



**Building Better Outcomes:**

## **Audit of Toronto Building's Inspection Function**

**January 27, 2023**

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Auditor General

**AUDITOR  
GENERAL**  

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**TORONTO**

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# Executive Summary

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## Operational review of Toronto Building Division

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<sup>1</sup> and issuing orders to enforce the *Building Code Act*, *Building Code* and building permits.

## Building Code provides protection by reducing potential hazards to building occupants

In its publication, "Building Code: How it Affects You", the Ontario Building Officials Association states:

*"We all need protection from tragedy caused by fire, structural collapse and general deterioration of the structures that surround us: our homes, schools, offices, stores and factories. The Ontario Building Code provides protection by reducing potential hazards to building occupants – ourselves and families".*

The City's Chief Building Official (CBO) and inspectors play an important role in enforcing the *Building Code Act* and *Ontario Building Code*.

## Audit objectives

In reviewing Toronto Building's policies and processes for inspecting construction and issuing orders to enforce the *Building Code Act*, this audit aimed to answer the following questions:

- Are there opportunities to strengthen policies and processes for inspecting construction and issuing orders?
- Are inspections being completed in compliance with the Division's operational policies and procedures?
- Are inspections being conducted in accordance with legislated time frames for inspections?

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<sup>1</sup> Within the context of this audit report, "construction" refers to any construction requiring a building permit under the *Building Code Act*.

## What We Found: Audit Results in Brief

We found that there are opportunities for:

### A. Strengthening Toronto Building's Policies and Processes for Enforcing the Building Code Act

Opportunities for the CBO to strengthen existing processes for enforcing the Act and the Code include:

Construction is proceeding without inspections

- ***Implementing a risk-based approach for reviewing and addressing open permits where construction may have proceeded*** without the required inspection because permit holders have not notified Toronto Building that work is ready to be inspected<sup>2</sup> – We found building permits where construction had proceeded (and in some cases, homes were completed and occupied) without permit holders requesting prescribed inspections; thus, inspections were not conducted by Toronto Building inspectors.

Deficiencies are not always well documented, communicated or followed-up

- ***Communicating, and following up on deficiencies identified during inspections*** – We found deficiencies identified during inspections were not consistently documented, communicated and followed-up by inspectors in accordance with the Division's operational policies and procedures.

Inspectors not always issuing orders to enforce compliance

- ***Issuing and enforcing orders to make sure violations and other matters are promptly and properly addressed*** – There is no requirement in the Act to issue orders; however, they are one of the tools for bringing about compliance. Toronto Building takes a progressive approach to enforcement which starts with verbal requests. However, we found that some inspectors did not issue orders to enforce compliance after repeated verbal requests for action to be taken by the permit holder. In cases where inspectors issued orders, they did not consistently follow up to ensure action on open orders achieved compliance by the specified date.

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<sup>2</sup> Toronto Building provides guidance for [When to Call for Inspection of Small Buildings – City of Toronto](#), [When to Call for Inspection of Large Buildings – City of Toronto](#)

**Limitations of IBMS data used to report key performance measure**

- ***Improving data used to determine compliance with legislated time frames for conducting inspections*** – Toronto Building reported 91 per cent compliance with legislated time frames in 2020. Our analysis of IBMS<sup>3</sup> data showed similar results for 2021. Because of limitations in this data (which management uses to report on its key performance measure), it is not possible to fully verify the accuracy of reported compliance rates.

**B. Reinforcing Quality and Consistency of Inspections and Compliance with Policies and Procedures**

There are opportunities to improve the quality and consistency of building inspections by:

**Record-keeping needs improvement**

- ***Improving record-keeping in IBMS to demonstrate that inspections are being performed properly*** – We found that inspectors did not always follow documentation requirements set out in the Division's policies, nor did they document the inspection steps they performed during their inspection of a building element / component of construction. In the absence of detailed notes, we are not able to confirm or verify that the applicable steps in Toronto Building's "Field Inspection Service Levels" were performed.

**Clarify expectations for using and relying on third-party reports**

- ***Clarifying how reports received from professional third parties such as architects and engineers are to be used*** – We found that the Division's operational policies and procedures can be more clear about what must be done and documented when inspectors rely on general reviews<sup>4</sup> and/or other requested reports. We found significant variation in the way the inspectors documented their requests, reviews of the reports, and follow-up on limitations, issues or deficiencies noted in the reports.

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<sup>3</sup> IBMS (Integrated, Business process and workflow Management software System) was implemented in 1999. Toronto Building uses IBMS to receive and process various types of building permit applications and issuance including fees and payments; track work of plan examination staff on applications and inspections on issued permits; generate and track notices and orders to comply.

<sup>4</sup> A "general review" is a legislated, periodic inspection and reporting process to determine if the works are being constructed in general conformity with the plan and other documentation that were the basis for the issuance of the building permit.

Quality assurance processes can be strengthened

- ***Strengthening supervision, monitoring and quality assurance of inspection activities*** – We found that the internal quality assurance process can be strengthened. The Division was not following its policies for on-site supervision. Monitoring of inspection activities was minimal. Internal quality audits conducted by managers did not identify and address some common areas of non-compliance with the Division’s operational policies and procedures.

Continue reinforcing the importance of compliance with the Conflict of Interest policy

- ***Continually reinforcing the importance of independence and avoiding conflicts of interest*** – We found a case where an employee's actions indicated a conflict of interest. This matter was investigated by Toronto Building and is further discussed in the 2022 Fraud and Waste Hotline Annual Report.

Management advised that these gaps will be addressed as the Division implements Program Review<sup>5</sup> recommendations and provides further training for inspection staff. The Program Review undertaken by Toronto Building is described later in this report.

### **C. Modernizing Systems to Support Business Needs**

Toronto Building relies heavily on the support of the Technology Services Division to address system and technology improvements and workflow requirements.

Effective implementation of recommendations will depend, in part, on system enhancements

Effectively implementing some of the recommendations in our report will be dependent, in part, on improving data quality and reliability through system enhancements and/or having a more modern technology system that is capable of managing high quality data, automating business processes, integrating with other divisions and allowing for a customer-facing portal.

IBMS is outdated

One of the biggest barriers to better enforcement through inspections and orders is the lack of a modern system to support Toronto Building’s data and workflow requirements.

Technology transformation is needed to support workflow and leverage data

IBMS has been used for many years to support the building permit inspection process. The system presents many challenges to inspection staff because of its limited functionalities and the way it captures data.

Toronto Building’s Program Review identified the need to accelerate the modernization of IBMS as one of the critical success factors to successfully achieving business transformation. Management has advised us that it may take three to five years to complete their systems transformation project.

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<sup>5</sup> The staff report on Toronto Building Program Review considered by Planning and Housing Committee on May 20, 2021 and is available at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH23.15>

### **The issues identified in this audit are not new**

We note that many of the issues identified in this audit are not new and Toronto Building continues its work to improve policies and procedures for conducting inspections and issuing and enforcing orders. Toronto Building recognizes it has not fully addressed findings and recommendations identified in previous Auditor General audits, due in part to the challenges noted above, such as limited resources and a need to modernize its system and have improved data.

#### **Toronto Building's Program Review aims to address systemic challenges identified over the years**

To address systemic challenges the Division faces, Toronto Building leadership engaged a consultant to conduct a holistic review of the operating model and organization structure.

Toronto Building undertook this Program Review from 2019 to 2021 to identify ways to address known concerns more effectively. Management indicated that the Program Review validated the systemic challenges and opportunities. Through its Program Review, Toronto Building is working to address systemic challenges and their impacts in the following ways:

- Changing organizational structure to be more effective – moving from its current geographic, district-based operating model to a new functional-based model
- Addressing resourcing issues which impact the progress towards fully addressing previous audit recommendations
- Modernizing technology to support business transformation

It is important that Toronto Building works expediently to address recommendations from the Auditor General and its Program Review.

### **Conclusion**

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 Act and Building Code. The Division needs to strengthen its business processes to improve how it delivers its services and manages its key risks.

In our view, the implementation of the 20 recommendations contained in this report will further improve Toronto Building's policies and processes for inspecting construction and issuing orders to enforce compliance with the *Building Code Act, Ontario Building Code* and building permits.

In particular, the recommendations identify areas for the Chief Building Official to better support inspectors' ability to:

- Operate more efficiently and effectively when inspecting construction, and when issuing or following-up on orders
- Demonstrate that inspections are being completed according to the Division's operational policies and procedures
- Confirm that inspections are meeting legislated time frames for carrying out inspections

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. Also, by leveraging technology and by taking a risk-based approach, it will provide a more efficient and value-added approach which makes better use of limited resources.

**Thank you to Toronto  
Building Staff**

We would like to express our sincere appreciation for the co-operation and assistance we received from the Chief Building Official and the management and staff of the Toronto Building Division.

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# Background

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## Legislative framework

The [Building Code Act, 1992](#) (Act) lays out the legislative framework governing the construction, renovation, demolition and change of use of buildings in Ontario<sup>6</sup>. The *Ontario Building Code* (Building Code or Code) is a regulation made under the Act. It sets out technical and administrative requirements.

The Building Code is used by architects, engineers, designers, builders, suppliers and manufacturers for construction projects which are regulated by the Code.

## Building Code sets standards for public health and safety, fire protection, structural sufficiency

The Building Code includes standards for:

- public health and safety
- fire protection
- structural sufficiency
- energy conservation
- water conservation
- environmental integrity
- barrier-free accessibility of buildings

The Act and the Building Code establish processes for the enforcement of the standards and requirements.

It is the role of every person who causes a building to be constructed, to cause the building to be constructed in accordance with Act, the Building Code and with any building permit issued.

## Compliance with the Act and Building Code is a shared responsibility

The Act outlines a shared responsibility for Building Code compliance by defining roles and responsibilities of relevant stakeholders. The roles and responsibilities of owners, builders, designers, manufacturers, chief building officials, and inspectors are defined by legislation.

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<sup>6</sup> "Building" is defined in the Act. A building permit is only required when constructing or demolishing a "building", materially altering a "building" as defined in the Act, or for changes of use that result in an increase in hazard as defined in the Building Code.

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## **Toronto Building Division's role in enforcing the Building Code Act and the Ontario Building Code**

### **City's role in enforcing the Act and Building Code**

Every municipality in Ontario is given the responsibility for the enforcement of the Act and the Code. It requires them to appoint a Chief Building Official (CBO) and inspectors as are necessary for the enforcement of this Act.

### **Chief Building Official establishes policies to enforce the Act**

The role of a Chief Building Official includes establishing operational policies for the enforcement of the Act and Code and coordinating and overseeing their enforcement.

In their enforcement role, chief building officials and inspectors are responsible for exercising powers and performing other duties under the Act and the Code, including reviewing plans, inspecting construction and exercising their discretion to issue orders.

## **Enforcing Code Compliance Through Plan Review and Building Permit Issuance**

### **Building permits are needed to construct a building**

The Act requires a building permit when someone is constructing a new building, demolishing, making material alterations or changing the use of an existing building<sup>7</sup>. There are certain types of construction that may not require a permit. Toronto Building guidance on when a building permit is needed can be found at: <https://www.toronto.ca/services-payments/building-construction/apply-for-a-building-permit/when-do-i-need-a-building-permit/>

### **Toronto Building staff review permit plans to confirm they comply with the Building Code**

As part of the Building Permit process, Toronto Building staff must review plans<sup>8</sup> to confirm they comply with the Building Code, applicable Zoning By-laws and other Applicable Law as defined in the Building Code.

Plan review and permit issuance were outside the scope of this audit. The second phase of the operational review of the Toronto Building Division will focus on Toronto Building's operational policies and processes for reviewing plans and issuing building permits and is included in the Auditor General's 2023 Work Plan.

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<sup>7</sup> "Building" is defined in the Act. A building permit is only required when constructing or demolishing a "building", materially altering a "building" as defined in the Act, or for changes of use that result in an increase in hazard as defined in the Building Code.

<sup>8</sup> [Plan Review Process – City of Toronto](#)

## Enforcing Code Compliance Through Inspections and Orders

**Inspections are required at different stages of construction – onus is on permit holder to request an inspection**

The Building Code sets out each stage of construction requiring an inspection. It is the responsibility of the permit holder to notify the Chief Building Official that the construction is ready to be inspected. After the notice is received, an inspector is required to carry out the inspection within the legislated time frame specified by the Building Code – within two working days of being notified, except for construction of a sewage system where the inspector has five working days to conduct the inspection.

Toronto Building provides guidance on the various types of inspections that may be required (e.g. inspections of footings and foundations, structural framing, fire separations, insulation and vapour barriers, life safety systems, plumbing and/or HVAC):

- [When to call for inspections for small buildings](#)
- [When to call for inspections for large buildings](#)

### **Powers of inspectors**

To enforce compliance with the Act or the Building Code, a building inspector may exercise any of the following powers:

- Complete an inspection by entering upon the property<sup>9</sup> at any reasonable time without a warrant and record the results
- Issue an order directing compliance and requiring the order be carried out within the time frame specified in the order
- Issue an order prohibiting the covering or enclosing of any part of a building pending inspection<sup>10</sup>
- Where inspector finds the building is unsafe as defined in the Act, issue an order describing the unsafe condition and setting out the remedial steps the recipient is required to take to make the building safe
- Require documents, information, tests, samples, photographs

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<sup>9</sup> Subject to additional requirements for entry to dwellings under the Act.

<sup>10</sup> Only a chief building official may order that all or any part of the construction or demolition cease, if an issued order is not complied with; and/or may order the persons responsible for the construction to uncover part of a building that is covered or enclosed at their own expense for the purpose of an inspection, when having reason to believe that the part has not been constructed in compliance with the Act or the Code.

**Inspections determine whether construction at prescribed stages is being carried out according to the issued permit plans**

During the inspection, an inspector will inspect the work to determine if it is being carried out in accordance with the Act, Building Code and issued building permit plans. The inspection of a construction stage is considered “passed” when the inspector has determined that the construction for that stage has been carried out in accordance with the issued permit plans and the Building Code. If an inspector observes deficiencies in building components and/or requires further information, the inspector may determine that the inspection is “not passed”. A building permit is closed when inspections of all applicable construction stages are passed and all required documentation has been submitted, reviewed and accepted.

In inspecting construction, municipalities are not insurers or guarantors of the construction work produced. Inspectors are not required to discover every instance of non-compliance with the Building Code or discover every hidden defect in construction work. However, a municipality must show that its inspectors exercised the standard of care that would be expected of an ordinary, reasonable and prudent inspector faced with the same circumstances. The measure of what constitutes a reasonable inspection will vary depending on the facts of each case, including the likelihood of a known or foreseeable harm, and whether the inspector had a chance or opportunity to discover the harm, but through action or inaction failed to do so.

