

TO:	CHAIR AND MEMBERS AUDIT COMMITTEE
MEETING ON: JUNE 20, 2018	
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR DEVELOPMENT & COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL
SUBJECT:	ADDENDUM REPORT TO THE INTERNAL JANUARY 2018 AUDIT REPORT

RECOMMENDATION

That, on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the following action plans for the implementation of the recommendations of the Deloitte audit, dated January, 2018, attached in Appendix 'A', **BE RECEIVED** as addendum to the aforementioned audit report.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- DELOITTE - Building Permit Review - Internal Audit Report – January, 2018

BACKGROUND

In November 2017, Deloitte conducted a review of the Building Division's permit issuance processes, as part of the 2017 Internal Audit Plan.

The internal audit review focused on:

- processes and internal controls
- operational effectiveness and efficiency of processes and controls related to building permit issuance.
- testing of sample documents to evaluate compliance with the Building Code Act and other applicable law.

The audit concluded with three (3) medium priority action items and one (1) low priority. In its review of the audit, the Audit Committee requested a report back as to how the actions items would be implemented.

A copy of Deloitte's audit report is provided in Appendix 'A' of this report.

ADDENDUM REPORT

With respect to the audit report, Building Division management is in agreement with the findings. Management action plans were provided under each observation in the original audit report. Additional, detailed action plans were requested and are shown under each original observation.

AUDIT REPORT EXCERPT:

Observation 1.0: Compliance to legislative time frames

- **Observation:** Based on results of sample testing, Internal Audit identified that although there has been improvement, the Building Division does not consistently meet the time frames for building permit issuance outlined within the Ontario Building Code. Internal audit noted that 2017 was a record year for building permit application volumes within the Building Division, compounded by significant staffing challenges. Per discussion with management, as of late 2015, an equivalent portion of 40% of plan examination staff moved on, resulting in vacancies that were difficult to fill due to lack of qualified candidates. However, the results of the sample testing included that 20% of sample failed to meet legislative time frames and there is currently no data available to support the root cause analysis of the non-compliance.
- **Risk & implication:** Inability to meet legislative time frames may result in perception of poor customer service and increases the City's risk with respect to compliance with legislative requirements.
- **Management action plan:** Building Division management will work to perform the following actions to support compliance with legislative time frames. **(1) Review possibility to utilize the AMANDA database's capability for enhanced tracking; (2) consider an internal 'classification' system based on permit application type/complexity to assist with data analysis; (3) consider appending electronic plans review comments within AMANDA for tracking purposes; and (4) explore the possibility of automated communication to applicants when an incomplete permit application has been accepted.**

DETAILED ACTION PLAN:

1.0 (1) Utilizing AMANDA database for enhanced tracking

Staff has further reviewed the possibility of using the AMANDA database to track plan review timeframes. Specifically, the existing "To Start", "To End", "Started" and "Ended" information tabs were explored to see if they could automatically be populated to facilitate tracking of plans under review. It was determined that changing these parameters would be a large undertaking with significant changes to the way the permit applications are processed. Alternatively, manually populating these date fields by Plan Examination staff was also explored and it was determined that this would require additional data entry with adverse impact to the overall plan review process. Seeing that additional technology improvements as identified below under Observation 2.0 are underway or will be implemented in the future, it is more beneficial to implement those instead.

1.0 (2) Internal 'classification' system based on permit application type/complexity.

Staff is exploring the possibility of utilizing a colour-coding tag system on Industrial, Commercial, and Institutional (ICI) permit application drawings that will identify each application by extent of scope. This will allow review staff to 'at a glance' determine which applications require extensive reviews based on work scope and which don't. A slip is currently attached to the permit drawings identifying whether, in addition to architectural review, structural, mechanical, and fire protection reviews are also required. This slip will be colour-coded to assist with the identification of plan review complexity.

Timing for completion: August 2018

1.0 (3) Appending electronic plans review comments within AMANDA for tracking purposes

AMANDA contains comment boxes for each plan review process. Staff will be using these comment 'boxes' to provide details as to the tracking of the permit application drawings. Each comment box is 'date stamped' providing the ability for

management to confirm date of entry and be able to plot a 'map' of the plans review process for each application and establish a timeline as to when each review process was conducted.

