VBA levy audit – helpful hints for building surveyors

The Victorian Building Authority (VBA) has commenced its building permit levy audit program for 2015-16, which sees the VBA working with building surveyors and their staff to ensure their building permit reporting systems and processes are up to scratch.

Compliance and Performance Director Kate Despot said the VBA has an annual audit program to ensure building surveyors provide an accurate report of the building permits they have issued and forward the associated building permit levies to the VBA each month.

“The purpose of the audit program is to confirm the good practices of building surveyors and identify and work with those that need to improve their processes and compliance,” Ms Despot said.

“Most of the problems we see are a result of building surveyors having issues with their systems and processes, or just being unsure of their reporting requirements. In these cases we work with them to identify and resolve the issues. However, when we do discover instances of intentional wrong-doing we take appropriate action,” Ms Despot said.

2015-16 levy audit program

The VBA’s 2015-16 levy audit program will focus on new reporting entities, those which haven’t been audited since 2010 or longer, and building surveyors who have a history of non-compliance. Building surveyors who issue high-value building permits, building permits issued for retirement villages, and building permits with a reported cost of work of $0 are also among those to be audited.

“Our previous audit results show that there is a risk for under-reporting cost of works for building permits issued for retirement villages. As a result, we will be looking at these building permits closely to ensure these permits are issued and reported correctly,” Ms Despot said.

“We are also aware that there are building permits being issued with a nil cost of work. While there may be a valid reason for this on occasion, the VBA will be monitoring and auditing these building permits to ensure accurate reporting.”

Results from the VBA’s recent levy audits

In 2014-15, the VBA’s auditors identified 753 building permits that were either not reported or incorrectly reported, resulting in $283,362 in unpaid building permit levy.

Ms Despot said the VBA has seen an improvement in the level of compliance among audited building surveyors over the past few years. However, most of the problems discovered are the result of issues with systems and processes, which building surveyors can avoid by checking the levy return before submitting it to the VBA to ensure that everything is included and accurate.

“Taking extra care with their processes and reports can not only help building surveyors ensure they meet their obligations, but it can also save them from costly mistakes – just last year our auditors discovered and refunded or credited more than $100,000 in levy payments that building surveyors had overpaid to the VBA.”
Common issues and how to prevent them
Recent levy audits have identified some common mistakes that lead to building permits being incorrectly reported. By taking a few simple steps, building surveyors can help to ensure they comply with their building permit reporting and levy payment requirements.

**Application date** – This is the date the relevant building surveyor received the completed application for a building permit. It may be different to the date the applicant signed the form. Building surveyors should note or date-stamp the application form when they receive it from the applicant.

**Cost of works** – Care should be taken to ensure the cost of work for the building project is correct. The cost of work is the contract price for the building work. If there is no contract in place, the relevant building surveyor needs to estimate the cost of the building work, which includes both the costs of materials and labour. For building permits issued in stages, it is important to check that the cost of work for all individual staged permits add up to the total building project costs.

**Software** – When producing a report of the building permits issued for the month, it’s important to check it before lodging the report to the VBA. This is especially important after starting to use the software for the first time, upgrading the software, migrating from one software to another or employing a new administrative staff member that uses the software.

**Reconcile bank details** – When preparing the building permit levy returns, you should always reconcile the total levy due according to the levy return with the levy account balance.

For more information about these common issues and preparing levy returns, visit the Building permit levy section of the VBA website.

**ENDS**

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