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# Building Services, Building Permits and Committee of Adjustment

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June 03, 2015  
Audit Report

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## SUMMARY

### Objectives

The objectives of the audit were to:

- Assess the adequacy of controls to manage key risks of Committee of Adjustment, a Planning Act function and Ontario Building Code permit functions;
- Review the efficiency and effectiveness of Building and Planning Services operations in delivering these functions; and
- Identify areas for improvement based on a review of current operational practices and customer feedback.

### Background

At the time of the audit, Growth and Development (GD) Department was responsible for the planning, administration and management of the following services for the City of Greater Sudbury (CGS):

1. GD Administration
2. Airport Services
3. Environmental Services
4. Economic Development
5. Building Services, Compliance and Enforcement\*
6. Asset Services &
7. Planning Services. \*

Of the above, this audit focuses on the activities of Building Services which includes Inspections, Planning Act services and Enforcement activities relating to the Ontario Building Code. The activities of By-law Enforcement relating to areas other than Building Services as Parking, Animal control etc. are excluded from the scope of this audit. The Planning Act services provided by the Committee of Adjustment were also audited.

The following activities were audited:

1. Processes and controls related to the issue, inspection and closure of Building permits and collection of permit fees,
2. The reliability, effectiveness and adequacy of controls over Information Technology systems used in the above processes,
3. The timely inclusion and updating of tax rolls to reflect revised value of properties that impact CGS tax revenues and

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\* Covered by this audit

4. The Committee of Adjustment/Sign Variance Committee that is empowered to grant relief from all zoning and sign By-laws in respect to all land situated in the City of Greater Sudbury.

At the time of the audit, Growth and Development Department was headed by Acting General Manager. The Chief Building Official/Director of Building Services is statutorily responsible for all provincially mandated Ontario Building Code regulatory services with budget responsibility to ensure financial self-sufficiency of resources for management of Building Services. The Planning Services Division that supports Committee of Adjustment/Sign Variance was headed by the Acting Director of Planning Services.

## Building Services

Building Services provides a system for:

- Enforcing Building Code violations by issuing orders under the Ontario Building Code and if required prosecuting through the Court;
- Issuing building permits for construction, alteration, conversion and/or demolition of building for a fee after review of compliance with the Ontario Building Code standards as well as zoning and other “Applicable Laws” as defined in Ontario Building Code;
- Performing mandated field inspections during construction to review if construction conforms to permit drawings and Ontario Building Code;
- Issuing Occupancy Permits;
- Assessing unsafe structures;
- Commenting on legal searches for establishing clear title for land transactions;
- Determining occupant capacity restrictions for restaurants and public buildings, for special events and for liquor license applications with the Alcohol and Gaming Commission of Ontario;
- Reviewing and providing comments on various Planning Act Development approvals such as Committee of Adjustment, Site Plan Control, Rezoning, Consents and Draft Plan of Subdivision/Condominiums.
- Updating Municipal Property Assessment Corporation (MPAC), Canada Mortgage and Housing Corporation (CMHC), Revenue Canada and Statistics Canada on a monthly basis of the number and value of Building Permits issued.

A Building permit is a legal authorization to start work in accordance with approved drawings and specifications, generally valid for a year. Building permits are reviewed for compliance with the Ontario Building Code, applicable zoning By-law and other National, Provincial and Municipal regulation for protection of fire, life safety and structural adequacy. This section of Building services issues building, plumbing, demolition, occupancy and other permits governed

by the Ontario Building Code. In certain situations, additional approvals and permits may be required before issue of a building permit as per the “Applicable Law” provisions of the Ontario Building Code Act.

A majority of the building permits issued (84%) and inspections (67%) were performed during the months of April to October in 2014.

The current delivery of services by Building Services at CGS compares favorably with provincial standards Ontario Municipal Benchmarking Initiative (OMBI) for benchmarked services.

The key statistics relating to Building Services department are included in Appendix A attached.

#### Self-sufficient funding model:

Building services department operates on a financial self-sufficient basis in accordance with the provisions of the Ontario Building Code Act, i.e., maintaining a balance between revenues earned and expenditures incurred based on a provincially mandated service level. Such a financial model provides options to create service capacities on a ‘need bases. The department’s budget for 2014 was \$ 3.9 Million for a staff of 32 (30 FTE and 2 seasonal) that processed 2053 permits with an approximate construction value of \$ 344.3 Million.

#### Tax impact:

With some exceptions, the value of Building permits issued translates into increased tax revenues to the extent they relate to new construction and/or upgrades to existing properties. Among these exceptions are repair/renewal work that does not result in an upgrade and exempt properties. The tracking of new construction, their completion, estimating the value of upgrades to the extent they impact assessment values are performed by Municipal Property Assessment Corporation (MPAC). MPAC plays a critical role in accurately assessing, classifying and updating assessed values of properties in compliance with the Assessment Act and regulations set by the Government of Ontario.

