



# 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, 2013

## Overview of the Bureau du vérificateur général

# 2





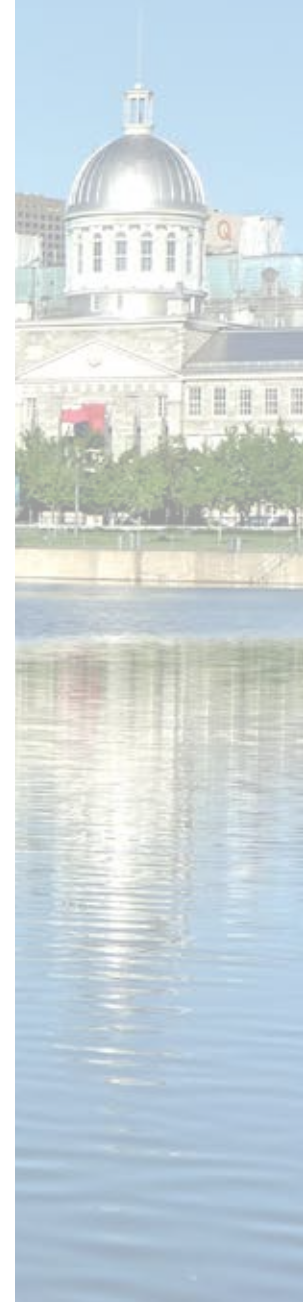


# Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2013

# 2.1

## Workforce Status





## 2. Overview of the Bureau du vérificateur général

### 2.1. Workforce Status

Over the years, we have witnessed a continuous and very worrisome erosion of our staff because of retirement and recruiting difficulties related mainly to salaries not being very competitive with our comparison market.

**Table 1 – Workforce Trends  
as of December 31 for 2002–2013**

Year	Total employees <sup>[a]</sup>
2002	41
2003	36
2004	38
2005	37
2006	35
2007	33
2008	28
2009	26
2010	30
2011	33
2012	30
2013	30

<sup>[a]</sup> The workforce excludes two audit professionals who were released full-time for union activities for the years 2008 to 2010 and one professional for 2011.

Attracting and retaining qualified and experienced resources remains a major challenge for the Bureau, despite certain measures that may have been taken to address this problem.

The year 2013 saw the departure of the assistant auditor general – Certification of financial statements of the city and other bodies, a position that remained unfilled at press time for this report, as with four other positions, namely those of chief auditor and audit advisor for the value-for-money and information technology (IT) audit as well as for the investigative and forensic accounting audit.

Apart from filling these positions, the Bureau will face a major challenge in the next three years as a third of its staff will be retiring or ending their contract. These staff members include the Bureau's entire executive management team. Measures have been undertaken to address the complex issue of finding replacements.



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For the Year Ended December 31, 2013

# 2.2

## Performance Indicators







## 2.2. Performance Indicators

During our audits, we often observe a lack of appropriate performance indicators to allow thorough administrative follow-up and suitable reporting.

We will continue to present the indicators that we consider to be most relevant in helping the reader form an opinion about the performance of the Montréal Bureau du vérificateur général (the BVG).

These indicators are:

- Number of reports issued
- Recommendation implementation rate
- Use of time
- Equal access to employment
- Financial results

### Number of Reports Issued

Table 1 shows the number of reports produced in recent years for the financial audit as well as for the value-for-money and information technology (IT) audit.

