2)(h).	
CAR 11	Review & revise document control procedures to ensure that all documents are appropriately controlled & that changes are effectively managed.	Cleared 8 July 2013 subject to further review October 2013.
CAR 12	Define & document a system for record control that meets the criteria defined in the DBH's development guide for Reg. 17. Provide a copy to IANZ for review & acceptance.	Cleared 4 June 2013

Extract from BCA Quality Assurance System of Quality Policy