



Toronto Building Division: Conditional Permits – Follow-up Review

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Auditor General

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*The photo on the cover page in no form represents any of the buildings or sites discussed in this report.

Executive Summary

Follow-up to the Auditor General's October 2017 report on Conditional Building Permits

This report is a follow-up review of the October 2017 Auditor General's report "*Toronto Building Division: Conditional Permits*". The 2017 report can be found at:

<https://www.toronto.ca/legdocs/mmis/2017/au/bgrd/backgroundfile-108178.pdf>.

The Auditor General made 17 recommendations in the 2017 report to ensure that Conditional Permit (CP) files are properly documented, the City's interests in collecting development charge (DC) revenue are protected and to ensure administrative fairness and consistent treatment of all permit applicants. Management agreed with all 17 recommendations and provided an implementation plan targeted for 2018.

Issuance of first above-grade CP is when DCs are calculated and payable

In the 2017 report, it was noted that the issuance of the first above-grade permit, conditional or otherwise, is a critical milestone. The date of issuance is when the amount of DCs is calculated and payable¹.

DC rates are generally reviewed at least once per year and have historically increased upon review. Therefore, there may have been financial incentive for applicants to prematurely obtain a CP at 'old' rates in advance of an increase, before they were able to fulfill the requirements necessary to obtain a normal above-grade building permit.

¹ This was the situation at the time of our follow-up review and does not consider new legislation in the *Development Charges Act* which was put in place as of January 1, 2020.

Findings from the 2017 Auditor General's report

The 2017 report examined 15 building sites and identified three themes:

1. CPs appeared to have been issued prematurely.
2. There was a need to strengthen due diligence in approving and monitoring CP issuance to ensure consistency and compliance.
3. There was a culture of encouraging and expediting the processing of CPs immediately before a DC increase. Reduced DCs benefit the applicants, so in issuing CPs,

“Toronto Building needs to balance customer service with their responsibility to ensure administrative fairness and consistent treatment of all permit applicants.”

In addition, file documentation to support the issuing of CPs needed improvement. The issues included lack of documentation as to why the CP was necessary.

In her 2017 report, the Auditor General identified three key indicators that CPs were being issued prematurely:

1. Above-grade CPs were issued prior to completion of below-grade work to a level where above-grade construction was probable in the near term.
2. Above-grade CP agreements included conditions that had to be satisfied before below-grade construction could begin.
3. CPs to replace buildings were issued before demolition permits were issued for existing buildings on the site.

2017 report found that the City lost an estimated \$8M in DC revenue

The report noted that for the sample items reviewed, the City may have received \$8 million less in development charge revenue than it should have for the projects.

Toronto Building staff were involved in the review

Key senior Toronto Building staff were involved in the Auditor General's 2017 review of CPs.

Identification of samples for follow-up

Following the appointment of the Chief Building Official (CBO) in April 2018, there seemed to be an overall improvement in the process of issuing CPs, although there still appeared to be a lack of consistency.

The CBO reviewed CP files to assess if change was occurring. He noticed 11 files that, in his view, continued to follow old practices and may have been issued prematurely. We reviewed the 11 files identified and selected an additional eight files at random. Files were reviewed from all districts and were related to CPs issued prior to the November 1, 2018 DC increase.

Focus of our follow-up review

The focus of the Auditor General's follow-up review is to:

- determine if above-grade CPs continued to be issued prematurely after the 2017 recommendations were made
- examine the issues identified by the CBO
- make additional recommendations to ensure files are treated more consistently going forward.

Key findings in this follow-up report

The following provides an overview of our key findings;

- Although some overall improvement was noted, some staff appeared to continue issuing CPs in the same way they had been doing prior to the Auditor General's review and documentation was still not sufficient for some of these files.
- Some level of non-compliance was observed in all districts and between districts there appeared to be some distinct variations.
- Of the 19 files reviewed, six CPs appeared to have been issued prematurely when considered against the key indicators identified by the Auditor General in 2017.
- We estimate that the potential loss in DC revenue from the six above-grade CPs that appeared to have been issued prematurely is approximately \$26 million.
- The working draft of the CP policy was put in place as of October 12, 2018. The policy was finalized on May 15, 2019 during this follow-up review.
- In addition, the Integrated Business Management System (IBMS) is used to track permit information. It is not user-friendly or efficient for maintaining supporting documents and tracking information.