**Table 1 – Number of Reports Issued from 2009 to 2013**

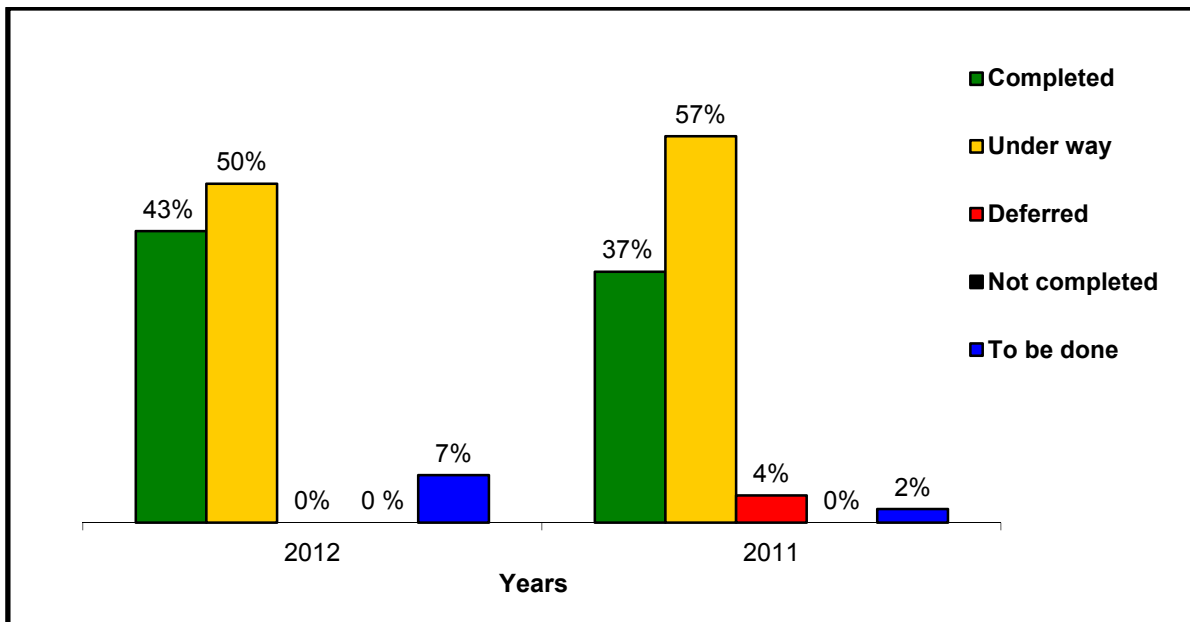
Annual report reference year	Financial audit			Value-for-money and IT audit
	Current financial year	Previous financial years	Total	
2009	11	2	13	7
2010	13	3	16	9
2011	9	1	10	12
2012	21	15	36	13
2013	18	1	19	11

The sharp decrease in the number of financial audit reports for the year 2013 is due to a return to normal operations. As stated in our 2012 annual report, fiscal year 2012 was not a typical one.

## Recommendation Implementation Rate

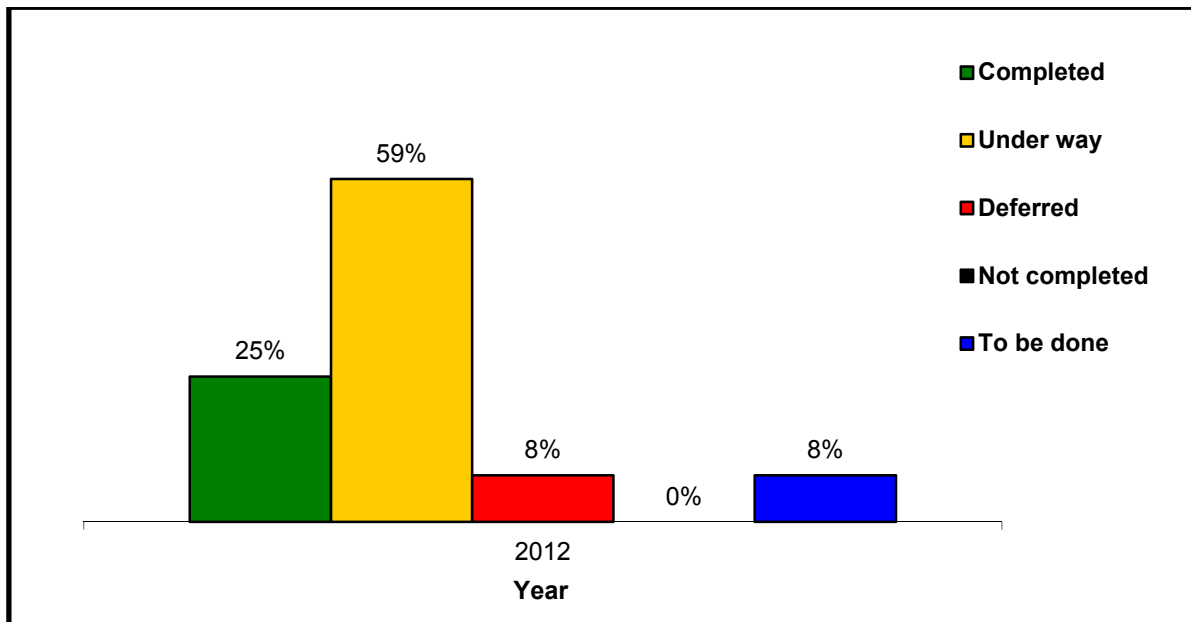
This indicator is particularly important because it allows the reader to assess how quickly and to what extent the municipal administration takes appropriate measures to resolve the problems that trigger our recommendations. It should be pointed out that the figures shown in Figures 1 and 2 illustrate, by year, the implementation rate for recommendations made at the end of our follow-up work in the year following their publication. Note that Figure 2, which presents the recommendation implementation rate for the financial audit, is a new indicator, hence the absence of any comparison with the previous year.

