

Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2012

Issue of Building and Subdivision Permits – Contaminated Lands

5.4

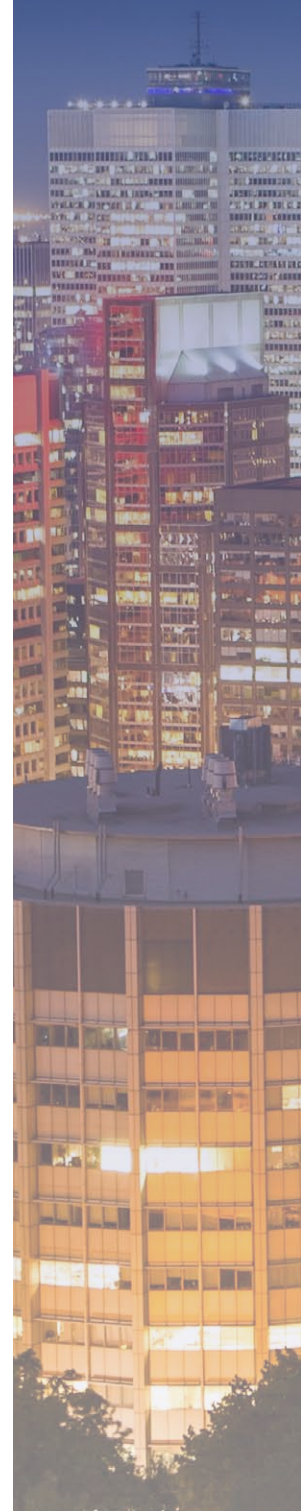


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List of Acronyms

Act	<i>Act respecting land use planning and development</i>	MDDEFP	Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs
EQA	<i>Environment Quality Act</i>		

5.4. Issue of Building and Subdivision Permits – Contaminated Lands

1. Introduction

Soil contamination in Montréal stems from the industrial history of the Ville de Montréal (the city). Contaminated lands are concentrated along the city's riverbanks, watercourses and railways as well as former landfill sites throughout the city's territory that were covered over and redeveloped over the years.

Contaminated soil management is essentially under the jurisdiction of the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs (MDDEFP). Under Division IV.2.1, Chapter I of the *Environment Quality Act*¹ (EQA), as well as related regulations, policies and guides, the MDDEFP has made rules that apply to the protection and rehabilitation of contaminated lands.

In 2003, the legislative provisions of Bill 72², which replaced Division IV.2.1 of Chapter I of the EQA, came into effect and established new rules regarding the protection of land and the rehabilitation of contaminated land. Québec municipalities were directly impacted by these legislative amendments. More specifically, these amendments:

- require them to draw up a list of all contaminated lands situated in their territory (section 31.68 of the EQA);
- prevent them from issuing building or subdivision permits that concern land that is entered on their list of contaminated lands and the subject of a rehabilitation plan approved by the MDDEFP before obtaining the attestation of an expert establishing that the project for which the permit application is made is consistent with the provisions of the rehabilitation plan (section 31.68 of the EQA, which refers to sections 120 and 121 of the *Act respecting land use planning and development* [the Act³]).

The Direction du greffe of the Ville de Montréal is the business unit responsible for preparing and maintaining the list of contaminated lands on the basis of the notices registered in the land register (e.g., contamination notices, restriction notices, decontamination notices).

¹ RSQ, chapter Q-2.

² *Act to amend the Environment Quality Act and other legislative provisions with regard to land protection and rehabilitation*, SQ, 2002, chapter 11 (assent received on June 8, 2002).

³ RSQ, chapter A-19.1.

The city's borough shares the responsibility for issuing permits. In this regard, sections 120 and 121 of the Act set out the rules that apply when issuing building or subdivision permits that concern contaminated lands.

2. Audit Scope

Our audit's main objective was to verify whether or not the boroughs comply with the applicable legislative provisions when issuing building and subdivision permits that concern contaminated lands. We also verified whether or not applicants pay the established fees for obtaining their permits. Concurrently, we evaluated whether or not the duties of the delegated officers in charge of the permit issuing process were adequately segregated.

More specifically, our audit work focussed on building and subdivision permits issued in 2011 and 2012 by the following business units:

- Le Sud-Ouest borough – Direction de l'aménagement urbain et des services aux entreprises:
 - Division des permis et inspections;
- Mercier–Hochelaga-Maisonneuve borough – Direction de l'aménagement urbain et des services aux entreprises:
 - Division des permis et inspections;
- Verdun borough – Direction du développement du territoire, des études techniques et des services aux entreprises:
 - Division des permis et des inspections,
 - Division de l'ingénierie;
- Lachine borough – Direction de l'aménagement urbain et des services aux entreprises:
 - Division de l'urbanisme, des permis et inspections.

3. Findings and Recommendations

In 2003, following the legislative amendments made by the MDDEFP regarding contaminated soil management, the city's executive committee adopted a document titled "Lignes directrices à l'intention des services municipaux de la Ville de Montréal et de ses arrondissements" (the guidelines). These guidelines were intended to assist municipal stakeholders within the central departments and boroughs in the routine management of their operations and ensure that the city met its legal obligations regarding contaminated lands. Since 2003, these guidelines have been updated in accordance with new regulatory provisions and clarifications issued by the MDDEFP. The city's executive committee adopted the revised document on March 7, 2012. The guidelines as well as the list of

contaminated lands drawn up by the Direction du greffe are available on the city's official portal.

The guidelines specifically cover the verifications that boroughs are required to make as well as the measures they must take before issuing building or subdivision permits.

Moreover, they define “building permit” and “subdivision permit” in the following terms:

Building permit

Under the EQA and in accordance with the terminology used in the Act respecting land use planning and development (the Act) (section 119, RSQ chapter A-19.1), a building permit is an authorization issued by a city borough [...] for a building construction, alteration, enlargement or extension project on a site.

Subdivision permit

Under the EQA, a subdivision permit is an authorization issued by a city borough approving a cadastral operation project.

In the audited boroughs, the process for issuing building or subdivision permits is generally triggered when a permit issuing officer⁴ receives a written application along with various required documents such as plans and specifications, an evaluation of the project's cost and the location certificate. Upon receipt of a permit application, the officer must:

- obtain all documents required to examine the application and make the necessary verifications;
- establish the permit fees in accordance with the applicable tariffs;
- issue the permit once all application requirements have been met, the applicable fees have been paid and the prior authorizations have been obtained from a senior stakeholder, if applicable.

The following sections of this audit report present the results of our audit, based on our examination of 10 building or subdivision permits selected in each of the audited boroughs, with certain exceptions in the following boroughs:

- Le Sud-Ouest borough: our audit focussed on eight permits given that the borough eventually cancelled two of the ten initially selected permits that concerned land entered on the list of contaminated lands drawn up by the Direction du greffe;
- Mercier–Hochelaga-Maisonneuve borough: our audit dealt with eight permits given that two of the ten initially selected permits that concerned land entered on the list of contaminated lands drawn up by the Direction du greffe had been issued to transform

⁴ For the purpose of this audit report, we use the expression “permit issuing officer” despite the fact that permits may be issued by permit issuing officers or building inspectors in certain boroughs.

rehabilitated lots into subdivisions for condominiums. We noted that a subdivision and building permit had been issued for the lands in question in 2009. Consequently, seeing as our audit focussed on 2011 and 2012, we did not examine these two permits.

We examined a total of 36 building and subdivision permits.

To the extent possible, we selected permits that concerned lands entered on the list of contaminated lands made available by the Direction du greffe and attempted to include permits spread out evenly between 2011 and 2012 in our selection. However, we also examined permits that concerned lands not entered on the list in order to more extensively evaluate to which extent the verifications required under the EQA had been made.

