



Government of **Western Australia**  
Department of **Mines, Industry Regulation and Safety**



# Building and Energy - Building Compliance Audit Strategy

2021–2024



# Overview

Our audit strategy (2021–2024) sets out a vision to implement an effective and efficient audit program that focuses our efforts on residential and commercial building industry practices which pose the greatest risks to public health, safety and consumer disadvantage. This document outlines the approach we take to our inspections of registered builders and building surveyors, and owner-builders (Building Service Providers - BSPs), key focus areas and the objectives we want to achieve over the next three years.

Underpinning our strategy is a commitment to ensuring:

- The audit program remains flexible and responsive to address risks and emerging issues.
- Our limited resources are allocated in a risk-based manner that provides the best value-for-money coverage.
- Audit processes remain fit for purpose, and are continually refined in collaboration with industry stakeholders to reduce any unnecessary regulatory burden.

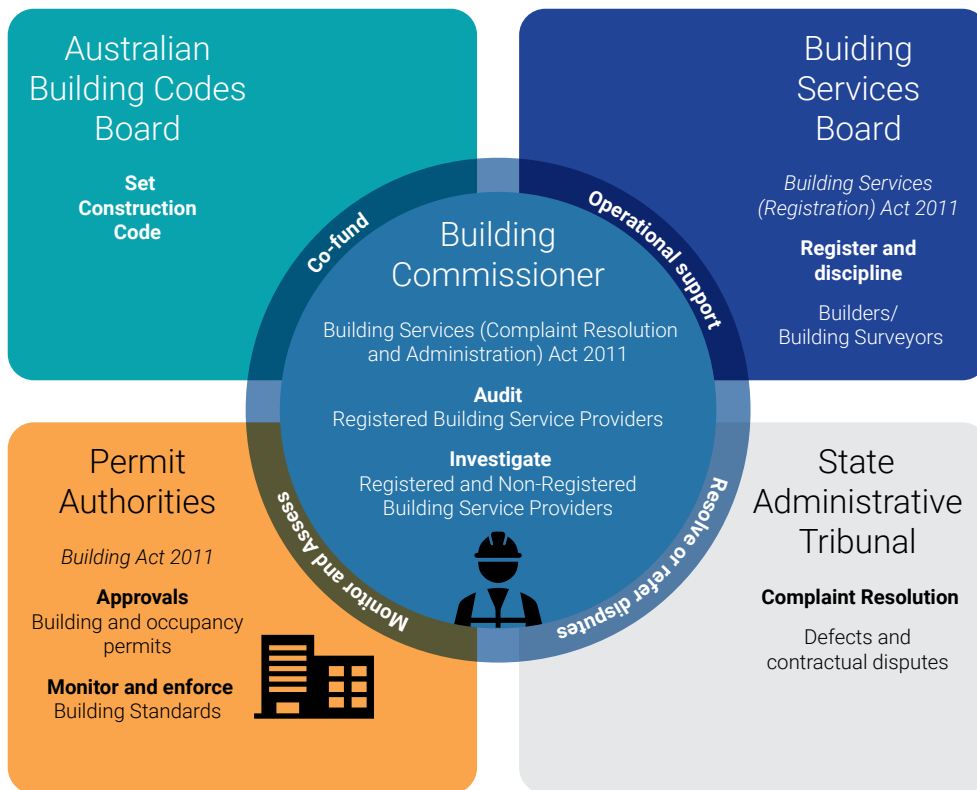
Our audit strategy takes into consideration the principles of the Auditing and Compliance Publication Framework developed in response to the 2018 *Building Confidence Report* (BCR). The BCR recommended that building regulators in each jurisdiction develop a public strategy for proactively auditing the design, certification and construction of commercial buildings to improve regulatory oversight, and transparency of audit activities, reporting and enforcement.



