

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 29, 2020

Item 2, Report No. 40, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on September 29, 2020.

2. INTERNAL AUDIT REPORT – BY-LAW & COMPLIANCE, LICENSING & PERMIT SERVICES AUDIT: PHASE 1

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Director of Internal Audit, dated September 22, 2020:

Recommendations

1. That the Internal Audit Report - By-Law & Compliance, Licensing & Permit Services: Phase 1 be received.

Committee of the Whole (2) Report

DATE: Tuesday, September 22, 2020

WARD(S): ALL

**TITLE: INTERNAL AUDIT REPORT – BY-LAW & COMPLIANCE,
LICENSING & PERMIT SERVICES AUDIT: PHASE 1**

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose

To communicate the findings from the By-Law & Compliance, Licensing & Permit Services Audit: Phase 1.

Report Highlights

- Policy and Business Planning administers and provides client support for regulatory services and provides business support and policy development to all areas of the By-Law & Compliance, Licensing & Permit Services Department.
- While the department has made significant progress on several initiatives over the past number of years, further improvements will be required to ensure risks related to the execution of the City's By-Law strategy are efficiently and effectively mitigated, while continuing to support the needs of the community.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.
- Internal Audit will follow up with management and report on the status of management action plans at a future committee meeting.

Recommendations

1. That the Internal Audit Report - By-Law & Compliance, Licensing & Permit Services: Phase 1 be received.

Background

Based on the variety and depth of the programs and activities that By-law Compliance, License and Permit Services (BCLPS) is responsible for, we have been conducting the BCLPS audit in phases. We started by reviewing the Policy & Business Planning business unit (Phase 1), followed by Enforcement Services (Phase 2). Animal Services (Phase 3), is anticipated to be included as part of the 2021 Internal Audit Risk Based Work Plan.

The objective of phase 1 of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with managing of By-law Policy and Business Planning.

The audit approach included a review of the strategic goals, objectives and oversight of the business unit, review of relevant programs, legislation, policies and procedures, use of technology, and interviews with staff and management.

The audit scope included regulatory activities since inception of the 2014 By-law Strategy and other department related activities that occurred in January 2018 to May 2020.

Previous Reports/Authority

Not applicable.

Analysis and Options

The mission of BCLPS is to protect the health, safety and wellbeing of the community through community partnership and an educational and regulatory compliance framework that supports the quality of life for all citizens through the Term of Council Priorities. BCLPS realizes this mission through three core business units of Policy and Business Planning (PBP), Enforcement Services and Animal Services.

PBP administers and provides client support for regulatory services and provides business support and policy development to all areas of the department. PBP realizes this mission through its key business areas of Licensing & Permits, Administrative Monetary Penalties, By-law Services, Policy Development and Business Planning.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

While the department has made significant progress on several initiatives over the past number of years, further improvements will be required to ensure risks related to the execution of the City's By-Law strategy are efficiently and effectively mitigated, while continuing to support the needs of the community. The following opportunities were identified:

- Reevaluating and updating the By-law strategic framework, principles and deliverables to ensure they remain realistic and achievable.
- Ensuring parking permit processes comply with the City's Parking By-Law.
- Leveraging advances in technology to improve business processes.
- Establishing Key Performance Indicators to measure department performance.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

Attachments

1. Internal Audit Report – By-Law & Compliance, Licensing & Permit Services:
Phase 1

Prepared by

Kevin Shapiro, Director of Internal Audit, ext. 8293

Approved by

A handwritten signature in black ink, appearing to be 'K. Shapiro', with a long horizontal line extending to the right.

Kevin Shapiro, Director of Internal Audit



INTERNAL AUDIT REPORT

By-law & Compliance, Licensing & Permit Services Audit: Phase 1

August 2020

INTERNAL AUDIT REPORT

BY-LAW & COMPLIANCE, LICENSING & PERMIT SERVICES AUDIT: PHASE 1

CONCLUSION AND SUMMARY

While the department has made significant progress on several initiatives over the past number of years, further improvements will be required to ensure risks related to the execution of the City's By-Law strategy are efficiently and effectively mitigated, while continuing to support the needs of the community. The following opportunities were identified:

- Reevaluating and updating the By-law strategic framework, principles and deliverables to ensure they remain realistic and achievable.
- Ensuring parking permit processes comply with the City's Parking By-Law.
- Leveraging advances in technology to improve business processes.
- Establishing Key Performance Indicators (KPIs) to measure department performance.