**Financial and Operational Highlights**

**2021 inspection activities**

In 2021, Toronto Building issued over 40,000 new building permits. The Division performed over 155,000 inspections related to over 62,000 building permits, complaints, and orders<sup>11</sup>.

**Budget for enforcement**

Toronto Building’s 2022 operating budget of over \$68 million (gross), as summarized in Table 1, included funding for 534 positions, including 169 building inspection related positions<sup>12</sup>. Over 20 per cent of inspection positions were vacant at the beginning of 2022<sup>13</sup>.

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<sup>11</sup> Additionally, in 2021, Toronto Building issued around 800 new sign permits and performed around 3,000 inspections on 1,100 sign permits.

<sup>12</sup> There are an additional 13 inspector positions for the Division’s Sign Unit.

<sup>13</sup> The impact of vacant positions on inspection staff workload is discussed in section B.5.

**Table 1: Toronto Building Division's 2022 Operating Budget**

<b>Service Areas</b>	<b>Gross Expenditures (\$000s)</b>	<b>Revenue (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
<b><i>Building Compliance</i></b> (e.g. Building Inspection, Building Enforcement)	31,929	38,695	(6,766)
<b><i>Building Permission &amp; Information</i></b> (e.g. Preliminary Plan Review, Building Permit Issuance, Building Record Information Provision)	36,117	45,498	(9,381)
<b>Total Budget</b>	<b>68,046</b>	<b>84,193</b>	<b>(16,147)</b>

Source: <https://www.toronto.ca/wp-content/uploads/2022/04/8f93-Toronto-Building-Budget-Note.pdf>

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# Audit Results

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This section of the report contains findings from our audit work followed by specific recommendations.

## A. Strengthening Operational Policies and Processes

### **Protecting public health and safety is an objective of the Building Code**

Protecting public health and safety and limiting the probability of certain types of damage or degradation as a result of the design or construction of a building are key objectives of the Building Code.

### **CBO establishes operational policies to enforce the Act and the Building Code**

The Chief Building Official (CBO) and building inspectors play an important role in enforcing the Act and the Building Code. The CBO's role includes establishing operational policies for the enforcement of the Act and the Building Code and coordinating and overseeing their enforcement.

Toronto Building's operational policies for the enforcement of the Act include:

- Toronto Building Inspection Standards – a policy and associated series of operational procedures which provide guidance to inspectors to support consistent inspection practices. This policy includes Field Inspection Service Levels which set out consistent service levels expected of inspectors when carrying out inspections mandated by the Act and the Building Code.
- Enforcement Policy for Issued Orders – a policy and associated procedures which set out a uniform approach to managing the enforcement of orders issued under the Act

**Opportunities to strengthen processes and reinforce compliance with operational policies**

There are opportunities for the Chief Building Official to strengthen processes to reinforce inspectors' compliance with the Division's operational policies and procedures, such as:

1. Implementing a risk-based approach for reviewing and addressing open permits with no recent inspection – and, in particular, permits where construction has already started
2. Identifying, communicating, and following up on deficiencies during inspections
3. Issuing and enforcing orders as part of a graduated enforcement approach to ensure violations and other matters are promptly and properly addressed
4. Improving compliance with legislated time frames for inspections

Making these changes will help inspectors more effectively enforce the Act and the Building Code. Each of these strategies are discussed in further detail in the sections that follow.

**A. 1. Implement a Risk-Based Approach for Reviewing and Addressing Open Permits with No Recent Inspection**

**Onus is on permit holders to request an inspection**

The Building Code sets out each stage of construction requiring an inspection. Toronto Building provides guidance to permit holders on the various types of inspections that may be required for each project.

The onus is on the permit holder to notify the Division that the construction is ready to be inspected<sup>14</sup>. As such, Toronto Building staff primarily conduct inspections when a request is received from a permit holder or if the Division receives a complaint.

**Inspections are required at different stages**

After the notice is received, an inspector must carry out the prescribed inspection within the legislated time frame<sup>15</sup>.

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<sup>14</sup> Section 10.2(1) of the Act states that "At each stage of construction specified in the building code, the prescribed person shall notify the chief building official or the registered code agency, if any, that the construction is ready to be inspected."

<sup>15</sup> An inspector is required to carry out inspections prescribed in the Building Code no later than two days after notice has been received (except for sewer systems which have a longer time frame). Refer to Section A.4 for further discussion of Toronto Building's compliance with legislated time frames.

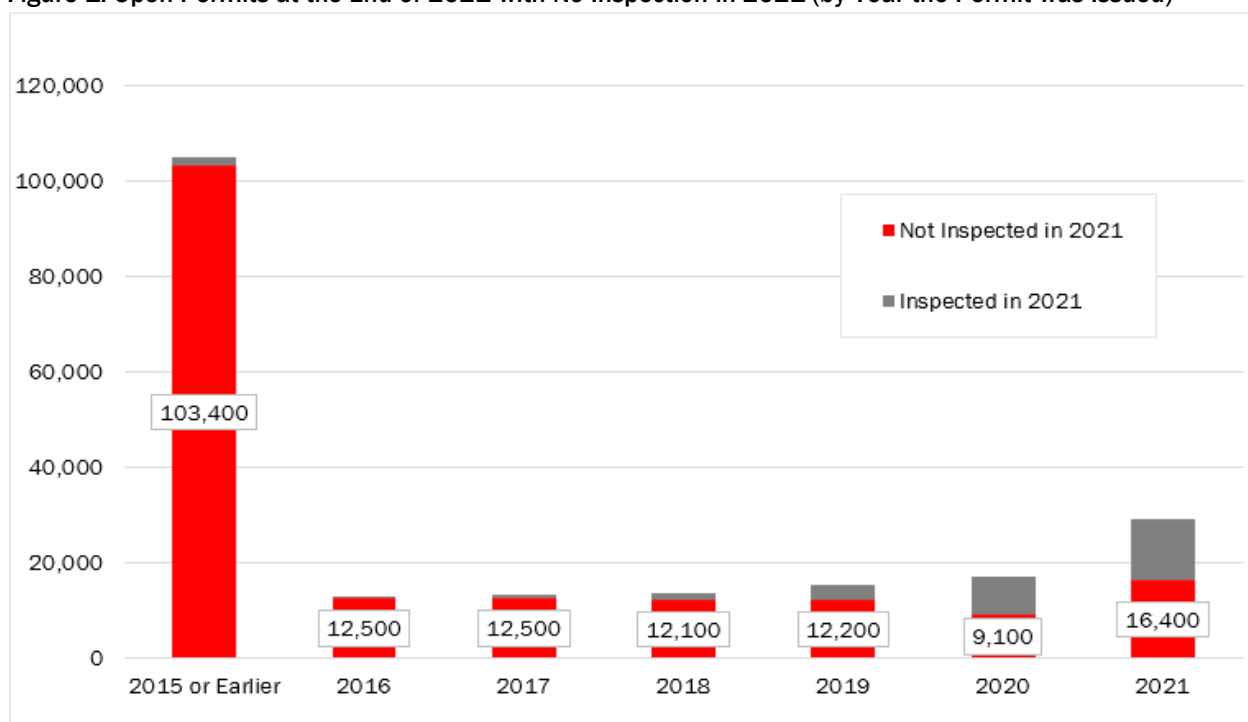
**79% of open permits were not inspected during 2021**

In 2021, Toronto Building performed over 155,000 inspections related to over 62,000 building permits, complaints, and orders<sup>16</sup>. At the end of 2021, there were more than 226,000 open building permits. Over three quarters (about 178,200) of these open permits had not received an inspection in 2021, as shown in Figure 1 (in red), in most cases because the permit holder did not request one. A similar observation was previously identified in the Auditor General's 2013 report, "Toronto Building - Improving the Quality of Building Inspections"<sup>17</sup>.

**When no inspection is requested, following up on open permits is left to inspectors' discretion**

Management advised that due to the high volume of construction activities and the current number of resources needed to deal with requested inspections, follow up on open permits where inspections have not been requested are not the immediate priority. Subject to time availability, where permit holders have not requested an inspection, proactive inspections or follow up on open permits is left to the discretion of each inspector. In our interviews with inspectors, some staff advised us that they were not performing proactive inspections.

**Figure 1: Open Permits at the End of 2021 with No Inspection in 2021 (by Year the Permit was Issued)**



Source: IBMS data. In the Figure, "2015 or earlier" refers to permits issued between 1989 and 2015. Excludes revision permits where inspections are attached to the main permit.

<sup>16</sup> Additionally, in 2021, Toronto Building issued around 800 new sign permits and performed around 3,000 inspections on 1,100 sign permits.

<sup>17</sup> The Auditor General's 2013 report, "Toronto Building - Improving the Quality of Building Inspection", identified that approximately two-thirds of the 146,000 open permits at December 31, 2012 had not been subject to an inspection for over a year.

**Open permits without inspections pose potential risks**

When permit holders do not notify the Division that they are ready for prescribed inspections and a significant amount of time has passed without any follow up by Toronto Building staff, potential risks may exist that the builder did not construct the building in accordance with the issued building permit and that:

- Permit holders have moved forward with the next stage(s) of construction and building elements have been covered before the prescribed inspection has been carried out and passed. Without an inspection, non-compliance with the *Act* or *Building Code* may not be identified or addressed.
- Construction has been completed and the structure is being used and/or occupied without all the required inspections to confirm that applicable law has been met and health, safety and other objectives of the Building Code are fulfilled.

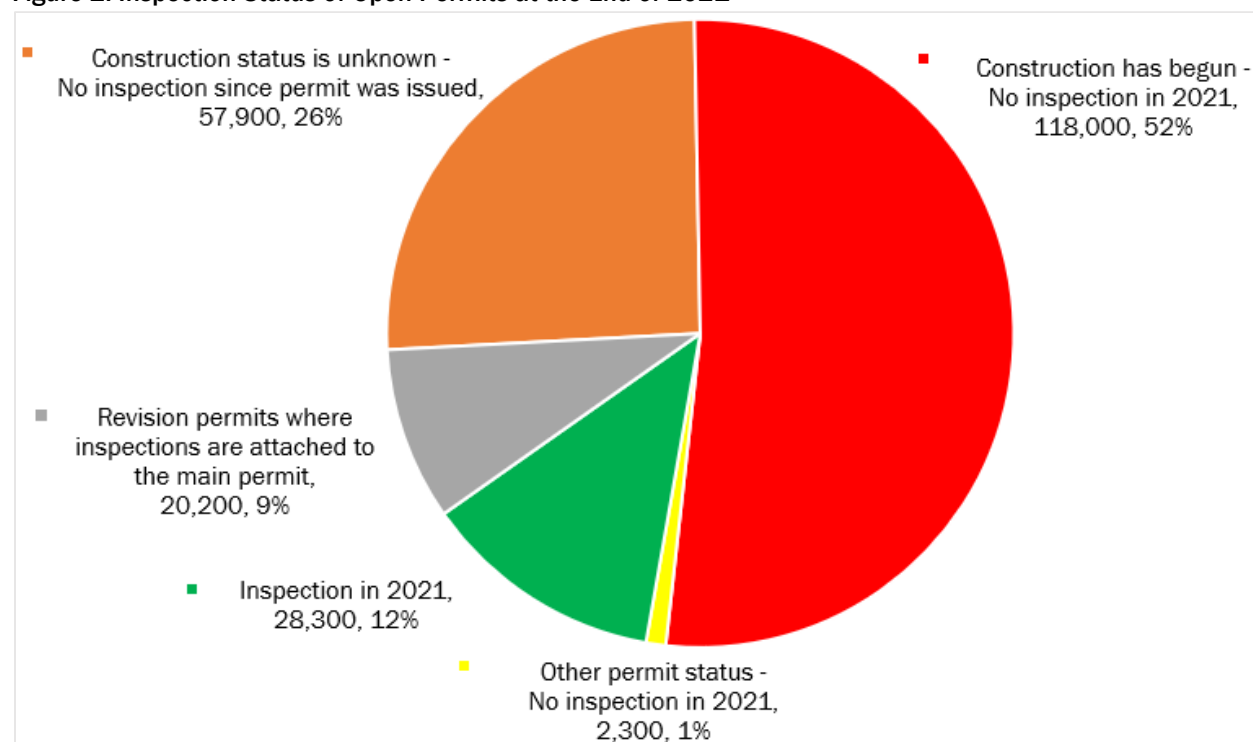
Additionally, where there is a lengthy gap between inspections, inspectors may need to (re-)familiarize themselves with the details of the file and what is left to be inspected, addressed, or followed-up. Resulting operational inefficiencies are made worse when detailed records are not kept (as discussed in greater detail in Section B.1).

**Status of open permits**

Of particular note, as shown in Figure 2, at the end of 2021 there were approximately:

- a. Around 118,000 open permits where construction has commenced and there have been no recent inspections (i.e., no inspection completed in 2021)
- b. Nearly 57,900 open permits where there has been no inspection at all since the permit was issued and the construction status is unknown

Figure 2: Inspection Status of Open Permits at the End of 2021



Source: IBMS data

#### a) Review and Follow-Up of Permits Where Construction Has Begun and There Have Been No Recent Inspections

##### 118,000 permits where construction began but no inspection in 2021

There were about 118,000 open permits at the end of 2021 where construction had started, but no inspection was conducted in 2021 and where, based on IBMS records, Toronto Building does not have an update on the current status of construction since the last inspection on file.

To assess the risk of whether construction could be occurring without permit holders calling for inspections (and beyond what has been noted in IBMS records), we selected a sample of 20 open “NH” (new residential home) permits where construction was known to have begun (i.e. prescribed inspections of excavation and shoring; footings and foundation had occurred) but where later stages of construction (e.g. structural framing; fire separations; insulation and vapour barrier; occupancy; interior and exterior final inspections) had not been inspected within the last year<sup>18</sup>.

<sup>18</sup> We also reviewed five other open “NH” permits with inspections in 2021 that were not passed. The permit holders did not request any further inspections in 2021. At our request, Toronto Building inspectors visited the properties and noted that four were occupied. One of these properties was issued an occupancy permit upon further inspections. Three occupied properties have not passed the occupancy inspection and one new order has been issued.

**We found work had proceeded without permit holders calling for inspections**

Based on review of Google Maps images taken after the last inspection of those properties, it appears that construction continued without the permit holder contacting Toronto Building for prescribed inspections. Most houses looked like construction had progressed past the stage(s) where the permit holder should have notified the CBO for a prescribed inspection or re-inspection. In fact, many of these homes appeared to be completed and occupied.