3.1. Audit of Permit Applications and Compliance with the Applicable Legislative Provisions

The Act sets out the conditions that allow a designated municipal officer to issue a building permit (section 120) or a subdivision permit (section 121). Specifically, section 120 sets out the following (section 121 is similarly worded):

[...] where the land in respect of which the building permit application is made is entered on the list of contaminated lands drawn up by the municipality pursuant to section 31.68 of the Environment Quality Act (chapter Q-2) and is the subject of a rehabilitation plan approved by the Minister of Sustainable Development, Environment and Parks under Division IV.2.1 of Chapter I of that Act, the permit shall be issued only if the application is accompanied with the attestation of an expert referred to in section 31.65 of that Act establishing that the project for which the permit application is made is consistent with the provisions of the rehabilitation plan.

To this effect, the aforementioned city guidelines set out the city's legal obligations when issuing building and subdivision permits. Moreover, the required verifications to ensure that permits that concern contaminated lands are issued in compliance with the regulations are clearly set out in the form of a decision tree titled "Decision Tree – Processing Building and Subdivision Permit Applications" (see Appendix 4.1 of this audit report). Before issuing a permit, and in accordance with the legislative provisions as well the city's guidelines, the permit issuing officer is therefore required to follow the procedure described below.

1. Verify if the land for which the permit application is made has been entered on the list of contaminated lands drawn up by the Direction du greffe (on the basis of the notices registered in the land register).

To this effect, section 31.51 of the EQA stipulates that a person who permanently ceases an industrial or commercial activity of a category designated by regulation of the government is required to perform a characterization study of the land. The study must be transmitted to the MDDEFP (contamination notice). If the characterization study reveals the presence of contaminants in a concentration exceeding the regulatory limit values, a contamination notice must be registered in the land register.

2. If the land has been entered on the list, the officer must consult the public register of the MDDEFP (in which approved rehabilitation plans are registered) to verify if the MDDEFP approved an environmental rehabilitation plan for the land in respect of which the permit application is made.

The obligation to submit a rehabilitation plan to the minister is stipulated in section 31.43 (Division IV.2.1) of the EQA. This rehabilitation plan must set out the measures that will be implemented to protect human beings, the other living species and the environment in general, together with an implementation schedule of the proposed rehabilitation measures.

3. If the land has been entered on the list of contaminated lands and a rehabilitation plan has been approved, under the Act (sections 120 and 121), the permit application must be accompanied by the attestation of an expert establishing that the project for which the permit application is made is consistent with the provisions of the rehabilitation plan.

To this effect, in accordance with section 31.65 of the EQA, the MDDEFP draws up and maintains a list of experts authorized to furnish the certificate required under the provisions of the Act.

In the case where the land for which a permit application has been made is entered on the list of contaminated lands and in the absence of an approved rehabilitation plan, the permit issuing officer can follow the regular procedure for issuing permits. However, under these circumstances, it must be noted that the applicant has the obligation to decontaminate the land to make it consistent with the requirements of its intended use even though an attestation is not required.

4. Finally, the permit issuing officer must validate the attestation issued by the applicant's expert. Specifically, the officer verifies that:
 - the land's coordinates are accurate;
 - the rehabilitation plan identified in the attestation is the one that the MDDEFP approved;

- the person who signed the attestation is an expert authorized by the MDDEFP. To this effect, the MDDEFP posts the list of its authorized experts on its website;
- the expert duly signed and dated the attestation.

If the officer is able to validate all of the above, the permit issuing procedure may continue, namely with respect to establishing the permit fees, having all inherent fees paid by the applicant and obtaining all necessary approvals prior to issuing the permit.

We also note that the Act (sections 227, 227.1 and 228) sets out possible sanctions and recourses against violators. Indeed, it specifically stipulates that, at the request of the Attorney General, the municipality or any interested stakeholder, the Superior Court may order the cessation of a use of land or a structure incompatible with the provisions of a land rehabilitation plan approved by the MDDEFP.

Under the circumstances, it is that much more important that boroughs follow a rigorous procedure for issuing building and subdivision permits such as to provide assurance that the city has fulfilled its legal obligations in this regard.

We therefore present on the following pages the results of our audit work, which focussed on evaluating the measures taken in each of the audited boroughs and confirming that building and subdivision permits are issued in accordance with the applicable legislative provisions, as per the four-step verification process described above.

3.1.1. Le Sud-Ouest Borough

3.1.1.A. Background and Findings

First, we would like to point out that the permit issuing officers of Le Sud-Ouest borough report to the Division des permis et inspections under the Direction de l'aménagement urbain et des services aux entreprises.

Table 1 below describes the characteristics of the eight permits included in our audit sample.

**Table 1 – Distribution of Permit Applications and Entry on the Official List of Contaminated Lands
Le Sud-Ouest Borough**

Type	Year	Lands entered on the list	Lands not entered on the list	Total
Building permit	2011	2	1	3
	2012	2	–	2
Subdivision permit	2011	–	1	1
	2012	2	–	2
Total		6	2	8

Thus, for these eight applications, the first step of the permit issuing process for the permit issuing officer consisted of verifying if the land in respect of which the permit application had been made was entered on the list of contaminated lands drawn up by the Direction du greffe. It should be noted that, in the case where land for which a permit application is made is not entered on this list, the regular permit issuing process applies.

Our audit work revealed the following facts:

- We examined the files prepared for the issue of the eight permits making up our sample and found that only four of them (4/8 – 50% of cases) provided evidence that the permit issuing officer had verified if the land was entered on the list of contaminated lands. Although we do not exclude the possibility that the officer had made the necessary verifications, the four other files making up our sample nevertheless provided no such evidence.
- Our own verifications confirmed that, among the eight lands for which permit applications had been made, six were entered on the list of contaminated lands drawn up by the Direction du greffe. Regarding these six applications, the permit issuing officer was then required to consult the public register of the MDDEFP to verify if a rehabilitation plan had been approved for the land. In light of the information collected from the persons we interviewed, it appears that permit issuing officers do not systematically make this verification. Moreover, our study of the files allowed us to validate this fact, since no evidence was provided that this verification had been made in these cases. Our own verifications revealed that the MDDEFP had approved rehabilitation plans for four of the six contaminated lands.
- When the MDDEFP has approved a rehabilitation plan, the permit application must be accompanied by the attestation of an authorized expert establishing that the project for which the permit application is made is consistent with the provisions of the rehabilitation plan. Conversely, in the absence of an approved rehabilitation plan, the regular permit issuing procedure applies (see Appendix 4.1) without however releasing applicants from their obligation to decontaminate the land to make it consistent with its

intended use. Among the four contaminated lands for which the MDDEFP had approved a rehabilitation plan, our verification revealed that only one file provided evidence that an attestation had been obtained from an expert as required. With respect to the other three lands, although we do not exclude the possibility that an attestation had been obtained and validated, there were no such traces in the files and no mention whatsoever to this effect could be retraced with respect to the permits issued.

- The permit issuing officer must ultimately validate the attestation provided by the applicant's expert, specifically that the land's coordinates are accurate, that the rehabilitation plan identified in the attestation is the one that the MDDEFP approved, that the person who signed the attestation is an expert authorized by the MDDEFP and that the expert duly signed and dated the attestation (see Appendix 4.1). We noted that none of the four files for which an expert attestation was required provided evidence that the attestation had been validated. This includes the file for which we were able to retrace the expert's attestation.