The By-law Strategy approved by Council in 2014 had three targeted deliverables. Planning and Business Policy (PBP) has successfully developed a centre of excellence as a single point of contact for the initiation of by-law reviews and procedural oversight. PBP has made progress on the other two deliverables, but further work is required to ensure the expected benefits of adopting the strategy are achieved. The By-law Strategy aimed at establishing a renewable approach where by-laws are reviewed, formulated, amended and consolidated. This was expected to be achieved over a 5-year life cycle. However, BPB did not receive all the resources necessary to achieve this timeline. Current estimates indicate that it will take 7 years to complete a cycle. As a result, management is still in the process of consolidating by-laws. At the Committee of the Whole meeting on May 20, 2020, management reported that in the last 12 months, 10 by-laws had been consolidated and three new comprehensive by-laws were introduced.

As it has been almost six years since the By-Law strategy was approved and two of the deliverables remain outstanding, opportunities exist to re-evaluate the framework methodology and approach. This may include prioritizing activities and review lifecycles based on the current and projected risk environment, reexamining the optimal level of resources necessary to achieving strategic objectives and setting realistic and achievable implementation timelines. Performing these actions will help ensure by-laws remain current, relevant, effective and suitable to community needs.

The City's Parking By-Law 064-2019, as amended, regulates parking permits and parking prohibitions within the City. There are three types of parking permits available to Vaughan residents; Visitor, Construction and Monthly parking permits. Three separate systems are used to administer these permits. When reviewing these parking permits processes and systems, Internal Audit identified examples where current practices do not comply with the Parking By-law and/or may open the system to misuse. Through the Parking Strategy review that is currently underway, opportunities exist to integrate, streamline and simplify the parking permit types and processes and resolve inconsistencies. This will help ensure that the intent of the Parking By-Law can continue to provide for the safety of drivers and pedestrians, the effective flow of traffic, and the maintenance of community standards.

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PBP uses many different technology systems within the department that are not integrated and do not meet their business requirements. A good portion of the licensing and permit services are not provided online. This has resulted in PBP having to establish manual processes and duplications of effort in order to implement their programs and services, which has resulted in inefficiency for both the City and the residents, as well as revenue loss. Leveraging advances in technology and/or integrating existing systems may help expand and improve online service offerings and increase value to the community by improving service quality and performance.

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. They should clearly demonstrate the cause and effect relationship between departmental processes and outcomes to the results the City wants to achieve from the strategic plan. It helps all levels of the organization see the impact of their work on performance and trace that impact all the way up to organizational performance. Performance measures are so vital in an organization and are frequently overlooked. There are well recognized frameworks in the industry to measure the efficiency and effectiveness of municipal programs and services. Currently, PBP does not have a robust set of KPI's nor do they benchmark against other municipalities. This is partially due to lack of capability to collect and track relevant data. Developing appropriate KPIs and benchmarking against best practices and industry frameworks will help management assess the City's service levels in comparison with peers and identify opportunities to further improve effectiveness and efficiency.

It should be noted that, prior to the start of this audit, PBP had already commenced and/or begun planning various initiatives to address many of the recommendations made in this report, however acknowledge that they have been constrained at times by staffing resources and prioritization of unexpected emergent issues. Examples of priority emerging issues included the development of regulations with respect to Cannabis, Short-Term Rentals and tree cutting regulations for golf courses and development. Moving forward, BCLPS intends to account for emerging issues in the By-law Strategy framework.

Additionally, with the on-set of COVID-19 pandemic in mid-March, planned actions to further progress the department were delayed due to the immediacy of the demands of COVID-19 and providing the necessary increased support for the enforcement divisions (e.g. Enforcement Services and VAS).

Internal Audit will follow up on the status of outstanding management action plans related to this audit and will report the status to the appropriate Committee.

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BACKGROUND

The mission of By-law Compliance, License and Permit Services (BCLPS) is to protect the health, safety and wellbeing of the community through community partnership and an educational and regulatory compliance framework that supports the quality of life for all citizens through the Term of Council Priorities. BCLPS realizes this mission through three core business units of Policy and Business Planning (PBP), Enforcement Services and Animal Services.

