

**Presentation to City Audit Committee
on July 11th, 2025
Agenda Item AU9.7**

**AUDITOR
GENERAL**

TORONTO

Audit of Transportation Services

Improving Utility Cut Permit and Inspection Processes

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Presentation Overview



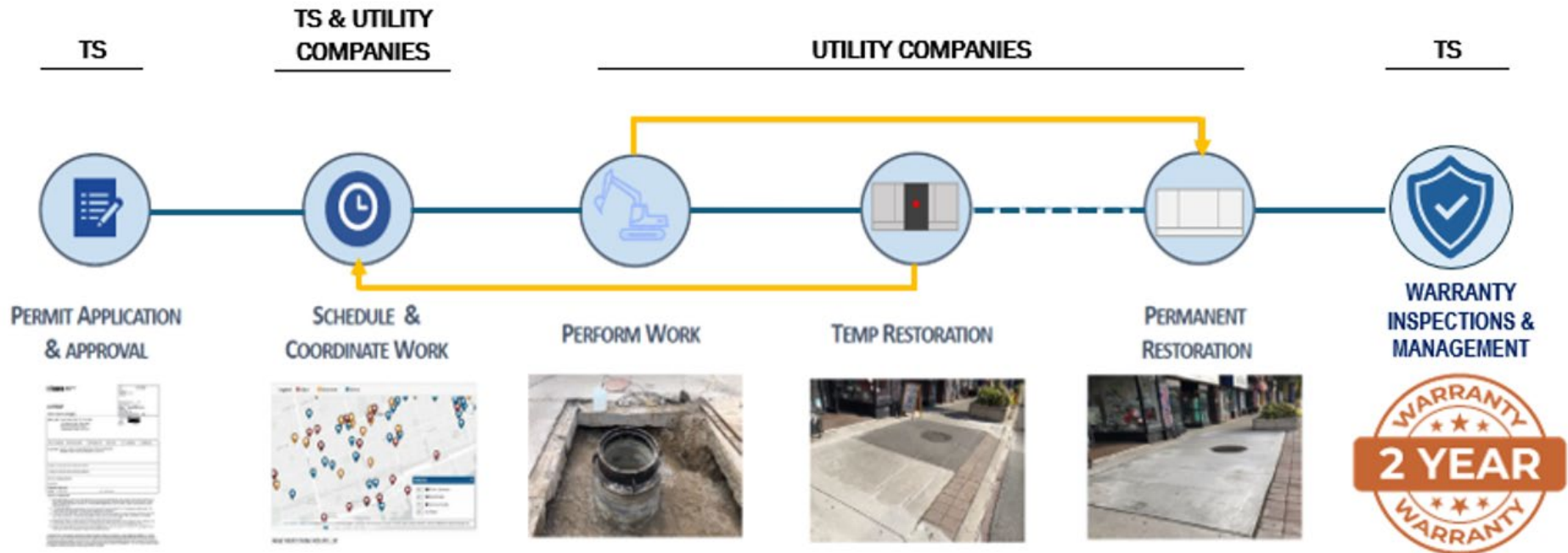
1. Background
2. Why This Audit Matters
3. Audit Objectives
4. Key Audit Findings and Recommendations
5. Closing Remarks

Background – What is a Utility Cut?



A **utility cut** refers to excavating a portion of the public right-of-way to provide access to underground utilities.

Background – The Utility Cut Process



- Where possible, permanent restorations are completed simultaneously with utility work.
- Typically, utility cuts are temporarily repaired to provide immediate access to traffic and pedestrians, and permanently restored at a later date.

