



CITY OF CHICAGO
OFFICE OF INSPECTOR GENERAL

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Follow-up to the Audit of the Department of Buildings' Permit Inspections Process

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I | Introduction

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its August 2022 audit of the Department of Buildings' (DOB) permit inspections process. Based on DOB's responses, OIG concludes that DOB has not implemented corrective actions related to the audit findings.

DOB's mission is to "enhance safety and quality of life for Chicago's residents and visitors through permitting, inspections, trade licensing, and code enforcement."¹ In particular, DOB administers and enforces the Chicago Construction Codes which "establish minimum standards for the construction, alteration, repair, maintenance, and demolition of buildings and other structures in order to protect public health, safety, and welfare."²

DOB reviews applications and issues building permits. Property owners or their representatives, such as licensed contractors, file permit applications, which DOB reviews before approval and issuance. Construction work requiring permits may not begin until DOB issues necessary permits. In addition to permits, the Construction Codes require Certificates of Occupancy (COOs) for certain projects. DOB issues a COO only after confirming that construction work complies with the Construction Codes. The City requires COOs for projects involving the construction or substantial alteration of four or more residential units or non-residential space exceeding 10,000 square feet; a change of occupancy type; or the construction or substantial rehabilitation of any space for certain occupancy types. By contrast, buildings such as single-family homes and two- or three-flats do not require COOs.

A single permit can require multiple types of inspections; for example, a new construction permit for a single-family home might require new construction, masonry, electrical, and plumbing inspections. These different areas that fall under the general umbrella of construction are known as "trades." Typically, each trade associated with a permit requires two inspections: a "rough" inspection to confirm that initial work conforms to the applicable Code, and a final inspection to confirm that contractors completed the work correctly. To illustrate this point, DOB management stated that it would expect a two-flat to have at least ten inspections performed across five trades, i.e., a rough and final inspection for each. The Construction Codes provide that permit holders must pass all required inspections before a structure may be occupied or used.

DOB inspects work subject to permit requirements and issues stop work orders for unpermitted work. DOB may also suspend the permit privileges or revoke the licenses of contractors who perform work outside the scope of permits or do not request required inspections.³ DOB management stated that it relies on complaints from the public and other contractors to identify such instances.

¹ City of Chicago Department of Buildings, "Mission," accessed April 5, 2024, https://www.chicago.gov/city/en/depts/bldgs/auto_generated/bldgs_mission.html.

² The Chicago Construction Codes are Titles 14A through 14C, 14E through 14G, 14M, 14N, 14P, 14R, and 14X of the Municipal Code of Chicago. City of Chicago Department of Buildings, "Construction Codes," accessed April 5, 2024, https://www.chicago.gov/city/en/depts/bldgs/provdrs/bldg_code.html.

³ Municipal Code of Chicago § 4-36

The purpose of OIG's 2022 audit was to determine whether DOB inspects construction work subject to permit requirements to verify compliance with the Chicago Construction Codes. OIG found that DOB's inspection processes allow some permit holders to construct buildings without required inspections. In a review of permits issued between January 1, 2017, and December 31, 2019, OIG identified 42 buildings that did not have all the required inspections and found that the associated buildings had nonetheless been fully constructed. These included 35 single-family homes, several of which had already been sold or listed for sale. In these 42 cases, DOB noted that general contractors had failed to request inspections. While DOB consistently performed requested inspections, it did not use available data to identify situations where permit holders had not requested required inspections.

For the 42 buildings identified by OIG, DOB completed only 198, or 49.7%, of the 398 required inspections and only 11, or 3%, received passing marks.

Based on the results of its audit, OIG recommended that DOB develop procedures to ensure completion of required inspections before a building is fully constructed; train its staff to maintain data in an effective and consistent manner; proactively monitor issued permits, and improve its data quality to support thorough and accurate monitoring of those permits and evaluation of program performance; and consider alternative procedures to ensure that permit holders request inspections, such as requiring that a wider variety of buildings receive COOs. In its response to the audit, DOB described corrective actions it would take.