PBP administers and provides client support for regulatory services and provides business support and policy development to all areas of the department. PBP realizes this mission through its key business areas of Licensing & Permits, Administrative Monetary Penalties, By-law Services, Policy Development and Business Planning.

The duties and powers of a municipality are derived from the provincial legislature. By-laws are created to protect and support the public, community interests, the environment, quality of life, economic viability, consumer protection and public health & safety.

Regulatory by-laws establish acceptable minimum standards, maintain an orderly appearance for both public and private lands and establish necessary regulations to address public interest, acceptable conduct, control activities, land uses and public safety. By-laws can also regulate and define the rights and responsibilities of residents, visitors and businesses by permitting, prohibiting or otherwise controlling certain uses and activities. By-laws must adhere to an established rationale derived from law, commonly referred to as having a “municipal purpose”.

A variety of Provincial legislation are relied upon by a municipality in enacting by-laws, including, but not limited to:

- Provincial Offences Act
- Municipal Act
- Highway Traffic Act
- Planning Act
- Building Code Act
- Animals for Research Act
- Conservation Authorities Act
- Elections Act

The most common reasons a municipality creates by-laws is to deal with:

- Public safety
- Resident and visitor health and welfare
- Protection of private and public property
- Nuisances control and unsightly premises
- Transportation
- Business activities (e.g. licensing, inspection)
- Utilities
- Animal control

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OBJECTIVES AND SCOPE

Based on the variety and depth of the programs and activities that BCLPS is responsible for, we are conducting the BCLPS audit in phases. We started by reviewing the Policy & Business Planning business unit (Phase 1), followed by Enforcement Services (Phase 2). Animal Services (Phase 3) is anticipated to be included as part of the 2021 Internal Audit Risk Based Work Plan.

The objective of phase 1 of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with managing of By-law Policy and Business Planning.

The audit approach included a review of the strategic goals, objectives and oversight of the business unit, review of relevant programs, legislation, policies and procedures, use of technology, and interviews with staff and management.

The audit scope included regulatory activities since inception of the 2014 By-law Strategy and other department related activities that occurred in January 2018 to May 2020.

Auditor and Author: Hemingway Wu, CPA;CA, CIA

Director: Kevin Shapiro CIA, CFE, CRMA

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DETAILED REPORT

1. Reevaluate and Update the By-law Strategic Framework, Principles and Deliverables to Ensure They Remain Realistic and Achievable

The City's By-law Strategy was approved by Council in June 2014. It established a framework by which City by-laws are reviewed, formulated, amended and consolidated, to ensure by-laws remain relevant, effective and suitable to community needs. There were three targeted deliverables arising from the implementation of the By-law Strategy.

Internal Audit reviewed management's progress towards achieving the deliverables and noted the following:

Deliverable #1: By-laws that are relevant, effective and sustainable:

- Management is still in the process of consolidating by-law amendments. At the Committee of the Whole meeting on May 20, 2020, management reported that in the last 12 months, 10 by-laws had been consolidated and three new comprehensive by-laws were introduced. Since the strategy was first implemented, management has reviewed a total of 11 by-laws, consolidated 15 and created 7 comprehensive regulations and by-laws, in addition to amendments to a number of other by-laws.
- The implementation phase of the strategy includes a 90-day preparation period, training, stakeholders/public communication, outreach and education, data collection and analysis. Management continues the progression of implementing these phases as planned. Without full implementation of a proper tracking and assessment process on specific by-laws, BCLPS may not be able to collect and assess all the necessary information and data for monitoring, accountability and reporting. This is further exasperated by technology limitations on data capture that exists with the current case management system (JDE/CTS). It may not fully achieve the intended purpose to benchmark and measure effectiveness of by-laws.
- As the City's enterprise risk management framework is still in development, there is a risk that some by-laws may not always be based on the current and projected risk environment and the Term of Council priorities, which may impact on their relevance, effectiveness and sustainability.

Deliverable #2: A coordinated process for managing and amending regulatory by-laws, creation of new by-laws and establishment of a renewable lifecycle model:

- A primary deliverable of the By-law Strategy aimed at establishing a renewable approach, including the development of a "Bylaw Lifecycle" schedule by which existing by-laws are reviewed systematically (i.e. 5 years). PBP did not receive all the resources as recommended by the strategy which is impacting on their ability to achieve the 5-year lifecycle. Given current resources, it may take 7 years to fully implement a cycle. A renewable lifecycle beyond that has not been established.