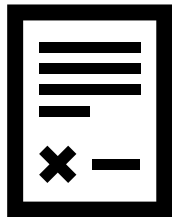
Background – The Utility Cut Program



2018

Process Change
Utility companies
perform permanent
restoration work

~35k
Permits
Issued
Annually

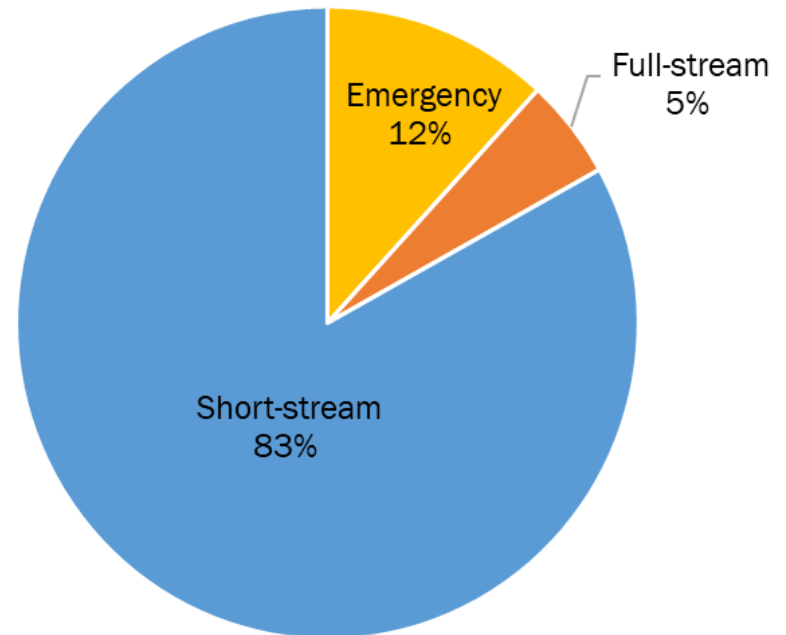


31
Utility
Companies



12%
of permits
inspected each
year on average

Type of Permits Issued, 2022-2024



Why This Audit Matters


Improper utility cut restoration can **deteriorate City roads and sidewalks** or result in hazards for drivers, cyclists and pedestrians.



Audit Objectives

- 1) Does Transportation Services meet the established service levels for **processing permit applications**?
- 2) Are **inspections of utility cut repairs and warranties** effective in holding utility companies accountable for meeting the City's standards and regulations?
- 3) Does Transportation Services have an effective **cost recovery mechanism** to account for pavement degradation and to ensure that the fees from utility companies cover the City's costs for administering and inspecting utility cut repairs?

Key Audit Findings and Recommendations

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- A. Improve Application Processing Time and Implement Consistent Practices for Reviewing and Documenting Permit Applications**
 - B. Improve Inspections and Deficiency Monitoring**
 - C. Establish an Effective Cost Recovery Fee Structure**
 - D. Better Track and Integrate Utility Cut Data**

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

Table: Average Permit Processing Time by Stream, Compared to Internal Targets

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%

- No end-to-end application processing time tracking
- Utility Management Unit does not oversee permits issued by Toronto Water



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

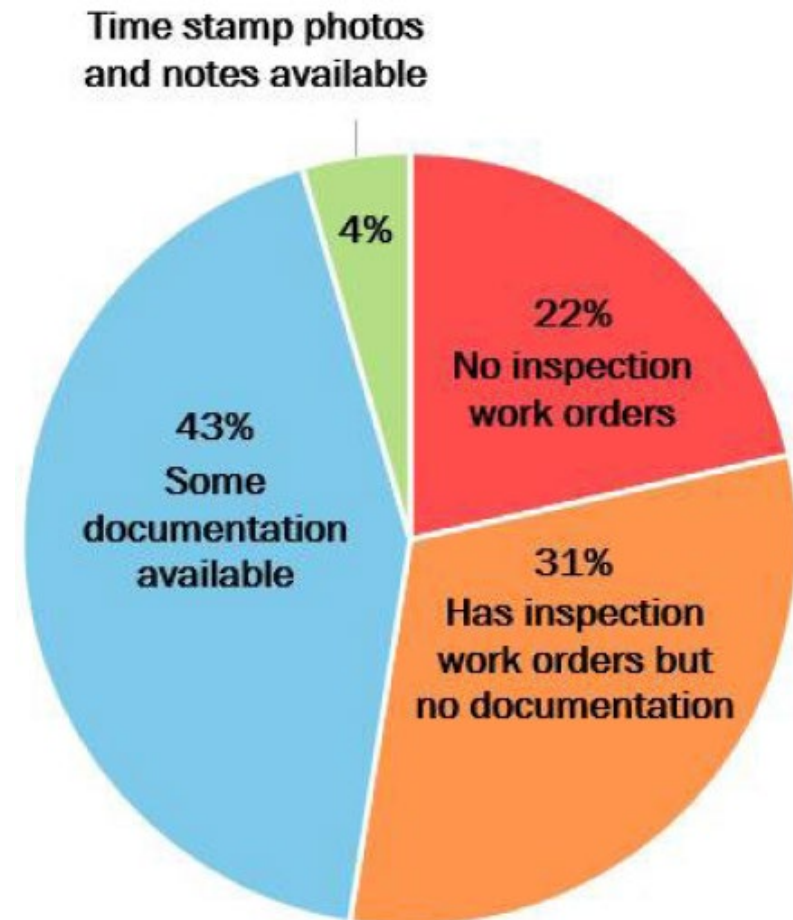
- Better coordination needed between Transportation Services' Utility Cut Management and Work Zone Construction Coordination units
- **43%** of RoDARS applications had missing or incorrect permit numbers
- **93%** of sampled permits did not have RoDARS approvals