CBO is making changes to improve consistency

We found the new CBO to be proactive in bringing issues to our attention for a broader review. During our review, the CBO adopted final policy guidance and implemented organizational changes to centralize the review of CPs for consistency and compliance with the policy. Following these changes, we performed additional work on CPs issued in 2019 and found the overall process for issuing CPs to be more consistent and there was noticeable improvement in the file documentation.

This report reflects the continuous improvement being done by the Toronto Building Division.

8 new recommendations related to the CP process

This report includes eight new recommendations to support the full implementation of our 2017 recommendations and to ensure:

1. An appropriate process for issuing and reviewing CPs is in place.
2. Documentation stored in IBMS is sufficient, appropriate and consistent.
3. Divisional expectations are reinforced through training and performance planning objectives.
4. The CBO conducts ongoing reviews, with any concerns identified continuing to be brought to the attention of the Auditor General.

Recent changes in legislation related to DCs

Although there have been recent legislative changes (see footnote #1) in the treatment of development charges, we believe the lessons learned in this report can still be leveraged by the CBO going forward.

CBO and others provided considerable cooperation and assistance

We acknowledge the CBO for initiating his own review and bringing his concerns to our attention, and appreciate the cooperation and assistance received from the CBO and others during our review.

We are confident that if Toronto Building follows the leadership of the CBO and the new measures put in place it will ensure consistency moving forward.

Background on Conditional Permits

Background on Building Permits

As described in the Auditor General’s 2017 report, when a landowner wants to construct a building, they must apply for and obtain a building permit from the City. Once a permit applicant has met all the conditions of the *Building Code Act* (the Act), the CBO must issue the requested permit.

CPs can be issued at the CBO’s discretion

The Act allows the CBO, at his discretion, to issue a conditional permit. This may be done when an applicant has not fulfilled all the requirements for a full building permit but is in compliance with zoning and a set of reduced requirements.

The full building permit may be delayed due to extended timelines of the final stages of planning and other approval processes. In order for a CP to be issued, the CBO must be of the opinion that unreasonable delays in construction would occur if a CP is not issued, and the applicant must enter into a CP Agreement with the City, which outlines the terms and conditions that must be met to proceed with construction of the project.

CPs are a tool in the City’s development process

CPs are a tool used in the overall development process to manage the significant number of large complex development applications in the City of Toronto. However, an applicant has no absolute right to receive a CP. Rather, issuing such a permit is at the discretion of the CBO and requires the applicant to enter into a CP Agreement with the City. Should the applicant subsequently not fulfill all the requirements for a full permit, they may be required to restore the site to its original condition.

In 2002, City Council delegated its authority to enter into these agreements to the CBO and the Deputy Chief Building Officials (DCBOs) to help expedite the building permit process while still ensuring that the City’s interests are protected. Any conditions that the City may wish to put on the construction would be included in the CP Agreement.

Different types of conditional building permits

A CP can be issued for all or part of the construction of a building. While CPs are not required to be issued in stages, as discussed in the Auditor General's prior report, Toronto Building has generally issued the type of CP relevant to the immediate construction needs of the permit applicant. This staged permitting process is used by the Division, particularly for large complex construction, where an application is not eligible for the issuance of a full permit. Staged conditional permitting helps to both prevent unreasonable delays in construction and protect the City's interests.

As outlined in our prior report, the staged process can result in the use of four different types of CPs:

1. Shoring / Excavation CP ("SHO") – The holder of this below-grade (meaning below ground level) CP can conduct site excavation and the associated shoring (installing supports to ensure walls do not collapse during the excavation process).
2. Foundation CP ("FDN") – The holder of this below-grade CP can conduct all below-grade structural construction, including shoring.
3. Structural CP ("STR") – The holder of this above-grade (meaning above ground level) CP can conduct all related structural work for the building, including shoring and foundation.
4. Building CP ("BLD") – This above-grade CP allows its holder to construct the entire building, including shoring, foundation and structure.

4 district offices issue Toronto Building permits

There are four district offices responsible for building permit issuance and related inspection:

1. Toronto & East York ("TEY")
2. Etobicoke York ("Etobicoke")
3. Scarborough
4. North York

DCs are due when 1st building permit is issued

At the time of review, under section 415-8 of the *Toronto Municipal Code*, DCs are to be calculated, payable and collected as of the date a building permit is issued. In the case of a conditional permit, DCs are to be calculated, payable and collected as of the date of the first above grade permit, unless there is an agreement setting out a different timing for the payment².

