

## **Review of Urban Forestry - Permit Issuance and Tree Bylaw Enforcement Require Significant Improvement**

**Date:** June 28, 2018  
**To:** Audit Committee  
**From:** Auditor General  
**Wards:** All

### **SUMMARY**

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The Auditor General's 2017 Audit Work Plan included an audit of the Urban Forestry Branch within the Parks, Forestry and Recreation Division. This report focuses on Urban Forestry's permit issuance and tree bylaw enforcement functions.

To remove or undertake construction work near a City tree or a private tree (with a diameter of 30 cm or more) in the City, a person must obtain either a Tree Removal Permit or a Tree Injury Permit from Urban Forestry. In addition to permit application fees, Urban Forestry collects three different types of payments and deposits:

- Cash-in-lieu of planting when applicants have no space to plant replacement trees
- Appraised tree value as determined by staff for a permit to remove a City tree
- Refundable deposits: a Tree Planting Security Deposit to ensure the planted trees are in good condition, and a Tree Protection Guarantee to ensure compliance with tree protection measures.

Overall we found weak controls and insufficient management oversight over permit issuance and collection of payments and deposits. We noted instances of missed calculations and collection of permit payments and deposits in our sample review. There is also a lack of inspection and other efforts by staff to verify compliance with permit requirements.

As of February 2018, Urban Forestry had a balance of \$29.3 million in refundable deposits, collected between 1994 and 2017. Approximately \$19.5 million in deposits was collected prior to 2016. Urban Forestry has no specific policy or process to identify and follow-up on old unclaimed deposits. In our sample review, we noted instances of deposits not refunded to applicants due to a lack of action by staff.

Applicants who apply for a tree removal or injury permit are required to pay certain fees, but individuals who illegally remove or injure trees are not required to pay these fees. It appears that the current tree bylaws do not provide authority for staff to require people to pay the appraised tree value and the Tree Protection Guarantee for violating the bylaws, even though these payments are part of the permit conditions for people who apply for a permit. In our view, the current bylaw provisions are not conducive to compliance with permit requirements and protection of trees in the City.

## **RECOMMENDATIONS**

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The Auditor General recommends that:

1. City Council request the General Manager, Parks, Forestry and Recreation Division, to ensure that the new Urban Forestry information system consists of all key permit issuance functions to enable adequate system controls over permit issuance and the collection of fees, payments, and deposits.
2. City Council request the General Manager, Parks, Forestry and Recreation Division, to develop and implement effective management measures for permit issuance including secondary review of permit files by supervisory staff and adequate staff training.
3. City Council request the General Manager, Parks, Forestry and Recreation Division, to develop and implement effective and efficient procedural requirements to verify compliance with tree replanting and tree protection permit requirements.
4. City Council request the General Manager, Parks, Forestry and Recreation Division, to ensure that the approval for tree permit exceptions are supported with valid reasons and consistently applied across all district offices. Steps to be taken include:
  - a. Clear requirements for staff to provide sufficient documentation on file detailing the tree condition assessment results, and what constitutes the imminent hazard
  - b. Adequate training to staff
  - c. Regular supervisory review to ensure trees approved for exception meet the bylaw and Division's criteria.
5. City Council request the General Manager, Parks, Forestry and Recreation Division, to provide sufficient staff training and implement adequate oversight measures to ensure tree condition assessment and location rating are determined in a consistent manner across the City, and are sufficiently documented to support the determination of an appraised tree value.
6. City Council request the General Manager, Parks, Forestry and Recreation Division, to develop a clear policy and process to address old unclaimed Tree Security and Tree Protection Guarantee deposits. The policy should specify when an outstanding deposit should be classified as aged or forfeited, and the appropriate follow-up steps to verify the status of the deposits. Where all reasonable efforts to locate the applicants have

been exhausted, the unclaimed deposits should be transferred to the City's revenue account.

7. City Council request the General Manager, Parks, Forestry and Recreation Division, to put in place an effective management review process to ensure adequate and appropriate actions are undertaken by staff to respond to applicants' requests for refund of Tree Security and Tree Protection Guarantee deposits.

8. City Council request the General Manager, Parks, Forestry and Recreation Division, in consultation with the City Solicitor, to review and where appropriate amend the provisions in the tree By-laws, to ensure effective enforcement and fee and payment requirements for contraventions of the bylaw requirements.

9. City Council request the General Manager, Parks, Forestry and Recreation Division, to review and improve the current complaint handling and investigation process by:

a. putting in place a regular supervisory review and training process to ensure contravention related complaints are properly investigated and orders are issued as needed

b. implementing ongoing monitoring measures through periodic reviews of exception reports on duplicated records, investigation status, and follow-up actions by staff to ensure compliance with orders issued

c. ensuring the new Work Management System has controls in place to minimize and prevent data entry errors and the ability to run exception reports to identify anomalies for follow-up. Staff should be provided with adequate training and procedure in recording information in the new system.

10. City Council request the General Manager, Parks, Forestry and Recreation Division, to review and improve the tracking and processing of outstanding contravention inspection fees and remedial costs incurred by the City to ensure complete and efficient collection of all unpaid fees in accordance with the tree bylaws.