B. Improve Inspections and Deficiency Monitoring

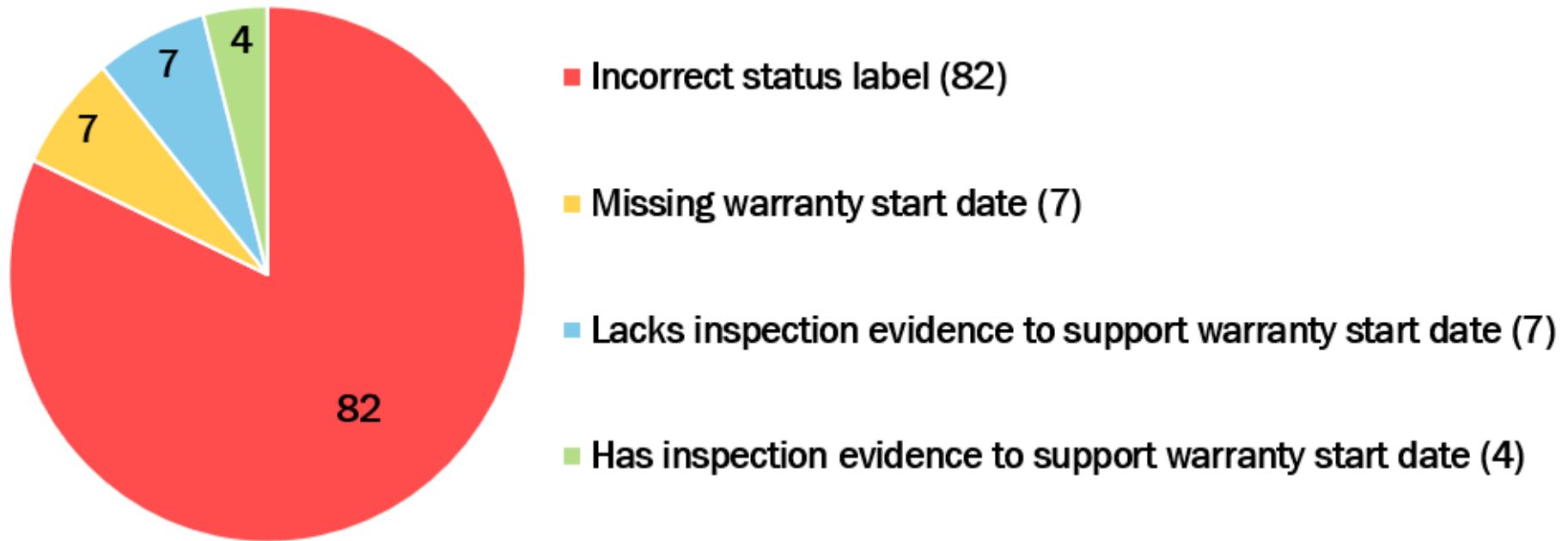
A Breakdown of 200 Samples Showing Availability of Documentation

- Inspection records and documentation not consistently recorded in the system
- Limited or incorrect inspection and warranty records, 22% had no inspection work orders



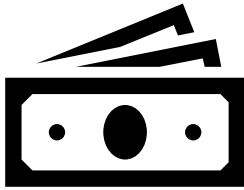
B. Improve Inspections and Deficiency Monitoring

Inaccurate Warranty Statuses and Dates

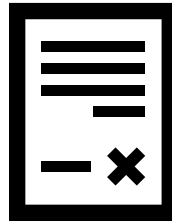


- Lack of formal criteria for material testing
- No formal process for monitoring permanent restoration and warranty deficiencies