Under the circumstances and given the fact that the permit files provide very little evidence of the work carried out and the supporting documents obtained, we have reason to suspect that the building or subdivision permits that concerned contaminated lands were issued without first making the required verifications or obtaining the necessary attestations. In our opinion, this situation could unnecessarily expose the city to potential lawsuits should it be established that certain persons were prejudicially affected by the borough's negligence in fulfilling its permit issuing obligations. For this reason, we consider it imperative that corrective action be taken as soon as possible to ensure that the borough meets all of its legal obligations regarding the issue of permits for building or subdivision projects that concern contaminated lands. Moreover, based on the information we collected from the employees we interviewed, we concluded that employees were not familiar with certain aspects of the legal obligations regarding the issue of permits of this type (e.g., the obligation to verify if an approved rehabilitation plan exists and to validate the attestation provided by an applicant's expert). Furthermore, although the employees we interviewed told us that they were aware of the city's applicable guidelines, they nevertheless admitted that they did not necessarily refer to these guidelines in their routine operations.

Likewise, we noted that the borough had no control mechanism in place to provide a high level of assurance that applications for this type of permit, especially with respect to lands entered on the list of contaminated lands, are processed in accordance with the applicable legislative provisions. In our opinion, a checklist of the various verifications that must be made before issuing a permit in accordance with the applicable legislative provisions and the city's guidelines (in other words, a list of checkpoints) could serve this purpose. It is our

opinion that all permit issuing officers should systematically use such checklists and keep them on file. This checklist could specifically include:

- information on the identity of the applicant, the nature and date of the application as well as the land for which a permit application is made;
- a list of the documents obtained from the applicant in accordance with those that applicants are required to provide and that are to be kept on file;
- a list of the verifications made in accordance with the law or the city's guidelines (e.g., verification if the land for which a permit application is made is entered on the list of contaminated lands maintained by the Direction du greffe, verification of the existence of a rehabilitation plan approved by the MDDEFP, issue of an attestation by an expert, validation of the attestation issued by the expert).

In our opinion, such a mechanism would provide a greater level of assurance to the borough that it has fulfilled its legal obligations regarding contaminated lands and would facilitate the file review process, if applicable.

3.1.1.B. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of Le Sud-Ouest borough take the necessary measures as soon as possible to remind all employees involved in the issue of building and subdivision permits of the specific legislative provisions that apply as well as the existence of the guidelines regarding contaminated lands adopted by the city. Employees should be made aware of the importance of exercising rigorous control to:

- **avoid issuing permits for projects that concern contaminated lands without having first obtained the required attestations;**
- **provide assurance that the borough has fulfilled all of its legal obligations in this regard.**

Business unit's response:

[TRANSLATION] In collaboration with the Direction de l'environnement (Service des infrastructures, du transport et de l'environnement) of the central city, organize a training session for permit issuing officers on the applicable legislative provisions as well as the guidelines regarding contaminated lands adopted by the city. (Planned completion: June 2013)

3.1.1.C. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of Le Sud-Ouest borough take the necessary measures to:

- develop an analysis form listing the various checkpoints that must be verified before issuing permits, given the applicable legislative provisions and the guidelines regarding contaminated lands adopted by the city, as well as the required documents obtained from applicants and kept on file;
- have all employees involved in the permit issuing process use this analysis form and keep it systematically on file;

in order to provide a greater level of assurance to the borough that it has fulfilled its legal obligations and would ultimately facilitate the file review process.

Business unit's response:

[TRANSLATION] Incorporate in project analysis forms a section on contaminated lands listing the various verifications that must be made before issuing permits.

Prepare and issue a directive on the use of project analysis forms (including the aforementioned section on contaminated lands) to ensure that it is systematically used and kept on file in permit applications. (Planned completion: October 2013)

3.1.2. Mercier–Hochelaga-Maisonneuve Borough

3.1.2.A. Background and Findings

In the Mercier–Hochelaga-Maisonneuve borough, the permit issuing officers report to the Division des permis et inspections under the Direction de l'aménagement urbain et des services aux entreprises.

Table 2 below describes the characteristics of the eight permits included in our sample.

**Table 2 – Distribution of Permit Applications and Entry on the Official List of Contaminated Lands
Mercier–Hochelaga-Maisonneuve Borough**

Type	Year	Lands entered on the list	Lands not entered on the list	Total
Building permit	2011	1	2	3
	2012	1	1	2
Subdivision permit	2011	–	1	1
	2012	–	2	2
Total		2	6	8

As shown in Table 2, despite our attempt to select permits that concerned lands entered on the list of contaminated lands maintained by the Direction du greffe, we only managed to find two⁵ permits issued by this borough that met this selection criterion. The remainder of our sample therefore consists of building and subdivision permits that concerned lands not entered on the list of contaminated lands. Nevertheless, for these permits, a verification of this aspect was required under the applicable legislative provisions at the outset of the permit issuing process. Moreover, where the land for which a permit application had been made was not entered on this list, it should be noted that the regular permit issuing process does not require any further verification in particular (see Appendix 4.1).

Our audit work thus revealed the following facts:

- All of the application files that we examined (8/8 – 100% of cases) provided evidence, i.e., comments recorded in the file, that the permit issuing officer had verified from the outset of the process whether or not the land for which a permit application had been made was entered on the list of contaminated lands drawn up by the Direction du greffe.
- For the two lands among the eight that were entered on the list of contaminated lands, the permit issuing officer was then required to consult the public register of the MDDEFP to verify if a rehabilitation plan had been approved. On reading the comments recorded in the file, we concluded that this verification had indeed been made (2/2 – 100% of cases). Furthermore, the rehabilitation plans had been obtained and recorded in the files.
- For these same two lands, if the MDDEFP had approved a rehabilitation plan, the officer was required to verify if the applicant had provided the attestation of an authorized expert establishing that the project for which the permit application was made was consistent with the provisions of the rehabilitation plan. After auditing the

⁵ It must be noted that four permits that concerned lands entered on the list of contaminated lands maintained by the Direction du greffe had been selected initially. However, we excluded two of these permits from our selection for the reasons provided in the preamble of section 3 of this audit report.

application files, we concluded that attestations had been obtained from experts and recorded in the files (2/2 – 100% of cases).

- Ultimately, the permit issuing officer was required to validate the attestation provided by the applicant’s expert. Specifically, the officer was required to verify that the land’s coordinates were accurate, that the rehabilitation plan identified was the one that the MDDEFP had approved, that the person who had signed the attestation was an expert authorized by the MDDEFP and that the expert had duly signed and dated the attestation (see Appendix 4.1). Two of audited permit applications provided evidence that these verifications had been made.

In light of these results and given the information collected from the persons we interviewed, we conclude that the applicable rules were known and applied. Moreover, these same individuals informed us that they referred to the city’s guidelines in their work and that the employees concerned within the borough had received relevant training.

3.1.3. Verdun Borough

3.1.3.A. Background and Findings

From the outset, it must be noted that the Verdun borough’s organizational structure provides that permit applications may be processed by either the Division des permis et des inspections (in the case of building permits) or the Division de l’ingénierie (in the case of subdivision permits). Both divisions report to the Direction du développement du territoire, des études techniques et des services aux entreprises.

Table 3 below describes the characteristics of the ten permits included in our sample.