**Figure 1 – Recommendation Implementation Rate for Value-for-Money and IT Audit, by Status**



This indicator shows that there has been no significant improvement in the laxness brought up in last year's annual report with regard to the business units' implementation of our recommendations. We noted a slight increase in the proportion of "completed" recommendations among those that appeared in our 2012 annual report compared with those in our 2011 annual report. In fact, the proportion of recommendations published in our 2012 annual report that were "completed," i.e., 43%, is well below the target of 70% set by the municipal administration, which we discuss in Section 5.1 of this report.

**Figure 2 – Recommendation Implementation Rate for the Financial Audit, by Status**



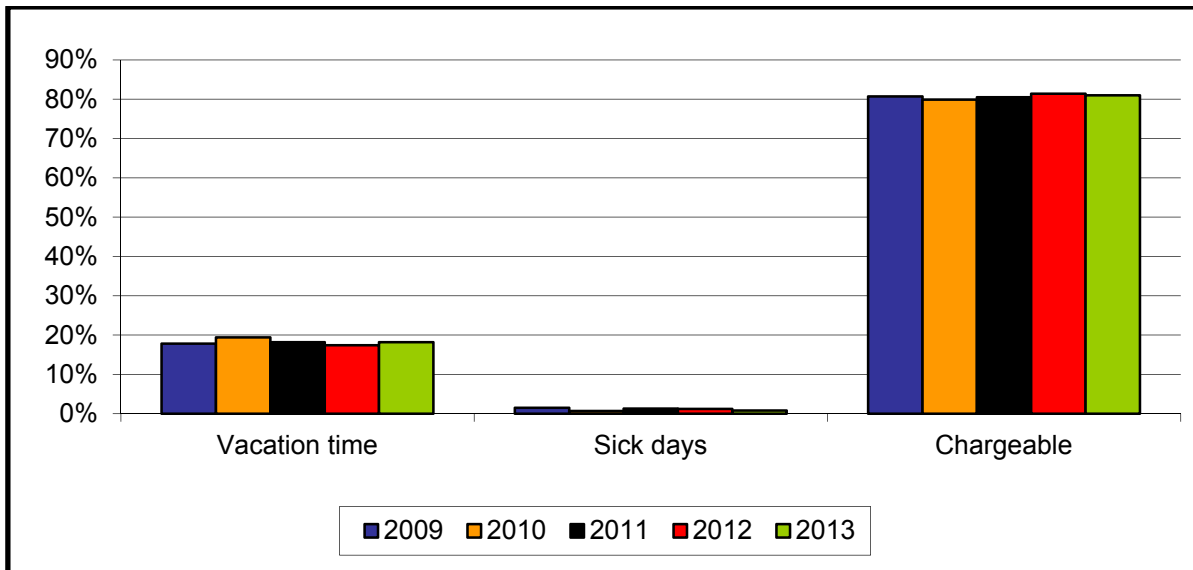
As with the indicator in Figure 1, this indicator shows a lack of diligence on the part of the business units in implementing the recommendations related to the financial audit.

Accordingly, as stated earlier in Chapter 1 of this report, we feel that it must be made clear to the business units that the BVG's recommendations must be implemented more promptly and that it is important for the Direction générale to show leadership in this matter.

