

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2014-02
PLANNING & ECONOMIC DEVELOPMENT – BUILDING INSPECTIONS
FOLLOW UP**

OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (MARCH 2016)
<p><u>Building without a Building Permit</u> Property owners and/or contractors cannot lawfully begin construction or demolition of a building project without a valid permit. Building Inspectors have the authority to order compliance with this requirement. They also have the authority to apply escalating force to property owners and/or contractors that refuse to comply.</p> <p>In 2013, there were 354 confirmed cases where construction had started without a Building Permit. After Orders to Comply were issued, 200 of these cases applied for and were issued Building Permits that brought these projects into compliance.</p>			

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<p><u>Building without a Building Permit (Cont'd)</u> Of the 154 cases remaining as failures to comply, 80 had been identified more than six months earlier but the enforcement authority of legal action had only been started against four of these projects at the time of the audit fieldwork in February, 2014.</p> <p>There is a procedure entitled "Commencement of Construction or Demolition without a Permit" which sets out enforcement requirements with respect to building/demolition without a permit. In five of the eight sampled construction/demolition projects tested, this procedure was not followed.</p> <p>By not promptly enforcing the requirement of having a permit before construction or demolition projects begin, the City is undermining its credibility with the construction community. It also leaves the City exposed to liability claims.</p>	<p>1. That all available enforcement actions be implemented within a specified timeframe (e.g. 30 days after issuance of Order to Comply).</p> <p>2. That management ensure that all implemented procedures are complied with as part of an internal quality control and management review process.</p> <p>3. That management monitor enforcement actions taken by Building Inspectors through a management review process.</p>	<p>Agreed. A team of three Enforcement Building Inspectors was appointed on January 1, 2014 to be fully dedicated to investigating "construction without a permit" complaints to ensure the 30 day enforcement deadline is achieved in all cases. Implementation completed.</p> <p>Agreed. The Enforcement Team meets with management on a monthly basis to ensure that they are able to adhere to enforcement procedures. Implementation completed.</p> <p>Agreed. All Action Requests are monitored, daily, via the Supervisor of Inspections AMANDA "to-do list". Implementation completed.</p>	<p>Completed. Based on a review of a sample of inspector files, it was confirmed that the 30 day enforcement deadline is being achieved.</p> <p>Completed. Meeting minutes were reviewed and confirmed ongoing team meetings. As well, a review of inspector files confirmed overall procedure compliance.</p> <p>Completed. Based on review of a sample of files, it was found that inspector files are mirrored on their supervisor's "to-do list" for ongoing oversight and monitoring.</p>

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<p><u>Policies and Procedures</u> Nine of the thirteen procedures related to the application of the Ontario Building Code have not been updated since 2006.</p> <p>By not reviewing and updating business procedures regularly, management is not maintaining current documentation of internal controls. Staff may not be aware of changes to controls and how they impact their job duties. Management needs to stress the importance of internal controls and their requirements to staff.</p>	<p>4. That all procedures relating to the Building Inspection Section be reviewed and updated regularly (annually). Any changes should be communicated to the appropriate staff.</p>	<p>Agreed. On November 12, 2013, in preparation for the soon-to-be published 2012 OBC, the Building Division's "Policy and Procedure Implementation Team" was created. This team has been reviewing, updating, creating and/or eliminating various policies and procedures. Anticipated completion date: Q4; 2014.</p>	<p>In Progress. Several draft and newly approved and issued procedures were reviewed by Audit Services.</p> <p>New approved procedures are communicated to staff via email and discussed in team meetings. Management has set the review frequency to be every three years. It is anticipated that all draft procedures will be approved by the end of Q4 2016. Expected Completion: December 2016.</p>

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<p><u>Timeliness of Building Inspections</u> The Ontario Building Code Act requires a Building Inspector to undertake a site inspection no later than two days after notice is received. The Building Inspection Section's current process requires the property owner and/or contractor responsible for the project to contact the Building Inspector directly. A record is not retained of when the inspection request was received. Therefore, there is no detail available to determine whether inspections are occurring within two days of the notice being received.</p>	<p>5. That a process be implemented to track when inspection requests are received from the property owner and/or contractor so that compliance with the Ontario Building Code Act can be assessed.</p> <p>6. That compliance with the Ontario Building Code Act in regards to the timeliness of inspections be used to evaluate the performance of the Building Inspectors.</p>	<p>Agreed. The AMANDA system's capability to "time-stamp" inspection requests has been investigated, tested and refined for use by the administrative staff of the Inspection Section. Administrative staff are currently being trained to use the program. Procedures and work processes are being developed prior to "going live" with the tracking initiative. Anticipated implementation date: Q4, 2014.</p> <p>Agreed. Once implemented, inspection request tracking data collected will be incorporated in the Building Inspectors' annual Performance Appraisals as an assessment of their adherence to the Division's "same day" inspection performance standard. Anticipated implementation date: Q4, 2014.</p>	<p>Initiated. Building Services management has confirmed that the "time-stamping" feature in the AMANDA system will be implemented once Lagan (customer contact system) can be integrated with the AMANDA system.</p> <p>In discussing this task with Customer Contact Center management, a completion date cannot be accurately forecasted due to another priority system integration task underway. Expected Completion: Undetermined</p> <p>Initiated. As noted above, once the "time-stamping" feature in AMANDA is fully operational, Building Services management can accurately monitor compliance to the Ontario Building Code for inspection timeliness; and in turn evaluate the performance of the Building Inspectors. Expected Completion: Undetermined</p>