Timing for completion: Currently implemented

1.0(4) Automated communication to applicants when an incomplete permit application has been accepted.

Staff was originally exploring the possibility of providing automated communication to applicants when incomplete permit applications were accepted. Upon further review, it was determined that it would be more feasible to communicate to applicants not only the fact that an incomplete application was submitted but also provide a copy of the application intake checklist that will identify what information is outstanding as well as a brief explanation of the review process, expected service delivery timelines as well as a link to our Building portal where they can track the progress of the reviews.

Timing for completion: July 2018

AUDIT REPORT EXCERPT:

Observation 2.0: Technology improvements

- **Observation:** *The Building Division uses the AMANDA system as a platform, to process building permits, site plans, and zoning information. Internal Audit noted that there is currently limited tracking within the AMANDA system for internal handoffs for a building permit application. Thus resulting in an inability to track delays and/or bottlenecks throughout the issuance process.*
- **Risk & implication:** *Inefficiencies may lead to exceeding legislative time frames increasing the perception of poor customer service and the City's risk with respect to compliance with legislative requirements.*
- **Management action plan:** *Building Division management will explore the possibility of enhancing the AMANDA database for tracking purposes.*

DETAILED ACTION PLAN:

The original management action plan was further discussed at the Audit Committee meeting and additional information was requested from civic administration with respect to the term 'explore'.

The following actions have either been taken or will be taken by Building Division management to implement tracking improvements:

I. Automated email notification system enhancement.

Plan examination staff as well as management receive automated email notifications overnight for applications deemed as complete upon intake. These notifications provide a status update based on where a permit application sits in the 'queue' in terms of the number of days from its receipt. Plan reviews typically consist of Architectural, Mechanical, and Structural reviews, with the exception of small residential buildings. Management worked with Information Technology Services (ITS) staff to improve the notification system so that notices are only provided closer to the permit issuance due date. This was completed and with the modified notification emails, the tracking of the applications is improved, allowing for the determination of where any bottlenecks might exist.

Timing for completion: Completed and in production

II. AMANDA modifications to de-couple review processes.

Certain review processes have been introduced in AMANDA by default. In some cases daily notifications are sent to plan examiners despite the fact that they are not assigned a review based on the discipline of review (i.e. structural, mechanical,

fire protection). Staff is proposing to work with ITS in order to de-couple selected review processes so that notifications are only sent to staff directly involved with a particular review. The current AMANDA set up introduces default review process. This improvement will reduce permit review inefficiencies as unnecessary notices will no longer be sent.

Timing for completion: These changes will be incorporated into the Building Folder Project as there are dependencies with process enhancements targeted for this project. The timing for completion of the Building Folder Project is expected to be known in Q4 2018.

III. **Develop enhanced AMANDA report to track review days allocated towards individual reviews based on discipline.**

Management has collaborated with ITS to develop an enhanced tracking report where a detailed breakdown by review discipline will be provided in terms of number of processing days . A sample is provided in Appendix 'B'. Management is continuing to work with ITS to further refine and test the data prior to implementation.

Timing for completion: Currently in testing; September 2018

AUDIT REPORT EXCERPT:

Observation 3.0: Formalized process documentation

- ***Observation:*** *There are limited formalized processes documented for management to ensure processes and controls are operating effectively throughout the year and that the controls established are being consistently followed. Furthermore; for new hires there is limited detailed documentation for reference during their initial period with the Building Division and their training consists of job shadowing.*
- ***Risk & implication:*** *The lack of detailed documented procedures increases the risk that processes and controls are not being consistently followed as per management's expectations.*
- ***Management action plan:*** *While a procedure manual is available to staff, Building Division management will explore the possibility to enhance it in a more detailed format. In addition, will utilize electronic, automated communication format for permits 'holding for fees', as well work on the production of a monthly 'fee report' that will track fees received as well as fees refunded.*

DETAILED ACTION PLAN:

I. **Implementation of formalized process for review of permit applications.**

The audit noted that while training binders for new staff are in existence, detailed checklists for the actual "review" of plans are not available. An additional small residential checklist will be developed that will help new staff identify Building Code items that must be checked when reviewing permits. A new Code interpretation database within the "Y" drive, has been set up and accessible by plan review staff wherein Building Code interpretations previously discussed/reviewed as a group during plan reviews, will be stored. New staff will be able to use this knowledge base as part of their training. Monthly staff meetings will continue to be held whereby plan review issues are addressed. The above will help ensure consistency of the plan review processes.