# Our role

We are responsible for regulating more than 15,000 builders and building surveyors (registered BSPs) in Western Australia through a system of registration requirements and by auditing the work and conduct of people in these occupations. We also monitor and assess the operation of the building service Acts<sup>1</sup>; administer the Building Services Board that governs the registration of BSPs, and operate a dispute resolution service that responds to complaints about faulty and unsatisfactory building services and home building work contract disputes.

Our key responsibilities within the building regulatory framework in WA are outlined in the diagram below.



1. This includes the *Building Services (Complaint Resolution and Administration) Act 2011*, *Building Services (Registration) Act 2011*, the *Building Act 2011* and the *Home Building Contracts Act 1991*. Refer Appendix.

We work alongside Local Government Permit Authorities which are responsible for approving building permits for the construction, occupation and demolition of buildings, and we have the necessary powers to monitor and enforce compliance with building standards. We believe an effective regulatory and building control system will lead to improvements in building quality, reduce consumer disputes and complaints, and provide economic, social and environmental benefits to the community. To this end, we are committed to increasing awareness of our regulatory role and powers among industry and stakeholders, strengthening collaboration with co-regulators, and our monitoring and education activities.

## Our operating environment

The building and construction industry remains a key driver of the WA economy and continues to assist with the State's economic and social recovery from the COVID-19 pandemic. In WA, the State Government's Building Bonus and the Commonwealth Government's HomeBuilder grants have led to significant growth in residential building approvals.

Residential building approvals more than doubled in 2020–21 compared to the previous financial year. In total, there were 22,527 approvals in 2020–21 compared to 10,863 approvals in 2019–20. In the last financial year the value of new residential loan commitments in WA increased by 66 per cent - in June 2021 the value was nearly \$2.1 billion (ABS lending indicators, June 2021). However, the number of residential approvals is expected to fall in 2021–22.

The BCR recommendations continue to influence the compliance and enforcement systems implemented by building regulators in each jurisdiction. One particular recommendation proposed that each jurisdiction undergo mandatory on-site inspections at different stages of building work. If mandatory inspections are legislated in WA, it will have an impact on our audit function, and as a result we will need to review and adjust our audit strategy and program of activities, and the prioritisation of our resources.

# Our audit approach

Our audit program for the building industry was established more than five years ago. Through the implementation of compliance and general inspections of registered BSPs for residential (Class 1A) buildings we have been able to gauge how well BSPs are complying with regulatory requirements, including administrative and technical aspects of their work. Over this time we have seen positive improvements in the sector. However, there is more to be done to improve compliance with building standards.

In developing our audit framework, we applied quantitative and qualitative information to decide on sample sizes, using scenarios for different levels of precision in order to implement an audit approach that can deliver meaningful outcomes with our available resources.

Our audit tools (see panel, right) will be continually reviewed and refined to ensure they remain fit for purpose and strengthen the effectiveness of our regulatory role, but do not place unnecessary regulatory burden on industry.



## Inspection software

Our customised in-house Inspection software enables our inspectors to conduct their work efficiently and effectively. Inspectors can use the software to assess up to 184 inspection points for 24 different categories of building work, upload photos as well as other forms of evidence, and generate reports for BSPs.



## Reporting

Our published reports on compliance and general inspections have covered a range of building work, such as roof tie-downs and cladding. By sharing reports on audit activities and findings, we inform and educate the industry about gaps in industry practices, emerging issues, and trends.