#### Planning Services – Committee of Adjustments (COA):

The Committee of Adjustment/Sign Variance Committee (COA) is empowered to grant relief from all zoning and sign By-laws, in respect of all land and structures situated in the City of Greater Sudbury. The members of COA for the City of Greater Sudbury are appointed by the City Council.

Municipalities in Ontario establish standards to achieve orderly and safe development in their communities. These standards are set out in zoning by-laws. A zoning by-law governs the types of use permitted on a property and lists minimum development requirements. The minor variance application process is a method to seek relief through a Committee of Adjustment when minor exceptions from by-law regulations are desired by a development proponent. This exception is subject to compliance with certain rules and procedures specified in the Planning Act, 1990.

## Scope

The scope of this audit covered processes, activities, transactions and customer feedback received during the period January 1, 2012, to December 31, 2014 relating to Committee of Adjustment applications, Building Permit services provided, inspections performed, and reports produced for control and decision-making through the Development Liaison Advisory Committee (DLAC) and Council. Transactions beyond this three year period were reviewed to gain a better insight and assess the impact of control weakness noted relating to certain areas during the audit.

We performed inquiry, analytical testing and other auditing procedures considered necessary in the circumstances.

## Report Highlights

1. The existing processes, checks and controls need improvement to ensure timely inclusion and revision of assessed values in tax rolls of commercial, industrial (ICI) and residential category properties built since 2008;
2. Checks and controls need to be established to ensure timely inclusion by MPAC of all constructed and upgraded mining/residential property values in tax rolls;
3. The processes performed on tax rolls by Municipal Property Assessment Corporation (MPAC) have not been identified, defined and documented with assigned responsibility for their accuracy;
4. Multiple information systems are being used for various activities performed by Building Services. These independent systems need to be integrated with effective controls to enhance productivity as they do not provide a single view of all relevant information about a property;
5. The current process to monitor, follow up and close complaints reported and recorded in the Active Citizen Requests (ACRs) needs improvement;

6. There are over 400 applications for Building permits that are open as the applications were found to be incomplete when they were initially submitted during the last ten years.
7. A monthly report listing particulars of Building Permits issued sent to MPAC by Building Services is not being copied to the Tax department at CGS for verification and control and
8. Building permit jurisdictions and associated work load could be reviewed and revised resulting in a proportionate and balanced distribution of work load.

This audit was conducted with cooperation and support from staff at all levels of Building, Planning Services and Tax departments.

#### Auditor General's Opinion

This audit identified significant opportunities to improve controls, efficiency and effectiveness of operational and administrative processes at Building Services and Tax department. Some of these improvements, if implemented could result in increased tax collections, operational cost savings and service improvements to Building Services clientele.

Vasu Balakrishnan  
Interim Auditor General

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## 1. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE - MPAC

This audit identified weak controls over monitoring of updates to tax rolls by MPAC and absence of meaningful information exchange between MPAC, Building services and the Tax department at CGS.

MPAC maintains and updates the assessed value of properties for tax rolls based on information collected from various sources including a list of Building Permits issued during a month from Building Services.

The following table highlights the impact, issues and areas for improvement in the current system of information exchanges:

CURRENT ACTIVITY/PROCESS	ISSUE	IMPACT	REF. Note
Provision of a monthly list of Building Permits issued to MPAC by Building services.	Tax department in CGS is not provided a copy of this list for verification.	The tax department cannot check or confirm accuracy of updates to tax rolls performed by MPAC.	1.1
Construction and additions to mining properties.	Mining properties and associated structures are not exempt from the provisions of the Ontario Building Code, other than head frames and hoist room structures. Despite that many are being constructed without a building permit.	Absence of a formal system to track construction and additions of mining properties increases the risk of omission in tax rolls for assessment.	1.2
Service Level Agreement (SLA) with MPAC.	There is no formal agreement between MPAC and CGS outlining the roles, responsibilities and defined time lines for services provided by MPAC.	Errors and omissions in tax rolls would impact tax collections. In the absence of a Service Level Agreement with MPAC and lack of internal controls at CGS to verify accuracy of tax rolls, the responsibility for maintaining accuracy of tax rolls has not been identified.	1.3

CURRENT ACTIVITY/PROCESS	ISSUE	IMPACT	REF. Note
Constructions, renovations and upgrades resulting in increased assessed values identified by MPAC.	The list of such properties identified by MPAC (based on their work and information) resulting in increased assessed values is not being provided to Building services to confirm, if the construction, renovation and upgrade is in accordance with a Building Permit.	Building services are not made aware of properties that have been upgraded and renovated without obtaining a building permit; possibly resulting in unsafe and illegal use of property and loss of building permit fees.	1.4

#### 1.1 MPAC's procedures for updating Building Permit issued:

MPAC maintains the assessment rolls and updates assessment values for new constructions and additions based on a monthly list of building permits provided by the Building services department. Delays in updating tax rolls by MPAC could delay tax collections and extended delays over two years could result in unrecoverable taxes in accordance with the provisions of the Assessment Act, 1990.