If the developer is unable to fulfill the requirements necessary to obtain a non-conditional building permit, there can be a significant financial incentive to apply for an above-grade CP in advance of a scheduled DC rate increase. Given that an increase in the development charge rate can be significant, we noted in our 2017 report that many CP applications were being received immediately before a DC rate increase.

Purpose of the Auditor General's prior recommendations

The recommendations made in the 2017 report were to help address control deficiencies and enhance transparency and consistency and to ensure the City's interests in collecting DC revenue are protected.

3 key indicators that a CP has been issued prematurely were identified

At the time of the Auditor General's review in 2017, the Division had a CP policy in place (Conditional Permit Policy A-54a, dated December 20, 2013) and had also developed draft guidelines to guide the issuance of CPs; however, the guidelines needed refining and they were generally not being followed. As a result, the Auditor General identified three key indicators that a CP had been issued prematurely. The indicators were outlined in the prior report as follows:

1. Above-grade CPs were issued prior to completion of below-grade work to a level where above-grade construction was probable in the near term.
2. Above-grade CP agreements included conditions that had to be satisfied before below-grade construction could begin.
3. CPs to replace buildings were issued before demolition permits were issued for existing buildings on the site.

² This was the situation at the time of our follow-up review and does not consider new legislation in the *Development Charges Act* which was put in place as of January 1, 2020.

Due diligence must be documented

The Auditor General also discussed the importance of documentation to demonstrate due diligence about why a CP is needed and the reasons why an unreasonable delay would occur if the CP were not issued. This would be especially important where there is a departure from the key indicators as noted above. Justification to support why a CP is issued prematurely helps to ensure fairness and support why the City is not receiving revenue at the increased DC rate.

Delegated authority of the CBO and DCBO

The following were noted as delegated authority of the CBO & DCBO:

- The CBO or DCBO has the authority to enter into a CP Agreement to outline the conditions under which the permit may be issued.
- The CBO or DCBO can authorize an extension of the CP Agreement if they are of the opinion that it is warranted.
- The CBO or DCBO can revoke a CP when the terms of the CP Agreement have not been met or construction was not seriously commenced. In revoking the CP, the applicant is required to restore the site at the owner's expense.

Auditor General's Prior Report and Request for Further Review

Auditor General's October 2017 report on CPs

In October 2017, the Auditor General published a report titled "*Toronto Building Division: Conditional Permits*". This was in response to a complaint received that there was a financial incentive for CP applicants to obtain above-grade CPs in advance of scheduled DC rate increases and that some above-grade permits were not issued in full compliance with section 8(3) of the *Building Code Act*.

Allegations substantiated, City lost an estimated \$8M in DC revenue

The 2017 report concluded that both allegations were substantiated: above-grade CPs appeared to be issued prematurely and some were not in full compliance with section 8(3) of the *Building Code Act*.

After reviewing 15 sample items, the Auditor General found evidence that some CPs were being issued primarily to avoid DC rate increases, the criteria being used when deciding to issue a CP needed refining, and file documentation required improvement.

Based on the prior report, the City lost an estimated \$8 million in DC revenue for CPs which were issued prematurely based on the Divisions draft CP criteria.

17 recommendations made in the 2017 report

The Auditor General made 17 recommendations to the Division. Management agreed with all recommendations and committed to a plan to address the issues, including finalizing and implementing a new CP policy in the second quarter of 2018.

Toronto Building staff were involved in the review

Key senior Toronto Building staff were actively involved in the Auditor General's 2017 review of CPs.

According to the CBO, the Auditor General's report provided additional insight, recommendations and guidance including key indicators that a CP may be being prematurely issued. It highlighted the importance of retaining key documentation.

While the CP policy was under development in 2018, the CBO was of the view that staff should have known that an above-grade permit should not be issued until such time that some below-grade work was underway.

Updated CP policy

Following the 2017 review, we were informed that Toronto Building staff worked on a draft CP policy to help guide their actions and improve consistency in the process of issuing CPs.

The current CBO was appointed in April 2018 and the Division's draft policy was issued within approximately six months, as of October 12, 2018.