Deliverable #3: A centre of excellence and single point of contact for initiation of by-law reviews and procedural oversight:

- PBP has met this deliverable. Internal Audit did not note any significant findings.

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The approval of the By-law Strategy was intended to provide the City with many benefits, including establishing by-laws that are current, relevant, suitable, reflective of community needs and enhance community understanding. This in turn would lead to a greater likelihood of increased awareness and voluntary compliance. Consolidation of by-laws would also improve information access and greater ease for public consumption of by-law requirements. However, there is significant risk to achieving these benefits if management is unable to achieve the target deliverables.

Recommendations

We recommend that management re-evaluate and update the By-law Strategic framework, principles and deliverables to ensure they are still realistic and achievable. This includes:

- Determining whether the criteria used to guide the development of the original framework are still valid and whether additional information is required to guide an updated approach.
- Prioritizing activities and review lifecycles based on the current and projected risk environment and the Term of Council Priorities.
- Reevaluating the optimal level of resources that are required to achieve the strategic objectives and deliverables, based on risk.
- Setting realistic and achievable implementation timelines.
- Establishing the appropriate level of monitoring, reporting and oversight responsibilities to ensure that framework deliverables are progressing as planned.

Management Action Plan

BCLPS agrees with the above recommendations, and will continue to address them through the following:

- **Review of the By-law Strategy framework:** Management will conduct a review of the current By-law Strategy framework, such as by engaging internal and external stakeholders, undertaking cross-jurisdictional comparisons for regulatory management and examining opportunities to more effectively maintain relevant, comprehensive, accessible by-laws. The target completion timeline is December 31, 2020.
- **Project management system:** BCLPS has launched a project management system for staff, which includes regulatory reviews with mandatory pre-set tasks, which will help to ensure thorough and timely implementation. The target completion timeline is December 31, 2020.
- **Risk and mitigation tracking:** The new tool also includes sections which require selection of the relevant Term of Council priorities, as well as a section on a risk management section to facilitate in tracking and mitigating risk. The target completion timeline is December 31, 2020.

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- **Full staff complement:** PBP currently consists of four staff, including one contract staff, which has already begun BCLPS to better manage the amendment and creation of by-laws, and the by-law lifecycle. However, the contract staff is being funded through a capital project to complete by-law consolidation. Once the project is complete, PBP will have to successfully acquire an ARR to achieve full staff complement, pending budget approval.
- **Guides and templates:** PBP has also developed a By-law Consolidation guide to ensure by-laws are consolidated, as well as by-law and report templates, to ensure reports and by-laws are reviewed, developed and structured consistently, and clearly connect with current Term of Council priorities.

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2. *Ensure Parking Permit Processes Comply with the City's Parking By-Law 064-2019*

The City's Parking By-Law 064-2019 regulates parking permits and parking prohibitions in the City. The Parking By-law is intended to ensure the safety of drivers and pedestrians, the effective flow of traffic, and the maintenance of community standards.

There are three types of parking permits available to Vaughan residents; Visitor, Construction and Monthly parking permits. Three separate systems are used to administer these permits.

Residents can buy permits for their visitors to park on city streets. Applications are available online. Permits are electronic and do not need to be printed or displayed. There is a \$7 fee per permit and are available for up to 10 consecutive days and up to 60 days per calendar year. Permits are non-transferable between license plate numbers. Unused permit dates cannot be cancelled and reissued at a later time if the dates have already passed. Visitor parking permits are available only on streets that are at least eight metres in width. If the resident's street is not eligible for visitor parking permits, the online system will allow the resident to select a permit on another street and their visitor should park on the street for which the permit is issued.

Residents can request permission to park on the street when undertaking construction or renovation work on their private property. Permits are issued at no cost for a maximum of 30 days per calendar year. Permits are not transferable between license plate numbers. Non-used permit dates cannot be cancelled and reissued at a later time if the dates have already passed.

There are currently five streets for which monthly parking permits are available in designated areas only. Permits are available for purchase one week prior to the start of the next month and must be applied for in person at a cost of \$55 per month. Permits purchased once the month has started are not pro-rated and are non-refundable but are interchangeable as they are not issued to a particular vehicle/license plate number.