In 2009 the Tax department at CGS performed a selective analysis of Building permits valued over \$100,000 issued for commercial/industrial properties between 2001 and 2007. Ninety eight permits issued were identified for follow-up with MPAC.

An analysis of those ninety eight permits issued from 2001 to 2007 is indicated in the following table:



Year Building permit issued	List of permits identified by CGS for follow- up with MPAC		Comprising of Properties						
			Identified originally in 2009					Rework in 2015	
			(Represents properties where arrears of tax could be collected as Permit issued is within 2 years of 2009)	Properties that had permits issued in 2005/06 but have not had any supplemental/Omit assessment issued against them. (Per CGS letter 21- May-2009)  (Potential tax loss as tax arrears could only be recovered for years 2008 & 2007 in 2009)		MPAC's response (Per letter dtd.29 <sup>th</sup> September, 2009)  (MPAC's response classified 98 the properties into the following categories and did not include number of permits under each category an corresponding permit values)		Potential properties where no supplemental/Omit assessment issued <sup>1</sup> in comparison to permit value.  (Per CGS Property Assessment Representative, the rework in 2015 indicated tax revenues were recovered in 96 of the 98 properties)	
	No. of Permits	Permit value in \$(000)	No. of Prop.	Permit value in \$(000)	No. of Permits	Permit value in \$(000)	Explanation (Unrelated to year of permit issue)	No. of Prop	Permit value in \$(000)
2001	3	1,224	None	None	29	35,581	Require inspection. Inspections will be completed by year end and supplementary/omitted assessments will be issued if applicable. ( 15 Permits)  Permit work was completed and Supp./Omit. Assessment was issued in either the August or September extract or will be in the Oct. extract. (No. of permits not identified)  Permit work is not yet completed. (No. of permits not identified)  The assessment attributable to the permit work was already included in the Current Value Assessment for the 2009 tax year. (No. of permits not identified)  The permit work did not add any additional assessment to the Assessment Roll. . (No. of permits not identified)	2	1,113
2002	1	250						-	-
2004	3	884						-	-
2005	14	8,127						-	-
2006	26	27,454						-	-
Sub-Total	47	37,939	None		29	35,581		2	1,113
2007	51	50,606	51	50,606	None			-	-
Total	98	88,545	51	50,606	29	35,581		2	1,113
Percent:	100%	100%	52%	57%	30%			4% <sup>2</sup>	3%

<sup>1</sup>A sample check based on rework of these properties in 2015 indicated that available information is not adequate to conclude loss of tax revenue.

<sup>2</sup>Percentage comparison based on 47 properties identified where no supplemental/omit assessment issued.

#### Findings:

1. No analysis has been attempted on a similar basis for Building permits issued from 2008 for Industrial and Commercial segments. At this point in 2015, no arrears of tax can be recovered for taxes relating to the period from 2008 to 2012 due to limitations stipulated by Assessment Act. This period was characterized by growth in residential and commercial/ industrial property constructions by Wal-Mart, Costco, Canadian Tire, Rio-Can, and Home Depot etc. During the audit the Chief Financial Officer agreed with the benefits from such an analysis and indicated plans to verify work performed by MPAC.
2. No analysis appears to have been completed, on a similar basis for Building permits issued for residential properties.

#### 1.2 Mining properties:

Construction of mining properties may be initiated without a Building Permit. No formal process exists within the Tax department to track such construction activities for inclusion in the tax rolls. MPAC updates the assessment values based on information received and market intelligence.

In 2009 the Tax department at CGS compiled a list of such properties based on available information and market intelligence. The list comprised of thirteen properties was provided to MPAC for confirmation and revision of tax rolls. While this list facilitated a revision of tax rolls in 2009, no similar list of mining properties has been compiled since 2009 for analysis and revision of tax rolls. Any estimation of values of such properties is difficult, as this is an intensive and extended process based on site visits, market intelligence, other evidence in the form of supporting photographs and discussions.

#### Findings:

1. The Tax department has no formal process to track and monitor additions and changes to mining properties for inclusion in tax rolls and
2. Work to identify possible additions to tax rolls from 2008 has not been performed for mining properties. Tax recovery (if any) may be subject to the limitations of the Assessment Act.