**Toronto Building confirmed some houses were occupied without occupancy permits**

We asked Toronto Building to follow up and confirm the status of these 20 open permits where, in 2021, permit holders had not notified the CBO of readiness for inspection at prescribed stages of construction. Inspectors visited the properties and noted the following as of October 31, 2022:

- 8 (40%) properties were already occupied. Upon further inspections, seven of these properties were issued occupancy permits. One occupied property did not pass the occupancy inspection and an order was issued. Management advised that for this property no unsafe conditions were observed.
- 7 (35%) properties were not yet occupied. Upon further inspections, six of these properties passed additional inspection stages (e.g., structural framing, insulation/vapour barrier), including two that were issued occupancy permits.
- 5 (25%) properties where inspectors could not determine their occupancy status. For two of these properties, the inspector was not able to gain entry to the house. For the remaining three properties, although the inspector was not able to confirm whether the house was occupied, inspections identified outstanding deficiencies, and in one case an order was issued.

**Management unable to determine from IBMS notes if construction was completed, suspended or abandoned**

We discussed with management some of the other open building permit files we reviewed, but they did not know the current state of construction because an inspection had not occurred for over one year to as many as six years. For example, based on the IBMS records, we observed that:

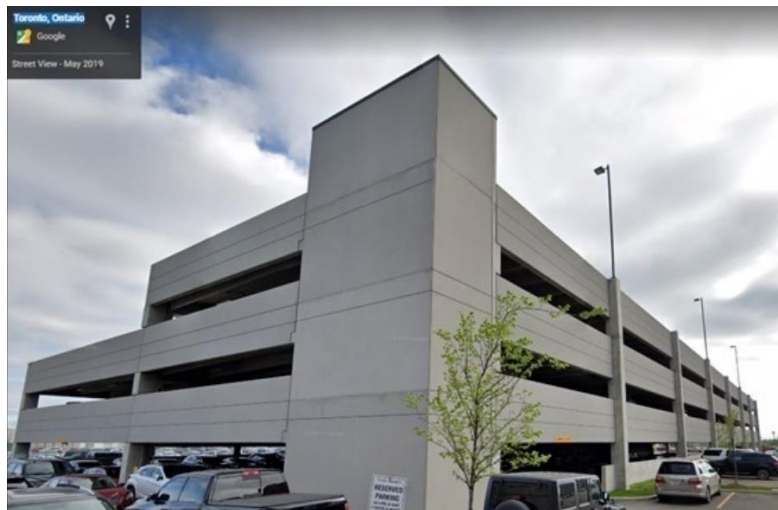
- Inspectors issued orders on three permits as a result of the latest inspection on record. Though the orders were subsequently closed, no further inspections had been requested or conducted and the ***building permits have remained open without inspections since 2016, 2017, and 2019 respectively.***

- Inspectors had noted deficiencies or work had not progressed on four other permits, and the most recent inspections on record were “Not Passed”. No further inspections had been requested, no follow up was done by Toronto Building staff, and the ***building permits have remained open with no further inspections on these sites in over four years.***
- On one other building permit, an inspector passed the Structural Framing stage in a pro-active inspection in December 2016. No further inspections had been requested by the permit holder, no follow up was done by Toronto Building staff, and the ***building permit has remained open with no further inspections in over five years.***

As noted previously, management has emphasized that, according to the Act, the onus is on the permit holder to notify the Division that the construction is ready to be inspected.

**Action taken to follow-up  
on open permit files  
reviewed during the audit**

We noted that some actions were taken on files we reviewed after we made inquiries of management. For example, for a 2017 building permit to construct a 2.5-storey parking garage, IBMS records indicated Structural Framing and Final Interior Inspections as “Not Passed” and the status of several other prescribed inspections were left blank (by default) including the Occupancy inspection. Inspectors’ notes also indicated deficiencies were identified during past inspections, but there was no record of their resolution in IBMS. According to IBMS, no inspection has been carried out since December 2017, even though we found images on Google Maps (as shown below) that indicate that by May 2019 the garage was fully constructed and appeared to be in use.



Source: Google Maps

**Approach will depend on the circumstances of each permit file**

When construction proceeds without an inspection, there are a range of powers in the Act available to the CBO and inspectors. The specific approach depends on the circumstances of each building permit file.

After we made inquiries about the above file, Toronto Building inspection staff conducted inspections of the site, issued an order to obtain reports from the architect and the structural engineer, and closed the permit file upon receiving the reports.

#### **b) Review Permits Where Construction Status Is Not Known**

**57,900 permits have never been inspected**

Toronto Building does not know whether construction has started on about 57,900 open permits as no inspections have ever been carried out.

**CBO may revoke a permit if construction has not started or has been discontinued**

Open permits may be revoked by the Chief Building Official under certain circumstances<sup>19</sup>, namely, when construction work under the permit has not been seriously commenced after six months of permit issuance, or when construction has been substantially suspended or discontinued for a period of more than one year.

**Toronto Building has reviewed a small proportion of permits that have been open for a long time**

Management advised that, about five years ago, the Division began piloting the Active Permit Review Program<sup>20</sup> for residential projects<sup>21</sup>. Toronto Building will send out a Notice of Intention to Revoke a permit to holders of permits older than 18 months where no inspection has ever been requested. If no inspection is requested by the response deadline indicated on the notice, or if a request is made but the subsequent inspection reveals that the work has not in fact started, Toronto Building will revoke the building permit(s).

As of April 2021, 787 notices were sent out involving 1,459 permits and 1,201 permits have been revoked; 258 permits remain active based on inspections performed as part of this program. Toronto Building management advised us that they plan to roll this program out across all permits.

**Active Permit Review Program does not address permits where construction is known to have commenced**

It is important to note that the program does not include any open permits where construction had started and the permit holder had requested at least one inspection of the construction (as noted in the previous examples).

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<sup>19</sup> The Division's policy to revoke permits (in place since 2001) was being revised at the time of our audit.

<sup>20</sup> [Active Permit Review Program – City of Toronto](#)

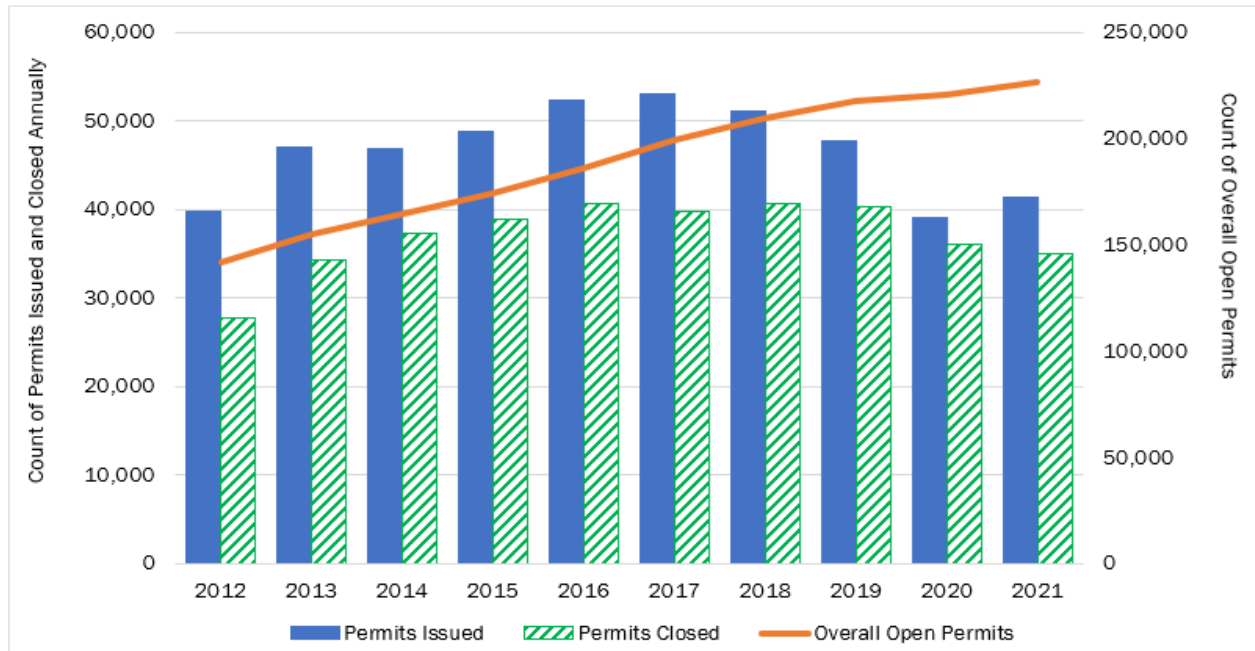
<sup>21</sup> There are currently over 7,500 open permits as of December 31, 2021 related to residential projects covered by the pilot program (i.e. older than 18 months where no inspection has ever been requested).

## Develop and Implement a Risk-Based Strategy for Reviewing and Prioritizing Follow-Up on Permits with no Recent Inspection

### Number of open permits continues to grow

The Chief Building Official has acknowledged that the number of open permits is not going in the right direction (as shown in Figure 3) and that more support and focus are needed to address the issues related to permits open for prolonged periods of time.

Figure 3: Year-over-year Trending of Issued, Closed, and Cumulative Open Permits (2012-2021)



Source: IBMS data

### Implement a robust risk-based strategy for reviewing and addressing open permits with no recent inspection

Given our audit observations and the associated risks with open permits, it is our view that a risk-based approach for assessing and addressing these permits would help the Division to prioritize efforts to follow up on open permits with no recent inspections where the current construction status is not known.

### Risk-based strategy can help Toronto Building make more efficient use of limited inspection resources

To effectively apply a risk-based strategy in practice, Toronto Building will need to identify key factors or criteria that increase (or decrease) risk, and regularly collect and analyze permit data to identify open building permits that have those factors present. Analyzing the risk profile of permits will help to better focus inspection efforts where there is higher risk and make more efficient use of limited inspection resources.

**Risk-based strategy aligns with Program Review recommendation for streamlining inspection services**

A risk-based strategy to following up on open permits aligns well with recommendations from Toronto Building's Program Review for the Division to stream building permit and inspection services by building project complexity and customer type. The Program Review identified that Toronto Building does not take a risk-based approach to plan review or inspections. Applications are generally processed and resourced in the same way despite differences in the risk profiles of applicants and applications. A risk-based strategy to following up on open permits can be tailored to streams of inspections ranging from simple projects brought by inexperienced applicants to complex projects supported by professional consulting teams.

In order to effectively analyze building permits to better focus inspection efforts on files that are higher risk, a strengthened capability to leverage data is needed. This is further discussed in Section C.

**Recommendation:**

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.**

**A. 2. Communicate and Follow Up on Deficiencies Identified During Inspections**

**Inspectors not always adhering to Toronto Building's policies**

Inspectors are expected to carry out prescribed inspections in accordance with the Division's policies and procedures.

If an inspection is not passed because of observed deficiencies in building components, Toronto Building operational policies and procedures require the inspector to:

- make a note in IBMS to identify the components requiring re-inspection and/or attach a deficiency list to the prescribed inspection
- record deficiencies in the deficiency function within IBMS so that they are properly numbered and tracked for re-inspection and clearance before the inspection is passed

We found that this was not always occurring. We do note that there is a broad range of possible deficiencies from minor to major, and not all deficiencies prevent progress to the next stage of construction.

**Non-compliance with documentation standards was also identified in a 2013 audit**

Similar observations identified during this audit were previously identified in the Auditor General's 2013 report, "Toronto Building - Improving the Quality of Building Inspections". Management advised that the Division is aware and expects that issues identified here will be addressed through the implementation of the Division's Program Review.

**Inspectors Need to Improve How They Document Identified Deficiencies and Record How Deficiencies Are Communicated**

**Inspectors are not always properly recording identified deficiencies**

Our interviews with inspectors indicated that they did not follow consistent practices for recording and communicating deficiencies, and some inspectors were not following the Division's operational policies for documenting their inspections and any deficiencies noted. This is consistent with what we observed in practice when reviewing inspection records in IBMS.

**Deficiencies are not being recorded in IBMS as required**

For example, we found that deficiencies, as well as outstanding requests for third-party reports and/or as-built surveys, were often recorded in free-form narrative notes or comments rather than using the IBMS deficiency tracking functionality. Even when deficiencies were properly recorded using the IBMS deficiency functionality, sometimes these deficiencies were not closed in the system at the time they were re-inspected and cleared.

**Communication practices for identified deficiencies can be strengthened**

We also found that inspectors often did not document how the deficiencies were communicated to the responsible parties. According to our interviews with inspectors, communication practices included verbal warnings, emails, and the use of an IBMS functionality to forward a deficiency list to the contact on file. Where an inspector's notes indicated that deficiencies had been communicated in writing, we found that they did not always retain a copy of the communications (e.g. emails) in IBMS.

**IBMS can be used to send deficiency lists to permit holders**

If inspectors use the IBMS deficiency functionality, then inspectors can email system-generated deficiencies lists to the contact on file. Although it is considered a good practice for inspectors to generate and send deficiency lists to permit holders, there is no policy requiring that inspectors do so. For the files we reviewed, we did not observe IBMS deficiency lists being generated and communicated to permit holders. Management advised that refresher training on using deficiency functionality will be conducted in the first quarter of 2023.

**Important for inspectors to consistently follow the Division's operational policies**

Where inspectors do not follow operational policies to properly document deficiencies using the available functionality in IBMS, it makes it more difficult to:

- track identified deficiencies to ensure their proper resolution
- have an accurate and up-to-date understanding of what issues need following up and re-inspection
- effectively monitor permit status
- analyze deficiency data for trends to identify where targeted education of permit holders and the industry may be needed

**Improve Records Documenting Resolution of Deficiencies**

**Records do not clearly indicate if deficiencies have been addressed**

We found that because the deficiencies were not always properly tracked using the IBMS system functionality, and the inspector's notes did not always contain complete information about deficiencies, it was sometimes difficult to determine if identified deficiencies were properly resolved.

**Files we reviewed did not always clearly indicate whether deficiencies were resolved before permits were closed**

More specifically, we found that for nearly two-thirds of the 14 closed permit files we reviewed, records in IBMS did not clearly indicate whether the identified deficiencies were resolved before the building permit was closed.

For example, a Fire Separations inspection was completed in October 2019. Although the inspector's narrative notes indicate there were deficiencies, the deficiencies were not properly tracked using the IBMS deficiency function. Subsequent notes in IBMS did not provide any update on the status of the deficiencies and whether they were addressed to the inspector's satisfaction. The building permit was closed in April 2021.

