

V.1. Follow-up on Recommendations from Previous Years

V. INFORMATION TECHNOLOGY (IT) AND VALUE-FOR-MONEY AUDIT

V.1. FOLLOW-UP ON RECOMMENDATIONS FROM PREVIOUS YEARS

The percentage of the general auditor's recommendations that were the subject of concrete corrective measures is an essential indicator for ensuring that departments and boroughs apply our recommendations promptly.

The policy of the general auditor's office is to begin follow-up on recommendations the year after they appear in the annual report. The cycle of follow-ups on recommendations for a given year generally extends over a period not exceeding three years, except in very specific circumstances in which some recommendations are followed up on for an additional year.

The table below presents results of follow-ups done on the recommendations made from 2005 to 2008 (published in the annual reports of 2006 to 2009):

Table 1—Results of Follow-ups on Recommendations

Status of the recommendations	2005	2006	2007	2008	Total
Completed	181	216	103	38	538
Under way	1	16	68	31	116
Reported	–	–	4	1	5
Cancelled	6		1	1	8
Not completed	9	10	3	–	22
No longer valid	3	2	–	–	5
Other	–	–	3	–	3
Total number of recommendations made	200	244	182	71	697

More specifically in respect to the recommendations made in 2008, 97% are considered to have been “completed” or are “under way,” compared with a yearly objective of 80% set by the city administration.

As concerns all the recommendations made since 2005, the follow-up done in March 2010 showed that 538 were completed, including 99 during the past 12 months. On a cumulative basis (over the last four years), therefore, close to 77% of recommendations were completed, whereas 17% are under way. Overall, these are excellent results.

General Auditor's Comments

In spite of the results achieved, we wish to draw attention, nonetheless, to two troubling situations that have not been resolved to our satisfaction.

Building Maintenance Management

In November 2005, we issued an audit report on building maintenance management. This report noted, among other things, the lack of an investment strategy aimed at stabilizing and clearing the annual deficit for maintaining the buildings that make up the City's building inventory. At that time, a cursory, conservative assessment determined the annual maintenance deficit to be \$14 million and the accumulated deficit \$301 million.

Our follow-ups in March 2010 indicate that a detailed assessment of the state of each building was carried out by a specialized firm and that the SMVTP submitted an integrated strategic building management plan for City of Montréal buildings to the executive committee on June 3rd 2009. This plan stated that, in 2008, the budget needed for annual building maintenance should have been \$82 million and that the actual expenditure was \$40 million. Thus, the annual maintenance deficit reached \$42 million and the accumulated deficit \$1 billion, which represents a 24% depreciation ratio (accumulated maintenance deficit/replacement value).

To achieve the \$42 million target, the plan proposed a cumulative increase in the annual maintenance budget of approximately \$8 million a year for the next five years. The manager responsible for the Division stratégies immobilières at the City informed us, however, that none of the additional funds needed to stabilize and clear the annual maintenance deficit were made available. If no additional amounts are allocated for building maintenance in the next few years, it can be expected that the depreciation ratio will pass the 30% mark and thus significantly increase the risk of service disruptions to the City's operations. At the time of our follow-up, no decision had yet been taken by the executive committee or city council to implement this recovery plan.

Fire Prevention Activities

Regarding the *Fire Prevention Activities* audit report issued in February 2008, in April 2008 the Direction générale and the Service de sécurité incendie de Montréal submitted a schedule to us that provided for implementation of the 20 recommendations it made between December 31st 2008 and March 31st 2010. During our follow-up in March 2010, we ascertained that 19 recommendations were still "under way." This situation is all the more troubling because the Service de sécurité incendie de Montréal has postponed completion of more than half of these recommendations to 2013.

It is our opinion, therefore, that these new schedules for completion are non-compliant with the action plan originally submitted to us in 2008. In accordance with our follow-up process, therefore, we will have to consider that, as of 2011, these recommendations are “not completed.”