In November 2023, OIG inquired about corrective actions taken by DOB in response to the audit. Based on DOB's follow-up response, OIG concludes that DOB has not implemented corrective actions. OIG urges DOB to develop procedures to identify required inspections and ensure that it completes them before a building is fully constructed. OIG also continues to urge DOB to ensure inspectors and supervisors use its current data management system in a more effective and consistent manner to facilitate proactive monitoring. Below, OIG summarizes its audit finding and recommendations, as well as DOB's response to the follow-up inquiry.

OIG thanks the staff and leadership of DOB for their cooperation during the audit and their responsiveness to the follow-up inquiries.

II | Follow-Up Results

In November 2023, OIG followed up on its August 2022 audit of the Department of Buildings' (DOB) Permit Inspections Process.⁴ DOB responded by describing the corrective actions it has taken and providing supporting documentation. Below, OIG summarizes the original finding, the associated recommendations, and the status of DOB's corrective actions in response to those recommendations.

| Finding: Except in Situations Where the Department of Buildings Requires a Certificate of Occupancy, its Inspection Processes Allow Some Permit Holders to Construct and Occupy Buildings that Have Not Passed Required Inspections

OIG Recommendation 1 |

OIG recommended that DOB develop and implement procedures to identify required inspections and ensure that it completes them.

State of Corrective Action 1 | Not Implemented

In response to the original audit, DOB reported that it had "implemented the generation of a daily email" to identify permits issued six months prior and that it would assign inspectors to visit the locations to determine whether construction had begun. As part of the follow-up inquiry, OIG requested examples of these emails and other supporting documentation of this process. DOB did not provide such materials.

DOB had also planned to seek the assistance of a Mayoral Fellow to "compile better documentation" of the permit inspection process.⁵ OIG requested this improved documentation, but DOB stated it was unable to get the requested assistance.

In response to the original audit, DOB stated that the intended "replacement of the Hansen 7 permit and inspection data management system can and will significantly improve DOB's ability to monitor building permits that require inspections and contractors whose duty it is to request inspections." DOB also stated that it has been working "for more than a decade" with [the Department of Technology and Innovation (DTI)] to "capture all data in a more configurable, searchable, and analytical system."⁶ In response to OIG's follow-up inquiry, DOB stated that the City had completed two of the four phases to "migrate DOB's permit inspection processes from the legacy Hansen 7

⁴ City of Chicago Office of Inspector General "Audit of the Department of Buildings' Permit Inspection Process," August 25, 2022, <https://igchicago.org/wp-content/uploads/2023/08/Audit-of-the-Department-of-Buildings-Permit-Inspections-Process.pdf>.

⁵ Mayoral Fellows are graduate students from various disciplines participating in the Mayor's Office Fellowship Program. The program allows the participants to work with Mayoral senior staff and leaders of various City departments to "deliver recommendations and implement programs that improve the lives of Chicago's [...] residents." City of Chicago Office of the Mayor, "Mayor's Office Fellowship Program," https://www.chicago.gov/city/en/depts/mayor/supp_info/mayorsfellows.html#:~:text=The%20City%20of%20Chicago%20Mayor's,their%20potential%20benefit%20to%20Chicago.

⁶ The original response references the Department of Assets, Information, and Services (AIS). In 2020, the City combined the Department of Innovation and Technology (DoIT) and the Department of Fleet and Facility Management into AIS. In 2024, the City divided AIS into the Department of Technology and Innovation (DTI) and Fleet and Facility Management. Data systems used by City departments are managed by DTI, formerly AIS and DoIT.

system to the more interoperable IPS 11 system [...].” DOB expects the migration process to be complete in the second quarter of 2026. DOB stated that it also designed automation of the express permit process to be implemented when it fully migrates to IPS 11.⁷ Express permits do not require inspections. Thus, automation should ensure that these permits are not inaccurately flagged for inspection.