#### 1.3 MPAC Service Agreement:

The relations between CGS and MPAC are governed by the provisions of various legislations such as MPAC Act and Assessment Act. These Acts do not define service level agreements and responsibilities for errors and omissions that may result in loss of tax revenues for CGS. This background is compounded by the fact that operational practices and procedures are periodically revised and updated by MPAC. In light of this, CGS needs to reinforce and maintain adequate controls, checks and balances to prevent revenue loss and effectively manage the risk arising from operational changes at MPAC. The current focus of staff at CGS in the Tax department comprising 11 staff is, providing customer service to residents, distributing tax notices and updating results of appeals; with a single contract resource responsible for maintaining the integrity of tax rolls.

#### Findings:

1. The current full time resource (in comparison to the previous part time resource) may not be sufficient to maintain adequate assurance over tax rolls considering the above risks.

#### 1.4 Renovations and upgrades identified by MPAC:

MPAC periodically updates assessed values based on upgrades and additions to properties noted during field work and market intelligence. The audit noted three properties, where a Building Permit was not obtained prior to construction/upgrade. These properties were part of a list of thirty six properties included in supplementary assessment in June 2014 where maximum arrears of taxes were recovered. A test check by audit of eight of such properties indicated that no Building permit was issued for three properties. This analysis indicated a loss of building permit revenues besides the likelihood of the constructed structure not being in compliance with the Building Code.

#### Findings:

1. There is no system to share information relating to such properties identified by MPAC with Building services.
2. There is no attempt to ascertain the time when construction might have occurred for such properties and
3. No system exists to verify if Building Permits have been issued for properties (included in supplementary lists) where the permitted maximum arrears of tax are levied.

#### Management Response

Finance staff appreciates the opportunity to participate in the Building Services, Committee of Adjustment and Building Permits Audit.

The City of Greater Sudbury is a key stakeholder to ensure that the Municipal Property Assessment Corporation (MPAC) can produce accurate and timely property assessments. As the CGS issues building permits and monitors construction activity, MPAC is accountable to ensure that such activity translates into accurate assessment growth in a timely fashion and in accordance with the Assessment Act of Ontario. City staff that includes Building Services and Finance will continue our partnership with the Municipal Property Assessment Corporation to review and enhance existing processes and procedures to ensure that new assessment is valued and submitted to the City for tax billing within legislated timelines. More specifically, CGS has volunteered to participate in a pilot project with MPAC, in the development of a service level agreement for the municipal sector. In addition, Tax will develop an assessment base management policy, to document existing procedures and implement process improvements to monitor and audit the production of the assessment roll by MPAC. The manager of taxation and the property assessment representative will develop the policy and this will be completed by December 15, 2015.

From 2005 to 2012, the City experienced significant growth in the residential, commercial and industrial sectors. In spring 2009, the Property Assessment Representative (since has retired) for the City of Greater Sudbury identified a concern with the MPAC's timelines on assessing residential, commercial and industrial properties, and the related risk of potential lost revenues due to the time restriction in

the Assessment Act. On a regular basis, the property assessment representative and the Manager of Financial Planning and Policy monitored building construction statistics, supplementary/omitted assessments and assessment growth using various tools, such as Municipal Connect, building permit data, media reports. In addition, in 2009 the Property Assessment Representative reviewed in excess of 800 building permits of which 98 (from 2001 to 2007) required further investigation by MPAC. This concern was expressed in writing to MPAC and a detailed review and the resulting status of each 98 permits was provided to the City. This review and the excellent turnaround time provided assurance that priority was assigned by MPAC to ensure assessments were added to the roll within legislated timelines. In fiscal years 2010 and 2011, the City experienced high levels of supplementary taxation revenue and assessment growth, and a report to the Finance Committee was presented in February 2011 to highlight this, and the partnership that existed between Finance, Building Services and MPAC. Over the past 6 years, management is pleased to report that CGS has noticed considerable improvements in the timeliness of supplementary/omitted assessments and the overall service delivery.

As a result of this audit, the current Property Assessment Representative reviewed the sample of 98 building permits from 2001 to 2007. Based on this review in 2015, management believes that assessment returned by MPAC on the 98 permits appears reasonable. The two building permits from 2001, do reflect additional assessment, however further investigation would have to be conducted to determine if the assessment and timing were appropriate.

In addition, the Property Assessment Representative reviewed a sample of 326 building permits from the 2008 to 2012. The majority of this sample were found to either have resulted in assessment growth on the permits or in the opinion of MPAC, did not add value to CGS's assessment base. A follow up is being conducted on a minority of permits where further information is required from MPAC staff.

As a result of this Audit, management has gained valuable information that will assist in the development of an assessment base management policy which will document the existing procedures which are in place. In addition, the policy will include expanded procedures that will be implemented to monitor the timeliness of MPAC's delivery of supplemental/omitted assessment.