**IBMS data indicates there are closed permits with deficiencies or prescribed inspections still outstanding**

Using IBMS data, we identified 168 closed permits with 227 deficiencies still open<sup>22</sup>. In addition, we noted that Toronto Building staff are only supposed to close a building permit *after* all the required inspections have been passed. Yet, over 4,560 closed permits had at least one required inspection stage noted as "Not Passed" or left blank by default<sup>23</sup>. Staff advised us there is supposed to be a system control that prevents permits from being closed until all the required inspection stages have been marked as "Passed" or "Not Applicable" in IBMS – we found this is not the case.

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<sup>22</sup> Out of about 157,000 permits that were issued and subsequently closed for building permit applications received from 2016 to 2021. Excludes complaints (BR), orders (VI) and sign permits (SP).

<sup>23</sup> On the closed permits, there were a total of about 23,395 required inspections either left blank (by default) or where the construction stage status was noted as "Not Passed".

**Inspectors have the power to issue orders when deficiencies go unresolved – this is not consistently occurring**

Should identified deficiencies go unresolved, it may not be possible to confirm that construction is in accordance with Building Code requirements and/or approved plans and drawings. As noted previously, although compliance with the Act and Building Code is a shared responsibility amongst multiple stakeholders, it is incumbent on the CBO and inspectors to enforce the Act and the Building Code as deemed appropriate in the circumstances.

Where deficiencies go unaddressed and unresolved, inspectors have powers under the Act to issue an order to help bring about compliance. In practice, this is not done frequently or consistently. Most inspectors we interviewed advised that there was no time limit to resolve the identified deficiencies<sup>24</sup>, and our analysis of deficiency records between 2016 and 2021 indicate that only 10 per cent of records entered into the IBMS deficiency function had a comply-by date specified. In most cases, compliance dates entered were only entered for deficiencies where an order was issued. Section A.3 highlights that more rigorous and timely enforcement may be warranted to uphold the administrative fairness of the building permits and inspections process.

#### **Recommendations:**

- 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.**

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<sup>24</sup> The Building Code does not prescribe a time frame for correcting deficiencies, and Toronto Building does not have any operational policies or guidance for setting comply-by dates for inspectors to follow up.

### **A. 3. Issue and Enforce Orders to Ensure Matters are Promptly and Properly Addressed**

**Orders are an enforcement tool for bringing about compliance**

An order is a formal directive issued to persons named in the order on the actions required to bring a project into compliance by a certain date. The CBO and inspectors have powers under the Act to issue orders when they have found contraventions of the approved building permit plans and drawings and/or Building Code during an inspection.

Orders remain open until the inspector is satisfied the non-compliance has been corrected. Failure to comply with an order is an offence which could result in a fine or penalties if taken to court.

**40,700 orders issued between 1989 and 2021**

Based on IBMS data, approximately 40,700 orders were issued between 1989 and 2021. Most of these orders are for constructing without obtaining the required building permit (48%), also known as Work No Permit, and other types of orders to comply (29%). A much smaller proportion of orders were issued in response to unsafe conditions (6%) and various other types of orders (17%).

#### **Issuing Orders is an Important Tool for Enforcing Compliance**

**Inspectors decide when an order will be issued**

There is no requirement in the Act to issue orders; however, they are one of the tools for bringing about compliance. Toronto Building takes a progressive approach to enforcement which starts with verbal requests and may progress to written orders or further actions as needed. Inspectors are given significant leeway in deciding on enforcement actions, including discretion to issue an order. Our interviews of inspection staff indicated a range of perspectives on when to issue orders and when to consult with a Senior Inspector or Manager.

**Inspectors often opt for verbal reminders rather than issuing an order**

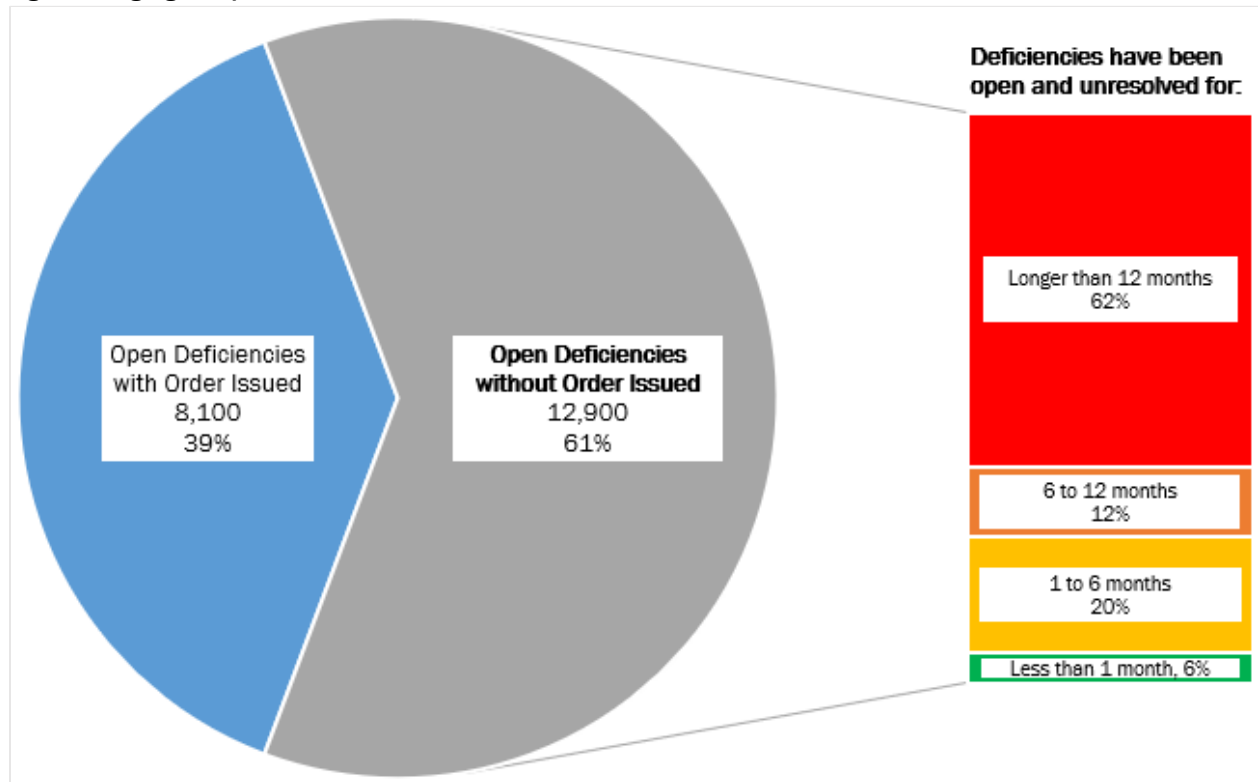
In the files we reviewed, we frequently observed that when inspectors identified deficiencies, they would attempt to resolve them through verbal warnings and reminders – orders were often not issued. As a result, some deficiencies took a long time to address, if they were addressed at all; and, as noted in Section A.2, some deficiencies appeared to remain open in IBMS even after the permit was closed.

**12,900 open deficiencies where no order has been issued**

Based on IBMS data, at the end of 2021, there were almost 12,900 open deficiencies<sup>25, 26</sup> where the inspector did not issue an order to bring about compliance. As shown in Figure 4, the majority of these deficiencies (62%) had been outstanding for more than one year.

Based on how information on deficiencies is currently captured in IBMS, there is no easy way to quickly identify or monitor significant or serious deficiencies. Improved record-keeping and/or system enhancements made be needed to support better monitoring.

**Figure 4: Aging of Open Deficiencies at the End of 2021**



Source: Based on IBMS data for permits issued between 2016 and 2021 where deficiencies were recorded using the deficiencies functionality

<sup>25</sup> Based on IBMS data for permits issued between 2016 and 2021, about 91,600 deficiencies were recorded using the deficiencies functionality. Of these, about 70,600 were closed by the end of 2021.

<sup>26</sup> As noted in section A.2 of this report, there are many more deficiencies that have not been tracked properly using the IBMS deficiencies functionality and are not included in these numbers.

**Providing guidance to inspectors can support more consistency for issuing orders**

While we recognize the Act gives inspectors discretion regarding the issuance of orders, and that issuing orders for minor deficiencies may not necessarily be appropriate or result in a quicker resolution, we note that Toronto Building has not provided guidance to its inspection staff on criteria or circumstances where it would be appropriate and expected to issue orders. This guidance would be helpful when timely resolution is not achieved through verbal communications and other correspondence.

**Orders give direction on the expected action and date to bring a project into compliance**

By issuing orders, the CBO and inspectors reinforce the permit holder's responsibility for compliance. The use of orders helps ensure there is no misunderstanding about what the permit holder is expected to do or provide and by what date.

Management advised that these findings will be considered as part of the implementation of the Program Review and may be addressed through additional training.

**Recommendation:**

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.**

**Enforcing Issued Orders is Critical to Ensuring Non-Compliance is Promptly and Properly Addressed**

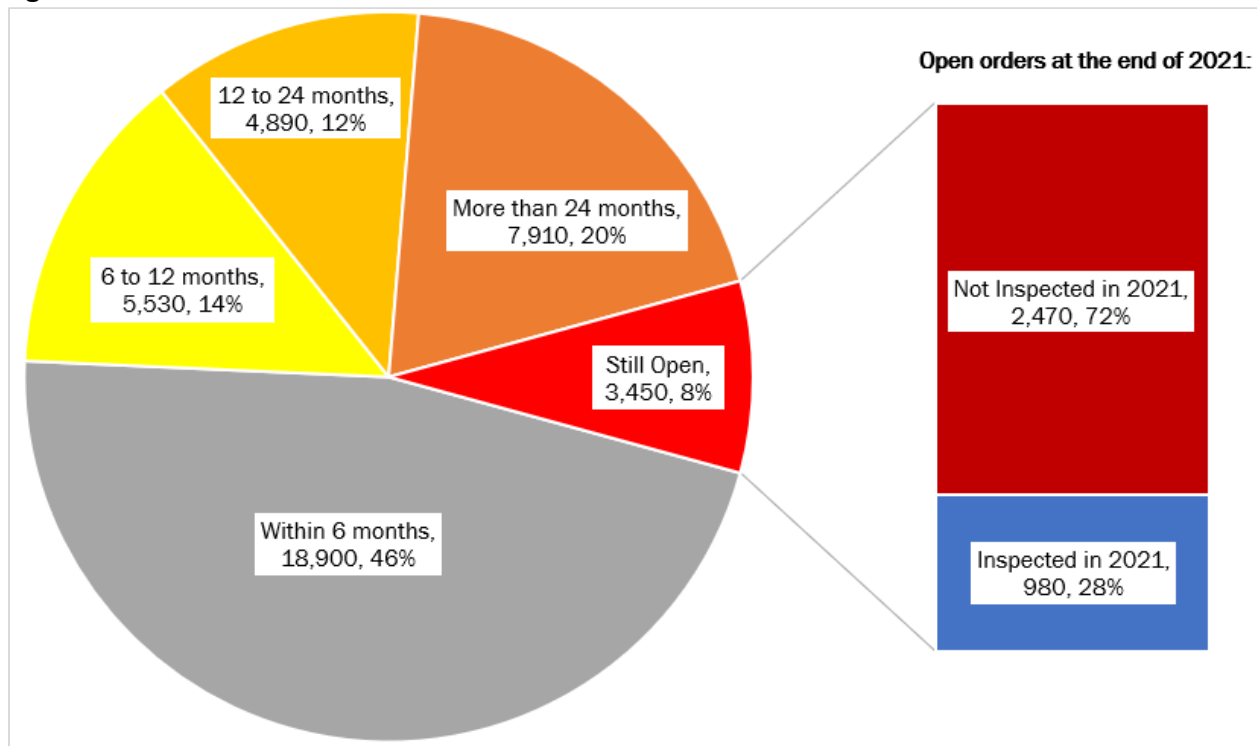
**Getting compliance on orders can take more than 2 years**

We recognize that depending on the circumstances, some orders may be resolved more quickly than others. However, as shown in Figure 5, approximately 20 per cent of orders took more than two years to close.

**72% of open orders had no follow-up inspection in 2021**

At December 31, 2021, there were 3,450 open orders in IBMS. As shown in Figure 5 and Table 2, about 2,470 or 72 per cent of open orders had no inspection or significant follow-up action in 2021, based on IBMS records.

**Figure 5: Time Taken to Close Orders Issued Between 1989 and 2021**



Source: IBMS Data

**Nearly ¼ of open orders were issued before 2013**

At the end of 2021, there were a significant number of long-outstanding orders. As shown in Table 2, nearly a quarter of open orders were issued prior to 2013 (when we first raised the issue<sup>27</sup>). Since our last audit, Toronto Building has made progress on following up on open unsafe orders.

**Majority of open orders are for construction that proceeded without a building permit**

Our analysis of IBMS data indicates that Work No Permit orders account for nearly half of all orders that have been issued and around 65 percent of the orders still open at the end of 2021. These types of orders are resolved by obtaining a building permit or removing the unauthorized construction. Yet, based on IBMS data, we found that almost one quarter of Work No Permit orders took more than two years to resolve and there are still a number of orders that remain open.

<sup>27</sup> The Auditor General's 2013 audit report, "Toronto Building – Improving the Quality of Building Inspection", identified that follow-up action on open orders was not consistently carried out to confirm compliance is achieved and indicated that at December 31, 2012, there were 3,735 open orders that needed addressing including 180 unsafe orders.

**Table 2: Open Orders at the End of 2021**

<b>Year Issued</b>	<b>Unsafe Orders</b>	<b>Work No Permit</b>	<b>Order to Comply</b>	<b>Other</b>	<b>Total Open Orders</b>
2021	55	499	227	74	855
2020	3	328	109	27	467
2019	2	207	81	26	316
2018	0	174	54	22	250
2017	0	136	45	21	202
2016	0	112	39	15	166
2015	1	97	35	9	142
2014	0	96	27	5	128
2013	0	73	15	3	91
2012	0	41	13	5	59
Prior to 2012	12	477	152	133	774
<b>Total</b>	<b>73</b>	<b>2,240</b>	<b>797</b>	<b>340</b>	<b>3,450</b>

**Prescribed inspections take priority**

During interviews, some inspectors advised us that the Division's top priority is to address requests for prescribed inspections within the legislated timelines. Given their workload and resourcing challenges, management indicated that on-demand inspections are the number one priority, then responding to complaints within 24 hours, and then following up on orders.

**Orders that are not properly addressed may pose risks**

Where construction has occurred and/or continues to proceed and open orders have not been resolved, this can lead to similar risks as discussed in Section A.1 of this report with respect to open permits where construction has begun but there haven't been any recent inspections.