Table 3 – Distribution of Permit Applications and Entry on the Official List of Contaminated Lands Verdun Borough

Type	Year	Lands entered on the list	Lands not entered on the list	Total
Building permit	2011	1	2	3
	2012	1	2	3
Subdivision permit	2011	–	1	1
	2012	2	1	3
Total		4	6	10

As part of our audit, based on the information gathered from the employees and managers we interviewed, we concluded that they were not all necessarily familiar with the legislative

provisions applying to the issue of building and subdivision permits that concerned contaminated lands. Indeed, the persons we interviewed were unfamiliar with both the applicable legislative provisions and the guidelines adopted by the city in this regard. Furthermore, it appears that the employees directly responsible for the process had not been trained on the verifications they were required to make or the attestations that needed to be obtained before approving applications and issuing permits of this type.

We were able to confirm this affirmation based on our study of the permit applications making up our audit sample. Indeed, our audit revealed the following facts:

- Only four applications out of ten, which concerned subdivision permit applications processed by the Division de l'ingénierie, provided evidence that a verification had been made to determine if the land for which the permit application had been made was entered on the list of contaminated lands maintained by the Direction du greffe (4/10 – 40% of cases).
- In fact, of the ten permits included in our sample, four concerned lands that were entered on the list of contaminated lands of the Direction du greffe (2 building permits and 2 subdivision permits). For these applications, the officer was therefore required to establish whether or not the MDDEFP had approved a rehabilitation plan. None of the four permit application files provided evidence that any such verification had been made (4/4 – 100% of cases). Our own verifications revealed that rehabilitation plans had been approved for these four lands.
- Under the circumstances, in the case of these four permit applications, the permit issuing officer was required to obtain the attestation of an authorized expert establishing that the project was consistent with the land's condition. We were unable in any of the four files to find evidence that the attestation had been obtained or that it had been validated (4/4 – 100% of cases).

Under the circumstances and given the fact that the application files provide very little evidence of the work carried out and the supporting documents obtained, we have reason to suspect the possibility that the building or subdivision permits were issued in respect of contaminated lands without first making the required verifications or obtaining the necessary attestations. In our opinion, this situation could unnecessarily expose the city to potential lawsuits should it be established that certain persons were prejudicially affected by the borough's negligence in fulfilling its permit issuing obligations. For this reason, we consider it imperative that corrective action be taken as soon as possible to provide assurance that the borough has fulfilled all of its obligations regarding the issue of permits for projects that concern contaminated lands.

With respect to the corrective action that the borough should implement, we believe that it would benefit from the introduction of a control mechanism providing greater assurance that all building and subdivision permit applications—especially in respect of lands that are entered on the list of contaminated lands—are processed in accordance with the applicable legislative provisions. In our opinion, a checklist of the various verifications that must be made before issuing a permit in accordance with the applicable legislative provisions and the city’s guidelines (in other words, a list of checkpoints) could serve this purpose. It is our opinion that all permit issuing officers should systematically use such checklists and keep them on file. It could specifically include:

- information on the identity of the applicant, the nature and date of the application as well as the land in respect of which a permit application is made;
- a list of the documents obtained from the applicant in accordance with those that applicants are required to provide and that are to be kept on file;
- a list of the verifications made in accordance with the law or in the city’s guidelines (e.g., verification if the land for which a permit application is made has been entered on the list of contaminated lands maintained by the Direction du greffe, verification of the existence of a rehabilitation plan approved by the MDDEFP, issue of an attestation by an expert, validation of the attestation issued by the expert).

In our opinion, such a mechanism would provide a greater level of assurance to the borough that it has fulfilled its legal obligations regarding contaminated lands and would facilitate the file review process, if applicable.

3.1.3.B. Recommendation

We recommend that the Direction du développement du territoire, des études techniques et des services aux entreprises of the Verdun borough take the necessary measures as soon as possible to remind all employees involved in the issue of building and subdivision permits of the specific legislative provisions that apply as well as the existence of the guidelines regarding contaminated lands adopted by the city. Employees should be made aware of the importance of exercising rigorous control to:

- **avoid issuing permits for projects that concern contaminated lands without having first obtained the required attestations;**
- **provide assurance that the borough has fulfilled all of its legal obligations in this regard.**

Business unit's response:

[TRANSLATION] Subdivision permit issues will be temporarily moved to the 1st floor with the Division de l'urbanisme to regroup in a single location all activities regarding the study of building permit applications and the issue of building permits. We will implement a form, presented as a list of checkpoints, to ensure the follow-up of subdivision permits, including those involving projects that concern contaminated lands. This form will accompany the file and be kept in the file for archiving purposes. At a later stage, the Oracle Permits system will be used for follow-up purposes to ensure that all steps are carried out in compliance with the applicable standards and regulations and that all documents and attestations are received before permits are issued. (Planned completion: September 2013)

3.1.3.C. Recommendation

We recommend that the Direction du développement du territoire, des études techniques et des services aux entreprises of the Verdun borough take the necessary measures to:

- develop an analysis form listing the various checkpoints that must be verified before issuing permits, given the applicable legislative provisions and the guidelines regarding contaminated lands adopted by the city, as well as the required documents obtained from applicants and kept on file;
- have this checklist used by all employees involved in the permit issuing process and systematically recorded in permit application files;

in order to provide a greater level of assurance to the borough that it has fulfilled its legal obligations and would ultimately facilitate the file review process.

Business unit's response:

[TRANSLATION] Subdivision permit issues will be temporarily moved to the 1st floor with the Division de l'urbanisme to regroup in a single location all activities regarding the study of building permit applications and the issue of building permits. We will implement a form, presented as a list of checkpoints, to ensure the follow-up of subdivision permits, including those involving projects that concern contaminated lands. This form will accompany the file and be kept in the file for archiving purposes. At a later stage, the Oracle Permits system will be used for follow-up purposes to ensure that all steps are carried out in compliance with the applicable standards and regulations and that all documents and attestations are received before permits are issued. (Planned completion: September 2013)

3.1.4. Lachine Borough

3.1.4.A. Background and Findings

The permit issuing officers of the Lachine borough report to the Division de l'urbanisme, des permis et inspections under the Direction de l'aménagement urbain et des services aux entreprises.

The ten permits making up our audit sample have the characteristics described in Table 4 below.

Table 4 – Distribution of the Permit Applications and Entry on the Official List of Contaminated Lands Lachine Borough

Type	Year	Lands entered on the list	Lands not entered on the list	Total
Building permits	2011	2	–	2
	2012	2	2	4
Subdivision permits	2011	1	2	3
	2012	–	1	1
Total		5	5	10

For these ten permit applications, the first step of the issuing process consisted of having the permit issuing officer verify if the land in respect of which the permit application was made had been entered on the list of contaminated lands drawn up by the Direction du greffe.

In this regard, the division head we interviewed informed us that the borough had used an IT application named “Gestionnaire municipal” to create a virtual map of the borough’s territory on which contaminated lands were identified by a contrasting colour. According to this division head, particularly with respect to the contaminated lands, the map is populated with the information provided by the Direction du greffe (email received) as well as historic knowledge of potential risks of contamination on the territory. The permit issuing officers therefore rely on this virtual map to locate contaminated lands. To obtain a reasonable assurance that the map developed by the borough was up to date with respect to contaminated lands, we located on the map five lands that we had identified in the official list of contaminated lands prepared by the Direction du greffe. We were able to locate all of the contaminated lands that we had selected on the map. Therefore, although this method requires the borough to demonstrate a certain level of rigour to ensure that it has access to

continuously updated information, our audit results tend to demonstrate the borough's databank is reliable.