When reviewing these parking permits processes, Internal Audit identified examples where current practices do not comply with the Parking By-law and/or may open the system to misuse:

- According to section 11(2) of the Parking By-Law, "a visitor parking permit may only be used by a visitor to the address associated with the visitor parking permit and for his or her motor vehicle that is not registered at the address associated with the permit". However, the current online system does not have the real time capability to verify that the permit is being issued for a nonresident of the household. Internal Audit's analysis of the data confirmed several incidences where the visitor parking permit was issued to the resident of the household, not a visitor.
- Construction parking permits are currently being issued at no cost. However, this contradicts section 12(7) of the Parking By-Law which states, "Every construction parking permit shall be subject to the fees listed in the Fees and Charges By-law, as amended". According to the Fees and Charges By-Law, enacted in October 2016, a total of \$7 should

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have been charged for these permits. Approximately 10,300 construction permits have been issued between January 2017 to December 2019. The City's revenue for these permits that was not collected is approximately \$51,000. According to management, these fees were not collected because the online system used for issuing construction permits does not contain a payment processing module. It was anticipated that the visitor permit system would be capable of issuing construction permits but the visitor permit system vendor has yet to be able to accommodate this request.

- Four of the five streets where monthly parking permits are available are in commercial or industrial areas. While applicants may work in the general area of these streets, they may not be Vaughan residents, as per section 10.0(4). As a result, non-residents who work in the general area can obtain a monthly permit, which is contrary to the Parking By-Law.
- The current practice allows for transfer of monthly hard copy permits to different vehicles. This is not compliant with the Corporate Policy and the Parking By-law, which states that the permit will be assigned to a specific vehicle through the license plate, and transfer to be authorized by the Director of BCLPS. In addition, the By-law sets no limit for number of permits a household can purchase.
- Several streets, while designated as no parking allowed in the Parking By-law, are listed as eligible streets for both visitor and construction parking permits in the on-line Parking Permit Systems.
- Street signages need to be erected and on display, and consistent with provisions of the By-law. The audit identified Laneways/Blocks that do not have signs erected/on display. Schedule 11 of the Parking By-law says that no parking is allowed on these streets at all time, however, parking permits were issued for these Laneways/Blocks.

According to management, a Parking Strategy review is currently underway that will provide an opportunity to integrate, streamline and simplify the parking permit types and processes and resolve inconsistencies. It was clear that a key element remains the software currently relied upon and its related limitation. As part of the over-all parking strategy, management confirmed their progression in exploring an improved software system.

Recommendations

We recommend that as part of the Parking Strategy review, management ensures:

- Consistency between the City's Parking By-Law 064-2019 and operational practices, either through amending the By-Law and/or ensuring operational practices are compliant.
- Investigate the feasibility of acquiring a software solution that will allow the City to efficiently and effectively administer the parking permit program. At minimum a solution should include the ability to:
 - Process payments in real time.
 - Confirm proof of residency.

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- Enforce the limit on the number and frequency of permit purchases by household/resident.
- Address the misuse through systems that would eliminate a physical permit, thereby eliminating the possibility of misusing the permit and allowing for real-time electronic information in the field through the appropriate device.

Management Action Plan

BCLPS staff are in full agreement with the recommendations, and have already completed two initiatives to address the opportunities for improvement outline above:

- **Online parking permits to include construction and monthly permits:** PBP staff are in the final stage of adding all current permit types to the current system and anticipate launching in approximately one month, which means visitors, construction and monthly parking permits would all be offered online. Due to the current state of emergency, permits may be launched at \$0 charge, however management is now considering the best course of action.
- **Procurement of a new or upgraded system:** After in-depth research and consultation with various staff, including BCLPS, Vaughan Metropolitan Centre and Policy, Planning and Environmental Sustainability, BCLPS staff conducted a Request-for-Information (RFI) which explored options to manage parking and ticketing systems, exploring both existing and new features. Over 40 companies were invited to apply, with 9 submissions received as May 2020. Staff are now in the process of reviewing RFI submissions, with the intent of developing a Request for Proposal (RFP) to procure a new/upgraded system as of December 2022, pending budget approval. A requirement of the new or upgraded system will allow the ability to succinctly apply the regulations. The target completion timeline is December 31, 2022.
- **City-Wide Parking Strategy:** As of late 2019, the City's Senior Leadership Team (SLT) made the decision to commence a City-Wide Parking Strategy (CPS), to examine parking needs and practices with a comprehensive, multidisciplinary lens. At present, a multi-disciplinary staff group led by BCLPS and Transformation Office is in the process of the first phase of the review, developing a list of staff issues, suggestions and data, undertaking a high-level scan of relevant initiatives elsewhere and compiling a list of relevant City projects underway. The deliverables of the first phase will enable SLT to provide direction with respect to regulatory and program changes, and the subsequent changes in systems. The target completion timeline is February 26, 2021.