**Follow-up of orders continues to be an area needing attention**

Based on our observations, enforcing orders continues to be an area which needs attention. Where Toronto Building does not strictly and promptly enforce compliance with orders and/or impose significant consequences as a deterrent to non-compliance, and where the industry is aware of this, there may be less impetus to comply.

**More action can be taken on orders**

We reviewed 18 open orders issued between 2019 and 2021. None of the orders achieved compliance by the dates specified in the order. We also found that, in some cases:

- Orders were not registered on title - Management has acknowledged that there is a considerable backlog of orders to be registered. Additional resources were requested in Legal Services' 2023 budget to assist with meeting the associated workload.
- Orders were not followed up in a timely manner to ensure identified Act and/or Code violations are being acted upon to resolve the area of non-compliance.
- Orders were not posted on the property in a location visible to the public – while the Act does not require all orders to be posted on site, it is a requirement in Toronto Building's policy.

In some cases, the inspectors' notes were not sufficiently detailed to determine the actions they took on the file. Sometimes, the notes did not reflect whether there was management oversight to ensure inspectors took timely and effective action to enforce the orders.

**New "Enforcement Policy for Issued Orders" rolled out in 2021**

In March 2021, the CBO signed a new "Enforcement Policy for Issued Orders" which requires the inspector to register the order on title of the property as soon as practicable after the issuance of the order, to monitor and document any progress towards obtaining compliance within the specified time, and to update the Manager if compliance is not achieved within the time provided. At the time of our audit, staff were still working to implement the enforcement policy in practice. Management advised that inspectors, senior inspectors and managers are updating files as best they can, considering resource constraints. Management indicated that they intend to review the policy and actions to be taken to focus efforts on where it is most needed.

**Monitoring of open orders was not consistent across the districts**

During our audit, while we found that management had taken action to enforce unsafe orders, their review of other open orders was not consistent across the districts. We also found that, although management is able to generate IBMS reports to identify and monitor open orders, inspectors were manually re-entering data, documenting their risk assessments and follow-up actions into spreadsheets for management's review. Staff were doing this because IBMS has not been configured to capture and analyse data related to risk ranking and follow-up actions. This is not an efficient or effective process and could result in data entry errors, missed information, or result in outdated order statuses in IBMS.

We understand that the Division is now focusing on the follow-up of Work No Permit orders. Management should continue to strengthen how they monitor orders and ensure inspectors carry out follow-up activities and take progressive action.

**Recommendations:**

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.**

### **Opportunity to Centralize Enforcement**

#### **No centralized oversight of enforcement of orders**

There is currently no centralized oversight of the enforcement of orders issued to ensure consistent and ongoing follow-up action. The Division's existing Dedicated Enforcement Unit does not monitor outstanding orders or ensure the next steps in enforcement action are taken. This responsibility is left with the Manager in each District. The Unit only provides support to building inspectors for specific requests made by a District Manager (e.g. requests for assistance in monitoring certain types of issued orders and complaints).

#### **Opportunity for Division's Dedicated Enforcement Unit to play a role**

There is an opportunity for Toronto Building to enhance the role and responsibilities of the Dedicated Enforcement Unit to include, for example, responsibility for:

- Following up and enforcing outstanding unsafe orders
- Responding to complaints related to construction without a permit
- Enforcing and following up to ensure Work No Permit and other orders are resolved either through stop work orders, orders to uncover, or other orders, and potentially issuing tickets as may be warranted

#### **Centralizing enforcement will be addressed through the Program Review**

At a broader level, Toronto Building plans to move from its current geographic, district-based operating model to a functional-based model. In this functional operating model, Toronto Building plans to organize its staff, services and other resources into centralized functional units to provide its core services city-wide, rather than by community council districts. Management has advised that the role of the Dedicated Enforcement Unit will be addressed through the Program Review initiative.

**Recommendation:**

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.**

**Use of Tickets, Fines and Other Enforcement Measures under the Act as a Deterrent to Non-compliance**

**Failing to comply with an order is an offence**

Section 36(1)(b) of the *Building Code Act* states that "A person is guilty of an offence if the person fails to comply with an order, direction or other requirement made under this Act".

**Small value of set fines may not be a significant deterrent**

Inspectors can write tickets for both Work No Permit or Building Not According to Plans. However, in practice, it does not appear that this is happening regularly. Management advised only 97 tickets were issued between 2016 and 2020.

As shown in Exhibit 1, the fines associated with the tickets issued under the Provincial Offences Act are relatively small. We noted that other jurisdictions have found that fines do not serve as a significant deterrent to property owners who engage in non-permitted construction and may be viewed, in some cases, as the cost of doing business.

In a January 2020 staff report<sup>28</sup>, Toronto Building indicated that the Division had expanded the use of tickets (under the Provincial Offences Act) to expedite compliance with outstanding orders. Toronto Building reported that the use of tickets, through a targeted enforcement strategy, to be an effective tool. Toronto Building indicated a more comprehensive administrative penalty framework (compared to tickets issued under the Provincial Offences Act) would enhance the City's current abilities to address building related offences. Toronto Building welcomed the use of administrative penalties and anticipates using them with regularity.

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<sup>28</sup> A January 2020 Staff Report (2020.PH12.1) on [Provincial Consultation on Ontario's Building Code Service Delivery \(toronto.ca\)](#)

**Prosecuting offences may result in higher penalties**

Prosecuting via the courts allows for substantial fines and court orders that can be issued along with any fines imposed. Section 36(3) and (4) of the *Building Code Act* provide that:

- A person who is convicted of an offence is liable to a fine of not more than \$50,000 for a first offence and to a fine of not more than \$100,000 for a subsequent offence
- If a corporation is convicted of an offence, the maximum penalty that may be imposed upon the corporation is \$500,000 for a first offence and \$1,500,000 for a subsequent offence

**Penalties are decided by a justice of the peace**

However, management indicated that the above noted penalties are maximum fines that would be used for worst-case offences with many aggravating factors (e.g. prior convictions; very serious offences with very serious consequences, such as fatalities; ongoing non-compliance that carries a risk of life safety, etc.). Typical fines are far lower and are determined on a case-by-case basis, taking into account many factors. The actual amount of the fine levied is decided upon by a justice of the peace and not the CBO.

Toronto Building does not gather data on the number of charges laid. Management advised that in 2021, \$58,985 in penalty fees were collected. However, it is worth noting that in 2021, court time to prosecute charges was affected by the COVID-19 pandemic.

In the January 2020 staff report, Toronto Building indicated court proceedings are costly and time consuming for building officials, and other municipal departments, and do not always facilitate timely compliance with building regulations. We acknowledge that this cost must be balanced with the benefits of undertaking such prosecutions.

**Recommendation:**

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.**

#### **A. 4. Improve Data Used to Determine Compliance with Legislated Time Frames for Inspections**

##### **Building Code includes time frames for carrying out inspections**

As noted previously, when certain stages of construction are reached, a permit holder must notify the Chief Building Official that construction is ready to be inspected<sup>29</sup>. An inspector is required to carry out inspections prescribed in the Building Code no later than two days after notice has been received<sup>30</sup> (except for sewer systems which have a longer time frame).

Toronto Building asks permit holders to provide a minimum of 48 hours lead time when booking an inspection for their site. The Division's booking portal indicates *"An inspector will make every reasonable effort to complete the inspection within the two (2) business days following the Inspection Request Date. An inspector will also endeavour to contact you at the phone number provided to book a date and approximate time for the inspection."*

##### **Toronto Building reported 91% compliance with legislated time frame**

According to Toronto Building's 2022 Budget Notes, 91 per cent of building inspections requested in 2020 were conducted within legislated time frames.

Our analysis of Toronto Building's 2021 building inspection requests data showed similar results. However, due to limitations in how notifications of completion of building elements (readiness for inspection) and cancellations or rescheduled inspections are recorded in the system, it is not possible to fully verify that inspections were completed within the legislated time frames. More specifically, we noted that:

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<sup>29</sup> Toronto Building provides guidance on [When to call for inspections for small buildings](#) and [When to call for inspections for large buildings](#)

<sup>30</sup> The Building Code specifies that the two days shall begin on the day following the day on which the notice to inspect was received. The two days do not include any days when the offices are not open for business.

**Limitations on IBMS data regarding rescheduled or cancelled inspections**

- When inspections are cancelled or re-scheduled<sup>31</sup>, the clock for determining if inspections are conducted within legislated time frame restarts in IBMS regardless of who initiates the change and the reason for the change. Based on the data recorded in IBMS, it is not possible to determine what proportion of inspection requests were cancelled or re-scheduled by the inspector because of workload constraints. As a result, based on the data that management uses to report on its key performance measure, the rate of compliance may be impacted when inspectors re-schedule inspections due to workload constraints. Configuring IBMS to track the reason for the change can help identify what baseline date to use and provide a more accurate determination of the rate of compliance with legislated time frames.
- When an inspection is not requested through the on-line booking portal<sup>32</sup>, it is not always possible to determine if the inspection was conducted within the prescribed time frame. This is because inspectors do not always track onsite requests or direct calls to inspectors as a new inspection request in IBMS.

**Collect reliable data about cancelled, rescheduled, and repeated inspections**

The reasons for the changes to scheduled inspections are not always tracked in IBMS. Collecting and analyzing this type of data can help inform management of potential workload challenges that need to be addressed. For example, it would be helpful to identify inspectors who reschedule inspections because they are unable to carry out requested inspections in a timely manner.

**Repeated Inspection Attempts Affect Toronto Building's Ability to Meet Legislated Time Frames for Prescribed Inspections**

**Many inspections require multiple site visits, re-inspections, and/or additional follow-up**

During this audit, we identified that some permit holders repeatedly rescheduled appointments or required multiple site visits to pass an inspection. The majority of inspections performed in 2021 required multiple site visits, re-inspections, and/or additional follow-up actions.

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<sup>31</sup> Approximately 18,000 (or 16 per cent) of inspection requests received in 2021 were re-scheduled or cancelled. Inspections may be cancelled or rescheduled for various reasons such as permit holder not being ready for the scheduled inspection or inspector workload.

<sup>32</sup> About two-thirds of the 158,250 inspections performed in 2021 were initiated through a formal request notifying Toronto Building of the need for an inspection. About one-third of inspections were related to complaints, enforcement activity and on-site requests or calls by builders to inspectors.

## Reasons for multiple inspection attempts

In the files we reviewed, we noted that multiple inspections were required for a given construction stage because of one or more of the following reasons:

- deficiencies were identified and the inspection was not passed
- substantial completion of the construction stage had not been reached at the time the inspection was requested
- no one was present at the scheduled time to grant access to the site
- the site was not ready or prepared for the inspection (e.g. health and safety risk)
- information, such as approved permit plans and drawings or third-party reports, needed to conduct and pass the inspection were not available for review at the time of the inspection

## In general, no additional fee being charged for multiple site visits, re-inspections, and/or additional follow-up

Toronto Building generally does not charge an additional fee even though repeated inspection attempts affect inspectors' workloads and Toronto Building's ability to meet legislated time frames for prescribed inspections.

The Toronto Municipal Code Chapter 441, Fees and Charges, Appendix C - Schedule 8<sup>33</sup> includes an "*Hourly rate for examination and inspection activities beyond 5 hours*" and a general "*Hourly rate for examination and inspection activities*". We found that for the period from 2016 to 2021, Toronto Building only charged these additional inspection fees for partial occupancy inspections for a total of \$493,500 in additional inspection fees on about 940 permits.

Management advised that Toronto Building recovers its costs on a global basis (i.e. across all building permits as a whole rather than on a permit-by-permit basis) and that the Act does not require the CBO to charge on an inspection-by-inspection basis. This audit did not assess reasonableness of fees charged by Toronto Building and whether they are appropriate and support full cost recovery. The Auditor General is considering a review of fees charged as part of a future audit of the Division's operations.

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<sup>33</sup> Toronto Municipal Code, [Chapter 441 \(toronto.ca\)](#)

#### Recommendations:

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 inspections 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.

## B. Reinforcing Quality and Consistency of Inspections

### Toronto Building operational policies guide inspectors' practices

The "Toronto Building Inspection Standards" are a series of operational procedures which guide the Division's inspection practices. These standards address (among other things):

- Expected inspection activities to be performed and related record-keeping
- Management's quality assurance monitoring
- Supervision and training of inspection staff
- Other guidelines and expectations, including the Code of Conduct

In this section of the report, we highlight where Toronto Building should continue to improve and strengthen its procedures and practices in these areas to reinforce the quality and consistency of inspections.

## **B. 1. Good Record-Keeping is Important to Demonstrate Inspections Are Performed Properly**

**Good record-keeping is important**

Good record-keeping and retention are important to be able to demonstrate that inspection staff have fulfilled their duties under the Act. Inspection results and associated notes and requested reports and other documents (e.g. As-Built survey, expert reports) form the basis of City inspection records. The accuracy and completeness of documentation is important in supporting inspection pass or fail decisions. The notes are important for understanding what occurred if cases or claims arise raising questions of potential legal liability, sometimes many years after the fact.

### **Ensure Inspectors Follow Documentation Standards Set Out in Toronto Building's Operational Policies**

**Records are to be kept for every prescribed inspection and action on a project**

According to the Division's operational procedures, building inspectors are expected to record notes in IBMS for every prescribed inspection (or related activity) and action on a project. Inspectors are required to document information such as who the inspector met, the reason for attendance, the components of the construction being inspected, observations about the construction or issues, a summary of the discussion held and any requests for information. Deficiencies are to be listed in the deficiency function within IBMS and a deficiency list should be attached to the prescribed inspection if deficiencies were observed.