Thus, our audit work led us to make the following findings:

- We examined the application files for the ten permits making up our sample but we were unable to retrace any evidence that the permit issuing officer had verified that the lands concerned had been identified on the virtual map. Although we do not exclude the possibility that the permit issuing officer had made the necessary verifications, we found no trace of such verifications in any of the 10 files that we audited. At this stage, it must be noted that, when the land for which a permit application is not identified as contaminated land on the virtual map, the officer may proceed with the permit issue procedure (see Appendix 4.1).
- Our own verifications confirmed that of the ten lands for which permit applications had been made, five were entered on the list of contaminated lands drawn up by the Direction du greffe and were identified on the aforementioned virtual map. In the case of these five lands, the permit issuing officer was then required to consult the public register of the MDDEFP to verify if a rehabilitation plan had been approved. In light of the information obtained from the individuals we interviewed, it appears that the borough requires that applicants who want to proceed with land rehabilitation (decontamination) work must first obtain a special authorization certificate, issued by the borough, as well as the building permit. Based on this same information, if such an authorization certificate has been issued, the officer is presumed to have verified the existence of a rehabilitation plan approved by the MDDEFP. However, even though we found evidence of the issue of a special authorization certificate for the five contaminated lands, we were unable to retrace any evidence of the verifications made to confirm the existence of a rehabilitation plan approved by the MDDEFP (0/5 cases).
- When a rehabilitation plan has been approved by the MDDEFP, the permit application must be accompanied by the attestation of an expert authorized by the MDDEFP, which establishes that the project is consistent with the condition of the land. Our verifications made in the public register of the MDDEFP revealed the existence of approved rehabilitation plans for the five contaminated lands. However, we found evidence of an expert attestation, as required under the Act, in only one of the five cases (1/5 – 20% of cases). Although we do not exclude the possibility that such an attestation had been obtained, it had not been recorded in the application file and there was no evidence that it had been verified and validated before issuing the permit.
- Ultimately, the permit issuing officer must validate the attestation provided by the applicant's expert, namely by verifying that the land's coordinates are accurate, that the rehabilitation plan identified corresponds to the plan approved by the MDDEFP, that the person who signed the attestation is an expert authorized by the MDDEFP and that the

expert has duly signed and dated the attestation (see Appendix 4.1). In none of the audited permit applications for which an expert attestation was required were we able to find evidence that the attestations had been validated. This includes the file in which we were able to identify the expert's attestation.

In light of these results and given the fact that the application files contain very little evidence of the work carried out and the supporting documents obtained, we have doubts as to the completeness of the verifications actually made by permit issuing officers to avoid issuing permits for projects that concern contaminated lands without having first obtained all of the required attestations or making sure that the borough has fulfilled all of its applicable legal obligations. Moreover, the information collected from the employees we interviewed allowed us to conclude that they were not familiar with some of the legal obligations regarding the issue of this type of permit (e.g., the obligation to validate the attestation provided by an applicant's expert). Furthermore, the employees interviewed told us that they were unaware of the city's applicable guidelines and did not use them as a reference tool in their routine operations.

Likewise, we noted that the borough had no control mechanism in place to provide a higher level of assurance that applications for this type of permit, especially with respect to lands entered on the list of contaminated lands, are processed in accordance with the applicable legislative provisions. In our opinion, a checklist of the various verifications that must be made before issuing a permit in accordance with the applicable legislative provisions and the city's guidelines (in other words, a list of checkpoints) could serve this purpose. It is our opinion that all permit issuing officers should systematically use such checklists and keep them on file. It could specifically include:

- information on the identity of the applicant, the nature and date of the application as well as the land for which a permit application is made;
- a list of the documents obtained from the applicant in accordance with those that applicants are required to provide and that are to be kept on file;
- a list of the verifications made in accordance with the law or in the city's guidelines (e.g., verification if the land for which a permit application is made has been entered on the list of contaminated lands maintained by the Direction du greffe, verification of the existence of a rehabilitation plan approved by the MDDEFP, issue of an attestation by an expert, validation of the attestation issued by the expert).

In our opinion, such a mechanism would provide a greater level of assurance to the borough that it has fulfilled its legal obligations regarding contaminated lands and would facilitate the file review process, if applicable.

3.1.4.B. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of the Lachine borough take the necessary measures to remind all employees involved in the issue of building and subdivision permits of the specific legislative provisions that apply as well as the existence of the guidelines regarding contaminated lands adopted by the city. Employees should be made aware of the importance of exercising rigorous control to:

- avoid issuing permits for projects that concern contaminated lands without having first obtained the required attestations;
- provide assurance that the borough has fulfilled all of its legal obligations in this regard.

Business unit's response:

[TRANSLATION] Issue a directive to inform permit issuing officers that they are required to use the analysis form, sign it once they have completed their analysis and record it in the relevant civic file once the application has been processed. (Planned completion: May 2013)

Modify our existing analysis form to add the following control points to it:

- *Verify if the land for which the permit application was made is entered on the list of contaminated lands drawn up by the Direction du greffe;*
- *If so, consult the public register of the MDDEFP to verify if an environmental rehabilitation plan has been approved by the MDDEFP for the land for which the permit application was made;*
- *If so, require the attestation of an authorized expert establishing that the project is consistent with the land's condition;*
- *When an attestation is required, verify that the following requirements are met:*
 - *the land's coordinates are accurate,*
 - *the rehabilitation plan identified in the attestation is the one that the MDDEFP approved,*
 - *the person who signed the attestation is an expert authorized by the MDDEFP,*
 - *the attestation has been duly signed and dated by the expert. (Planned completion: May 2013)*

Issue a directive to inform permit issuing officers that all information obtained to this effect must be recorded in the relevant civic file. (Planned completion: May 2013)

3.1.4.C. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of the Lachine borough take the necessary measures to:

- develop an analysis form listing the various checkpoints that must be verified before issuing permits, given the applicable legislative provisions and the guidelines regarding contaminated lands adopted by the city, as well as the required documents obtained from applicants and kept on file;
- have this checklist used by all employees involved in the permit issuing process and systematically recorded in permit application files;

in order to provide a greater level of assurance to the borough that it has fulfilled its legal obligations and would ultimately facilitate the file review process.

Business unit's response:

[TRANSLATION] Refer to the corrective action described in the business unit's previous recommendation.

3.2. Establishment and Collection of Fees for the Issue of Permits

Adequate controls must be in place for the collection of fees for the issue of permits to ensure that applicants pay a fair price for their permit in accordance with the applicable tariffs and that the city collects the totality of the sums to which it is entitled.

With respect to the establishment of fees, all boroughs manage the issue of building permits in accordance with the city's regulation on tariffs. This regulation is revised and adopted annually by the city council. Under this regulation, the cost of a building permit is calculated on the basis of the estimated value of the work, according to the type of building, or on the basis of a minimum lump sum, whichever is higher. Thus, in 2012, the cost of a permit was set at \$8.90 per \$1,000 of work (\$8.70 in 2011) and the lump sum (variable) did not exceed \$800 (\$780 in 2011).

With respect to subdivision permits, fees vary according to the applicable regulations adopted by individual boroughs.

At this stage, our audit work consisted of verifying, for the permits making up our sample, if the detailed calculation of the building or subdivision permit fees or evidence that these fees had been established was provided in the application file. We also verified if the borough had duly received the amounts that had been established in accordance with the applicable tariffs prior to issuing the permits.

3.2.1. Le Sud-Ouest Borough

3.2.1.A. Background and Findings

From the outset, it should be noted that the permit issuing officers of Le Sud-Ouest borough are responsible for establishing permit fees in accordance with the applicable tariffs and for invoicing these fees to applicants.

Our audit work thus revealed that, for all of the permits making up our sample (8/8 – 100% of cases), the fees were established and invoiced in accordance with the applicable regulation on tariffs and that applicants duly paid these fees before their permits were issued.