CBO identified sites of concern

The CBO conducted an internal review of CPs issued in 2018 across all four districts and became concerned that some CPs were still following old practices and may have been issued prematurely ahead of a November 1, 2018 DC increase.

Auditor General commenced her review in March 2019

In March 2019, the CBO brought to our attention the 11 CPs that appeared, in his view, to be inconsistent when compared to other CPs being issued, the Auditor General's prior report findings and the draft policy.

The focus of the Auditor General's follow-up review is to:

- determine if above-grade CPs continued to be issued prematurely after the 2017 recommendations were made
- examine the issues identified by the CBO
- make additional recommendations to ensure files are treated more consistently going forward.

The results of our review are discussed in this report.

Findings

A. Selection and Examination of Project Files

A. 1. Criteria for Evaluating Above-Grade CP Issuance and Sample Review

Requirements for issuing a CP under the *Building Code Act*

According to section 8(3) of the *Building Code Act*, a CP may be issued when the following three conditions are met:

1. The project meets zoning and some specific conservation authority, heritage and other regulations, (referred to as "applicable law", as described in Exhibit 2 of the 2017 report).
2. The CBO is of the opinion that unreasonable delays in the construction would occur if a permit is not issued.
3. The applicant enters into a CP Agreement with the City that sets out the timelines within which they must comply with the remainder of requirements for a building permit, including how and if the site must be restored should those requirements not be met.

CBO has complete discretion in determining if CPs should be issued

The CBO has complete discretion to issue a CP in accordance with the above conditions. One challenge is that the term 'unreasonable delay' is not defined in the Act. The CBO is under no obligation to issue a CP and may deviate from the policy in circumstances where it is deemed appropriate provided that any deviation is documented.

Recommendations were made in the prior report

Prior to October 2017, the Division's draft guidelines were not finalized and were not being used consistently. The Auditor General suggested refining and finalizing the CP criteria.

The Auditor General, through her October 2017 report, identified three key indicators that CPs were being issued prematurely.

In addition, the report highlighted the importance of documenting the file to support key decisions, including decisions to accept or reject CP applications and assessment of unreasonable delays.

The Auditor General's recommendations suggested a standardized approach, more objective measures, proper due diligence and better documentation to support the CBO in forming his opinion regarding CP issuance.

Criteria are not intended to restrain the discretion of the CBO to act within the law

The 2017 report highlighted Toronto Building's responsibility to ensure administrative fairness and consistent treatment of all permit applicants. Using suitable criteria as a benchmark would help to ensure that similar cases would be treated in a similar way, unless, in the CBO's view and in his discretion, there was a compelling reason to deviate from the criteria. Our recommendations were not intended to restrain the discretion of the CBO to act within the law.

Key points that were considered in the Auditor General's follow-up review

We reviewed 19 sample files from all districts against the three basic key indicators that were identified in the 2017 report to evaluate whether there was improved consistency and if the recommendations from the Auditor General's prior report were being applied.

We evaluated the selected CP files from 2018 against the key indicators outlined in the 2017 report because there was no final CP policy in place. Without a final policy, it is expected that variation will occur in the process.

A. 2. 6 out of 19 Above-Grade CPs Appear to have been Issued Prematurely

Findings showed inadequate documentation and inconsistencies between files

Although some overall improvement was noted since the prior report, some staff appeared to continue issuing CPs as they had prior to the Auditor General's review and documentation was still not sufficient for many of these files.

Above-grade CPs continued to be issued before below-grade work had commenced or was at a level where above-grade work was probable in the near term.

Some level of non-compliance was observed in all districts and between districts there appeared to be some distinct variations.

In addition, site visits did not always occur prior to CP issuance and when site visits did occur, photos were not always taken.

6 CPs appear to have been issued prematurely

Based on our review, we found six instances where the CPs appeared to have been issued prematurely based on the documentation reviewed, and when compared to other CPs issued.

Potentially \$26M in DC revenue lost by the City

If the CPs noted above were issued prematurely, the City would have lost \$26 million in DC revenue. Each file is unique, so we cannot extrapolate this reduction in revenue across the entire population.