While the automation described above would reduce the number of permits inaccurately flagged for inspections, it will not serve to ensure DOB conducts required inspections. In the original audit, OIG identified 42 permits related to fully constructed buildings, including 35 single-family homes, several of which had already been sold or listed for sale. Of the 42 buildings, DOB had only completed 198, or 49.7% of the 398 required inspections, and only 11, or 3%, received passing marks.

OIG Recommendation 2 |

OIG recommended that DOB proactively monitor permits with no requests for required inspections, and develop monitoring tools and procedures to determine the construction status of buildings.

State of Corrective Action 2 | Not Implemented

As noted above, DOB stated that it has implemented a manual monitoring process for permits that have not had inspections requested for more than 6 months. OIG requested examples of the daily reporting tool described by DOB, documentation of the monitoring procedures, and the number of inspections DOB identified through this process as required but not requested. DOB provided none of the requested materials. Rather, DOB stated that it, in conjunction with the Department of Asserts, Information, and Services (AIS), has “automate[d] the permit process for small DOB-issued permits – i.e. those that do not require architectural or engineering drawings.” This automation will prevent the system from assigning inspections to such permits in error and, thus, will keep such permits from appearing to need inspections. That improvement, however, will not serve to ensure DOB conducts required inspections of the remaining permits—those which were the subject of OIG’s audit.

OIG Recommendation 3 |

OIG recommended that DOB, to facilitate proactive monitoring, ensure that inspectors and supervisors use the current Hansen 7 system in a more effective and consistent manner. Specifically, OIG recommended that DOB,

- a. ensure that inspectors and other staff consistently and appropriately close permits;
- b. ensure that staff close inspections that are incorrectly assigned during plan review;
- c. create categories to differentiate between permits that require inspections and those that do not;
- d. provide training to ensure that staff enter data into Hansen 7 in a consistent manner; and
- e. expand the use of existing automatically generated monitoring reports, if effective, or redesign the reports to increase their effectiveness for tracking departmental performance and identifying aged permits with outstanding inspections.

⁷ The express permit was formerly known as an easy permit. An easy permit applies to small construction and improvement projects or for the repair and replacement of elements that do not require architectural drawings.

State of Corrective Action 3 | Not Implemented

Rather than developing processes to ensure inspectors and supervisors use the current Hansen 7 system in a more effective and consistent manner, DOB's response focused on the future implementation of IPS 11. As described earlier in this report, DOB does not expect to migrate to IPS 11 until the second quarter of 2026. DOB, in its response to the original audit, stated it has been working "for more than a decade" to implement its new system.

Additionally, DOB plans to meet with DTI in 2024 to clean the data before it is moved from Hansen 7 to IPS 11. Regarding its use of Hansen 7 until that change, DOB reported that it has been manually monitoring the permit process through a daily email system, as it mentioned in its response to the audit.

OIG Recommendation 4 |

OIG recommended that DOB consider alternative procedures to ensure that permit holders request inspections, such as requiring that a wider variety of buildings receive COOs.

State of Corrective Action 4 | Not Implemented

DOB did not provide any examples of alternative procedures that would ensure permit holders request inspections. DOB did reference the so-called bad actor ordinance in the Municipal Code of Chicago (MCC) which "allows DOB to suspend permit privileges and suspend and revoke trade and construction-related licenses including for failure to request a required inspection."⁸ DOB references this ordinance as a method to deal with contractors who have not requested inspections, but it has not offered alternatives to ensure permit holders request inspections.

III | Conclusion

OIG's initial audit found that DOB's inspection processes allow buildings that do not require COOs to be constructed and occupied without passing all required inspections. This creates potential safety risks for building occupants and contravenes DOB's mission and enforcement of the Chicago Construction Codes. DOB's response to OIG's follow-up inquiry has focused on a future system implementation rather than process improvements in the current system. By DOB's own account, it has been working "for decades" on the implementation of the new system. Therefore, OIG continues to urge DOB to develop procedures to identify required inspections and ensure that it completes them, whether the procedures are supported by the current system or the expected system.

⁸ MCC § 14A-3-304 and 14A-3-305



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