

**AUDIT
AT A GLANCE****WHY THIS AUDIT MATTERS**

By-law 545 gives the City's Municipal Licensing and Standards Division (MLS) the power to license and inspect a variety of businesses and trades in the City. The purpose of licensing is to ensure "public health and safety, consumer protection and nuisance control". Verifying that businesses are properly licenced helps to ensure that these objectives are met.

BACKGROUND

MLS's key functions in licensing include issuing and renewing business and trade licences, as well as conducting various inspection and enforcement activities. The Licensing Enforcement Unit is divided into three districts: East, Central, and West. The objective of our audit was to assess the effectiveness and efficiency of MLS's licensing operations. Most of our analyses focused on 2015 and 2016 data, and stationary licences (businesses with fixed addresses).

BY THE NUMBERS

- 87,813 licences issued or renewed
- \$28.9 million generated from licence and permit fees
- 19,104 proactive inspections, each taking less than 30 minutes on average
- 30% of eating establishments, food retail stores, and places such as nail and hair salons had no inspections for 3 years or more
- Average 53 days to close an investigation request; 52% took more than 30 days to close
- Average 64 summons and 35 tickets issued by each officer per year

A Review of the Municipal Licensing and Standards Division's Management of Business Licences – Part One: Licence Issuance, Inspection and Complaint Investigation Functions**Areas where MLS does well****Licensing process**

MLS's licence application approval process is organized and consistently implemented. Staff and enforcement officers are, in general, well-versed in the By-law requirements.

Opportunities for Improvement**Businesses operating without a valid licence**

- Based on simple website searches and a comparison with MLS's licensing records, we found 18 businesses were operating without valid or up-to-date licences. Eleven (11) of them had MLS enforcement records, including numerous complaint investigations, proactive inspections, and charges dated as early as 2013.
- Despite the enforcement actions, these businesses continued to operate for some time.

Proactive inspections

- By-law officers decide when and how often they should inspect businesses. There is no alert in MLS's system to notify officer when a business has not been inspected for some time. MLS has no requirement for inspection frequency for different licences.
- Some eating establishments (e.g. restaurants, cafes) had more than 10 inspections in a year, but others within the same district had no inspection at all in the same year.

Complaints, investigations requests, and charges

- MLS has specific complaint response performance standards, but staff are not required to enter key dates into the MLS system, making it difficult to assess whether these timelines are met.
- In 2015 and 2016, Central District officers investigated twice as many complaints as West and East officers.
- Complaint investigation times varies. About half of all investigation requests were closed after less than 2 hours of work. Some cases took less than half an hour, other cases took 6 hours for the same type of complaint with the same investigation outcome: "no By-law infraction".
- Some officers issued far more tickets and summons than others. Across the City, 5 of the 38 enforcement officers issued one third of all tickets and summons in 2015 and 2016. One officer in the West District issued almost half of all tickets in that district.

How Recommendations will Benefit the City

The implementation of the seven audit recommendations will help MLS to more effectively and efficiently manage business licences and ensure compliance with the By-law.