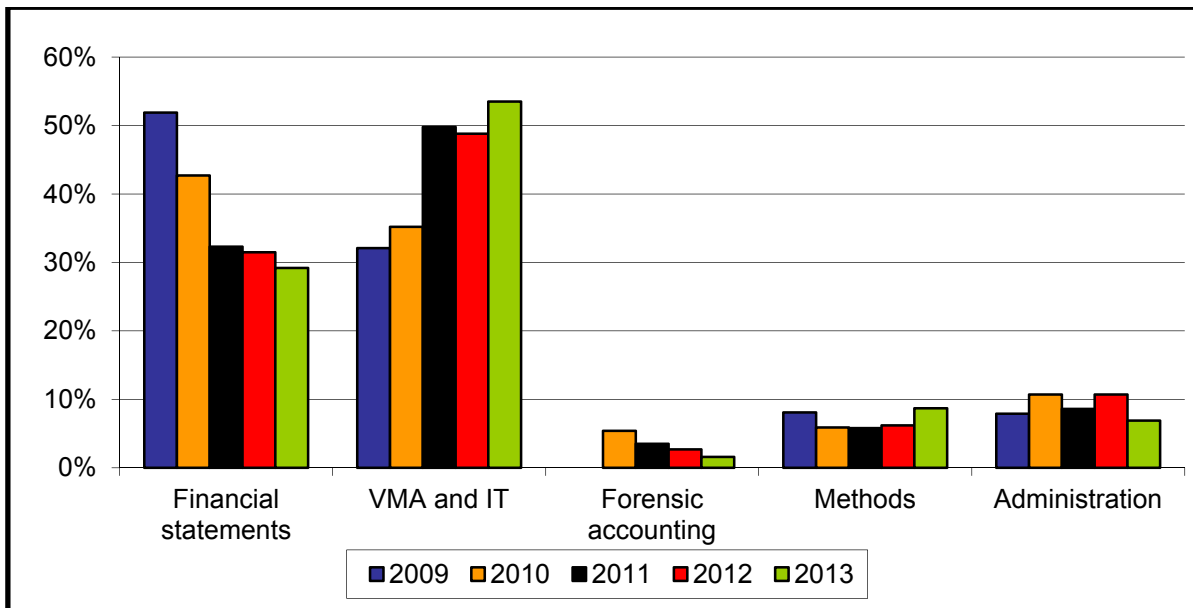
## Use of Time

Figures 3 and 4 show the breakdown of total and chargeable hours for members of the BVG over the past five years.

**Figure 3 – Breakdown of Total Hours**



**Figure 4 – Breakdown of Chargeable Hours, by Activity**



VMA and IT: Value-for-money and information technology audit.  
Methods: Includes accounting research, quality control and training.

The data on use of time show a significant increase in the proportion of hours allocated to the 2013 value-for-money and information technology audit. This increase is primarily attributable to a reduction in the hours spent on administration due to the non-recurring time allocated in 2012 to making the BVG's messaging service and computer network more secure. The increase in hours allocated to Methods for 2013 is due to a greater number of hours spent on training. Finally, the decrease in hours spent on investigative and forensic accounting is due to the fact that the team leader responsible for this activity was on maternity leave for the better part of 2013.

Other indicators pertaining to use of time and staff turnover are presented in Table 2.

**Table 2 – Other Indicators Pertaining to Use of Time and Audit Staff Turnover**

	Results	
	2013	2012
1. Audit staff turnover	13.3%	10.0%
2. Absenteeism	1.1%	1.2%
3. Average number of hours of training per employee	46	32
4. Ratio of training costs/payroll expenditures in accordance with the <i>Act to promote workforce skills development and recognition</i> . The objective for all city operations is 1%	4.0%	2.7%

The increase in staff turnover is due to a higher number of departures in 2013 compared with 2012. Two employees resigned and two others retired in 2013.

We also observed a marked increase in the number of training hours per employee in 2013, and a corresponding increase in the cost-training ratio. This increase is primarily due to the special training given to all BVG staff following migration to an advanced version of office automation tools.

## Equal Access to Employment

Like the city, the BVG pays particular attention to issues of equal access to employment.