Recommendations:

- 1. City Council request the Chief Building Official, Toronto Building Division, to ensure that site visits including photos are conducted prior to issuing the first above-grade Conditional Permit for any development site.**
- 2. City Council request the Chief Building Official, Toronto Building Division, to have every Conditional Permit reviewed by a central, trusted advisor to the Chief Building Official for consistency and compliance with the new policy, and ensure that sufficient, appropriate evidence of why the Conditional Permit is needed be included in the file.**

B. Observations of the CP Process and Documentation in the System (IBMS)

B. 1. Processes and File Documentation Need Improvement

Issues in the CP process and documentation

The Auditor General's follow-up review highlighted continued issues in the Division's process of receiving and documenting sufficient and appropriate support for the CP issuance files.

Documentation is important to show due diligence was completed

Documentation is very important to show due diligence, and the greater the departure from what is typical or expected, the more important the due diligence and level of supporting documentation becomes.

In our view, there are two levels of documentation:

1. The foundational documents required to support that due diligence was performed, and rationale for issuing the CP, and
2. Other administrative documents to support the file.

Level of documentation to support issuing of CPs is not consistent

Non-compliance (e.g. administrative documentation errors) was observed in all of the districts, and the documentation to support the issuing of CPs was not consistently placed in the files.

Observations from reviewing 19 samples

Based on the 19 samples reviewed, we made observations that will assist with improving the documentation and guidance that supports the issuing of CPs as the CBO moves forward.

- The **assessment of what constituted unreasonable delays** was **inconsistently documented**.
- **Supporting documents** and **plan review notes** were **not consistently retained** for each site. For example, for some samples:
 - Formal owner's requests for CPs were not obtained or not on file
 - Concurrence emails from City Planning and Toronto Water were not on file or documented (in IBMS or hard copy documents)
 - Checklists were not used or not on file
 - Plan review notes documented in IBMS were not consistent
 - Photographs of site visits were not on file

- **Copies of signed documents** from other Divisions were **not attached** to IBMS properly, resulting in the system not being used effectively as a platform to share information. We observed, for example, Notice of Approval Conditions³ (NOAC's) were issued but not always signed and dated or attached to IBMS folders by City Planning.
- **Site inspections** were not performed on a **timely basis**, with site visits not being performed consistently prior to the above-grade CP issuance.

Recommendations:

3. **City Council request the Chief Building Official, Toronto Building Division, to ensure the requirement for consistent documentation related to Conditional Permit issuance is filed in the Integrated Business Management System (IBMS).**
4. **City Council request the Chief Building Official, Toronto Building Division, to work with other Divisions involved in the Conditional Permit process to ensure that supporting documentation is complete and filed in the Integrated Business Management System (IBMS) in a timely manner.**

³ This is the first of the two-stage site plan approval process for the City of Toronto. Once the City is satisfied with the application and the studies and reports submitted in support of the application, the Notice of Approval Conditions (NOAC), setting out all pre- and post-approval conditions to be satisfied, is sent to the applicant.

C. Current Status of Toronto Building Issuing Above-Grade CPs

C. 1. The Division has Moved Forward with Positive Changes

New leadership at Toronto Building Division

The Toronto Building Division has had several staffing changes in the senior leadership team throughout 2018 and 2019, including a new CBO. We found the CBO to be concerned and transparent in discussing the ongoing challenges relating to the CP process. The CBO undertook his own review to evaluate whether CPs were being issued consistently across all districts and requested a further review by the Auditor General to ensure that all issues are highlighted for improvement.

CP policy has been finalized

During our review, the CBO finalized the CP policy and has provided training to all staff related to the CP process in order to emphasize the importance of the policy and guidelines that must be followed. The final CP Policy A-80 on Conditional Permits was implemented by the Division on May 15, 2019. The policy includes requirements to:

- assess the level of below-grade construction prior to issuing the above-grade CPs
- take into account the Guidelines to Assess Unreasonable Delay in forming the opinion to issue the CP
- retain documents in support of issuing CPs in the appropriate IBMS folder related to the CP application number.

New policies may address issues identified by the Auditor General

The Division finalized the CP policy (effective in May 15, 2019) and introduced additional procedures, including a centralized review, to improve consistency.

Additional work conducted on CPs issued in 2019

We performed additional work on CPs issued in 2019 and found the overall process for issuing CPs to be more consistent. Through testing additional files, we confirmed that the new policy and processes seem to be working.