Also, for four of the eight permits selected (50% of cases), the application files provided information that enabled us to calculate the established fees (e.g., detailed calculations), whereas for the remaining four (50% of cases), the files provided no such information. We therefore had to redo the calculations to verify if the applicable fees had been invoiced. In our opinion, to render the decision-making process more transparent and facilitate the decision review process, permit issuing officers should keep on file all information regarding the permits issued, including information on the establishment of the permit fees. To this effect, the Direction de l'aménagement urbain et des services aux entreprises would benefit from issuing formal directives in this regard.

Moreover, we noted that each permit issued bore the electronic signature of the manager of the Direction de l'aménagement urbain et des services aux entreprises attesting the approval of its issue. However, our examination of the permit application files making up our sample revealed that none provided evidence that a senior official had reviewed the permit issuing officers' work prior to the permits being issued. To the contrary, information collected from the individuals we interviewed confirmed that the permit issuing officers' work was not reviewed. In our opinion, corrective action should be taken by implementing a survey-based file review process. To this effect, we believe that the control mechanism (analysis form) that we described at the beginning of this audit report and that the borough could adopt should also provide a section where the designated officer could appose his/her signature to attest to the compliance of the permit issuing process, including with respect to the establishment and collection of permit fees.

Finally, according to the information collected, to obtain their permits, applicants must first present the invoice issued by the permit issuing officer at the counter of the borough office and pay the applicable fees. A clerk then processes the payment. For the eight cases

included in our audit, we were able to validate that the payment had been processed and found evidence that the fees had been paid.

In our opinion, the tasks are adequately segregated in that different stakeholders are entrusted with establishing the permit fees and subsequently receiving the payment of these fees. This is in line with sound management practices and contributes to the implementation of the necessary internal controls to prevent or limit risks of errors, irregularities or misconduct. The same can be said of the levels of review, at higher hierarchical levels, that the borough should implement before issuing permits.

3.2.1.B. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of Le Sud-Ouest borough issue a formal directive to all employees concerned ordering them to keep on file all information regarding permits issued, including information on the establishment of permit fees, to render the decision-making process more transparent and facilitate the review process.

Business unit's response:

[TRANSLATION] Issue and enforce a directive on the information that must be entered in the Oracle Permits system for all permit applications, including information concerning the establishment of the permit fees. (Planned completion: October 2013)

3.2.1.C. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of Le Sud-Ouest borough, for the purpose of providing assurance as to the compliance of the entire process leading to the issue of permits, including the establishment and receipt of the permit fees, take the necessary measures to ensure that:

- a senior official is appointed to review the permit issuing officers' files before permits are issued;
- evidence of this review and subsequent approval is provided on the analysis form (control mechanism) to be completed and kept on file.

Business unit's response:

[TRANSLATION] Implement a file review procedure prior to the issue of all building or subdivision permits. (Planned completion: December 2013)

3.2.2. Mercier–Hochelaga-Maisonneuve Borough

3.2.2.A. Background and Findings

In the Mercier–Hochelaga-Maisonneuve borough, the permit issuing officers are responsible for establishing permit fees in accordance with the applicable tariffs and for invoicing applicants for these fees.

Our audit work thus revealed that, for all of the permits making up our sample (8/8 – 100% of cases), the fees were established and invoiced in accordance with the applicable regulation on tariffs and that applicants duly paid these fees before their permits were issued.

Moreover, for seven of the eight permits making up our sample (88% of cases), the information on file enabled us to calculate the permits fees that had been established (e.g., detailed calculations). No such information was available in the eighth file. We therefore had to redo the calculations to verify if the applicable fees had been invoiced. In our opinion, to render the decision-making process more transparent and facilitate the decision review process, permit issuing officers should keep on file all information regarding the permits issued, including information on the establishment of the permit fees. To this effect, the Direction de l'aménagement urbain et des services aux entreprises should remind all of its employees concerned of this requirement.

Furthermore, we noted that each permit issued bore the electronic signature of the manager of the Direction de l'aménagement urbain et des services aux entreprises attesting the approval of its issue. Also, the individuals we interviewed mentioned to us that building permit applications were systematically reviewed by the senior permit issuing officer whereas subdivision permit applications were reviewed by the division head before permits were issued. Our examination of the permit applications making up our sample revealed that a senior official had reviewed the building permit applications. Traces of these reviews are recorded directly in the computerized application ("Gestion du territoire – Permis") used by the borough to process permit applications. With respect to subdivision permits, although the division head claims that the decisions endorsed by the decision-making record management system (GDD) is evidence of the verifications he made, we have yet to find evidence that the required legislative verifications were made where contaminated land was concerned. In this regard, it is our opinion that a trace of the verifications made with respect to this type of permit should also be kept on file using the Gestion du territoire – Permis computer application. This would provide evidence of the compliance of the permit issuing process, including with respect to the establishment and collection of fees, as is the case with building permits. Providing evidence of the reviews

and approvals obtained appears that much more relevant given that the borough is planning to stop using the GDD application in the preparation and endorsement of its decisions.

Finally, according to the information collected, to obtain their permits, applicants must first present the invoice issued by the permit issuing officer at the counter of the borough office and pay the applicable fees. A clerk then processes the payment. For the eight cases included in our audit, we were able to validate that the payment had been processed and found evidence that the fees had been paid.

In our opinion, the tasks are adequately segregated in that different stakeholders are entrusted with establishing the permit fees and subsequently receiving the payment of these fees. This is in line with sound management practices and contributes to the implementation of the necessary internal controls to prevent or limit risks of errors, irregularities or misconduct. The same can be said of the levels of review, at higher hierarchical levels, that the borough should implement before issuing permits.

3.2.2.B. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of the Mercier-Hochelaga-Maisonneuve borough reiterate to all employees concerned the importance of keeping on file all information regarding permits issued, including information on the establishment of permit fees, to render the decision-making process more transparent and facilitate the review process.

Business unit's response:

[TRANSLATION] Distribute an internal directive on the methods used to establish the permit fees stipulating that the worksheets must be kept on file for building permit applications. (Planned completion: June 2013)

3.2.2.C. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of the Mercier-Hochelaga-Maisonneuve borough take the necessary measures to have a designated senior official keep evidence in all subdivision permit application files of the verifications made and the approvals obtained in the computerized application used by permit issuing officers to process these permit applications, in order to attest to the compliance of the entire process leading to the issue of permits, including the establishment and receipt of the permit fees.

Business unit's response:

[TRANSLATION] Modify the operational procedure by adding an automatic line in the permit system to prevent files from being closed before a verification is made. (Planned completion: June 2013)

3.2.3. Verdun Borough**3.2.3.A. Background and Findings**

In the Verdun borough, when an application concerns a subdivision permit issued by the Division de l'ingénierie, a municipal engineering technician is responsible for establishing the permit fees in accordance with the applicable tariffs and for invoicing the permit. However, when an applicant files for a building permit issued by the Division des permis et des inspections, although the permit issuing officers examine the application, it is an information clerk who establishes the permit fees and invoices the permit.

Thus, in the audit work we carried out to verify if the fees had been established in accordance with the applicable tariffs and duly paid by the applicants before their permits were issued, we made the following findings:

- For three of the ten permits making up the audit sample (30% of cases), the fees had not been correctly established. In these three cases, the errors disadvantaged the borough (see Table 5). Indeed, in two of these cases (no. 1 and 2 in Table 5), we noted that the correct tariff had been applied but that the minimum (lump sum) amount per dwelling unit had been used whereas the permit fees would have been higher if they had been established on the basis of the estimated value of the work. In the third case (no. 3 in Table 5), the fees that should have been established for the creation of a new civic number were never collected.