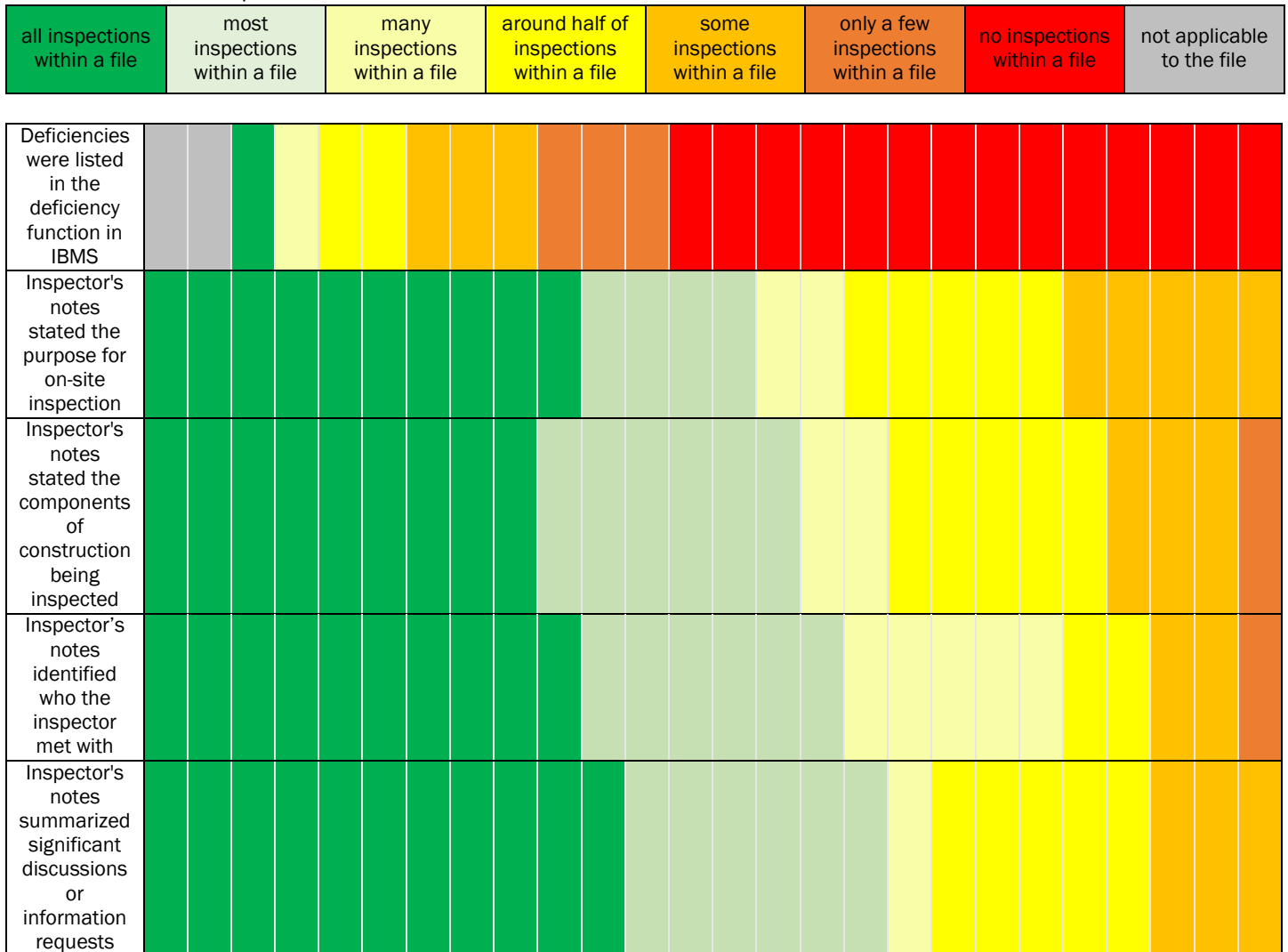
**Compliance with documentation requirements varied**

In our review of 26 building permit files selected across different permit types and operating districts, we found that the extent of inspection notes and records retained in IBMS varied from file to file and from inspector to inspector. Figure 6 illustrates the range of compliance with documentation standards for the permit files we reviewed. For example, in reviewing whether deficiencies were listed in the deficiency function in IBMS, we found:

- 14 files where no inspections met this requirement (in red)
- 9 files with varying levels of compliance, where some inspections complied with the documentation requirement and others did not (in yellow and orange shades)
- 1 file where all inspections met this requirement (in green)
- 2 files where there were no deficiencies identified and the documentation requirement was not applicable (in grey)

**Figure 6: Range of Compliance with Documentation Inspection Standards on Building Permit Files**

**Legend:** Inspectors conducted multiple inspections on each of the 26 building permit files we reviewed. The colour scale below reflects how frequently the inspections on each file complied with the specific documentation requirements noted below.



**Similar observations were identified in the 2013 audit**

Similar observations identified during this audit were previously identified in the Auditor General's 2013 report, "Toronto Building - Improving the Quality of Building Inspections". Management recognizes that there is a need to enhance training for inspectors as well as provide increased supervision, and this will be addressed as part of its Program Review.

## Enhance Record-Keeping Related to Field Inspection Service Levels

One area where record-keeping can be enhanced is with respect to performance of inspections in accordance with Toronto Building's "Field Inspection Service Levels".

**Toronto Building's "Field Inspection Service Levels" detail the steps inspectors are expected to perform**

According to the Division's operational policies, inspections should be carried out in accordance with Toronto Building's "Field Inspection Service Levels," which establish what the inspector will check on site when a notice of readiness for inspection is received.

**We are unable to confirm all required process steps have been performed**

In general, we found that for almost all the permit files we reviewed, inspectors did not document every inspection process step they performed. We noted that some inspectors took more detailed notes than others.

Management indicated that if, in IBMS, an inspection has been recorded as passed, then this means that the inspector completed all applicable process steps in the "Field Inspection Service Levels" and no additional detail needs to be recorded in the inspector's notes. In the absence of detailed inspection notes, the records in IBMS alone were not sufficient for us to verify that applicable inspection process steps in Toronto Building's "Field Inspection Service Levels" were performed.

**Notes do not explain why a stage of inspection was not passed and what is needed to pass**

As an example, Figure 7 is an excerpt from the "Field Inspection Service Levels" for a footing / foundation inspection of a new house, setting out building components that should be visually inspected and when third-party reports may be needed. In the notes for a Footings/Foundations inspection recorded as "Not Passed", the inspector documented the following: *"Attended with contractor. New foundation walls are dampproofed and drainage layer installed. Weepers are installed and covered with stone. OK to back fill"*. The inspector did not explain what parts of the inspection were not passed. The records in IBMS do not indicate what was checked and what still needed to be checked (from the "Field Inspection Service Levels" as excerpted in Figure 7) in order for the Footings/Foundations inspection to be passed.

Figure 7: Example of “Footing / Foundation” Stage of Construction as Excerpted from Field Inspection Service Levels for Part 9 Building Permits (Houses and Small Buildings)



**FIELD INSPECTION SERVICE LEVEL – The House**

At receipt of prescribed notice a sample portion of each of the following components will be visually inspected.

<b>FOOTING/FOUNDATION</b>		
<b>COMPONENT</b>	<b>2006 BUILDING CODE COMPENDIUM DIVISION B</b>	<b>INSPECTION PROCESS</b>
Placement of foundation drainage	9.14.3.	Check for installation of drainage tile or pipe.
Stone placement and coverage over tile	9.14.3.3.(4)	Check minimum coverage has been provided.
Below grade damp proofing or water proofing	9.13.2.1.(1) 9.13.2.2. 9.13.2.5. 9.13.3.1.(1)(b) 9.13.3.2.	Check type of material and installation.
Drainage layer	9.14.2.1.	Check type of material and installation.
Foundation wall	Permit Plans 9.15.4.2.	Check wall thickness and backfill height.
Anchor bolts at top of foundation	9.23.6.1.(2)(3)	Check size and spacing.
Location and dimensions of building	Permit plans Zoning Bylaw	Check measurements as required.
Support for floor joist, re: masonry walls	9.15.5.1. 9.20.8.1.	Check that top course of masonry walls have been capped or filled.
Underpinning	Permit Plans Policy Bulletin No. B -22	Check soil bearing capacity, full width, depth, grouting and sequence of pours.

**Recommendations:**

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".

## B. 2. Clarify Expectations for Using and Relying on Third-Party Professional Reports

### More guidance on using and relying on third-party professional reports

Based on what we observed in practice and in interviews with inspectors, additional guidance is needed to support more consistent practices for what must be done and documented when inspectors partially or fully rely on general reviews and/or other requested reports from professionals.

### General Review by an Architect or Professional Engineer

### Reviews for general conformity with building permit plans

The Building Code specifies when construction must be reviewed by an architect and/or professional engineer for general conformity with the plans and other documents that form the basis for the issuance of a permit<sup>34</sup>. These reviews should be conducted in accordance with the performance standards of the Ontario Association of Architects (OAA) and/or Professional Engineers Ontario (PEO).

Architects and/or professional engineers undertaking the "general reviews"<sup>35</sup> are required to forward copies of written reports on the general review to the Chief Building Official. Architects and/or engineers undertaking the general reviews have a professional responsibility to report any observed breaches of the building permit documents or the Building Code.

### Operational policies for reviewing general review reports

Toronto Building's operational policies for inspections indicate that for large and complex buildings, the architect's and professional engineer's general review reports are to be received on an ongoing basis as required. Inspectors are expected to review the general review reports when carrying out inspections of specifically itemized construction components.

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<sup>34</sup> The *Building Code* specifies the circumstances under which construction (including enlargement or alteration) of buildings or part thereof shall be reviewed by an architect or a professional engineer or a combination of both.

<sup>35</sup> A "general review" is a legislated, periodic inspection and reporting process to determine if the works are being constructed in general conformity with the plan and other documentation that were the basis for the issuance of the building permit. General review reports must be copied to the Chief Building Official.

**Inspectors often rely on general review reports**

We found that in the vast majority of files we reviewed with general review reports, the building inspector obtained and relied, at least in part, on the reports issued by an architect and/or professional engineer when carrying out a prescribed inspection.

**Significant variation in inspectors' records**

However, it was not always clear whether the required general reviews were performed regularly, or whether inspectors obtained and reviewed all the associated reports. There was also significant variation in the way inspectors retained and documented their review of these reports in IBMS.

**Provide more guidance on reviewing and retaining general review reports**

Inspectors should be given more guidance and training on what they are expected to review in these reports (the nature and extent of that review) and what they should document and retain in IBMS.

**Observations relating to general review reports**

We reviewed 30 general review reports and observed examples of the following:

- The report did not confirm that construction was completed in general conformity with both the building permit plans and the Building Code
- The report included a disclaimer that may limit the scope or applicability of the review conclusion
- The report did not have a signature or the professional's seal/stamp
- The report was not directly addressed or copied to the CBO as required by the Building Code. Instead, it was addressed to the inspector, the Toronto Building division, the City of Toronto, or in some cases the property owner / permit holder

The Act allows inspectors to rely on reports from third parties, but where limitations like these exist in the reports, inspectors should evaluate whether it is reasonable to rely on the reports and document any additional steps taken.

The CBO should continue to work with the Ontario Association of Architects (OAA) and/or Professional Engineers Ontario (PEO) who provide guidelines on these types of reports to their own members, so that report content can better address the CBO and inspectors' needs.

## **Additional Reports or Other Information Inspectors Deem Necessary in Undertaking a Prescribed Inspection**

### **Inspectors may request and obtain additional reports**

In addition to general review reports, inspectors have the power under the Act to request any additional reports (or other information) they deem necessary, at the owner's expense<sup>36</sup>.

### **Toronto Building's policies identify reports that may be deemed necessary**

To enhance inspection quality, Toronto Building's operational policies for inspections<sup>37</sup> identify certain engineering and other reports that inspectors may request and review as part of their inspections for specifically itemized construction components. There are other reports that the Division's policies leave to inspector judgment "as necessary" or "if required" to request.

### **Requests for reports are not always tracked in IBMS**

Based on our review of a sample of projects, we found that how inspectors document their requests for additional reports varied. Requests may be documented in inspection notes or they may be recorded as a deficiency requiring follow-up.

### **Inspectors notes on requested reports are incomplete**

We also found that inspectors' notes did not always specify:

- why a report was being requested and whether a report specified in Toronto Building's operational policies for inspections was or was not needed
- what the inspector reviewed in the reports and their findings. For example:
  - what was done when deficiencies were identified in the reports and how such deficiencies were then resolved
  - what was done when disclaimers were included in the reports and how such disclaimers were then resolved in order for the inspector to be able to rely on the report
- whether the report was satisfactory for the purposes of the inspection

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<sup>36</sup> The Building Code allows inspectors, in undertaking a prescribed inspection, to consider reports concerning whether the building or a part of the building complies with the Act or the Building Code. Toronto Building advised that the inspector may consider this approach where inspectors have already attended the site previously and are familiar with the scope, progress, complexity and other aspects of the project and/or where some parts of the construction may have been covered by the owner prior to inspection.

<sup>37</sup> As set out in the "Toronto Building Inspection Standards" and the related "Field Inspection Service Levels" which itemize the construction components to be inspected by the building inspector at the time of each prescribed inspection required by the Building Code and Divisional Policy and Procedures Bulletins.

**Requested reports were not always received**

Furthermore, we found situations where the requested reports were never provided, or reports were provided significantly later, sometimes years after the initial request. As noted in Section A.3, where requested reports are not promptly received, an order may be warranted. For files we reviewed, orders were seldom issued<sup>38</sup> when reports were not received or when received reports were not acceptable.

**Toronto Building staff should follow up on missing reports**

In some cases, management advised us that the missing reports were not needed. It is our view that where a requested report is not needed, inspectors should document the reason why it is no longer required. Toronto Building can clarify and provide more guidance for inspectors to document their follow-up of missing reports.

**Enhance Systems to Support Better Record-Keeping for General Review and Other Reports**

**Improve systems to support better tracking and documenting of reports requested and reviewed**

System enhancements and improved workflow functionality would also better support inspectors' ability to track reports requested and received, as well as record-keeping with respect to the results of their review of reports they rely on.

**Recommendations:**

- 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.**

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<sup>38</sup> We generally only saw orders issued when as-built surveys were required and not promptly provided.

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.

### B. 3. Strengthen Supervision, Monitoring, and Quality Assurance of Inspection Activities

#### On-Site Supervision and Monitoring of Inspection Activities is Minimal

Toronto Building's Inspection Standards indicate *"The responsibility for quality assurance rests primarily with the individuals, and as such, each person is expected to be accountable for his/her own actions."* They also indicate that:

Senior inspectors not performing continual review

- Senior Inspectors are to schedule *"continual review of inspectors' work on a rotating basis. The items to review include ... completeness and consistency of notes"*

Managers not conducting regular on-site inspections with inspectors

- Inspection Managers and/or Senior Inspectors are to *"attend regular onsite inspections with individual inspectors to assess whether the inspectors are ... adhering to Guidelines and Expectations"* including:
  - Record-keeping (inspector's notes) in IBMS for every prescribed inspection or related activity. As noted in Section B.1, files we reviewed did not always contain the details required.
  - Tracking, re-inspection, and clearance of observed deficiencies. As noted in Section A.2, in many of the files we reviewed, the deficiencies identified during inspections were not recorded in IBMS in a way that fully supported effective tracking and follow-up of identified deficiencies until they were resolved.

While we were informed that senior inspectors are used as a resource to consult with on more complex files, they do not appear to be performing continual review of inspectors' work or conducting regular on-site inspections with inspectors.

Senior inspectors do not ordinarily review how inspectors complete and document inspections

During our interviews with inspectors and senior inspectors across each of the districts, we were advised that while senior inspectors sometimes go on site to review health and safety practices, they do not ordinarily review how the inspector is completing the inspection and documenting notes in IBMS.