Timing for completion: Database currently active (April 2018) ; Checklist: August 2018

II. Implementation of enhanced communication for “Hold for Fees” permit application status.

Staff are exploring an automated and trackable method whereby permit applicants are notified that their plan reviews have been completed and that upon payment of outstanding fees, their permit is ready to be issued. The current process involves manual telephone communication by the customer service representatives. Seeing email addresses are now accompanying just about every permit application, an automated email being sent would be more effective and efficient in terms of service delivery. To address this management action plan, Development and Compliance will submit a project request to the city wide Information Technology Steering Committee (ITSC) for review and prioritization within the full City of London project portfolio.

Timing for completion: To be determined upon the conclusion of the ITSC review and prioritization process.

III. Production of a monthly ‘fee report’ that will track fees received as well as fees refunded

In accordance with the Building By-law B-6, there arise circumstances where permit fee refunds are due. An example for this would be the case where more than six months have elapsed from the date an application was received and the applicant has not provided outstanding information so that the permit can be issued. While there are various steps that involve a refund, there has not been an inter-department capability for an ad-hoc report to be run to determine what the total fees refunded were within a given timeframe.

Timing for completion: To be determined upon the conclusion of the ITSC review and prioritization process.

AUDIT REPORT EXCERPT:

Observation 4.0: Continuous education

- ***Observation:*** Through discussion with management and staff, Internal Audit noted a lack of a formalized annual continuous education plan for Building Division staff. Much of the continuous education was ad-hoc in nature and based on upcoming changes to the Ontario Building Code. Additional continuing education is available to staff through the Ontario Building Officials Association on a first come first serve basis. However, internal audit noted that there is no scheduled plan or framework for ongoing training, updated processes, common review errors or other professional development opportunities.
- ***Management action plan:*** Management will establish an annual training matrix to identify upcoming topics for staff training.

DETAILED ACTION PLAN:

I. Continuous Education.

The audit report noted that there was a lack of a formalized education plan. As part of the yearly performance reviews with staff, management will ask what topic-specific training staff feels would be beneficial for the upcoming year. Management will also make suggestions as required with respect to this training. Management has held meetings with Fanshawe College representatives to discuss the possibility of enhanced training for staff through their continuing education studies program. In addition, management is currently collaborating with the Ontario Building Officials

Association to set up formal training courses here in London for Building Division staff involved in the permit issuance process.

Timing for completion: December 2019

CONCLUSION

In November 2017, Deloitte conducted a review of the Building Division's permit issuance processes as part of the 2017 Internal Audit Plan. Civic Administration was requested to submit an addendum report outlining specific details of the proposed action plan. Detailed action plans have been provided for each audit observation and have been included in this report.

This report was prepared with the assistance of Angelo DiCicco, Manager Plans Examination.

PREPARED BY:	SUBMITTED BY:
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c.c. A. DiCicco, Manager Plans Examination

A. L. Barbon, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

I Collins, Director, Financial Services



The Corporation of the City of London Building Permit Review Internal Audit Report

Audit performed: November - December 2017
Final report issued: January 2018

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Executive summary

Introduction

As part of the 2017 Internal Audit Plan, Deloitte performed a review of the City of London's ("City's") Building Permit issuance processes. The review commenced in November 2017 and was completed in December 2017. The internal audit review was performed to ensure adequate processes and internal controls are in place to mitigate significant risks over building permits issuance within the City. The review assessed the operational effectiveness and efficiency of processes and controls in place to manage building permit issuances and Deloitte performed sample testing as deemed appropriate to evaluate the extent of building permit issuance compliance with the Building Code Act, the Ontario Building Code, related municipal by-laws and other applicable laws.

Building Permit Issuance

The Building Division is responsible to review all building permit applications for the City in order to ensure the proposed project's compliance with all applicable zoning by-laws and building code requirements. A building permit application may either be submitted in person at the Building Division counter in City Hall, via the online E-permit system, or by mail. The E-permit system is only used for applications for certain residential plumbing or simple additions and alterations for single detached homes, new single/semi detached and town houses. The Building Division issues a building permit once all reviews required by the type of permit have been completed satisfactorily. These reviews must comply with legislative time frames dependent on the type of building and nature of the proposed work provided a complete application has been submitted. Construction of a project may begin once the building permit has been issued.

