

Building Better Outcomes: Audit of Toronto Building's Inspection Function

Date: January 27, 2023

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

The Auditor General's 2021 Work Plan included a multi-phased operational review of activities and services delivered by the Toronto Building Division. This report presents the first phase of the operational review, which focuses on Toronto Building's operational policies and processes for inspecting construction and issuing orders to enforce the *Building Code Act*, *Ontario Building Code* and building permits.

The Building Code provides protection by reducing potential hazards to building occupants. The Chief Building Official and Toronto Building inspection staff play a vital role in enforcing the *Building Code Act* and *Ontario Building Code*.

Our report draws attention to opportunities for the Chief Building Official to strengthen how the Division inspects construction and issues orders to enforce compliance by:

- A. Strengthening Toronto Building's Policies and Processes for Enforcing the Building Code Act
- B. Reinforcing Quality and Consistency of Inspections and Compliance with Policies and Procedures
- C. Modernizing Systems to Support Business Needs

Enhancing the way data is captured and leveraged and adopting modern technologies to improve workflow management are key for the Division to enforce the Act more efficiently and effectively and will provide a more efficient and value-added approach which makes better use of limited resources.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to develop and implement a risk-based strategy for periodically reviewing open building permits without a recent request for an inspection and determining what follow-up action is warranted in order to assess the current status of construction and to enforce the Building Code Act and Building Code.
2. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to:
 - a. strengthen processes and provide additional training to ensure staff are consistently following the Division's operational policies and procedures for recording and tracking deficiencies for re-inspection.
 - b. strengthen existing policies to address expectations for improved record-keeping of how deficiencies and requests for reports are communicated.
3. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to enhance monitoring and oversight of identified deficiencies by:
 - a. implementing periodic reviews of open deficiencies to identify where further follow-up and enforcement action may be required to ensure timely and proper resolution.
 - b. analyzing deficiency data for trends where targeted education of permit holders and industry may be useful.
4. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to develop and implement additional training, operational guidance and/or criteria to assist inspection staff with deciding what tools to use, including issuing orders, to help bring about compliance with the Building Code Act and Building Code.
5. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to review open orders and expedite the implementation of the 2021 "Enforcement Policy for Issued Orders" for orders determined to be higher risk or higher priority.
6. City Council request the Chief Technology Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to ensure that any necessary enhancements to system functionality and data fields are implemented to support:
 - a. effective tracking of enforcement workflows and actions taken to follow up on open orders.

b. effective monitoring and oversight of the status of open orders.

7. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to review the responsibilities of the Division's Dedicated Enforcement Unit and the Unit's role in enforcing orders and ensuring violations and other matters are promptly and properly addressed.

8. City Council request the Chief Building Official and Executive Director, Toronto Building Division, in consultation with the City Solicitor, to develop and implement operational guidance or criteria to assist inspection staff with deciding whether a permit holder should be charged with an offence or an administrative penalty if the person fails to comply with an order, direction or other requirements made under the Building Code Act.

9. City Council request the Chief Technology Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to ensure that any necessary enhancements to system functionality and data fields are implemented to improve the reliability of data used to determine compliance with the legislated time frames for prescribed inspections.

10. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to provide additional direction to inspectors to properly record all inspection requests (including on-site requests and requests received by phone) and reasons for rescheduling or cancelling inspections, in order to allow for better tracking and monitoring of whether inspections are promptly carried out in compliance with legislated time frames.

11. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to:

a. strengthen processes to ensure staff are consistently following the Division's operational policies for documenting activities performed during an inspection.

b. strengthen existing policies to address expectations for improved record-keeping of inspection process steps for each construction component related to each stage of construction specified in Toronto Building's "Field Inspection Service Levels" that are not passed and/or need to be completed.

12. City Council request the Chief Technology Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to ensure that any necessary enhancements to system functionality and data fields are implemented to support inspectors' ability to efficiently document inspection process steps not passed and still to be (re-)inspected for each construction component related to each stage of construction specified in Toronto Building's "Field Inspection Service Levels".

13. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to review operational policies for inspections and, where relevant:

- a. clarify what must be reviewed and documented when the inspector is placing full or partial reliance on general review or other reports.
- b. provide guidance on when an order may be warranted when requested reports are not received in a reasonable time frame.

14. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to discuss with the Ontario Association of Architects (OAA), Professional Engineers Ontario (PEO), and other relevant industry stakeholders who provide guidelines to their own members on general review and other reports, how these reports can better address the needs of the City's Chief Building Official and building inspectors.

15. City Council request the Chief Technology Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to ensure that any necessary enhancements to system functionality and data fields are implemented to track open requests for reports from third-party professionals.

16. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to strengthen supervision, monitoring and quality assurance processes over inspection activities by:

- a. implementing on-site observation of the quality of inspections.
- b. expanding the scope of internal inspection audits to cover an entire building permit file rather than a few inspection attempts.
- c. increasing the number of inspections and building permit files a manager reviews for a given inspector, when areas for improvement are observed during their internal inspection audit.
- d. providing timely and constructive feedback to inspectors about areas to correct or improve when performing inspections.
- e. summarizing and analyzing results from quality assurance reviews to identify trends or themes that indicate more guidance, training, and supervision of inspectors may be warranted.

17. City Council request the Chief Building Official and Executive Director, Toronto Building Division, to consider how system data can be leveraged or analyzed to enhance monitoring of potential conflicts of interest and impairment to independence of building inspectors.

18. City Council request the Chief Technology Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to ensure that any necessary enhancements to system functionality and data fields are implemented to support more effective monitoring of potential conflicts of interest and impairment to independence of building inspectors.

19. City Council request the Chief People Officer, in consultation with the Chief Building Official and Executive Director, Toronto Building Division, to expedite a strategy for recruiting and retaining building inspectors and address workload challenges arising from planned and unplanned absences so that sufficient inspectors are available to carry out prescribed inspections within legislated time frames, as well as follow-up on higher risk open building permits and orders.

20. City Council request the Chief Building Official and Executive Director, Toronto Building Division, in collaboration with the Chief Technology Officer, to ensure that any necessary enhancements to existing system functionality or modern technology solutions are implemented to:

- a. improve workflow management, tracking, record-keeping, and monitoring of inspection processes.
- b. support Toronto Building's ability to collect and analyze data to develop targeted approaches to improving inspection efficiency, effectiveness, and economy.

FINANCIAL IMPACT

By addressing the recommendations in this report, Toronto Building will be able to operate more efficiently and effectively when inspecting construction and when issuing or following up on orders. The resulting financial implications of any anticipated efficiencies could not be determined at the time of this report

DECISION HISTORY

The Auditor General's 2021 Audit Plan contained a multi-phased operational review of activities and services delivered by the Toronto Building Division.

This report presents the first phase of the operational review, which focuses on Toronto Building's operational policies and processes for inspecting construction and issuing orders to enforce the *Building Code Act*, *Ontario Building Code* and building permits.

The second phase of the operational review will focus on Toronto Building's operational policies and processes for reviewing plans and issuing building permits.

COMMENTS

A high-level summary of the key audit findings is provided in the two-page Audit at-a-Glance.

The attached audit report provides the Audit Committee and members of Council with the detailed audit results and recommendations together with management's response. Management has agreed to all 20 recommendations.

CONTACT

Ina Chan, Deputy Auditor General, Auditor General's Office
Tel: (416) 392-8472, Email: Ina.Chan@toronto.ca

Bruna Corbesi, Senior Audit Manager, Auditor General's Office
Tel: (416) 892-3421, E-mail: Bruna.Corbesi@toronto.ca

SIGNATURE

Tara Anderson
Auditor General

ATTACHMENTS

Attachment 1: Building Better Outcomes: Audit of Toronto Building's Inspection Function