**On-site supervisory review and monitoring of inspections is very limited**

Based on our interviews with inspection staff and observations from our review of building permit files, on-site supervisory review and monitoring of inspections is very limited. Management advised that this is primarily due to staffing challenges with senior inspectors and other inspection positions in the past several years.

**Program Review to address coaching and mentoring**

Management further advised that through the Program Review, the Division may create a new supervisor level to coach and mentor inspectors in the field and to facilitate consistent training and development as well as compliance with divisional policies, procedures and standards.

**Internal Inspection Audits are not Effectively Identifying and Addressing Common Areas of Non-Compliance**

**Internal inspection audits need improvement**

Toronto Building has an internal inspection audit process performed by district inspection managers to review compliance with Toronto Building's Inspection Standards and to assess if inspection records in IBMS are complete and accurate.

**No onsite review or observation of inspections**

This quality assurance process is a 'desk review' of inspection records in IBMS. There is no on-site or observational element included in this internal inspection audit process.

**Quality assurance reviews are not effectively identifying common areas of non-compliance**

We found that this internal quality assurance process was not effectively identifying common areas of non-compliance with operational policies and procedures and areas that may need greater attention in order to improve the quality of building inspections. Similar observations were previously identified in the Auditor General's 2013 report, "Toronto Building - Improving the Quality of Building Inspections".

**Managers are not completing the required reviews of some of their inspection staff**

Also, according to the Division's operational policy, managers are required to conduct a review of each inspector under their supervision at least twice a year. This was not the case for four (8%) of the 48 inspectors we selected<sup>39</sup>.

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<sup>39</sup> We reviewed annual inspection audits completed for a sample of 48 inspectors reporting to four inspection managers (one manager from each district). In total, there are 123 inspectors reporting to the ten inspection managers across the four districts.

**Scope of internal reviews were too narrow**

In addition, in our view, the scope of the internal reviews was too narrow. We found that only a small number of inspections are reviewed for each inspector. For example, an inspector made over 19 inspection entries for a building permit file over a six-month period, but the manager only reviewed one of these inspection entries and did not find any problems with that inspection. This very limited review of the inspector's activities did not allow the manager to see the full picture and be able to comprehensively assess the quality of the inspection work performed on that building permit.

**Managers were not always identifying the need for improved record-keeping**

Consequently, we found that managers were not always identifying that:

- inspectors did not record deficiencies using the IBMS deficiency tracking functionality – which is necessary to generate deficiency lists and to track their status
- inspection notes did not always contain sufficient details as required by the Division's standards. For example, inspectors did not record whom the inspector met with, the purpose of the site visit, and the reasons for not passing the inspection.

**Inspectors indicated they do not receive feedback**

Managers should discuss any significant concerns identified during the internal inspection audits with the respective inspector and document these discussions. However, in our interviews with inspectors, we were told that, while they receive feedback related to health and safety, they do not regularly receive any feedback on other areas. In one internal inspection audit we reviewed, the manager identified that the inspector needed to increase their use of the deficiency tab in IBMS. However, there were no notes in the file to indicate whether the manager communicated that feedback to the inspector. The inspector confirmed to us that they had not received that feedback.

**Policies enhanced at the end of 2021**

Toronto Building recently enhanced their operational policies for internal inspection audits to include a review of how effectively orders were addressed at the end of 2021. We cannot provide assurance that the enhanced monitoring is occurring and is effective because these procedures were not yet in place at the time of our audit. Regardless, management should consider the relevance of our other observations about the internal inspection audits as they implement these new procedures to monitor orders.

**Supporting Toronto  
Building inspectors to get  
things done right**

In our view, strengthening supervision, monitoring, and quality assurance processes over inspection activities will strategically support the Division's ability to develop and sustain highly qualified inspectors capable of delivering timely, professional inspections by:

- Increasing reliability of data used for management information
- Identifying policies and procedures that need review and updating
- Monitoring non-compliance with established practices and service performance indicators to identify any corrective action needed
- Identifying and helping to eliminate performance challenges through constructive feedback
- Promoting the improvement of competencies by identifying training needs

**Recommendation:**

- 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.**

## **B. 4. Continue Reinforcing the Importance of Independence and Being Free from Conflicts of Interest**

### **Strengthened Conflict of Interest Policy issued in 2020**

The Auditor General acknowledges that Toronto Building is serious about ensuring actual or perceived conflicts of interest (COI) are prevented or managed appropriately. If staff, particularly inspectors, are working a second job in the industry with the same builders whose work they are inspecting or the same professionals that they are relying upon as part of their inspections, there could be an actual or perceived COI. Staff need to declare these COI, so that appropriate safeguards can be put in place.

The CBO issued a new and stronger COI Policy in September 2020 and implemented mandatory training for all Toronto Building staff. Management advised that the Division also requires staff to review and complete a quiz about COI every year.

### **Past AGO Fraud and Waste Hotline Annual Reports included examples of conflicts of interest**

The Division has, in the past, identified staff with either actual or perceived COI and consulted with Employee and Labour Relations when completing investigations of COI allegations. The Auditor General's Office provided oversight of past investigations and included findings from the investigations in prior Fraud and Waste Hotline Annual Reports<sup>40</sup>.

### **Strong COI policy is important**

During this audit we identified a potential conflict of interest. We referred this matter to the CBO to investigate. The continued identification of conflict of interest situations highlights the importance of having a strong conflict of interest policy and for the CBO to continue educating staff about their statutory obligations, the Toronto Public Service (TPS) bylaw and the Division's COI policy.

### **Leveraging Data Analytics Can Help Identify Situations That May Require Further Action**

### **Leveraging data to monitor for potential conflicts of interest**

The situation identified during this audit highlights the opportunity to leverage data to monitor for potential conflicts of interest. For example,

- If IBMS is configured to capture appropriate data on the architects, engineers, general contractors and others involved in the design and construction of projects, the Division could analyze the data against inspectors assigned to projects to identify inspectors who currently, or in the past, have been involved in the file outside of their employment with the City – which could be a potential conflict of interest or impairment to their independence.

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<sup>40</sup> [2020 Annual Fraud Report](#) and [2019 Annual Fraud Report](#)

- By capturing data on building permit applicants and other parties involved in the file and comparing this to plan examiners and inspectors touching the permit file, management can also monitor and address where Toronto Building staff become too familiar with a builder or other party which may impair independence over time if they are assigned frequently to work with the same people.

Currently, data is not captured in IBMS in a way that would enable this type of analysis to be performed. We are highlighting this as an area where system enhancements and leveraging data can help identify situations that may require further review by the CBO.

#### **Recommendations:**

- 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.**

## **B. 5. Address Challenges in Recruiting and Retaining Building Inspectors**

### **Organizational structure contributed to inconsistencies in service delivery**

Through its Program Review, Toronto Building identified that the current organizational structure has contributed to inconsistencies in service delivery for clients and limited career development opportunities for staff, while at the same time, impacting the Division's ability to quickly respond to changing construction activity.

A May 2021 staff report on Toronto Building's Program Review indicated that over the last ten years, building permit applications increased 33 percent while approved full-time equivalents increased by four percent. The report indicated that the gap created workload pressures, particularly for frontline and manager-level staff who undertake additional roles and responsibilities in training, knowledge management and policy work.

**Nearly 22% of inspector positions were vacant at the end of 2021**

During this audit, we noted that around 35 of the 160 frontline inspector positions<sup>41</sup> (nearly 22 per cent) were vacant at the end of 2021.

Toronto Building has reported staffing challenges primarily due to retirements. Toronto Building staff we interviewed also advised us that inspectors leave the City to go work in other jurisdictions where the salary is the same or higher, work is easier, and cost of living is lower. Management indicated that staff have also advised that their reason for leaving is to obtain a better work-life balance and to reduce stress.

**Fewer inspectors are available to carry out the prescribed inspections within the legislated time frames**

When staff positions are vacant, fewer inspectors are available to carry out the prescribed inspections within the legislated time frames and to enforce the Act. This also means there are fewer staff to follow up on open permits without a recent inspection and open orders. Management also indicated that, as a result, senior inspectors and managers sometimes need to conduct inspections to meet demand.

Given the shortage of inspectors, the CBO needs the support of the Chief People Officer to expedite a strategy for recruiting and retaining inspectors. Consistent with work already underway by the City, this may include re-evaluating compensation levels and possible incentives that can be offered to attract and retain talent as well as strategies for reducing the time frame it takes to complete a hiring cycle.

**Vacation and illness further constrain inspection resources**

Workloads are also increased when there are staff absences due to illness and vacation. Planned and unplanned absences affect the Division's ability to promptly conduct inspections and follow up on open permits without a recent inspection and open orders. We estimate that the workload that needs to be covered by others due to planned and unplanned absences is equivalent to around 13 full-time inspectors.

We understand that the Toronto Building Division is now in the midst of an organizational restructuring. As it moves towards a function-based operating model, the Division should consider whether it makes sense to have a pool of substitute or unassigned inspectors to help with workload and to cover staffing pressures for absences, rather than adding to the workload already assigned to inspectors.

Toronto Building's Program Review included a series of recommendations to strengthen staff engagement, professional development, attraction and retention and the Division's organizational culture. Those recommendations are aimed at supporting Toronto Building staff so that they have the appropriate tools and support to do their jobs effectively and reduce frustration.

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<sup>41</sup> Excludes Building Inspector Associate or Technical Trainee positions.

#### Recommendation:

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.

### C. Modernizing Systems to Better Support Inspection Activities

Aging IBMS characterized as “*slow, obsolete, inefficient and highly manual*”

IBMS was implemented in 1999 and has been used for many years to support the building permit inspection process.

The aging IBMS system presents many challenges for those who use it. A May 2021 staff report on Toronto Building’s Program Review stated that the system “*was characterized by some as slow, obsolete, inefficient and highly manual. Nearly all staff and management identified technology as a major pain point.*”

#### IBMS Does Not Support the Division’s Operational Needs

During our audit, through staff interviews and a review of a sample of inspection files, we noted that:

Lack of system integration results in conflicting information being recorded in different places

- There is no holistic view integrating the entire inspection process. The status of whether an inspection of a construction stage has passed, deficiencies identified, and notes on inspection attempts are accessed in different parts of the system. As a consequence, inspection data is recorded in different places and may contain conflicting information.

No consolidated view of the inspection notes

- There is no fully consolidated view of inspections notes for a property. When multiple inspectors work on a permit file (or other related files for the property), they must review inspection records for each file separately. This can be time-consuming, affecting their ability to focus on other tasks.

Ineffective workflows for open deficiencies and orders

- The system does not support effective workflow management of open deficiencies or orders. For example, there are no comply-by / due date notifications for permit holders, or reminders for inspectors to follow up and/or conduct re-inspections of open permits with no recent inspection, open deficiencies, or open requests for third-party reports from architects, professional engineers, and other parties.

**Difficult to track status of inspections requiring multiple site visits**

- The system does not support effective tracking of the status of inspections for each stage of construction where inspections typically need to be conducted through multiple site visits due to the complexity or scale of construction (e.g. multi-storey, multi-use buildings).

**Does not support easy customization based on type of construction**

- The system does not include or support easy customization to track completion of inspections according to Toronto Building's "Field Inspection Service Levels" (i.e. itemizing inspection steps and components inspected at each stage of construction) depending on the building type. This makes it harder to monitor and confirm that all required components are inspected before passing a stage, or to quickly locate the specific steps not passed or still to be completed.

**Does not facilitate on-line communication**

- The system does not facilitate real-time / on-line communication with permit holders including:
  - Updating key permit information
  - Updating information relevant for "Commitment to General Reviews"
  - Submitting relevant documents and reports including General Review reports and other third-party reports
  - Communicating open deficiencies and orders and required actions

**No dashboards**

- The system does not provide dashboards for effective monitoring of the status of inspections, deficiencies, and orders – support from Technology Services Division is required to develop and update customized reports outside the system to support effective monitoring by management.

**Remote access challenges**

- Remote access to approved plans and drawings in IBMS are difficult for inspectors to view through remote devices. While plans are required to be maintained onsite for inspectors, this was an issue raised by inspection staff we interviewed and has been a concern identified in file notes.

**Does not support effective and efficient data analysis**

In addition, throughout the report, we identified examples of ways IBMS does not support effective and efficient data analysis or integration with business intelligence tools. For example, we identified that enhancements to system functionality and data fields are needed to effectively collect and analyze data on:

- actions taken to follow up on open orders, to improve monitoring of the status of open orders (Section A.3, Recommendations #5,6)
- reasons for changes to inspection request dates, to improve monitoring of compliance with the legislated time frames for prescribed inspections (Section A.4, Recommendations #9,10)
- inspection process steps<sup>42</sup> not passed, to better identify and monitor components still needing to be (re-)inspected (Section B.1, Recommendations #11,12)
- open requests for reports from third-party professionals, to improve monitoring of outstanding requests (Section B.2, Recommendation #15)
- architects, engineers, general contractors and others, as well as, Toronto Building plan examiners and inspectors frequently working with them to more effectively monitor for potential conflicts of interest (Section B.4, Recommendations #17, 18)

**Modernized Systems Can Support Better Data Collection**

**Better data can help identify systemic issues and improve inspection process**

Collecting better data and being able to leverage that data can bring about better business intelligence and help focus the Division's efforts to improve inspection efficiency, effectiveness, and economy. For example, because of the way data is captured in IBMS, Toronto Building cannot analyze inspections data to better understand which stage of construction or components of construction may be prone to failing inspections more frequently, and why. Better data can help the Division develop targeted strategies to address common causes, saving both the permit holder and the inspector time and resources. In turn, these resources can be redirected to other enforcement activities which have historically taken a lower priority.

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<sup>42</sup> For each construction component related to each stage of construction specified in Toronto Building's "Field Inspection Service Levels".

**Ability to leverage inspections data is impacted by how information is captured**

To be able to make use of data, the data must be collected in a consistent manner. For example, some inspectors may inspect one or more stages of construction during a single site visit and may inspect some but not all components for those stages of construction. Some inspectors document all their observations and results for the site visit as a single inspection record, while others document the inspection of each stage of construction separately. Consequently, any analysis to gather intelligence on individual stages and components of construction as well as on the broader inspection data set will be affected.

**Strengthen capacity for analyzing data**

Toronto Building's Program Review identified that the Division needs to strengthen its capacity for analyzing and presenting data to guide service delivery, planning and management. Developing the capability to leverage data will be key to identifying and addressing opportunities to improve operational efficiency and effectiveness.

