

**Management's Response to the Auditor General's Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.)	<u>Action Plan/ Time Frame</u>
1.	<b>City Council request the Chief Building Official in consultation with related City divisions review, revise and monitor the accuracy and completeness of information used to calculate building permit fees on an annual basis.</b>	X		Costs were based on the City's Full Cost Model, with the best available information at the time.  Toronto Building was the first division to use this model to support full cost recovery.	Accounting Services updated the Full Cost Model, which was approved by Council as part of the User Fee Policy adopted in late 2011. This updated policy, with updated values, will form the basis for costing of building permit fees for the 2013 and subsequent budgets.
2.	<b>City Council request the City Manager formalize service level agreements with key divisions supporting the Toronto Building Division permit process. Service level agreements should set forth anticipated service levels and applicable charges.</b>	X			A Service Level Agreement is in development with the corporate Information and Technology Division, with completion expected in 2012.  Exploration of service level agreements with Fire Services and ML&S will be considered prior to the development of the 2013 budget.

**Management's Response to the Auditor General's Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.)	<u>Action Plan/ Time Frame</u>
3.	<b>City Council request the City Manager to ensure that the 2005 and 2008 internal review recommendations made as a result of work conducted by the Internal Audit Division and Policy, Planning Finance and Administration are implemented on a timely basis. Follow up audits should be conducted annually in order to verify that recommendations have been implemented. The results of these follow up audits be reported to the City Manager.</b>	X			Completed implementation of 2005 and 2008 recommendations. PPFA to work in consultation with Internal Audit to finalize the follow-up to these audits.  Timeframe – December 2012.
4.	<b>City Council request the City Manager to ensure proper financial controls exist at each customer service center. Procedures should ensure timely reconciliation, deposit and the recording of funds collected.</b>	X			Completed. Procedures ensure that reconciliation, deposit, and recording of funds collected and follow up of variances occurs within three business days. The Director of Accounting Services concurs with this practice.
5.	<b>City Council request the Chief Building Official develop policies and procedures for issuing refunds and voiding transactions.</b>	X			Completed. Procedures for processing voids and refunds are completed and have been implemented.

**Management's Response to the Auditor General's Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
6.	City Council request the Chief Building Official ensure data contained in IBMS and SAP is accurate and complete and routine reconciliations of building permit fees collected are conducted.	X			Completed. Data in IBMS and SAP is accurate. Also, IBMS and SAP are routinely reconciled.
7.	City Council request the Chief Building Official in consultation with the Chief Information Officer take steps to automate the interface between IBMS and SAP.	X			Completed and implemented in August 2011. The interface between IBMS and SAP was a long-standing request by divisions using IBMS.
8.	City Council request the Chief Building Official to ensure that the annual report on building permit fees includes additional information explaining the differences between building permit fees collected and the amounts included in the annual report.	X			There are ongoing discussions between the Ministry of Municipal Affairs and Housing and large municipalities in Ontario with respect to clarifying the legislation regarding these reporting requirements. Toronto Building will implement any necessary changes once requirements are clarified.

**Management’s Response to the Auditor General’s Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
9.	<b>City Council request the Chief Financial Officer ensure the requirement for a triennial review of the <i>Building Code Act</i> Service Improvement Reserve Fund is met.</b>	X			<p>The Toronto Building reserve fund is reviewed annually with Financial Planning through the budget process.</p> <p>Corporate Finance is undertaking in 2012 to formally review all accounts that are due for review in 2012 and to formalize previous reviews. The reserve/reserve fund database will be amended to add a review date column and there will be documentation placed in hard copy files to indicate that the review is done and the outcome of the review.</p>

**Management's Response to the Auditor General's Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
10.	<b>City Council request the Chief Building Official ensure that building permit fees in IBMS and the Toronto Municipal Code are current, complete and accurate.</b>	X		<p>As part of the user fee policy adopted by City Council in September 2011, all Toronto Building user fees were reviewed individually and compared with the fees programmed in IBMS. Most of the 159 fees did not require adjustment. The minor discrepancies identified were corrected.</p> <p>The recommendation to transfer all Toronto Building fees to Chapter 441 of the Toronto Municipal Code in accordance with the new User Fee Policy will provide consistent and simplified indexing methodology.</p>	Toronto Building will recommend amendments to Chapter 363 of the Toronto Municipal Code to City Council to eliminate fee schedules and indexing provisions within that chapter. Chapter 363 will be amended with a provision referring all fees to Chapter 441. This will eliminate duplicate fee schedules and provide one database for all Toronto Building Fees. Will be completed in 2012.

**Management’s Response to the Auditor General’s Review of  
Toronto Building Division - Building Permit Fees, Improving Controls and Reporting**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
11.	<p><b>City Council request the Chief Building Official in consultation with the Chief Information Officer to ensure that any revisions to permit fees in IBMS are in accordance with generally accepted practices. Furthermore, steps should be taken to improve the process for uploading revised and new permit fees, including the potential for automation.</b></p>	X		<p>The new process for indexing fees adopted in the User Fee Policy ensures indexing is undertaken in a consistent manner for all fees.</p> <p>Authority to make adjustments to IBMS is within the purview of the Chief Information Officer and staff. Full automation of the fee updating process is not currently possible.</p>	<p>A new process for updating fees in IBMS was implemented for 2012 fees which provides a formal sign-off by Toronto Building prior to programming changes being implemented in IBMS.</p> <p>Toronto Building and PPFA will review whether a transfer of responsibility for updating the Toronto Building fees contained in the Toronto Municipal Code to PPFA for 2013 would improve separation of duties.</p> <p>The Chief Building Official will explore the possibility of increased automation of updates to the fee schedule as part of future upgrades to IBMS with the Chief Information Officer in 2012.</p>