## Supplementary Comments

### Mining Properties

Building permits in the mining industry are complex and the City of Greater Sudbury only receives building permit applications in accordance with provincial legislation. Some mining activities and related structures are exempt from assessment and permit requirements. CGS's access to mining properties is driven by building permits and analysis performed when assessment appeals are received. Building services has currently developed an engineering standard with the largest mining company to assist them in knowing what construction attracts a building permit application.

### Action Plan Lead

Therefore the CGS, through its property assessment representative will continue to monitor mining activity by liaising with Building Services staff, viewing mining company websites and media reports, as well as identifying assessment growth when analyzing appeals, and inspecting mitigation applications such as commercial vacancy and demolitions.

## Building Occupancy Permits

Building occupancy permit information is currently available to Building Services in its report resources.

### Action Plan Lead

Building Services will share occupancy permit information with MPAC and the Tax Department simultaneously so that supplementary assessment can be identified and processed when appropriate. The manager of taxation and the property assessment representative will be responsible for monitoring this information, following-up with MPAC and reconciling the data to supplementary assessment rolls.

## Municipal Property Assessment Corporation

MPAC is a non profit, non share capital, Independent corporation responsible for property valuation and classification of all properties in the province of Ontario. The City pays MPAC approximately \$2 million for assessment related services. MPAC utilizes a comprehensive set of procedures and processes to receive, record, assign and value building permits resulting in new construction. This information is returned to the municipality in the annual assessment roll and subsequent omitted and supplementary assessment rolls. The Municipal Property Assessment Corporation has its own key performance indicators to ensure that assessment growth is captured in a timely fashion in accordance with the Assessment Act.

### Action Plan Lead

In order to ensure CGS interests are protected, regular and frequent monitoring of MPAC's progress will take place. The City's property assessment representative will be responsible for this action and the timing of these checks will take into account the legislated timelines set out in the Assessment Act so that issues can legally be addressed. In addition, CGS will be monitoring MPAC's adherence to their key performance indicators.

## Service Level Agreement

The CGS has volunteered to participate in a pilot project in conjunction with the proposed service level agreement between MPAC and the municipal sector. By participating in this pilot project, CGS will have a voice in the adoption of a service level agreement to the mutual benefit of MPAC and to the City. This will also improve our ability to formulate and complete an assessment base management policy designed to not only identify and capture assessment growth but also to administer provincially mandated mitigation programs in keeping property tax loss to a minimum.

### Action Plan Lead

The timing of our participation in the pilot project and the progress of the service level agreement is dependent on MPAC and the manager of taxation and the City's property assessment representative will collaborate on this initiative.

## 2. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – IT SYSTEMS

The Building Services department relies on multiple systems relating to information such as Building Permits, inspection notes, cash collections, taxes and tracking of issued 'Orders to Comply'. These systems are not integrated and contain limited information about a property that may be more meaningfully used if they were integrated. Integration of multiple systems would be beneficial and may be attempted considering the information need, workflow and privacy provisions.

It was noted during the audit, that plans have been initiated to upgrade systems by exploring alternative options, the associated costs with features that may be suitable for CGS operations and workflow.

The following is a list of systems currently used by Building service with issues/constraints in their use. The most actively used systems by the majority of staff are Buildingpermit.net and InspectorsPlus.

### Findings:

System	Purpose	Major issue/Constraint	Impact
Building Permits.Net	Track individual permits from the time of receipt of application.	Old system developed in-house, lacks system manuals and reliable report generation. Requires periodic shut down for maintenance and has slow response times.	1. Inability to maintain and improve system performance.  2. Requires work around for certain reports generation.
Inspectors Plus (PEN system)	Data base of inspector's notes relating to inspections.	Common password, remote access and updates resulting in a need to maintain a parallel manual inspection note system. In use since 1999, this system is no longer supported for maintenance.	1. Risk of unauthorized alterations and lack of audit trail.  2. Need for completion of manual forms for inspection.

System	Purpose	Major issue/Constraint	Impact
VailTech	Comprises 'Tax System' and 'Payment' system. Tax system stores assessed values of properties and payments received at CGS locations are processed in the 'Payment' system.	Not integrated with Building Permits system.	Does not contain information relating to Building permits issued.
GIS system (Geocortex)	Store, manage data in multiple layers on the basis of geographical locations.	Not integrated with other systems used.	No single view of all information relating to a property.
Active Citizen Request (ACR)	Record of issues, complaints and concerns from citizens.	Complaints about properties received are individually tracked as received over time.	A record of all complaints made for a property is not easily available.

## Management Response

The Building Services Department's building permit issuance is the clearing house for all municipal, provincial and national legislative requirements typically referenced as "Applicable Law".

Ontario Building Code Act states:

### Section 8.(1)

"No person shall construct or cause a building to be constructed or demolished unless a permit has been issued therefore by the Chief Building Official.

