



CITY OF HAMILTON
City Manager's Office
Audit Services

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	August 13, 2014
SUBJECT/REPORT NO:	Audit Report 2014-02 - Planning and Economic Development - Building Inspections (AUD14020) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ann Pekaruk 905-546-2424 x4469 Brigitte Minard 905-546-2424 x2088
SUBMITTED BY:	Ann Pekaruk Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

- (a) That the Management Action Plans as detailed in Appendix "A" of Report AUD14020 be approved; and
- (b) That the General Manager of Planning and Economic Development be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD14020) implemented.

EXECUTIVE SUMMARY

The 2014 Internal Audit work plan approved by Council included an audit of building inspections. The audit scope evaluated whether the Building Inspection Section was enforcing the Building Code Act and related City By-laws for building inspections conducted from January to December 2013. Management, administrative and operational processes associated with building inspections were also reviewed. Recommendations were made to strengthen controls, ensure that enforcement processes were consistently occurring and documented, identify opportunities for administrative efficiencies and improve management oversight.

The results of this audit are presented in a formal Audit Report (2014-02) containing observations, recommendations and management responses. Audit Report 2014-02 is attached as Appendix "A" to Report AUD14020.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: New revenue from the enforcement of charging service fees to contractors for premature inspections may be generated. The fees could be used to offset the unnecessary cost of extra staff time. The amount of potential new revenue is unknown at this time.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

The audit was scheduled as part of the 2014 Internal Audit work plan approved by Council. The audit fieldwork was completed in January to May 2014. The results of this audit are attached as Appendix “A” of Report AUD14020.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

- Ontario Building Code Act, 1992 and Regulations; Building Code Statute Law Amendment Act, 2002
- City of Hamilton By-law 08-161 (under the Building Code Act, 1992 respecting permits and related matters)
- Other pertinent City By-laws (e.g. Zoning, Swimming Pools, etc.)

RELEVANT CONSULTATION

Appendix “A” to Report AUD14020 includes action plans which reflect the responses of management responsible for the administration of building inspections – the Building Inspection Section of the Building Services Division, Planning and Economic Development Department.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION
(Include Performance Measurement/Benchmarking Data if applicable)**

The Building Inspection Section is responsible for the enforcement of the Building Code Act and relevant City By-laws. The Ontario Building Code Act provides for the safety and health of the public at large through compliant construction and demolition.

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In 2013, approximately 70,100 inspection attempts were made by 35 building inspectors. On average, each inspector attempted approximately 2,000 inspections in 2013. In 2013, there were 354 occurrences where a builder was found to have been building without a building permit and 19 related Stop Work Orders were issued by the City.

The audit focused on inspections and controls related to the enforcement of the Ontario Building Code Act and related City By-laws. Management, administrative and operational processes associated with building inspections were also reviewed.

A formal Audit Report (2014-02) containing observations, recommendations and resulting management action plans was issued. Eleven recommendations were included in Audit Report 2014-02 (attached as Appendix "A" of Report AUD14020).

Among the recommendations are:

- Implementing all available enforcement actions within a specified timeframe and in compliance with internal procedures;
- Monitoring of enforcement actions taken by Building Inspectors;
- Reviewing and updating relevant procedures regularly;
- Tracking timeliness of building inspections and using this information to evaluate the performance of Building Inspectors;
- Documenting premature inspection requests in the AMANDA computer application;
- Standardizing abbreviations in the recording of inspection results in AMANDA and using a checklist for completing Occupancy Inspections; and
- Instituting a quality control process for building inspections.

Management and staff have already taken action or have agreed to take measures in the near future in order to implement all of the 11 formal recommendations. Management only partially agreed with one of the recommendation so action will be taken only for the portion agreed to in the Management Action Plan. Specific action plans can be found in the attached Audit Report.

Audit Services conducted this audit in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the audit to obtain sufficient, appropriate evidence to support the findings and conclusions based on the audit objectives. Audit Services believes that the work performed provides a reasonable basis for the audit findings and conclusions.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not Applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD14020

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