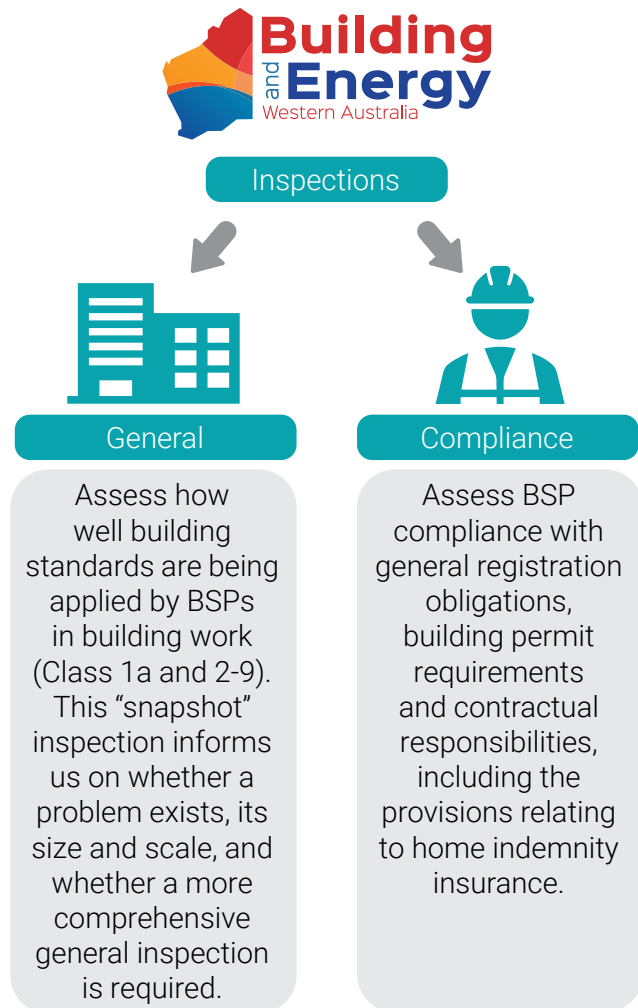
## Data analytics

During registration and renewal processes specific data and information is captured on BSP management and supervision policies, procedures and systems to inform our risk assessments. There are further opportunities to use information and data to assess high-risk areas throughout the residential and commercial building industries, our sample sizes for audits, and the BSPs we choose to audit. Over the next three years we are committed to further developing our data analytics capability to improve the collection and analysis of data and information from industry and co-regulators.