### 8.(2)

The Chief Building Official shall issue a permit referred to in subsection (1) unless,

- (a) The proposed construction or demolition will contravene this Act, the Building Code or any other "Applicable Law"

Applicable Law includes among other legislation the Planning Act which in turn entails Zoning, Site Plan Control, Subdivision plans, Condominium plans and Minor Variances on the zoning by-law requirements issued by the Committee of Adjustment, all easement, grading plans, soils cautions, etc. registered on title are dealt with during the permitting process.

Further, the permit issuance process has provincially mandated turnaround times for issuing permits from time of receiving a complete permit application.

We agree that having a single property database inclusive of all these various legal, departmental interests, impediments or requirements to be dealt with at permit review so they may be conveyed to owners and consultants would be beneficial.

This is why we have committed to the development industry to move forward with a new integrated land and property management system. This would be a City-wide, property centric system that provides a comprehensive history for all properties and land in the City.

A scoping study has already been initiated with staff, Information Technology and an outside consultant including a financial budgeting program, for this Land Property Management System (LPMS). A report was provided to Council on May 12, 2015, on the project.

The LPMS would replace a number of pre-existing solutions, simplifying the current complex systems environment and providing the following key functions:

- Front and back office application (permit, license, approval) processing
- Real time mobile tools for field based inspections staff
- Applicant access to on-line tools to submit, track and interact with applications on-line
- Public access, via the City's website to tools to query the City's LPMS database

Action Plan Lead

Director of Building Services/Chief Building Official,

Manager of Software & Business Applications,

Manager of Development Approvals Planning and Financial Services.



### 3. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – ACRs

The number of complaints, concerns, and other issues received relating to Building Services and recorded in Active Citizens Request (ACRs) indicate a high number is not being followed up and closed on a timely basis.

On inquiry with Building services, it was clarified that most of the ACRs opened form part of an administratively initiated creation of a database of manually issued “Orders to Comply” (some issued in 1999) under the Building Code. This program was initiated by the Chief Building Official in concert with the Upper Canada Law Society (LAW Pro) to facilitate an electronic search of CGS Building Services property database as a pilot program to facilitate searches on property transactions by local lawyers. However, statistics relating to the number of orders complied with for these old orders were not available to assess the extent of compliance.

#### Active Citizen Requests (ACR):

An analysis of the complaints and issues related to Building services reported in 2014 indicates the following:

Category	Number of cases	Percent (As of Jan., 2015)	Notes
Cases recorded in 2014	<u>873</u>	<u>100 %</u>	Represents total number of cases recorded in 2014.
Inactive Orders (manually recorded) for administrative purpose - initiated with Upper Canada Law	687	79%	Extent of compliance/completion of these orders unknown. Questions from lawyers are dealt with on a case by case basis.
Actual Citizen request initiated	186	21%	Represents actual number of citizen requests/complaints.

As old inactive orders issued were input into ACR along with active citizen requests received in 2014, a trend analysis of issues relating to 2014 could not be performed. Further, it was noted that all inspectors were not adopting a uniform and consistent approach to update and close assigned cases.

An analysis of the 186 requests received in 2014 (excluding the inactive orders) indicated the following pattern of issues reported and the extent of their resolution:

Category	Number of cases	Percent	As of Jan., 2015		As of Apr, 2015		Notes
			Cases completed	Percent	Cases completed	Percent	
Total Citizen requests	<u>186</u>	<u>100%</u>	<u>77</u>	<u>41%</u>	<u>134</u>	<u>72%</u>	Represents number of citizen
Build – No permit complaints	130	70%	57	44%	90	69%	A system to streamline and record completion of a case needs to be refined in consultation with IT and Citizen Service Centers. Inspector training needs
Building unsafe cases	28	15%	10	36%	24	86%	
Grading/Drainage	17	9%	5	29%	12	71%	
General Inquiry Contractor complaint, building contrary to plans, title insurance, pool complaints	11	6%	5	45%	8	73%	
Total cases completed	<u>186</u>	<u>100%</u>	77	<u>41%</u>	134	<u>72%</u>	

#### Findings:

1. An analysis and type of issues relating to building services recorded in ACRs for 2014 could not be performed due to an administrative initiative to input old orders.
2. It was explained that all inspectors were not adopting a uniform and consistent approach to update and close cases assigned to them. For certain assigned cases, inspectors missed updating ACRs after inspection and resolution. Further, it appears no stipulated time frame has been defined for an initial inspection, resolution, closure and/or escalation of a recorded case.
3. Audit investigated an instance of suspected construction of garage without a Building Permit reported in December, 2014. The assigned inspector visited the site in December, 2014 and determined that no permit was required as the garage was proposed to be used as a hangar for aircraft, based on explanations provided by owner. A visit in January, 2015 indicated that trailers and vehicle was stored in this garage resulting in loss of Permit fee and an increase in taxes for the associated property. The annual tax for this garage is estimated to be approximately \$ 1400.