The detailed purpose and objectives of this review were to:

- Review and assess the governance framework and organization structure for the Building Division;
- Review and assess Building Division business processes and relevant key controls; and
- Review and identify overall process improvement opportunities within the Building Division.

The specific agreed upon scope details between management and internal audit are in **Appendix 1**.

Key strengths

Efforts for continuous improvement: Building Division management continuously monitors the need to implement new strategies to adjust for increasing demand and improve the overall metrics associated with meeting legislative time frames for building permit issuance. For example, in order to meet record volumes in 2017, the Building division recently re-organized the data input responsibilities within the division and contracted two additional Customer Service Representatives on a temporary basis to add to the team. As indicated by management, this change has contributed to increasing compliance metrics for permits under the 10-day legislative time frame by approximately 10%.

Commitment to Customer Service: The Building Division has demonstrated a strong focus of customer service within its processes. Management has indicated that in addition to meeting the legislative time frames, the Building Division's priority is to ensure a strong sense of customer service. For example, the Building Division has created a Home Owner's Guide to Building Permits, Home Builder's Guide to Building Permits and Acceptable Permit Intake Guidelines for applicants to reference prior to submitting their application. The Building Division also ensures a preliminary review of the application by plan examiners to ensure the applicants are aware of all application requirements.

Governance Monitoring Activities: The Building Division has implemented governance activities to monitor the overall performance of the division. These activities include on going monitoring on compliance to legislative time frames, year-over-year construction value of permits and daily email notifications for permit applications approaching or exceeding legislative time frames.

Roles and Responsibilities: The Building Division staff interviewed demonstrated a clear understanding of their roles and responsibilities as it relates to building permit processes. Building Division staff were able to communicate how their responsibilities contribute to the different stages of the building permit review and issuance process.

Processes align to Ontario Building Code: The Building Division has implemented processes to align to guidance set forth by the Ontario Building Code such as, but not limited to, permit issuance legislative timeframes, building inspections, reasons for refusal and conditional permits.

Key observations

Deloitte's review of the Building Permit issuance practices identified the following observations:

Priority	High	Medium	Low
Observations	0	3	1

Medium priority observations

Observation 1.0: Compliance to legislative time frames

- **Observation:** Based on results of sample testing, Internal Audit identified that although there has been improvement, the Building Division does not consistently meet the time frames for building permit issuance outlined within the Ontario Building Code. Internal audit noted that 2017 was a record year for building permit application volumes within the Building Division, compounded by significant staffing challenges. Per discussion with management, as of late 2015, an equivalent portion of 40% of plan examination staff moved on, resulting in vacancies that were difficult to fill due to lack of qualified candidates. However, the results of the sample testing included that 20% of sample failed to meet legislative time frames and there is currently no data available to support the root cause analysis of the non-compliance.
- **Risk & implication:** Inability to meet legislative time frames may result in perception of poor customer service and increases the City's risk with respect to compliance with legislative requirements.
- **Management action plan:** Building Division management will work to perform the following actions to support compliance with legislative time frames. (1) Review possibility to utilize the AMANDA database's capability for enhanced tracking; (2) consider an internal 'classification' system based on permit application type/complexity to assist with data analysis; (3) consider appending electronic plans review comments within AMANDA for tracking purposes; and (4) explore the possibility of automated communication to applicants when an incomplete permit application has been accepted.
- **Responsible party:** Angelo DiCicco, Manager, Plans Examination December 2018