3. *Continue to Integrate Licensing, Permit and Enforcement Systems and Enable Automated Data Sharing*

In addition to the issues identified in the previous observation with the parking permit systems, there are additional technological challenges that management will need to overcome in order to meet their 2020 Business plan objective of “Continue to Integrate Licensing, Permit and Enforcement Systems and Enable Automated Data Sharing”. The following was noted:

- The systems that BCLPS currently use, such as JDE and AMANDA, are not integrated, which has resulted in manual workarounds and duplication of efforts.
- Due to the lack of system integration and desired system functionality (with the exception of certain licensing and permit information in AMANDA), data sharing is manual. For example:
 - Enforcement Officers have to manually create and update cases in CTS, which is a JDE module.
 - The Community Activity Profile report needs to be created manually from data dumps from various sources.
- As previously indicated in other recent audit reports, the “Issue” fields within the CTS system are free entry, which allows for flexibility when opening cases but does not provide relevant information for meaningful data analytics and can cause issues with data reliability and integrity.
- In AMANDA, the fee tables are usually updated the day after new fees are enacted, however, PBP staff do not check the AMANDA fee tables to ensure they are updated correctly.
- Currently AMANDA allows customer service representatives to override the fee amounts and make changes if needed (pro-rating, fee adjustments etc.) without approval from a supervisor. Documentation of the reason for changes is generally required but not strictly enforced.
- A good portion of the licensing and permit services have yet to be provided online. For example:
 - Business licenses cannot currently be renewed online. To encourage social distancing, PBP have allowed new businesses to e-mail in their applications and related documents. However, due to the lack of integrated online licensing and payment processing, applicants are still required to mail in their cheques, resulting in a manual reconciliation.
 - Business license renewal notices are manually mailed out in advance. In some cases, the renewal period may extend past the renewal period outlined in the Fees and Charges By-law, resulting in outdated fees being applied. This has resulted in revenue loss of approximately \$9,370 from January to April 2019.

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Management indicated that, while they have been trying to enhance system integration and online services, these issues are primarily attributable to the limited functionality of the current technological solutions.

In the absence of improved online services and system integration, PBP may not be able to achieve its key business objectives. Lack of online services and system integration could also result in inefficiency and risks for both the City and the residents, as well as potential revenue loss for the City.

Recommendations

We recommend that management:

- Develop a risk based strategic plan to identify and optimize automation opportunities for licenses and permits that will efficiently and effectively enhance service delivery.
- Ensure the the Fees and Charges By-law is updated and approved in advance of the business license renewal cycle.
- Continue the progression of migration from CTS to AMANDA.

Management Action Plan

BCLPS staff agree improvements in technology and quality assurance processes are key to achieving regulatory compliance; as such, staff have commenced the following long-term initiatives:

- **Service Delivery Strategic Plan:** BCLPS will be developing a multi-year risk based strategic plan to identify and optimize automation opportunities for licenses and permits that will efficiently and effectively enhance service delivery. The target completion timeline is December 31, 2020.
- **Fees Quality Assurance Processes:** PBP will be implementing a formal Fees and Charges quality assurance process for updating and checking annual fee updates, improving upon its existing process in which PBP work with OCIO to update fees. The new process will involve additional verification and sign off by additional management staff. The target completion timeline is September 1, 2020.
- **Online Business Licensing and Permit Applications:** As of July 2020, PBP will be expanding its use of the Stratawise system to begin developing online business licensing and permit applications, prioritizing licence and permit types for businesses that are operating during the current State of Emergency. After training in late June 2020, PBP will determine a project schedule with clear milestones. The target completion timeline is December 31, 2020.