**Table 5 – Incorrect Amounts Invoiced
Verdun Borough**

No.	Type of permit	Year issued	Actual amount invoiced	Amount that should have been invoiced	Shortfall for the borough
1	Building	2011	\$9,360	\$10,494	\$1,134
2	Building	2011	\$99,840	\$130,554	\$30,714
3	Building	2012	\$7,770	\$7,826	\$56
Total			\$116,970	\$148,874	\$31,904

According to the information obtained from the division head responsible for issuing building permits under the Division des permis et des inspections, similar errors would have been detected following a verification made by the city's comptroller in the summer of 2012. She informed us that on August 9, 2012, an internal directive was issued to order the review of all building permit application files and their approval by the division head prior to the issue of the permits. She provided us with a copy of this directive.

- For two of the ten cases making up our sample (20% of cases), the permits were issued before the applicants had paid the fees to obtain them. In one case, the building permit was issued in 2011; in the other case, the subdivision permit was issued in 2012.

Moreover, for six of the ten selected permits (60% of cases), we were able to calculate the permit fees that had been established (e.g., detailed calculations) from the information kept on file. For the remaining four files (40% of cases), no such information was available. In our opinion, to render the decision-making process more transparent and facilitate the decision review process, the municipal engineering technician (or the information clerk, as the case may be) should keep on file all information regarding the permits issued, including information on the establishment of the permit fees. To this effect, the Direction du développement du territoire, des études techniques et des services aux entreprises would benefit from issuing formal directives to this effect.

Furthermore, we noted that each permit issued bore the electronic signature of the manager of the Direction du développement du territoire, des études techniques et des services aux entreprises attesting the approval of its issue. However, although the individuals we interviewed indicated to us that, since August 2012, applications were reviewed prior to the issue of permits, our examination of the selected files revealed that none of them provided evidence of any review carried out by a superior of the person designated to issue permits (10/10 – 100% of cases). Among these ten permits, three had been issued after the new directive concerning file reviews came into effect on August 9, 2012. Furthermore, one of the calculation errors that we detected during our work (no.3 in Table 5, shortfall of \$56)—although minor—concerned one of these three permits issued on September 10, 2012. In this regard, to better appreciate the benefits of the new directive issued, we selected and examined an additional sample of five permits, which had all been evaluated and issued after August 9, 2012. On the one hand, we determined that the fees for obtaining the permits had been correctly established. On the other hand, we found evidence that the competent division head had reviewed all of these permit applications.

To this effect, it is our opinion that measures should be taken to correct the root cause of the problem in order to provide assurance to the borough that it is collecting all of the fees to which it is entitled, on the one hand, and to more efficiently review permit applications, on the other hand. To this effect, we believe that the control mechanism (analysis form) that we described at the beginning of this audit report and that the borough could adopt should also provide a section where the borough's designated officer could appose his/her signature to attest to the compliance of the permit issuing process, including with respect to the establishment and collection of permit fees.

Finally, according to the information collected, to obtain their permits, applicants must first present the invoice issued by the permit issuing officer at the counter of the borough office and pay the applicable fees. The clerk then processes the payment. For the ten cases included in our audit, we were able to validate that the payment had been processed and found evidence that the fees had been paid.

In our opinion, the tasks are adequately segregated in that different stakeholders are entrusted with establishing the permit fees and subsequently receiving the payment of these fees. This is in line with sound management practices and contributes to the implementation of the necessary internal controls to prevent or limit risks of errors, irregularities or misconduct. The same can be said of the levels of review, at higher hierarchical levels, that are not always systematically implemented by the borough before permits are issued.

3.2.3.B. Recommendation

We recommend that the Direction du développement du territoire, des études techniques et des services aux entreprises of the Verdun borough take the measures it deems appropriate to provide the assurance that it is collecting all of the fees to which it is entitled and to prevent permits from being issued before applicants have paid the fees established in accordance with the applicable legislative provisions.

Business unit's response:

[TRANSLATION] Currently, work covered by the examination fees is carried out by the information clerk. However, we plan to add a permit issuing officer to the organizational structure. One of this person's roles will be to ensure compliance and follow-up of permit applications such that they reflect the nature of costs of the work described in the application. (Planned completion: December 2013)

3.2.3.C. Recommendation

We recommend that the Direction du développement du territoire, des études techniques et des services aux entreprises of the Verdun borough issue a formal directive to all employees concerned ordering them to keep on file all information regarding permits issued, including information on the establishment of permit fees, to render the decision-making process more transparent and facilitate the review process.

Business unit's response:

[TRANSLATION] Calculations will be made in an Excel spreadsheet that will be kept on file with the permit application. (Planned completion: June 2013)

3.2.3.D. Recommendation

We recommend that the Direction du développement du territoire, des études techniques et des services aux entreprises of the Verdun borough take the necessary measures to:

- more efficiently review applications before issuing permits;
- ensure that evidence of the reviews conducted and approvals obtained is provided on the analysis form (control mechanism) that is the completed and kept on file;

in order to attest to the compliance of the entire permit issuing process, including the establishment and collection of permit fees.

Business unit's response:

[TRANSLATION] Payment documents such as the invoice and proof of payment will be kept on file with permit applications. (Planned completion: May 2013)

3.2.4. Lachine Borough

3.2.4.A. Background and Findings

In the Lachine borough, permit issuing officers establish permit fees in accordance with the applicable tariffs and issue the invoices to permit applicants.

We thus made the following findings in the audit work we carried out to verify if the fees had been established in accordance with the applicable tariffs and duly paid by the applicants before their permits were issued:

- For one of the ten permits making up the audit sample (10% of cases), the fees were not correctly established. In this case, the error disadvantaged the borough (see Table 6). Indeed, we noted that the correct tariff had been applied but that the amount had been calculated on the basis of the estimated value of the work. Had the minimum (lump sum) amount per dwelling unit been used, the permit fees would have been higher.

**Table 6 – Incorrect Amount Invoiced
Lachine Borough**

No.	Type of permit	Year issued	Actual amount invoiced	Amount that should have been invoiced	Shortfall for the borough
1	Building	2012	\$87,700	\$95,940	\$8,240
Total			\$87,700	\$95,940	\$8,240

- For two of the ten cases making up our sample (20% of cases), the permits were issued before the applicants had paid the fees to obtain them. In both cases, building permits were involved; one was issued in 2011 and the other was issued in 2012.

In none of the selected permit applications (10/10 – 100% of cases) were we able to find any information on file enabling us to recalculate the permit fees that had been established (e.g., detailed calculations). In our opinion, to render the decision-making process more transparent and facilitate the decision review process, permit issuing officers should keep on file all information regarding the permits issued, including information on the establishment of the permit fees. To this effect, the Direction de l'aménagement urbain et des services aux entreprises should issue formal directives to this effect.

Moreover, according to the information collected, to obtain their permits, applicants must first present the invoice issued by the permit issuing officer at the counter of the borough office and pay the applicable fees. A clerk then processes the payment. For the ten cases included in our audit, we were able to validate that the payment had been processed and found evidence that the fees had been paid. At this stage of the process, the tasks are adequately segregated.

However, we noted that the same permit issuing officer who had examined the applications and established the permit fees signed the permits to approve their issue. We are aware that this practice is authorized under the borough's "Règlement de permis et certificats"⁶. Indeed, section 1.2.4 under "Terminologie" stipulates the following [TRANSLATION]:

⁶ Borough council, by-law 2528, April 22, 1991.