11. City Council request the General Manager, Parks Forestry and Recreation Division, to ensure adequate inventory management processes and controls are implemented at the City's tree nursery, including providing staff an adequate inventory management system and training, supervisory review and approval of physical count results and adjustment to inventory records, and regular reconciliation between purchase and planting document.

12. City Council request the General Manager, Parks Forestry and Recreation Division, to conduct a cost benefits analysis of the residential tree planting model, including an assessment of warranties, survival rates and the cost of operating the City's nursery.

## FINANCIAL IMPACT

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The implementation of recommendations in this report may result in increased revenue and improved operating efficiency. The precise extent of any resources required or potential revenue increases resulting from implementing the recommendations in this report is not determinable at this time.

## DECISION HISTORY

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The Auditor General's 2017 Audit Work Plan included an audit of the Urban Forestry Branch within the Parks, Forestry and Recreation Division. The Work Plan is available at:

<https://www.toronto.ca/legdocs/mmis/2017/au/bgrd/backgroundfile-101843.pdf>

## COMMENTS

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The City has approximately 10.2 million trees, which provide 18,000 hectares of canopy cover. About 60 per cent of the trees are on private property and the remaining are on public property.

The Urban Forestry Branch maintains the City's urban forest and natural environment. It provides the services needed to protect, maintain, and enhance the urban forest both on public and private properties. Urban Forestry's 2017 gross expenditures were \$64 million and its total revenue was \$23 million. There was an approved staff complement of 337 for the year 2017.

Three units within Urban Forestry perform these roles and responsibilities:

- Tree Protection and Plan Review
- Urban Forest Renewal and Natural Area Management, and
- Forestry Operations

The focus of this report is on Urban Forestry's permit issuance and bylaw enforcement functions. We are continuing our review of the tree planting and maintenance programs. Depending on our audit findings, we may issue a subsequent audit report in 2019 in those two areas.

The City has various bylaws to regulate the removal and protection of trees and natural features. Urban Forestry's Tree Protection and Plan Review (TPPR) Unit is responsible for administering and enforcing the tree bylaws.

In order to remove or undertake construction work near a City tree or a private tree of a certain size in the City, a person must obtain either a Tree Removal Permit or a Tree Injury Permit from the TPPR Unit. The permit requirements are different for trees on City properties and trees on private properties.

Urban Forestry does not have an adequate information system to support its permit functions. When an application is approved by a district office, staff use an Excel spreadsheet to print a copy of the permit. Multiple staff members in each district office have access to the Excel spreadsheet. An Excel spreadsheet can be easily copied, and the number of permits printed cannot be tracked. This, combined with the lack of sequential permit numbers, makes it difficult to prevent or detect unauthorized permits.

The City's tree bylaw requirements are complex involving various payments and guarantee deposits for tree removal and injury permits. In addition to permit application fees, Urban Forestry collects three different types of payments and deposits:

- Cash-in-lieu of planting when applicants have no space to plant replacement trees
- Appraised tree value as determined by staff for a permit to remove a City tree
- Refundable deposits: comprised of Tree Planting Security Deposit to ensure the planted trees are in good condition, and Tree Protection Guarantee to ensure compliance with tree protection measures.

The complex set of requirements increases the chance of errors in determining or collecting the required payments. We noted instances of missed calculations and collection of permit payments and deposits by staff in our sample review.

Much of the issues we observed stem from the fact that Urban Forestry does not have an established quality assurance process. For instance, it does not have any requirements for supervisors to routinely review a sample of permit files to ensure they are properly administered by staff. This, combined with the lack of system controls, in our view, presents a major gap in its management oversight efforts.

Urban Forestry's procedures do not require staff to check compliance with replanting requirements, or to request evidence of replanting such as receipts from plant nurseries or photos of tree(s) replanted. They rely solely on the applicant to abide by the replanting requirements. Without any follow-up efforts, non-compliance with tree replanting requirements is unlikely to be detected.

As of February 2018, Urban Forestry had a balance of \$29.3 million from refundable tree security and guarantee deposits collected between 1994 and 2017. Approximately \$19.5 million in deposits was collected prior to 2016. In our file review, we noted instances where the money was not refunded due to a lack of action on the part of staff.

Applicants who apply for a tree removal or injury permit are required to pay certain fees, but individuals who illegally remove or injure trees are not required to pay these fees. The current tree bylaws do not appear to provide authority for staff to require people to pay the appraised tree value and the Tree Protection Guarantee for violating the bylaws. It appears that staff can only request the individuals to pay the appraised tree value or the Guarantee on a voluntary basis, even though these are part of the permit conditions for people who apply for a permit. In our view, the current bylaw provisions are not conducive to compliance with permit requirements and protection of trees in the City.

We also noted inventory control issues at Urban Forestry's tree nursery which is used for temporary storage of trees purchased from suppliers.

We provided 12 recommendations in this report to help strengthen controls over permit issuance, management oversight, compliance with permit requirements, and inventory management of trees at the nursery.

## **CONTACT**

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## **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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Attachment 1: Review of Urban Forestry - Permit Issuance and Tree Bylaw Enforcement Require Significant Improvement