Migration to a new enforcement system: Investigation management is in the process of moving from CTS to Amanda 6.0, the same system now used to manage business license and permits after the 2019 migration. This change will provide many benefits, such as integration with license and permit information from both BCLPS and

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other City departments using Amanda, such as Building Standards, Vaughan Fire and Rescue Services and Development Engineering, departments with which our department frequently collaborates. BCLPS has provided OCIO staff with system requirements and will be providing them with documentation of current process as of early July 2020, at which time OCIO will work with the department to provide a detailed work plan and schedule. The target completion timeline is December 31, 2021.

- **Timelines collaboration:** Within the City, fees and charges updates occur as part of the annual budget update process managed in large part by the Finance Department, with by-law enactment managed through the City Clerk's department. BCLPS will engage with both departments to explore timings, and consideration of the business license renewal cycle. The target completion timeline is December 31, 2020.

4. *Improve Oversight Over the Administrative Monetary Penalty Process*

Under the Administrative Monetary Penalty¹ system, the City can impose monetary penalties if there is a contravention of a regulation or by-law. The person/entity who receives the penalty has a right to a hearing under the City's Administrative Monetary Penalty Hearings policy.

Pursuant to the by-laws and regulation, PBP has established SOPs to guide the related processes.

Our review of this process identified the following:

- The two Hearing Officers used by the City have been working without a valid agreement with the City since March 2015 and September 2017 respectively.
- According to the agreement, the Hearing Officers are paid on a per diem basis at a rate of \$500. In 2019, AMP hearings took place on 24 separate dates. Although the average number of hearings per schedule was 4, on 8 of the 24 dates (33% of the time), only 1 case was scheduled. On two occasions, only 2 cases were scheduled, and one occasion, only 3 cases were scheduled. It was determined that staff allowed the Hearing Officers to set their own schedule, which is contrary to the agreement. Evidence suggests that the case schedule was not optimized to minimize the number of required hearing dates. As a result, the City has not achieved optimal value for money.

According to management, the Hearing Officer agreement was originally administered by the Legal Services Department until BCLPS took over in 2016. As part of an operational review, BCLPS identified opportunities to realize efficiencies and determined the need to re-tender. Management has also taken steps to provide greater oversight over the AMP's scheduling process.

Providing greater oversight over the AMP's process will minimize financial and reputational risks to the City.

Recommendations

We recommend that management:

- Work with Procurement Services to determine the appropriate procurement method for establishing a new agreement for Hearing Officer services.
- Ensure that the AMP hearing schedule is set by the City.
- Ensuring as many cases are scheduled in one day to make better use of Hearing Officer and staff time, while optimizing value for money.

¹ Section 102.1 of the Municipal Act creates authority for municipalities to impose an administrative penalty where the municipality is satisfied that a person failed to comply with a by-law respecting the parking, standing or stopping of vehicles.

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Management Action Plan

BCLPS agree with these recommendations and will be undertaking the following program review over the next year:

- **AMPS review:** BCLPS will be conducting a complete review of the AMPS program, including processes related to recruitment, schedule and periodic decision review. The target completion timeline is June 1, 2021.

5. *Develop Key Performance Indicators (KPIs)*

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. They should clearly demonstrate the cause and effect relationship between departmental processes and outcomes to the results the City wants to achieve from the strategic plan. It helps all levels of the organization see the impact of their work on performance and trace that impact all the way up to organizational performance. This ensures everyone is working together to execute strategy and achieve high performance.

The BCLPS Business Plan reports on accomplishment of key strategic priorities. Currently BCLPS primarily monitors total business volume, such as number of licenses, tickets, and complaints. However, BCLPS does not perform benchmarking against other municipalities or industry average.

There are well recognized frameworks, such as the Municipal Benchmarking Network Canada (MBNCanada), which publishes an annual Performance Measurement Report, including data for By-Law Enforcement. The information from this report can be used by BCLPS to measure and compare the efficiency and effectiveness of the City's programs and services. Other municipalities have used this data to support Council decisions, set policy, evaluate programs, support budget recommendations, identify trends, and develop data dashboards.

