

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

The City spent \$64 million and received \$23 million in revenues in 2017 to protect, maintain, and enhance the City's urban forest. There are 10.2 million trees in the City. Trees provide many benefits: they clean the air, reduce storm water runoff, and reduce heating and cooling costs. It is important to protect these valuable City assets. Effective administration and enforcement of the City's tree bylaws are key to preventing damage to trees caused by unauthorized tree removal or injury.

**BACKGROUND**

The Urban Forestry Branch within the Parks, Forestry and Recreation Division maintains the City's urban forest. The focus of this report is on Urban Forestry's permit issuance and bylaw enforcement functions. In order to remove or undertake construction work near a City tree or a private tree (with a diameter of 30 cm or more), 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 permit payments: cash-in-lieu of planting, appraised tree value, and refundable deposits (Tree Planting Security and Tree Protection Guarantee).

**BY THE NUMBERS (2017)**

- \$3.2 million in application fees collected for 10,794 trees included in permit applications
- Permit applicants paid \$2.7 million in lieu of planting 4,631 trees
- \$1.3 million from collection of appraised tree value for removal of City trees
- Refundable deposits: \$0.7 million from Tree Planting Security, \$5.6 million from Tree Protection Guarantee
- \$29.3 million in deposits collected from 1994 to 2017 was on hold as of February 2018

**Review of Urban Forestry: Permit Issuance and Tree By-laws Enforcement Require Significant Improvement****What we found****A. Weak controls and insufficient management oversight**

Urban Forestry does not have an adequate information system to support its permit functions and oversight efforts. Staff use an Excel spreadsheet to print a copy of the permit. An Excel spreadsheet can be easily copied, and the number of permits printed cannot be tracked. Much of the expected basic permit data are not properly tracked in the system.

There is no adequate quality assurance process to require supervisors to routinely review permit files to ensure they are properly administered. We found:

- Missed or incorrect calculations of cash-in-lieu of replanting
- Missed collections of the appraised tree value for City trees removed
- Lack of inspection or other efforts to verify compliance with permit conditions
- Lack of controls over how permit exceptions are granted
- Inconsistent practices among district offices

**B. Large amount of old and unclaimed deposits**

Permit applicants who want to remove or injure City trees are required to pay a refundable Tree Planting Security or Tree Protection Guarantee. Applicants must make a request to Urban Forestry to get their deposits back, contingent on compliance with the permit conditions. As of February 2018, there was a balance of \$29.3 million in these 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, and has not conducted a comprehensive review of old unclaimed deposits since 2008. In our sample review, we noted instances of deposits not refunded to applicants due to a lack of action by staff.

**C. Bylaw contraventions**

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.

**How Recommendations will Benefit the City**

Implementing the 12 audit recommendations will help Urban Forestry to strengthen its controls over permit issuance, ensure correct collection of the required permit payments and deposits, ensure adequate actions are taken to address old unclaimed deposits, and improve compliance with permit requirements.