#### Management Response

Although a cursory examination of the Active Citizen Request (ACR) records appears to show a number of them not being followed up and closed in a timely manner, the majority of these form a part of an

administratively initiated database record for flagging inactive manually created orders under the Building Code.

This program was initiated by the Chief Building Official in concert with the Upper Canada Law Society (LAW Pro) to facilitate an electronic search of Building Services' property database as a pilot program to facilitate property searches on land transactions by local lawyers. Next phase of the program will further rationalize these manual Orders.

All ACR's initiated by citizens in 2014 had been addressed by at least one site inspection and had de facto a 72% completion rate but not properly reported through the ACR system by Building Services staff.

All reported instances of unsafe buildings not reported to be completed in the ACR system were safely boarded up and shored. These four (4) sites are awaiting further work by the owners and are being monitored continuously by inspector/manager involved.

The Unsafe Building ACR's have an assigned stipulated time frame for completion of five (5) working days.

At the present time the Information Technology group, Building Services staff and the Citizen Services Centre group are investigating how the ACR system, introduced to the Building Inspectors' group in 2011, can be integrated with the Permit Services group and Development Engineering to provide a more complete process of addressing ACR's received.

The Construction of garage noted by the Interim Auditor General continues to be monitored. We currently have a similar case working through the court system. Regardless of the hanger's applicability to the Ontario Building Code, it will be assessed by MPAC as residential or commercial.

However, in providing the above clarification to the Auditor's observations, Building Services acknowledges the requirement for refining ACR use with I.T. and Citizen Service Centers including additional training of field inspectors on the system and extending the system to other areas currently not subscribed to the ACR system. This work is currently underway.

#### Action Plan Lead

Manager of Building Inspection Services, Supervisor Tom Davies Square Citizens' Service Centre/Call Centre, Citizen Service Information Technology Group and Coordinator of Permits & Approvals Integration.

#### 4. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – OTHER AREAS

##### Findings:

##### Inspections

An analysis of number of inspections performed by each inspector during 2014 indicates a disproportionate work load for residential inspections performed. Certain inspectors were performing a higher number of inspections during the year in comparison to the annual average number of inspections for each category. After providing for allowances due to possible factors such as commuting times, available infrastructure, individual efficiency; the variation ranges from a high of 149% to a low of 51% in comparison to annual average number of residential inspections. The inspections under the Industrial and Commercial categories performed by the three inspectors are consistent around the average number of inspections.

The distribution of work load for residential may impact the quality of inspections performed as two inspectors performed a higher number of inspections in comparison to the annual average.

##### Open Building Permit applications

Over 200 applications for Building permit made between 2012-14 with an estimated construction value in excess of \$ 60 Million are appearing as 'open' with no permit issued or fees collected. It is likely that some of these applications might have been withdrawn or construction might have been completed under another application.

We were advised during the audit that these operational issues would be addressed when manpower resources are available for such maintenance of applications received.

##### Recording result of inspections

Building inspections are scored a 'Pass' or a 'Fail'. While the current "Inspectors Plus" system has functionality to record reasons for failure this functionality was not always being used. Recording results of inspection areas that partially pass (or fail) would facilitate a subsequent follow-up inspection. For example, reasons such as "Work-in-Progress", "Work Not Started", "Work Suspended", "No Access to inspect", etc. can all be documented and acted upon during a follow-up inspection. Such an analysis could potentially result in savings by avoiding repetitive inspections of an area, and a database of such analysis would identify particular weakness of contractors in objectively assessing performance.

### Policy and procedure manual

We were informed during the audit that the Building Permit department is in the process of developing a procedure manual for various functions. Currently a documented manual is not in existence to facilitate reference and training for new employees and knowledge sharing.

### Management Response

#### Inspections:

Inspectors who are assigned solely to residential inspections based on work experience and provincial qualifications often undertake more inspections than those doing Industrial, Commercial and Institutional (ICI) inspections based on the size and complexity of the construction. The larger projects require longer timelines per individual inspection than their residential counterparts. Therefore, the number of inspections undertaken is not a direct correlation to a disproportionate workload.

However, we acknowledge that a pilot program for residential Inspectors last year, which assigned zone areas to Inspectors, needed some adjustment to be made both geographic areas wise and administratively to equalize the call counts. These were being manually adjusted last year by the Manager of Building Inspection Services and modifications to these assigned area as well, the assignment procedures should provide for more equity in workload this year.

It is hoped through the data currently being collected by the Automated Vehicle Locator (AVL) System within inspectors' vehicles and an algorithm with the LMPS software, the inspectors' call counts will be distributed electronically with a view to equity of workload and efficiency of service.