We have confidence that the leadership team is being diligent in enforcing the new policy and will continue to monitor the CP process going forward. We acknowledge the continuous improvement being done by Toronto Building Division in this area.

Recommendations:

- 5. City Council request the Chief Building Official, Toronto Building Division, to conduct Conditional Permit training for all Divisional staff involved in the Conditional Permit process, at least once per year and in advance of development charge increases in order to reinforce expectations and highlight any areas of concern that are identified through the Chief Building Official's review.**
- 6. City Council request the Chief Building Official, Toronto Building Division, to continue to reinforce Divisional expectations with all staff involved in the Conditional Permit process through performance planning objectives.**
- 7. City Council request the Chief Building Official, Toronto Building Division, to continue, at least twice per year, to conduct reviews on Conditional Permits issued in order to identify areas of concern and further opportunities to strengthen the Division's Conditional Permit policy, where required.**
- 8. City Council request the Chief Building Official, Toronto Building Division, to ensure that any concerns that are noted by the Division continue to be brought to the attention of the Auditor General.**

Conclusion

The Auditor General has made 8 recommendations related to the CP process

This report reviewed the level of consistency in issuing CPs following the Auditor General's 2017 report. Where permits were issued prematurely, it would have an impact on development charge revenue collected by the City.

We found that the issuing of CPs is still inconsistent. This report makes eight new recommendations designed to ensure:

- Recommendations from our 2017 report are successfully implemented;
- CPs are not issued prematurely;
- CP files include proper supporting documentation;
- The City's interests in collecting development charge revenue are protected going forward.

The Division is moving forward with changes

The CBO has taken a great deal of action during this follow-up review, including finalizing the new CP policy, training staff and centralizing the final review of CPs. Additional testing shows that the most recent CPs are being issued in a more consistent manner.

Auditor General will be conducting ongoing reviews

The Auditor General will continue to review Toronto Building operations to identify any further issues needing addressing.

Objectives, Scope and Methodology

Objective and scope of the follow-up review

The CBO raised concerns that following the Auditor General's 2017 report, not all CPs were being issued consistently and some CPs may have been issued prematurely.

We undertook the follow-up review to confirm whether practices in issuing CPs were inconsistent and, if so, to understand why. We were aware that a final policy was not issued by the Division to guide the issuing of CPs until May 2019. In the absence of this, we reviewed a sample of above-grade CP's issued by Toronto Building Division just prior to the November 1, 2018 DC increase against the 3 key indicators outlined in the 2017 report. Our purpose was to assess whether the issues identified in the prior report were being considered by staff and whether the CBO's concerns regarding inconsistent practices were founded.

The results are outlined in the report.

Our sample selection and approach

We reviewed files from all districts. Our sample of 19 above-grade CPs was taken from the CPs issued in 2018 and primarily just prior to the November 1, 2018 DC increase. The sample included the 11 files that the CBO raised concerns about, and an additional eight samples chosen at random.

This is not an audit, but rather a review

This is not an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe the evidence obtained provides a reasonable basis for our findings and conclusions.

Scope limitation

We did not perform an operational review of Toronto Building.

Given that there was no final policy in place when the 2018 CPs in our sample were issued, we completed a review of specific CP files against the key indicators from the Auditor General's prior report.

Our observations are based on the documents reviewed and our discussions with the CBO and others involved with the CP process.

The Auditor General's Office was not involved in locating or retrieving the documents, particularly those stored in IBMS. Supporting documentation for the CP samples were provided by Toronto Building (4 samples in hard copy and 15 samples in electronic format).

APPENDIX 1: Management's Response to the Auditor General's Report Entitled: "Toronto Building Division: Conditional Permits – Follow-up Review"

Recommendation 1:

City Council request the Chief Building Official, Toronto Building Division, to ensure that site visits including photos are conducted prior to issuing the first above-grade Conditional Permit for any development site.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: The Division's Conditional Permit Policy requires Toronto Building Inspectors to conduct a site inspection in order to determine the construction status before the issuance of a Conditional Permit, regardless of the type of Conditional Permit being requested. The policy also requires inspectors to take photos when conducting these inspections, document their observations and attach all of the inspection information into the Integrated Business Management System, IBMS. This recommendation is currently in place and the Division will continue to monitor Conditional Permit files to ensure that this practice is being followed.