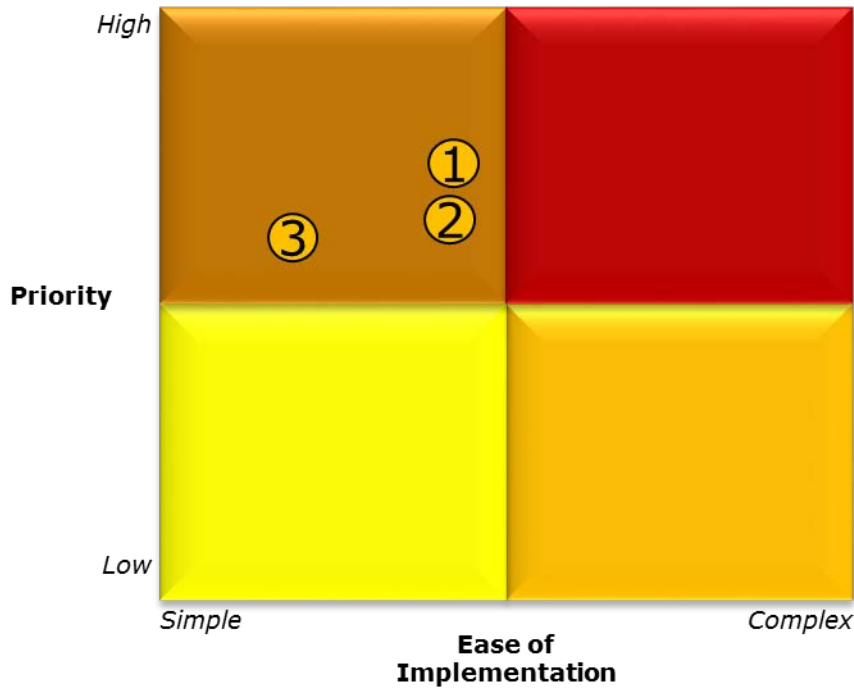
Observation 2.0: Technology improvements

- **Observation:** The Building Division uses the AMANDA system as a platform, to process building permits, site plans, and zoning information. Internal Audit noted that there is currently limited tracking within the AMANDA system for internal handoffs for a building permit application. Thus resulting in an inability to track delays and/or bottlenecks throughout the issuance process.
- **Risk & implication:** Inefficiencies may lead to exceeding legislative time frames increasing the perception of poor customer service and the City's risk with respect to compliance with legislative requirements.
- **Management action plan:** Building Division management will explore the possibility of enhancing the AMANDA database for tracking purposes.
- **Responsible party:** Angelo DiCicco, Manager, Plans Examination December 2018

Observation 3.0: Formalized process documentation

- **Observation:** There are limited formalized processes documented for management to ensure processes and controls are operating effectively throughout the year and that the controls established are being consistently followed. Furthermore; for new hires there is limited detailed documentation for reference during their initial period with the Building Division and their training consists of job shadowing.
- **Risk & implication:** The lack of detailed documented procedures increases the risk that processes and controls are not being consistently followed as per management's expectations.
- **Management action plan:** While a procedure manual is available to staff, Building Division management will explore the possibility to enhance it in a more detailed format. In addition, will utilize electronic, automated communication format for permits 'holding for fees', as well work on the production of a monthly 'fee report' that will track fees received as well as fees refunded.
- **Responsible party:** Angelo DiCicco, Manager, Plans Examination February 2019

Priority heat map

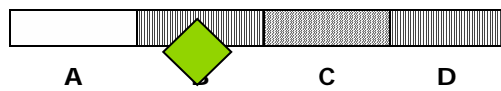


Conclusion

Based on our review of Building Permit issuance processes we noted three medium and one low observation weaknesses with the potential to impair the effectiveness of current processes. The issues noted in the report should be addressed in a timely manner to enhance current controls and mitigate relevant risks.

Management has provided action plans for the observations noted in the 'Detailed observations and recommendations' section.

The following scale depicts our overall conclusion for the priority of observations noted for improvement within this review as it relates to the scope of areas audited as outlined above:



Description	Definition
A	No or insignificant process control or efficiency weaknesses identified
B	Minor process control or efficiency weaknesses identified
C	Moderate process control or efficiency weaknesses identified
D	Significant control process or efficiency weaknesses identified Impairing the effectiveness of the process