### **Modernizing Systems Can Lead to Operational Efficiencies and Improved Effectiveness**

Modernizing systems supporting building permission, inspections, and Building Code compliance and enforcement provides the opportunity for Toronto Building to improve the efficiency and effectiveness of inspection processes for inspection staff, builders and the industry.

**Advances in technology and functionality available in the marketplace**

Since the time IBMS was first implemented, there have been many advances in technology and in the marketplace that are not available or well implemented in the aging IBMS system. For example, more modern systems may provide the ability to:

- Receive applications submitted online using a mobile-friendly web interface
- Receive secure online payments through direct integration with a payment processor
- Provide real-time remote access for field inspection staff to easily review approved plans and drawings, make notes, attach documents and photos and update records
- Provide self-serve access for clients to schedule inspections; submit, track, and receive documents and information; and check for status updates, deficiency lists, and orders

- Manage and customize workflows including assigning tasks, tracking inspections and sending notifications to keep processes running smoothly and on time
- Include a library of template reports, and provide inspectors the ability to easily customize them as needed
- Have built-in integration with Microsoft Office, API (application programming interface) and BI (business intelligence) tools and platforms
- Include GIS (geographic information system) integration to map and route inspections efficiently and interface with inspection scheduling and inspector assignments

**Need to accelerate the modernization**

Toronto Building's Program Review identified the need to accelerate the modernization of the business management system used to manage and issue building permits. The Program Review specifically identified the modernization of IBMS as one of the critical success factors to successfully achieve business transformation.

**Modernizing technology requires the support of other Divisions**

Toronto Building relies heavily on the support of the Technology Services Division to address system and technology improvements and workflow requirements. Furthermore, IBMS is a corporate system used by many other divisions, so any system changes will require coordination.

**Recommendation:**

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

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## Conclusion

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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 compliance with the Act and the Building Code. Our audit highlights that the Division can strengthen its business processes to improve how it delivers its services while reducing key operating risks.

In our view, implementing the 20 recommendations contained in this report will further improve Toronto Building's policies and processes for inspecting construction and issuing orders to enforce compliance with the *Building Code Act, Ontario Building Code* and building permits.

In particular, the recommendations identify areas for the Chief Building Official to better support inspectors' ability to:

- Operate more efficiently and effectively when inspecting construction and when issuing and following-up on orders
- Demonstrate that inspections are being completed according to the Division's operational policies and procedures
- Confirm that inspections are meeting legislated time frames for carrying out inspections

Enhancing the way data is captured and leveraged and adopting modern technologies to improve workflow management is key for the Division to enforce the Act more efficiently and effectively. Also, leveraging technology and taking a risk-based approach can provide a more efficient and value-added approach and maximize the use of available resources.

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## Audit Objectives, Scope and Methodology

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### **Auditor General's Work Plan included a multi-phased operational review of Toronto Building**

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 compliance with 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.

### **Audit Objectives**

This audit aimed to answer the following questions:

- Are there opportunities to strengthen policies and processes for inspecting construction and issuing orders?
- Are inspections being completed in compliance with the Division's operational policies and procedures?
- Are inspections being conducted in accordance with legislated time frames for inspections?

### **Scope**

This audit focused on inspection activities related to building permits where applications were received between January 1, 2016 and December 31, 2021. The enforcement activities performed by inspectors, including issuing and following up on orders were also reviewed.

### **Areas not covered within the scope of this audit**

A review of building permit applications including plan revisions, issuing of building permits, and building permit fees was not included within the scope of this audit and will be addressed in a future audit of Toronto Building.

## Methodology

Our audit methodology included:

- Reviewing the *Building Code Act, 1992* and *Ontario Regulation 332/12: Building Code*
- Reviewing Toronto Municipal Code Chapter 363, Building Construction and Demolition and Chapter 441, Fees and Charges
- Reviewing relevant Toronto Building operational policies and procedures
- Reviewing relevant Council and Committee minutes and reports
- Interviewing Toronto Building managers and inspections staff and other City staff
- Analyzing building permit inspections data extracted from IBMS including:
  - Trends for open permits over the last 10 years based on annual permit activity
  - Aging of open permits
  - 2021 inspection activities
  - Time to close orders and aging of orders
  - Aging of open deficiencies recorded using IBMS deficiency functionality
  - Response times for inspection requests
- Reviewing inspection notes, documents and records retained in IBMS for 76 building permit files selected to cover the four Toronto Building operating districts, including:
  - 26 building permit files, covering New Building, New House, Building Addition/Alteration, and Small Residential permit types and, where applicable, their associated permits including those for Plumbing, HVAC, Drainage and Site Service, Conditional Permit, and Occupancy Permit.
  - 17 building permit files with 18 orders issued
  - 8 open building permit files with no inspection requested or conducted in 2021
  - 25 New House building permit files where construction had commenced prior to 2021, including 20 with no inspection requested or conducted and five with inspections not passed in 2021
- Reviewing Google Maps images for certain properties to observe progress of construction

- Reviewing records related to internal inspection audits for the period January to June 2021 from four managers selected to cover the four Toronto Building operating districts
- Other procedures deemed relevant

## **Limitations**

Our findings and conclusions were based on the information and data available in IBMS at the time the audit was completed. Divisional policies and procedures note that IBMS is where all inspection records are to be retained. Our review of inspection records for permit files is limited to what is retained in IBMS – it is possible that additional records are available which were not properly retained by inspectors within IBMS. As noted in our findings, at times, we identified inconsistent or conflicting information in inspection data and records in IBMS and were unable to obtain assurance on the reliability and accuracy of records and data in IBMS.

## **Compliance with generally accepted government auditing standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Exhibit 1: Penalty Provisions, Defining Offences and Set Fines

The Table below sets out various offences under the *Building Code Act* and the fines that are payable for tickets on any of the offences listed below.

Item	Description of Offence	Provision Creating or Defining Offence	Set Fine including Court Costs	Set Fine	Total Payable
1	Construct / Demolish a building without a permit	8(1)	\$300.00	\$295.00	\$360.00
2	Cause construction / demolition of a building without a permit	8(1)	\$300.00	\$295.00	\$360.00
3	Construct a building not in accordance with approved plans	8(13)	\$300.00	\$295.00	\$360.00
4	Cause construction of a building not in accordance with approved plans	8(13)	\$300.00	\$295.00	\$360.00
5	Fail to comply with a stop work order	14(4)	\$455.00	\$450.00	\$550.00
6	Fail to comply with an order dated (date)	36(1)(b)	\$455.00	\$450.00	\$550.00

## Appendix 1: Management's Response to the Auditor General's Report Entitled: "Building Better Outcomes: Audit of Toronto Building's Inspection Function"

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  The Division acknowledges that processes in this area can be strengthened and will enhance current strategies to address open permits by including a risk-based periodic review of open permits. This recommendation will strengthen the existing strategy that is underway.  In 2019, the Chief Building Official (CBO) initiated division-wide Program Review to improve service delivery. This work has resulted in a new operating model and supporting organizational structure, which is currently being implemented. This new operating model includes elements that, along with this audit recommendation, will further enhance the Division's review of open permits.  Projected timeframe for full implementation Q2 2024

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  The Division acknowledges that existing processes can be strengthened through providing additional annual refresher training to all inspection staff commencing in Q2 2023.  The Division will also enhance the current semi-annual Inspector Auditing Program by requiring a mandatory meeting with inspectors and their direct report to follow up on the results of the inspection audit. This follow-up will provide coaching and mentoring opportunities for inspectors so that managers can reinforce note taking and deficiency follow-up expectations.  The Program Review, which is currently being implemented, includes operational and policy enhancements that will strengthen and improve inspection notes, tracking of deficiencies and follow-up. The recommendations identified through this audit will provide opportunities for further improvement.

Projected timeframe for full implementation: Q2 2023
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**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
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<b>Comments/Action Plan/Time Frame:</b>
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The Division agrees with this recommendation.

The Division acknowledges that improvements are required in this area and will enhance monitoring and oversight of deficiencies along with periodic reviews through the current semi-annual Inspection Audit Program.

This Program Review, which is currently being implemented, includes operational enhancements that will also have a positive impact on tracking of deficiencies and quality assurance. The gaps identified through this audit will provide opportunities for further improvement.

Toronto Building will investigate enhancements to system functionality with the assistance of the Chief Technology Officer (CTO) in order to further support periodic reviews of open deficiencies and follow-up.

Estimated timeline: Q2 2023 (Enhancements to Semi-Annual Inspection Audit)/Q2 2026

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
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<b>Comments/Action Plan/Time Frame:</b>
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The Division agrees with this recommendation.

The Division is actively working with the City Solicitor and Prosecution Services to develop and deliver the required training and will work with its new Workforce Planning and Development team to establish this as part of the Division's annual training program. The Division will also develop guidelines to assist inspectors in applying best practices in the use of enforcement tools.

Timeframe for implementation: Q3 2023

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> <b>Agree</b> <input type="checkbox"/> <b>Disagree</b>
<b>Comments/Action Plan/Time Frame:</b>  <p>The Division agrees with this recommendation.</p> <p>The Division will review existing strategies in the deployment of the 2021 "Enforcement Policy for Issued Orders" to address gaps identified through this audit.</p> <p>The Division implemented the Enforcement Policy on Issued Orders (Policy A-87), in September 2021 along with staff training and has realized positive results in closing open orders over the past 16 months. The Division and its supporting partners in Legal Services have experienced some resource challenges in meeting the Policy's requirement to register all orders. The Division has provided funding for additional resources in Legal Services and Policy A-87 will be reviewed further to explore opportunities to focus registration efforts on higher risk orders.</p> <p>Additional annual training for inspection staff on this new policy will be conducted starting in Q3 2023.</p> <p>Timeframe for implementation: Q4 2023</p>

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> <b>Agree</b> <input type="checkbox"/> <b>Disagree</b>
<b>Comments/Action Plan/Time Frame:</b>  <p>The Division agrees with this recommendation.</p> <p>The Division will work with the Chief Technology Officer (CTO) to explore and assess potential enhancements to the system functionality to improve tracking of enforcement workflows and actions taken follow up on open orders and effective monitoring and oversight of the status of open orders.</p> <p>Estimated timeline: Q2 2026</p>

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> <b>Agree</b> <input type="checkbox"/> <b>Disagree</b>
<b>Comments/Action Plan/Time Frame:</b>  <p>The Division agrees with this recommendation.</p> <p>The Division acknowledges that further exploration of opportunities to strengthen and enhance the roles and responsibilities of the DEU, is required with respect to enforcing orders and ensuring violations and other matters are promptly and properly addressed through the implementation of the Program Review. The recommendations identified through this audit will be included in this work.</p> <p>Timeframe for implementation: Q4 2023</p>

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**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  Toronto Building will consult with the City Solicitor and Prosecution Services to develop and implement operational guidance or criteria to assist inspections staff in determining whether charges and/or administrative penalty should be applied for failing to comply with an order, direction, or other enforcement under the Building Code Act.  Timeframe for implementation: Q4 2023

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**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  The Division will support the Chief Technology Officer to develop and implement new tools/enhance existing tools to improve the reliability of data used to determine compliance with the legislated timeframes for prescribed inspections.  Estimated timeline: Q2 2026

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**Recommendation 10: City Council request the Chief Building Official and Executive Director, Toronto Building Division, to provide additional direction to inspectors to properly record all inspections 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this Recommendation.  The Division acknowledges improvements are required in this area and will provide additional training to inspectors to properly record all inspection requests (including on-site requests or requests received by phone) and reasons for rescheduling or cancelling inspections. This will be augmented by enhancing the inspector audit forms by including the auditing of the inspection rescheduling process.

The Division will also seek assistance from the Chief Technology Officer to explore opportunities to implement system enhancements and/or new functionality to improve tracking and monitoring of inspection timeframes.

Estimated timeline: Q3 2023

**Recommendation 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.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

The Division agrees with the recommendation.

The Division will address the gaps identified by this audit by strengthening existing processes related to identifying and providing detailed recording of observed deficiencies that result in an inspection "not passed" to ensure staff are consistently following the Division's operational policies for documenting and keeping adequate records of inspections performed.

The Division will also continue to develop and implement new tools to reinforce compliance with inspection documentation standards through an enhanced quality assurance program to be implemented as part of the Division's Program Review. The proposed introduction of supervisors and other enhancements to the organizational structure will also support staff on operations and risk management activities.

Projected timeframe for implementation Q4 2023

**Recommendation 12: City Council 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".**

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

The Division agrees with this Recommendation.

The Division will work with the Chief Technology Officer to develop the necessary system enhancements to achieve this audit recommendation.

Estimated timeline: Q2 2026

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with the recommendation.  The Division will review and strengthen existing policies to include this audit recommendation, along with the development and delivery of additional training for inspection staff.  These recommendations will also be included as part of the quality assurance program being implemented through the Division's Program Review.  Projected timeframe for implementation Q1 2024

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with the recommendation.  Through the Chief Building Official's participation at Engineers, Architects and Building Officials (EABO) table, which includes OAA, and PEO participation, he will discuss concerns and challenges with general review forms while exploring opportunities for improvement.  Estimated timeline: Q4 2023

**Recommendation 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.**

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with the recommendation.  The Division will work with the Chief Technology Officer to achieve this audit recommendation.  Estimated timeline: Q2 2026

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  The recommendations identified through this audit will be included in the implementation of the Program Review. These recommendations will expand and strengthen quality assurance policies and processes identified through the Program Review and recommendations in this audit.  Projected timeframe for full implementation Q2 2024

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.  The Division will consider system enhancements to further support and enhance compliance with the Divisional Conflict of Interest Policy.  Estimated timeline: Q2 2024

**Recommendation 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.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  The Division agrees with this recommendation.

The Division will work with the Chief Technology Officer to achieve the results of this recommendation.

Estimated timeline: Q2 2026

**Recommendation 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.**

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

The Division agrees with this recommendation.

Efforts around recruitment and retention strategies have been ongoing in this area and Toronto Building will continue to work with the Chief People Officer to expedite and implement these recommendations.

Toronto Building has experienced considerable recruitment and retention challenges in recent years. The Program Review, which is currently being implemented, includes many enhancements that are aimed at addressing and improving recruitment and retention challenges. In addition, the Division is participating in provincial consultation on potential changes to the provincial qualification program.

Estimated Timeline: Q2 2023

**Recommendation 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.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

The Division agrees with this recommendation.

Toronto Building in collaboration with the Chief Technology Officer will explore opportunities to ensure that any necessary enhancements to existing system functionality or modern technology solution are implemented to address this recommendation. These improvements will improve inspection efficiency, effectiveness, and economy.

Estimated timeline: Q2 2026

**AUDITOR  
GENERAL**  

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**TORONTO**