

AUDIT AT A GLANCE

Audit of Transportation Services: Improving Utility Cut Permit and Inspection Processes

WHY THIS AUDIT MATTERS

Utility cuts can lead to traffic disruptions and construction-related complaints. Inadequate utility cut restoration can deteriorate City roads and sidewalks or result in road hazards, increasing safety risks for drivers, cyclists and pedestrians. As a result, it is crucial for the City to effectively manage the utility cut process.

BACKGROUND

Since 2018, Transportation Services does not perform utility cut repair work, but is responsible for issuing utility cut permits and inspecting repairs by utility companies to ensure they meet City standards and regulations.

This audit assessed the efficiency of Transportation Services’ utility cut permitting process and the effectiveness of overseeing utility cut repair work.

BY THE NUMBERS

- About 35,000 utility cut permits issued to 31 utility companies annually.
- 12% of permits are inspected each year on average.
- 43% of RoDARS approvals between 2022-2024 had missing or invalid permit numbers.
- 82 of 100 sampled permits were incorrectly marked as “warranty completed”.
- 36% of closed service requests exceeded the internal completion target of 30 days.
- \$20M in unrecovered pavement degradation fees from 2018-2024 due to a lack of cut measurement data.
- \$576k owed to the City by external utility companies for permanent restoration work related to legacy permits issued before 2018.

WHAT WE FOUND

A. Improve Application Processing Time and Implement Consistent Practices for Reviewing and Documenting Permit Applications

- There is no end-to-end tracking of application processing times, making it hard for staff to monitor timeliness against its targets, or to identify delays, delay causes, and opportunities for improvement. Our audit sample of 75 permits issued between 2022 and 2024 showed that application processing time exceeded internal targets (see table below for results).

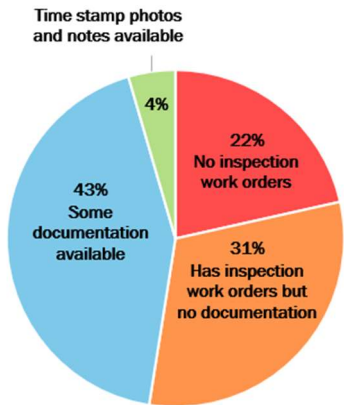
Permit Type	Internal Target	Average Processing Time	Percentage of Applications Exceeding Target
Emergency	2 business days	3.25 business days	50%
Short-Stream	5 business days	6.07 business days	42%
Full-Stream	20 business days	83.60 business days	90%

- Better coordination between Utility Management and Work Zone Construction Coordination units needed to improve oversight of utility cut work, help schedule timely inspections, and ensure compliance with permit requirements.
- Toronto Water independently issues its own permits and conducts inspections, so the Utility Management Unit can’t verify if restoration work by Toronto Water meets City standards or is completed on time.

B. Improve Inspections and Monitoring of Deficiencies

- 22 per cent of completed permanent cut repairs from a sample of 200 permits had no inspection work orders, so it is possible that no inspections were done (see chart on right).
- No formal process for monitoring permanent restoration and warranty deficiencies – of our sample permits with confirmed deficiencies, 62 per cent were not re-inspected.
- No formal criteria for selecting permits for material (i.e., concrete, asphalt) testing.
- Most key performance indicators for inspections and service requests are not met and root causes for missed targets are not identified.

Availability of Inspection Documentation



C. Establish an Effective Cost Recovery Fee Structure

- Since utility companies became responsible for permanently restoring their cuts, the City has not been recovering payment degradation fees for permits issued after 2018 due to a lack of necessary information (e.g., cut sizes) to calculate these charges.
- Current fee structure may be insufficient to cover utility cut program costs since only 12 per cent of permits are inspected, and there is a backlog of warranty inspections and deficiency follow-up inspections.

D. Better Track and Integrate Utility Cut Data

- The lack of complete, accurate and end-to-end utility cut permit tracking significantly impacts permit management.
- A lack of system integration (permit, traffic coordination, inspection) leads to inconsistent and fragmented data and inadequate communication between units.

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the 14 recommendations contained in the report will strengthen the effectiveness, efficiency, and oversight of the City’s utility cut permit and inspection processes, ensuring it meets current and future service demands, while protecting public safety and preserving road infrastructure quality and longevity.