Detailed observations and recommendations

Observation 1.0 – Compliance to legislative time frames

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>1.0 Compliance to legislative time frames</p> <p>Through sample testing and documentation review, Internal Audit noted that although there has been improvement, the Building Division does not consistently meet the time frames for building permit issuance outlined within the Ontario Building Code. Specifically, 20% of samples failed to meet legislative time frames.</p> <p>Internal audit noted that 2017 was a record year for volumes within the Building Division compounded by significant staffing challenges. Per discussion with management, as of late 2015, an equivalent portion of 40% of plan examination staff moved on resulting in vacancies that were difficult to fill due to lack of qualified candidates.</p> <p>Although the results of the sample testing included that 20% of samples failed to meet legislative timeframes, there is currently no data to support the root cause analysis for non-compliance. Furthermore, the overall percentage of building permits issued beyond legislated time frames is reported on, however there is no specific analysis performed on why those permits were issued late or had delivered notification to the applicant late.</p> <p>Internal Audit noted that the following may contribute to not meeting legislative time frames, such as:</p> <ul style="list-style-type: none"> • High turnover and resulting staffing shortage in the Building Division • Staff potentially indicate incomplete applications as complete in order for the application to fall under regular legislative time frame processing guidelines. • As the majority of permit applications are submitted in person at 	<p>1.0 Compliance to legislative time frames</p> <p>Inability to meet legislative time frames may result in perception of poor customer service and increases the City's risk with respect to compliance with legislative requirements.</p>	<p>1.0 Compliance to legislative time frames</p> <p>Management should consider developing a process to document the reason for delays in permits issued or applicants notified beyond the legislated time frame. Management should consider including the following:</p> <ul style="list-style-type: none"> • Total durations of days spent with each reviewer, e.g. zoning, plans examination, structural examination, mechanical examination, site plan approval • Description of interactions with the applicant (if any) • Overall reason of delay • Overall complexity of the application <p>After documenting the reason(s), management can analyze the data to identify the top reasons for delays in building permit issuance or notification and take corrective steps to improve the timeliness of the process.</p> <p>Management should also consider the following:</p> <ul style="list-style-type: none"> • Creating a plan to supplement the shortage of staff in the Building Division in order to meet increasing demand and volumes • Reviewing the building permit intake process to consider only 	<p>Management agrees.</p> <p>Management will perform the following actions to support compliance with legislative time frames:</p> <ul style="list-style-type: none"> • Review possibility to utilize the AMANDA database's capability for enhanced tracking. • Consider an internal 'classification' system based on permit application type/complexity to assist with data analysis. • Consider appending electronic plans review comments within AMANDA for tracking purposes. • Explore the possibility of automated communication to applicants when an incomplete permit application has been accepted. <p>Management notes that to assist with increased volume, they have officially reallocated work and focused the property standards officers (PSOs) to assist with new construction.</p>	<p>Angelo DiCicco, Manager, Plans Examination</p> <p>December 2018</p>

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>the Building Division counter, with the multiple reviews required within any given building permit application, in most cases, is reviewed sequentially. Therefore, delays in one part of the review can significantly impact the overall time to issue a building permit. As deficiency notifications must include all reasons the permit is deficient, dependency on sequential review can significantly increase the risk of delayed notification and/or issuance.</p>		<p>allocating complete building permit applications to the legislative time frame requirement. Management should ensure front line staff communicate to applicants that legislative time frames for review will not be applied to partial applications. Alternatively, the applicant should be provided the option to obtain the missing documentation and re-submit the complete application at a later time.</p> <ul style="list-style-type: none"> Management should continue to consider prioritizing the enhancement of the e-permit system to handle additional permit types. Enhancing the e-permit capabilities will facilitate obtaining electronic plans and thus allow for concurrent review of the building permit and decreased time spent on scanning drawings. 		

Observation 2.0 – Technology improvements

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>2.0 Technology improvements The Building Division uses the AMANDA system as a platform, to process building permits, site plans, and zoning information. Internal Audit noted that there is currently limited tracking within the AMANDA system for internal handoffs for any given permit application. Although AMANDA does have the ability to track the start and end dates for each internal review within the process, the current configuration does not allow the start and end dates to be updated as it has been assigned to auto populate. Thus, in its</p>	<p>2.0 Technology improvements Inefficiencies may lead to exceeding legislative timeframes increasing the perception of poor customer service and the City's risk with respect to compliance with legislative requirements.</p>	<p>2.0 Technology improvements Management should conduct a review of the AMANDA system for efficiency opportunities for enhanced tracking and automation within current processes. Specifically, Management should review the process for amending the current configuration of the start and end dates in the AMANDA system to include functionality for reviewers to edit based on the time they spent for each review. This will allow</p>	<p>Management agrees. Management will explore the possibility of enhancing the AMANDA database for tracking purposes.</p>	<p>Angelo DiCicco, Manager, Plans Examination December 2018</p>

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
current configuration, AMANDA cannot be used to track the true time spent by each reviewer.		management to track the review lifecycle and identify where bottlenecks or analyze delays that may occur throughout the process.		