# Our audit approach

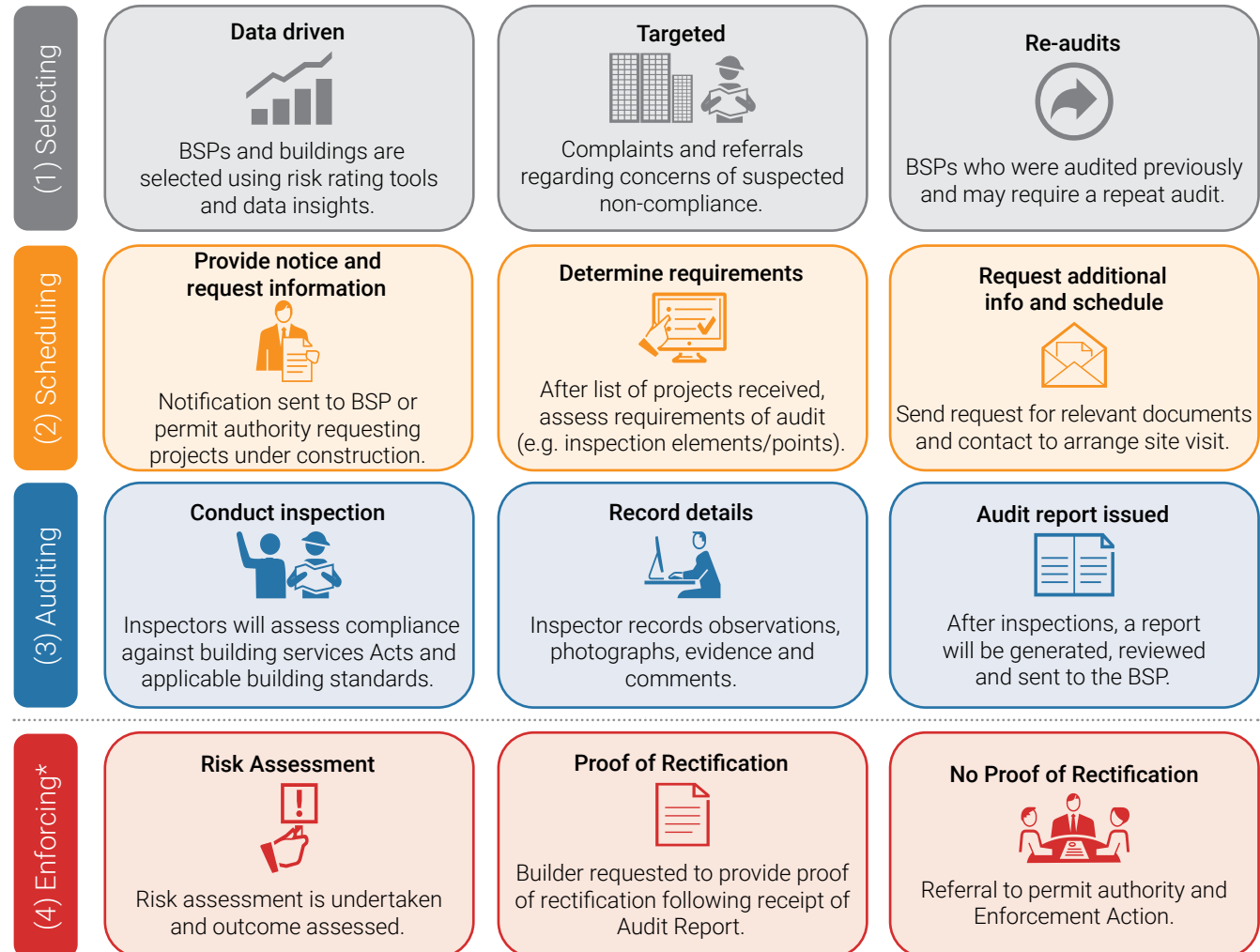
## Types of inspections

Our audit program comprises of two types of inspections: compliance and general. They may include either an office or building site visit, or a combination of both.



## Audit process

An audit plan is developed for the various audits to be undertaken. The audit process can then be broken down into four different segments; Selecting BSPs, Scheduling audits, Auditing, and Enforcing. If non-compliance is identified we will support BSPs to understand their compliance requirements, and where necessary enforcement actions will be escalated, proportionate to risk.



\* For more information on approaches to enforcement actions refer to the Building and Energy Compliance and Enforcement Policy 2021.

# Our audit approach

## Audit program

Our aim is to develop an audit program which is balanced, reflects our current mandate, and enables our effort and resources to be allocated to the areas where they are most needed and will have the greatest impact.

We will consider a range of factors: risk rating and materiality, emerging issues and trends, feedback and complaints, time since last audit, and resources and auditability (see panel, right) as we design and implement a data-driven and risk-based audit program.

Through our analysis, we have identified the areas below that remain in scope for our general and compliance inspections:

- High-risk elements of Class 2-9 commercial and Class 1a residential buildings; and
- Certificates of compliance (CDC, CCC, CBC) related to a building permit, occupancy permit or building approval.