“Designated municipal officer: Means any inspector⁷ of the Ville de Lachine as well as the manager of the Direction du service de l’aménagement”. Notwithstanding this authorization, it is our opinion that this is contrary to sound management practices and that the necessary internal controls should be implemented to prevent or limit risks of errors, irregularities or misconduct. Under the circumstances, the tasks that permit issuing officers carry out are inconsistent in that they both examine and approve the permit applications. We believe that measures should be taken to have permits approved by a person other than the permit issuing officer.

Furthermore, we noted that the files kept on issued permits provided no evidence of any review by a hierarchical superior of the permit issuing officers. In this regard, the information obtained from the authorized division head effectively confirms that files are not reviewed. In our opinion, this situation should be corrected by the implementation of a survey-based file review process, even more so since the verifications made on the ten selected permits revealed shortcomings. To this effect, we believe that the control mechanism (analysis form) that we described at the beginning of this audit report and that the borough could adopt should also provide a section where the borough’s designated officer could appose his/her signature to attest to the compliance of the permit issuing process, including with respect to the establishment and collection of permit fees.

3.2.4.B. Recommendation

We recommend that the Direction de l’aménagement urbain et des services aux entreprises of the Lachine borough issue a formal directive to all employees concerned ordering them to keep on file all information regarding permits issued, including information on the establishment of permit fees, to render the decision-making process more transparent and facilitate the review process.

Business unit’s response:

[TRANSLATION] Issue a directive to all employees concerned ordering them to keep on file all information regarding the permits issued, including information on the establishment of the permit fees. (Planned completion: May 2013)

⁷ It should be noted that, for the purpose of this audit report, we use the expression “permit issuing officer” regardless of the fact that, in the Lachine borough, permits are issued by building inspectors.

3.2.4.C. Recommendation

We recommend that the Direction de l'aménagement urbain et des services aux entreprises of the Lachine borough take the necessary measures to:

- have issued permits signed to confirm their approval by a person other than the permit issuing officer who examined the application and established the permit fees;
- designate a senior official to review application files before permits are issued;
- ensure that evidence of the reviews conducted and approvals obtained is provided on the analysis form (control mechanism) that is completed and kept on file;

in order to provide assurance to the borough that its entire process is compliant, that it collects the totality of the sums to which it is entitled and that permits are not issued before applicants pay the fees established in accordance with the applicable legislative provisions.

Business unit's response:

[TRANSLATION] Issue a directive to permit issuing officers to inform them of the implementation of a survey-based file review process applying to building and subdivision permits. (Planned completion: June 2013)

As is the practice in the other boroughs, on top of the handwritten signature of the permit issuing officer who examined the application and established the applicable fees, add the electronic signature of the manager of the Direction de l'aménagement urbain et des services aux entreprises on the sign and permit application. (Planned completion: June 2013)

Designate the head of the Division de l'urbanisme, des permis et inspections as the person responsible for reviewing survey-based files prior to the issue of subdivision permits. (Planned completion: June 2013)

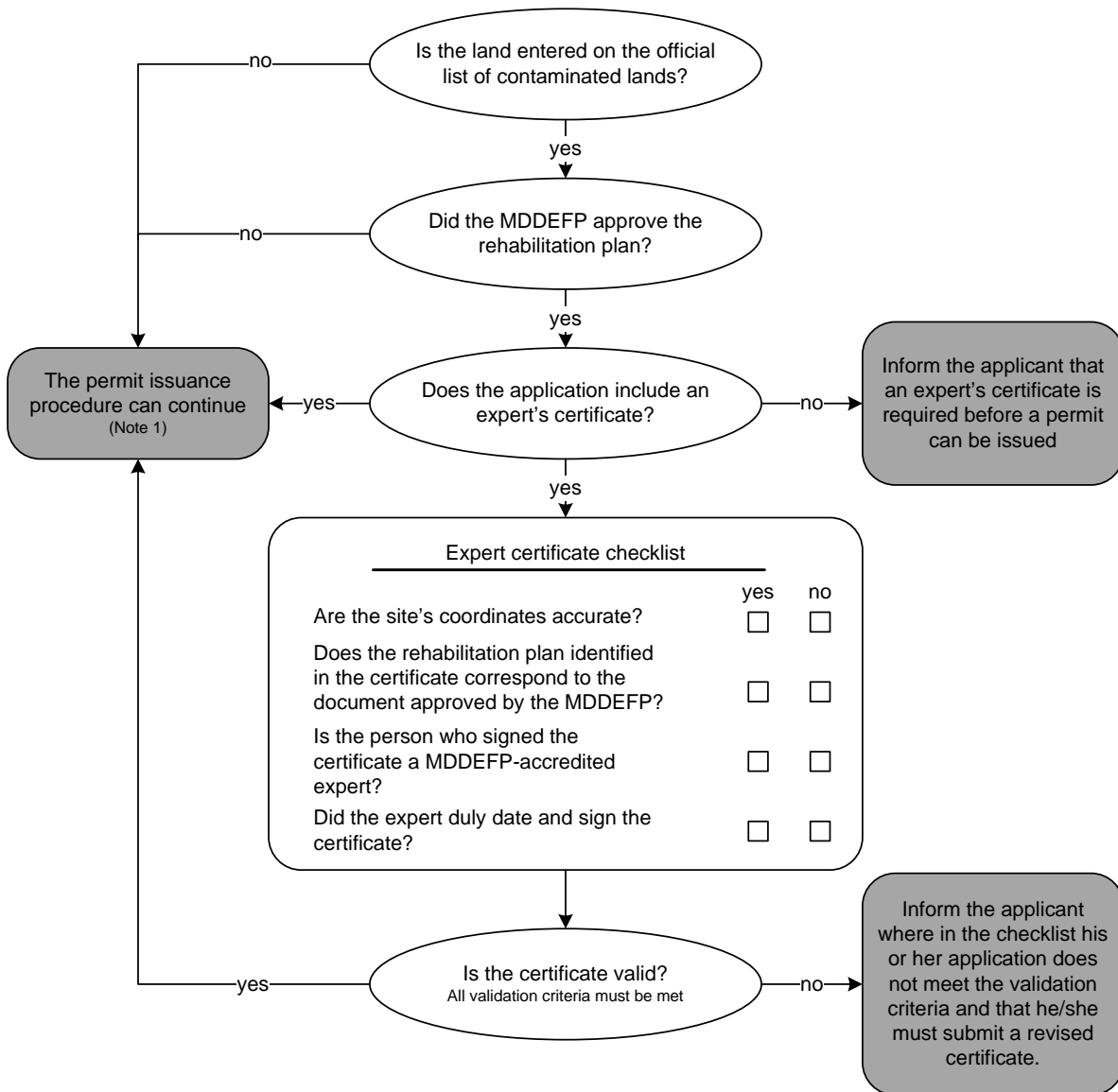
Designate the senior permit issuing officer as the person responsible for reviewing survey-based files prior to the issue of building permits. (Planned completion: June 2013)

On our analysis form, add a space reserved for the person responsible for reviewing survey-based files in which he/she can indicate and sign off on the items that were counterchecked. (Planned completion: June 2013)

4. Appendix

4.1. Decision Tree – Processing Building and Subdivision Permit Application

Figure A – Decision Tree



Note 1: Although an attestation is not required, the applicant nevertheless has the legal obligation to decontaminate the land to make it consistent with its intended use.

Source: *Lignes directrices à l'intention des services municipaux de la Ville de Montréal et de ses arrondissements*. Document prepared by the Division de la planification et du suivi environnemental of the Direction de l'environnement, Service des infrastructures, du transport et de l'environnement, February 2012.