Lack of information is cited as the primary reason for the absence of KPI tracking and performance benchmarking. Per discussion with management, BCLPS attempted to measure indicators such as average response time and resolution time, however, the current system (JDE CTS) does not have the ability to track this type of information. To establish efficiency in service delivery, more advanced software that would capture greater information and data to demonstrate complexity, effort and related demands vs. case file volumes and case file type/categories (e.g. Zoning case vs. long grass) would allow for more effective analysis for resource deployment, budget and business planning and over-all trend analysis to further drive informed business decisions.

In the absence of performance benchmarking against the industry average, management may not be able to assess service levels in comparison with its peers and may miss the opportunities to further improve effectiveness and efficiency. Setting standards and objectives is ineffective unless accompanied by a system to monitor performance and compare performance to the standards. Objective measurements of quality can serve to reinforce or even challenge subjective views and encourage accountability.

Recommendations

We recommend that management develop quantifiable KPI's, that reflect the critical success factors of the department and compare the City's results against appropriate benchmarks.

Management Action Plan

BCLPS management see further KPI development as a crucial opportunity and agree with the recommendation above. Accordingly, the following actions have begun:

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- **Migration to a new enforcement system:** Investigation management is in the process of moving from CTS to Amanda 6.0, the same system now used to manage business license and permits after the 2019 migration. This change will provide many benefits, and in particular, provide greater ability to automate investigations, leverage information and undertake information-based decision making. The new system will provide the information needed to manage KPIs as recommended. BCLPS has provided OCIO staff with system requirements and will be providing them with documentation of current process as of early July 2020, at which time OCIO will work with the department to provide a detailed work plan and schedule. The target completion timeline is December 31, 2021.
- **Annual KPI report:** PBP will be producing an annual end-of-year report which will include use of MBNCanada benchmarking and/or other inter-municipal comparisons, which will evolve over time as new systems enable BCLPS to better leverage information. This report will be distributed to both Community Services management and City Council members. The target completion timeline is June 1, 2021.

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6. *Ensure SOP's Remain Relevant and Current*

A Standard Operating Procedure (SOP) is a set of written instructions that document a routine or repetitive activity followed by staff. They document the way activities are to be performed to facilitate consistent conformance.

BCLPS have developed a number of SOP's to guide staff in performing their duties

When reviewing the renewal and update processes, Internal Audit had the following observations:

- No review cycle has been established. For the SOPs recently updated, next review dates have not been specified.
- A few SOPs have effective dates of greater than ten years that have not been recently reviewed and updated.
- SOPs have not been developed for all key processes.

When performing detailed content review of the sampled SOPs, Internal Audit had the following observations:

- There is room to improve detailed procedures for certain processes.
- There are inconsistencies with the relevant by-laws, in particular, with respect to fees and time extensions.
- Some SOPs contained outdated information, such as department titles, positions, and letterheads.
- Some SOPs contained spelling errors.

Internal Audit gained access to BCLPS' intranet and confirmed that some SOPs are posted on the intranet. Internal Audit also noticed that some process documents are maintained on a shared drive. Maintaining process documents in various locations may increase the likelihood of omission or inconsistency. Per discussion with management, BCLPS will migrate all process documents to their new SharePoint site when it goes live.

The development and use of SOPs are an integral part of a successful quality system, as it provides individuals with the information to perform a job properly and facilitates consistent implementation in the quality and integrity of the end-result. Management has acknowledged the need to continue to develop and revisit their existing SOP documents to ensure that they are appropriate, up to date and comprehensive to help ensure consistency, quality and safety.

Recommendations

We recommend that management:

- Improve the effectiveness of management review to ensure SOPs are consistent with the related by-laws, reflect current business needs and reviewed periodically to assess their effectiveness and relevancy.
- Improve access to process documents by consolidating and maintaining them on one uniform, accessible platform.

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Management Action Plan

BCLPS management are in full agreement with the recommendations, with work to address them well underway; this includes the following:

- **SOP section on the new intranet:** BCLPS has recently soft-launched a new intranet. which includes a dedicated section for SOPS, training and reference materials. Some key benefits of the new intranet are greater accessibility to staff, both on computers and mobile devices. Staff are working to completely launch the new site now. The target completion timeline is December 31, 2020.
- **SOP review team:** BCLPS has established an SOP management team comprised of subject matter experts from each unit, who have the responsibility of reviewing SOPs on an annual basis, which are then reviewed, revised and approved by members of the management team. The target completion timeline is August 4, 2020.