#### Open Building Permit Applications:

The report indicates that there are over 200 open incomplete building permit applications submitted over the last 2 years (less than 1% of the average 2000 building permits issued yearly). These building permit applications result from a customer centric policy which allows for incomplete applications to be submitted while provincial regulations would prevent them from being accepted.

The majority are one-time applicants for decks, sheds, pools and garages and are reviewed when field staff resource allows during winter months. Field verification and follow-up letters to owners cancelling applications are again done when staff resource allows.

In addition a number of VALE – AER projects that were put on hold will be migrating off this list now that VALE has established their revised AER program.

The Auditor General's Office Review done in January of 2015 was provided with a database of over 200 open applications similar sampling done by staff in April, 2015 shows a 11% reduction in open permit applications after our winter program initiative noted above.

We affirm the Auditor's statement that a program is in place to address these applications as manpower resources presents itself in "off peak" times.

#### Recording Results of Inspections:

InspectorPlus has the functionality to record reasons for failure. It includes ability to field print out inspection notices documenting those deficiencies for the information of the contractor/owner and follow-up inspections. The base document is electronically stored in the building permit database and time stamped.

With respect to an analysis of particular contractor weakness by having a database of our most frequent deficiencies, we agree with the Auditor that this would be useful and will be built into our Request for Proposal (RFP) for new Land Management Property (LMPS) software previously discussed in Observation #2.

#### Policy & Procedure Manual:

Policies and procedures do exist. Technical manuals and Bulletins for the industry are issued for new Code changes. Regularly check lists are used both in InspectorPlus and hardcopy for Inspectors, Plans Examiners, Permit Customer Service Clerks and Front Counter Plans Examiners.

Technical staff are trained and examined to Provincial standards on an ongoing basis. Further, their status is posted on the Ministry of Municipal Affairs & Housing website for public review.

Administrative Permit Customer Service Clerks have procedures issued to them and these are regularly updated for legislative changes such as Source Water Protection, Planning Policy changes and OBC changes.

However, we agree with the Auditor that a process flow chart documenting the Building Permit and Inspection process from start to completion may have value for new employees and customers.

Action Plan Lead

#### Inspections:

Manager of Building Inspection Services.

#### Open Building Permit Applications:

Manager of Building Inspection Services, Manager of Plans Examination and Coordinator of Permits & Approvals Integration.

#### Recording Results of Inspections:

Director of Building Services/Chief Building Official.

#### Policy & Procedure Manual:

Director of Building Services/Chief Building Official, Manager of Building Inspection Services, Manager of Plans Examination and Coordinator of Permits & Approvals Integration.

## 5. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – CoA

### Terms of Reference - Committee of Adjustment (CoA):

#### Findings:

No formal Terms of Reference (ToR) has been defined for The Committee of Adjustment.

By-Law 2003-01 outlines the authority and procedures for the Committee of Adjustment (CoA). However, this is not codified in a formal Terms of Reference outlining the parameters against which the work of CoA may be assessed. Certain Municipalities such as Burlington, Niagara-on-the Lake and Chatham-Kent have a defined CoA Terms of Reference.

#### Management Response

We accept your recommendation to develop a Terms of reference for the Committee of Adjustment. We agree that formal terms of Reference can be used as a valuable tool to assess the operations of the Committee. We also agree that it will provide an important opportunity to educate other parties regarding the work of the Committee. With this in mind we commit to developing a formal terms of Reference within a 6 month time frame.

## Appendix A

### Building Services - Key Statistics

	Item	As at Dec 31, 2014
1	Building Services budget	\$3.9 million
2	Staff members	30 FTE & 2 Seasonal
3	Building Permit Fees	\$3.6 million
4	Applications received for building permits	2,147
5	Building permits issued - Houses-----1,550 - Small buildings----- 257 - Large buildings----- 193 - Complex buildings---- 3 - Demolitions-----92 - Cancelled -----(42)	2,053
6	Construction value Houses-----\$ 81.1 million Small buildings-----\$ 44.5 million Large buildings-----\$ 214 million Complex buildings.....\$ 1.7 million Demolitions-----\$ 3 million	\$344.3 million
7	Building inspections done	11,883
8	Active Orders to Comply	144
9	Rectified Orders to Comply	46
10	Active Citizen Requests (ACRs) assigned to Building Inspections	186
11	Active Citizen Requests (ACRs) closed	134
12	Properties on tax roll for assessment Commercial----- 1,672 Farm----- 680 Industrial----- 908 Multi-Residential----- 421 Residential-----59,240 Special/Exempt----- 81	63,002
13	Assessment value of properties	\$16,422,841,823
14	# of IT systems used by Building Services staff	9
15	Applications received for Committee of Adjustment decision	477