Recommendation 2:

City Council request the Chief Building Official, Toronto Building Division, to have every Conditional Permit reviewed by a central, trusted advisor to the Chief Building Official for consistency and compliance with the new policy, and ensure that sufficient, appropriate evidence of why the Conditional Permit is needed be included in the file.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: The Chief Building Official established a dedicated resource in the Office of the Chief Building Official to conduct reviews of every Conditional Permit before they are issued in order to ensure that the permits are in compliance with the Division's Conditional Permit Policy. This approach is intended to drive consistency and compliance with the Conditional Permit Policy across all districts. In addition to reviewing Conditional Permits before they are issued, this person is also responsible for identifying any potential concerns and weaknesses in the Conditional Permit Policy. This recommendation is currently in place.

Recommendation 3:

City Council request the Chief Building Official, Toronto Building Division, to ensure the requirement for consistent documentation related to conditional permit issuance is filed in the Integrated Business Management System (IBMS).

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: The Conditional Permit Policy requires Toronto Building to include documentation to support the issuance of all Conditional Permits including key decision making in IBMS. In order to further strengthen this requirement, the Chief Building Official has created a standardized template that all Inspection Managers and Deputy Chief Building Officials must complete in order to demonstrate compliance with the Conditional Permit Policy. This template records all key information as well as decision making related to the issuance of the Conditional Permit and it is also required to be filed in IBMS. This recommendation is currently in place.

Recommendation 4:

City Council request the Chief Building Official, Toronto Building Division, to work with other Divisions involved in the Conditional Permit process to ensure that supporting documentation is complete and filed in the Integrated Business Management System (IBMS) in a timely manner.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: In order to fully implement this recommendation system changes will be required to the Integrated Business Management System, IBMS. While this recommendation is being implemented, Deputy Chief Building Officials will ensure that the appropriate documentation from other Divisions is recorded in the IBMS system prior to permit issuance. Toronto Building will work with all Divisions involved with the permitting processes in order to look for opportunities to further integrate permit information into our systems by Q4 2020.

Recommendation 5:

City Council request the Chief Building Official, Toronto Building Division, to conduct Conditional Permit training for all Divisional staff involved in the Conditional Permit process, at least once per year and in advance of development charge increases in order to reinforce expectations and highlight any areas of concern that are identified through the Chief Building Official's review.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: All staff involved in the Conditional Permit Process were trained in Q2 and Q3 of 2019. In addition, the Chief Building Official met with industry stakeholders in September 2019 to clarify Toronto Building's expectations with respect to the issuance of Conditional Permits. Annual training, in advance of development charge increases, will continue to be provided for all staff involved in the Conditional Permit process. A refresher training session is currently scheduled for all staff involved in the Conditional Permit process in February/March 2020.

Recommendation 6:

City Council request the Chief Building Official, Toronto Building Division, to continue to reinforce Divisional expectations with all staff involved in the Conditional Permit process through performance planning objectives.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: These expectations were reinforced by the Chief Building Official with all Deputy Chief Building Officials through 2019. These expectations will be further reinforced with all staff required to complete annual Performance Planners. Plan Review Managers, Inspection Managers and Deputy Chief Building Officials are accountable for ensuring that they and their staff are following the expectation of the Conditional Permit Policy. This recommendation will be implemented and discussed in the final review of all 2019 Performance Planners and for each year after 2019.

Recommendation 7:

City Council request the Chief Building Official, Toronto Building Division, to continue, at least twice per year, to conduct reviews on Conditional Permits issued in order to identify areas of concern and further opportunities to strengthen the Division's Conditional Permit policy, where required.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: In January 2019, the Chief Building conducted a review of all Conditional Permits issued in 2018 leading up to the November 1, 2018 development charge increase in order to determine if staff were following the Auditor General recommendations. Toronto Building will continue to conduct these reviews in Q1 and Q3 of each year in order to identify areas of concern and further opportunities to strengthen the Conditional Permit Policy, where required.

Recommendation 8:

City Council request the Chief Building Official, Toronto Building Division, to ensure that any concerns that are noted by the Division continue to be brought to the attention of the Auditor General.

Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Comments/Action Plan/Time Frame: Should the Chief Building Official be made aware of any concerns related to the issuance of Conditional Permits through his reviews, he will continue to bring these to the attention of the Auditor General.

**AUDITOR
GENERAL**

TORONTO