Observation 3.0 – Formalized Processes

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>3.0 Formalized process documentation</p> <p>Through discussion with Management, Internal Audit noted there are limited formalized processes documented for management to ensure processes and controls are operating effectively throughout the year and that the controls established are being consistently followed. Furthermore; for new hires there is limited detailed documentation for reference during their initial period with the Building Division and their training consists of job shadowing.</p>	<p>3.0 Formalized process documentation</p> <p>The lack of detailed documented procedures increases the risk that processes and controls are not being consistently followed as per management’s expectations</p>	<p>3.0 Formalized process documentation</p> <p>The Building Division should formally document their processes and controls for building permit issuance operations. When creating the documentation, the Building Division should consider the following:</p> <ul style="list-style-type: none"> The various processes and controls to issue a building permit throughout its lifecycle to ensure Building Permit staff consistently adhere to the expectations and processes set out by Management. Formalized processes to track and monitor permits that are holding for fees in order to contact the applicant in a timely fashion. Management should review the capabilities in AMANDA for automatic notifications for hold for fee permits, and review the current system’s functionality. Formalized processes to track and monitor the refunds administrated on a monthly basis within the Building Division, including keeping a listing of all refunds administered within the year. 	<p>Management agrees.</p> <p>While a procedure manual is available to staff, management will explore the possibility to enhance it in a more detailed format.</p> <p>Management will also perform the following actions with respect to refunds:</p> <ul style="list-style-type: none"> Utilize electronic, automated communication format for permits ‘holding for fees’. Work on the production of a monthly ‘fee report’ that will track fees received as well as fees refunded. 	<p>Angelo DiCicco, Manager, Plans Examination</p> <p>February 2019</p>

Observation 4.0 – Continuous education

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>4.0 Continuous education</p> <p>Through discussion with management and staff, Internal Audit noted a lack of a formalized annual continuous education plan for Building Division staff. Much of the continuous education was ad-hoc in</p>	<p>4.0 Continuous education</p> <p>Lack of formal ongoing training may lead to a lack of guidance on how to</p>	<p>4.0 Continuous education</p> <p>Management should review key opportunities for training in order to create a formal training plan for Building Division staff</p>	<p>Management agrees.</p> <p>Management will establish an annual training matrix to identify upcoming topics for staff training.</p>	<p>Angelo DiCicco, Manager, Plans Examination</p> <p>September 2018</p>

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>nature and based on upcoming changes to the Ontario Building Code. Additional continuing education is available to staff through the Ontario Building Officials Association on a first come first serve basis. However, internal audit noted that there is no scheduled plan or framework for ongoing training, updated processes, common review errors or other professional development opportunities.</p>	<p>comply with Building Division policies and procedures, and missed opportunity to further staff's professional development.</p>	<p>that includes objectives/topics to be covered over the calendar year. The plan should consider:</p> <ul style="list-style-type: none"> • Upcoming building code changes • New/Updated Processes • Ontario Building Official's Association training schedule • Common review errors • Ongoing professional development 		

Appendix 1: Internal Audit Detailed Scope

Review and assess the governance framework and organization structure for the Building Division

- Reviewed and assess the current Building Division's organizational structure and departmental charts to ensure roles, reporting lines, and responsibilities are effectively designed and established to enforce existing policies, guidelines, and procedures;
- Assessed whether roles, reporting lines, and responsibilities are adequately understood by staff to ensure staff are enabled to fulfill their responsibilities;
- Assessed governing guidelines and procedures in place to assure the building permit application process is adhering to legislation and meeting established timelines;
- Assessed the governing guidelines in place to review and assess the fees associated to issuing a building permit;
- Reviewed and assess existing procedures to communicate with other stakeholders involved in the process prior to issuing a building permit; and
- Reviewed and assess monitoring activities established to assure the building permit process is achieving established metrics or key performance indicators.