C. Establish an Effective Cost Recovery Fee Structure



Approx. \$20M
in unrecovered
pavement
degradation fees



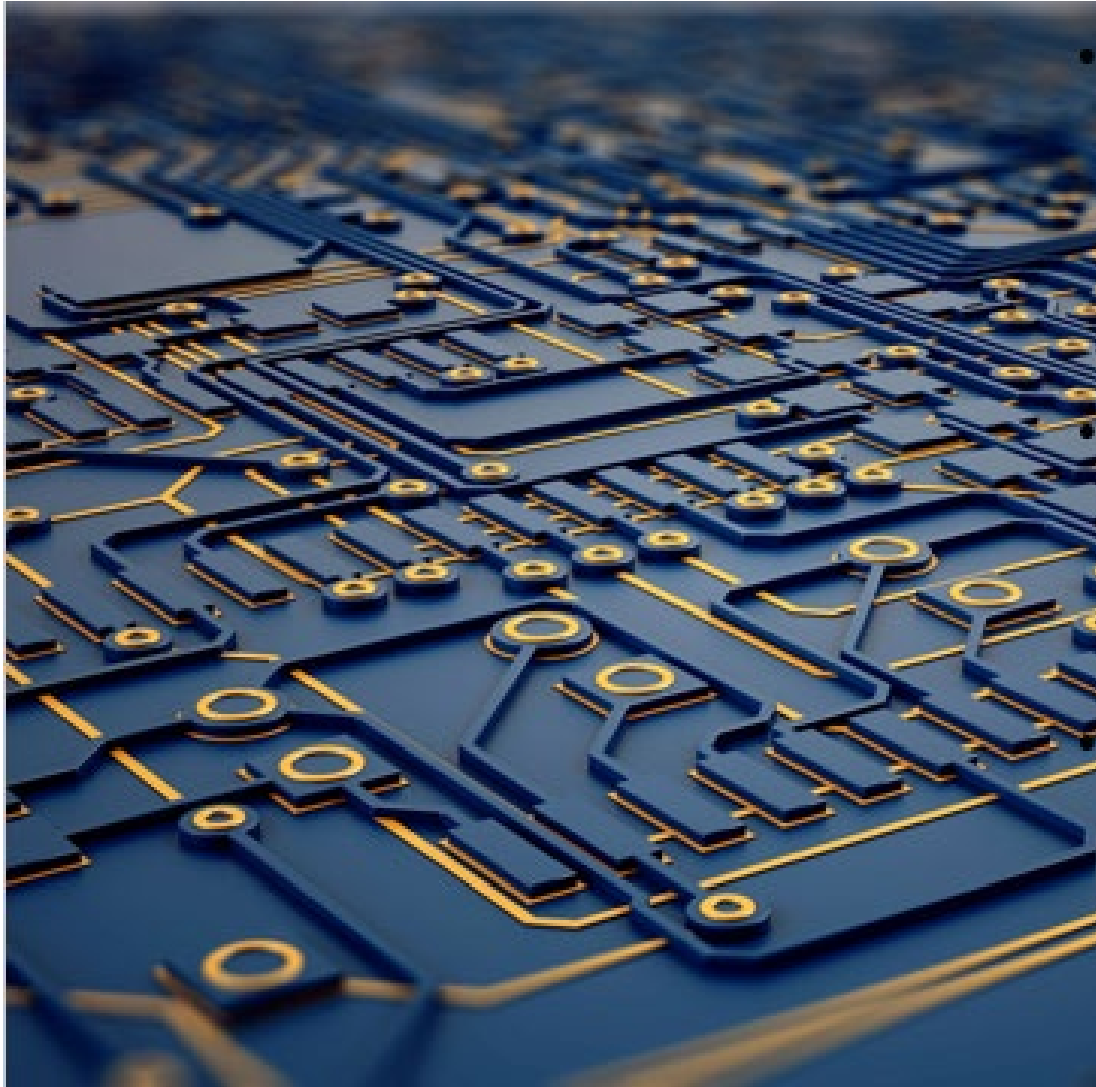
\$576k owed
by external utility
companies related
to legacy permits



**\$453k of the
money owed**
currently being
disputed

Current fee structure **may be insufficient** to cover costs
associated with a potential increase in inspection
volumes.

D. Better Track and Integrate Utility Cut Data



- Lack of **complete, accurate data, and centralized data system** significantly impacts permit management
- Lack of **integration between systems** results in inconsistent and fragmented data
- Need for a more **effective permit system** that is fully integrated with work management system (Maximo)

Closing Remarks

Implementing the 14 recommendations contained in this report will strengthen the effectiveness, efficiency, and oversight of the utility cut permit and inspection processes.

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