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<p><u>Premature Inspection Requests</u> Building Services Procedure 11-003 defines a premature inspection as a request for a building inspection for a stage of construction for a new subdivision or townhouse project before the actual related work is completed. This then requires a re-inspection.</p> <p>The procedure requires the contractor to be charged a service fee for requesting a premature inspection. In 2013, the Building Inspection Section attempted more than 55,000 inspections that related to new construction. No service fees were issued for premature inspection. A sample of five addresses in which multiple inspections for new construction had been made indicated one of these inspections was premature because the site was not in a condition to allow inspection. No service fee was charged.</p>	<p>7. That Building Inspectors enforce the policy of charging service fees to contractors for premature inspections.</p>	<p>Partially agree. Often times, circumstances are beyond the control of permit holders (such as weather, sub-contractor difficulties and construction site mishaps) which lead Building Inspectors to use their discretion in these instances. They are more inclined to work with builder/contractors/homeowners rather than imposing the fee. It is agreed that the fee should be imposed on a more consistent basis. A policy will be implemented by the Director of Buildings (as per #2 above) to ensure that the fees are imposed on a more consistent and regular basis. Anticipated implementation date: Q4, 2014.</p>	<p>In Progress. A policy has not been developed, however Audit Services observed Building Services team meeting minutes confirming Management directing inspectors to charge for premature inspections when appropriate.</p> <p>A list of premature inspection fees imposed for 2014 and 2015 was reviewed and an increase in fees relative to 2013 was confirmed. Expected Completion: September 2016</p>

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<p><u>Premature Inspection Requests (Cont'd)</u> Premature inspections are not being effectively documented and enforcement action is not being taken to discourage such contractor requests. Such inspections waste staff time and the City incurs unnecessary costs.</p>	<p>8. That premature inspection requests be documented and tracked in AMANDA.</p>	<p>Agreed. All imposed and collected premature inspection fees shall be recorded in AMANDA accordingly. Anticipated implementation date: Q4, 2014.</p>	<p>In Progress. Premature inspection fees are well documented in the AMANDA system via inspector notes and documents; however it is not consistently apparent if the fee imposed has actually been paid.</p> <p>Expected Completion: As of July 2016, management indicated that this item was completed, however verification by Audit Services will take place during the 2017 Annual Follow Up Audit.</p>

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<p><u>Updating AMANDA – Inspectors' Notes</u> Building Inspectors report their findings in a software application called AMANDA. Their notes are very brief - abbreviations and acronyms are used to describe observations. There is no consistency in how abbreviations and acronyms are used. This can result in difficulty while reviewing and interpreting records in AMANDA.</p>	<p>9. That management develop and provide standards for recording inspection results in AMANDA to Building Inspectors to ensure consistency in the documentation of inspections.</p>	<p>Agreed. Acronyms are an efficient and time-saving way of entering inspections results in AMANDA but inconsistencies can lead to confusion, where inspection notes are misunderstood.</p> <p>A standardized list of acceptable acronyms shall be created to remove doubt as to the facts listed in inspection reports. Anticipated implementation date: Q1, 2015.</p>	<p>In Progress. Standards for recording inspection results in AMANDA have not been created.</p> <p>Management did communicate to inspectors via a team meeting that acronyms in the Ontario Building Code (OBC) along with OTC (Order to Comply) can be used in AMANDA.</p> <p>Expected Completion: As of July 2016, management indicated that this item was completed; however verification by Audit Services will take place during the 2017 Annual Follow Up Audit.</p>

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<p><u>Updating AMANDA – Inspectors' Notes (Cont'd)</u> The notes in AMANDA do not detail the various stages specified in the Building Code that have been reviewed and approved for Occupancy Inspections.</p> <p>In the event of a legal claim against the City, it is important for records to be consistent and detailed.</p>	<p>10. That a checklist for use in completing an Occupancy Inspection be developed and implemented to ensure that all of the stages necessary to approve the Occupancy Permit have been reviewed and passed.</p>	<p>Agreed. The Building Division Management Team will investigate AMANDA's ability to provide Building Inspectors with an "occupancy inspection drop down list" that self populates for ease of entry. Upon inspecting new construction for occupancy, Inspectors will be required to identify, item-by-item, everything that has been inspected in order for the building to be occupied. Anticipated implementation date: Q1, 2015.</p>	<p>Not Completed. Building Services management confirmed that this has not yet been done.</p> <p>Expected Completion: December 2016 (or earlier, per management, if the AMANDA implementation team can complete this task earlier).</p>

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<p><u>Supervision of Building Inspectors</u> The inspections that Building Inspectors perform are not regularly reviewed by management to ensure that staff are consistent in their evaluations and related documentation. Variations may result in inconsistencies between the work performed and the standard expected per the Building Code. Such inconsistencies could expose the City to unnecessary risk of liability if a legal claim were to be made regarding inspection quality.</p>	<p>11. That management implement a quality control process consisting of a periodic review of inspection documentation and inspector work activities.</p>	<p>Agreed. A formal process will be implemented to ensure that Supervisors, on a regular basis, attend job sites with Building Inspectors at least twice a year (in a "job shadowing" capacity) to ensure the high quality of inspections is maintained. The results of these "ride-along" opportunities will be tied into the Performance Appraisal process. Implementation date: Q3, 2014.</p>	<p>In Progress. A "Quality Control Checklist" is to be completed by each Building Inspector's supervisor twice per year during a ride-along assessment.</p> <p>One supervisor interviewed however had not yet completed any of these reviews at the date of our initial follow up work.</p> <p>Furthermore, a checklist completed by another supervisor was reviewed and was found to contain minimal details regarding the Building inspector's work activities and no details pertaining to the inspector's documentation. Expected Completion: September 2016</p>