Review and assess Building Division business processes and relevant key controls

- Reviewed the existing processes within the Building Division to issue permits to Builders, Professionals, Designers and the general public (homeowners etc.) and assess its adequacy to complying with subscribed policies, procedures and guidelines;
- Reviewed select building permit applications and evaluate procedures to assess the adequacy to mitigate residual business risks (i.e., timeline to issue, adhering to legislation, etc.), assure transparency, and efficiently execute the process;
- Reviewed the building permit application process and evaluate procedures to validate that permits requests have been administered in a timely manner and within established timelines;
- Reviewed the process in place for the Building Division to decline the issuance of building permits; and
- Reviewed the process in place for the Building Division to communicate with internal stakeholders on questions related to a specific building permit application.





Review and identify overall process improvement opportunities within the Building Division

- Reviewed and assess existing building permit issuance processes to identify opportunities for efficiency or standardization.

Appendix 2: Internal Audit rating scale

Individual observation prioritization

Internal audit observations and recommendations are prioritized on the following basis.

Description	Definition
 High	Observation is high priority and should be given immediate attention (e.g. 0-3 months) due to the existence of either significant internal control risk or a potential significant operational improvement opportunity.
 Medium	Observation is a moderate priority risk or operational improvement opportunity and should be addressed in the near term (e.g. 3-6 months).
 Low	Observation does not present a significant or medium control risk but should be addressed (e.g. within a 6-12 month time frame) to either improve internal controls or process efficiency.
 Leading Practice	Consideration should be given to implementing recommendations in order to improve the maturity of the process and align with leading practices.

Appendix 3: Stakeholder involvement

In conducting the review the following management and staff were interviewed to gain an understanding of the Building Permit Issuance processes and practices.

Stakeholder	Position
George Kotsifas	Managing Director, Development and Compliance Services and Chief Building Official
Peter Kokkoros	Deputy Chief Building Official
Various – Deloitte met with various managers and staff in the Building Division to gather an in-depth understanding of building permit issuance practices and perform audit procedures.	

Appendix 4: Audit procedures performed

As part of the Building Permit issuance review the following procedures were performed:

- Conducted a planning meeting with Deputy Chief Building Official within Building Division;
- Updated and issued a finalized Project Charter and request for information; and
- Conducted meetings and interviews with sample Building Division stakeholders and process owners involved in the Building Permit issuance process to:
 - Gain an understanding of the current Building Permit issuance expectations and practices;
 - Identify and gain an understanding of the various Building Permit issuance procedures including procedures to issue, monitor, track, refund and cancel building permits.
 - Gain an understanding of management's oversight of Building Permit issuance practices;
- Obtained documentation regarding relevant procedures and controls to perform an inspection of:
 - Building Code Act;
 - Ontario Building Code;
 - City of London Building By-law
 - Sample of Building Permit Applications initiated from Nov 2016-Nov 2017;
 - Building Permit Issuance Procedure Manuals;
 - Job descriptions of various Building Division staff;
 - Official Organizational Chart;
 - Building Permit Application Checklist;
 - Building Permit Application Form
 - Development and Compliance Services Building Division Monthly Report;
 - Acceptable Application Intake Document
 - Building Permit History as of 2000;
 - Bill 124 Report for January, June & November 2017
- Conducted strategic sample testing activities related to building permit issuance procedures to identify areas of noncompliance against the Ontario Building Code;
- Drafted observations and validated observations with management;
- Conducted a closing meeting with key management stakeholders to validate and communicate our findings; and
- Issuance of this internal audit report with our detailed observations.



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APPENDIX 'B'

Sample permit review processing timeframes report

Legislative Time Frames Summary Report

For the period 2016-12-01 to 2016-12-05

PERMIT	Issue Target (Days)	Days to Issue	Days to Deficiency	Days in Zoning	Days in Arch	Days In Struct	Days in Mech	Days in Fire Prot
16-115357	10	138		0	8			
16-258998	10	40	12	7	10		10	
16-259992	10	35		5	12		12	
16-261483	10	23		3	11		11	
16-261750	10	21		7	9		9	
16-261751	10	21		2	10		10	
16-262694	10	15		4	16		16	
16-262308	10	15		3	10		10	
16-262417	10	13		2	8		8	
16-262309	10	15		0	10		10	
16-262689	10	13		2	10		10	
16-262573	10	13	11	3	13		11	
16-261386	20	25		1	20	20		
16-261690	20	23		2	23	20	22	23
16-261769	20	22		2	22	22	21	22
16-261661	20	22		0	22	21	22	21