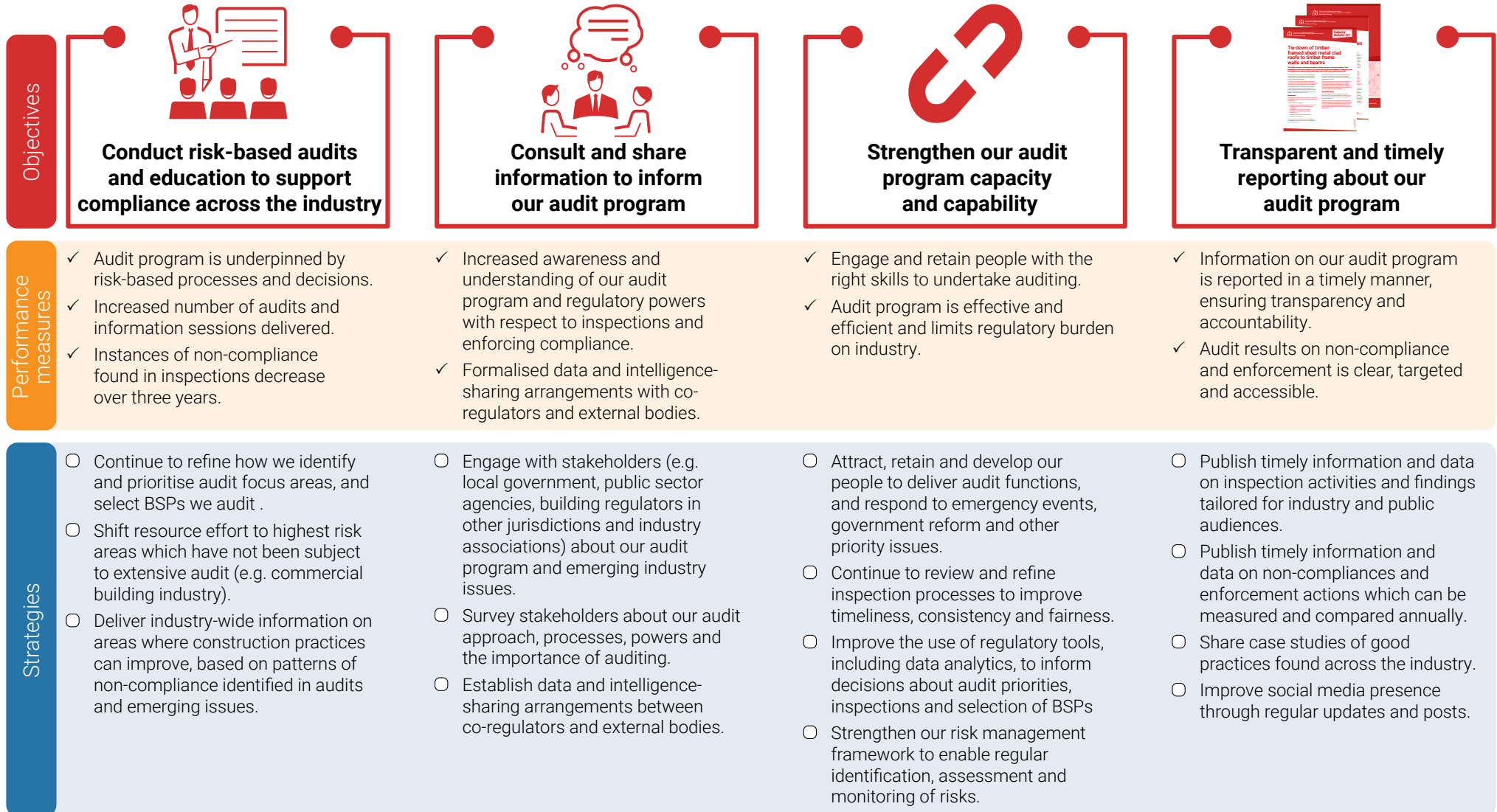
As the increased level of building activity in WA will continue into the foreseeable future, we will monitor and respond to emerging issues and risks across the residential and commercial building industries. In light of this, our program over the next three years will remain flexible and may need to be adjusted or re-prioritised when new information is received, or when there are emergency events and other competing priorities.

To ensure the transparency of our program, we intend to publish an annual Priorities Statement outlining areas we are focusing on and our inspection activities. The Priorities Statement will be made available on our website.



# Monitoring our audit program

We have developed several high-level objectives in order to help us monitor and track our progress. These objectives demonstrate our desire for continuous improvement and to drive better outcomes for the residential and commercial building industries. We have identified performance measures against each of these objectives, along with the strategies in order to help us achieve outcomes. We will review our performance on an annual basis through performing a self-assessment against these measures.



Government of Western Australia

**Department of Mines, Industry Regulation  
and Safety**

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