The breakdown of the representation of groups targeted by the *Act respecting equal access to employment in public bodies* as of December 31 of the last five years is shown in Table 3.

**Table 3 – Representation of Targeted Groups**

Targeted group	2013	2012	2011	2010	2009
Men	51.6%	53.3%	59.4%	58.1%	64.3%
Women	48.4%	46.7%	40.6%	41.9%	35.7%

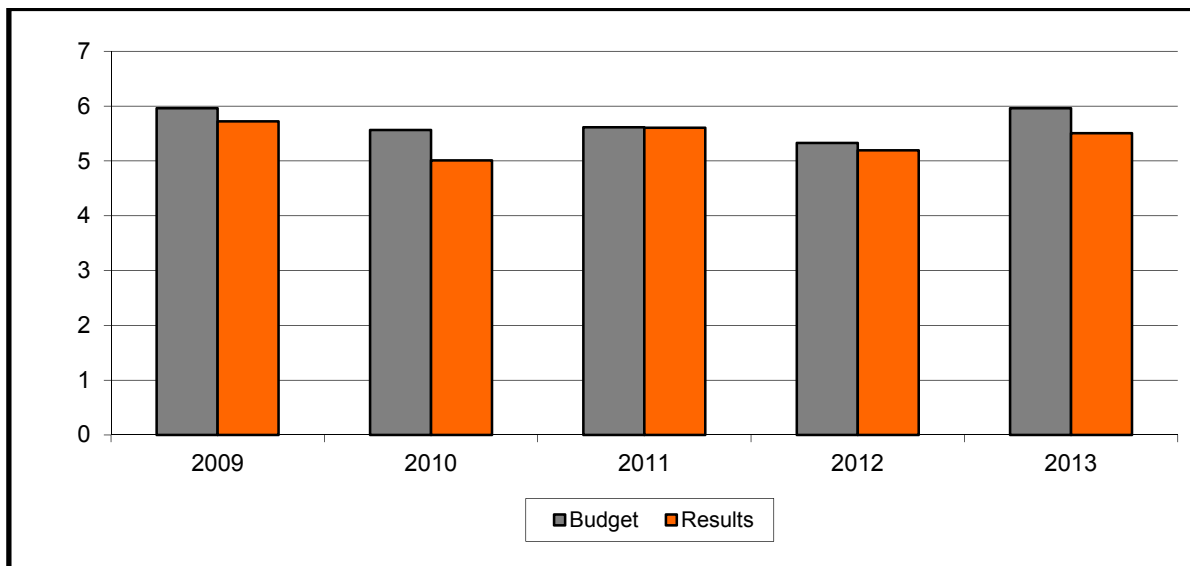
Targeted group	2013	2012	2011	2010	2009
Aboriginal persons	0.0%	0.0%	0.0%	0.0%	0.0%
Visible minorities	9.7%	6.7%	6.3%	3.2%	3.6%
Ethnic minorities	3.3%	3.3%	3.1%	0.0%	0.0%
<b>Total</b>	<b>13.0%</b>	<b>10.0%</b>	<b>9.4%</b>	<b>3.2%</b>	<b>3.6%</b>

We can see that the representation of women and visible and ethnic minorities within our workforce has improved significantly over this period.

## Financial Results

The final indicator deals with the financial results for the BVG. Figure 5 shows these results for the past five years.

**Figure 5 – Budget and Financial Results**  
(in millions of dollars)



The significant increase in the budget allocated to the BVG in 2013 is due to the response of the Commission permanente sur les finances et l'administration to the auditor general's claims that his operating budget was insufficient to allow him to fully meet his responsibilities with regard to certification of the financial statements of the bodies controlled by the city or included in its reporting entity. To address this issue, a recurring amount of \$610,000 was granted to the BVG as of 2013. This amount was used exclusively for this purpose, in particular to pay the fees of external firms retained by the BVG to get through the peak period associated with certification of financial statements.

As for the other financial results for 2013, the positive variance in the budget is due to various positions that remained vacant during the year, including four related to the value-for-money and information technology audit and the investigative and forensic accounting audit.

For more information on previous years, please refer to the annual reports for those years.