

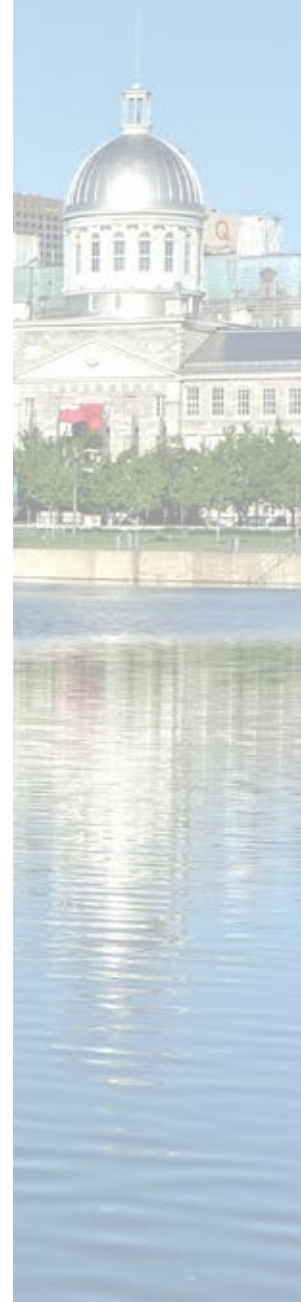


# **Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council**

For the Year Ended December 31, 2013

# 5.1

## **Follow-Ups to Recommendations from Previous Years**





## 5. Value-for-Money and Information Technology Audit

### 5.1. Follow-Ups to Recommendations from Previous Years

The percentage of the recommendations made by the Bureau du vérificateur général (BVG) that received concrete corrective measures is an essential indicator to ensure that departments and boroughs implement these recommendations promptly.

The policy of the BVG is to initiate a follow-up to the recommendations in the year following their appearance in the annual report. The follow-up to the recommendations for a given year generally extends over a maximum period of three years, except in very specific circumstances when some recommendations are monitored for an additional year or two.

In 2013, the city's Direction générale set new performance targets for implementation of the recommendations made by the BVG. From now on, the business units will be evaluated on the following performance targets:

- **70%** of the recommendations made must be **completed** within the first year following their publication;
- **90%** of the recommendations made must be **completed** within the second year following their publication.

More specifically, the 70% performance target currently applies, on the one hand, to the 2012 value-for-money and information technology audit recommendations, which were published in the auditor general's report for the financial year ending December 31, 2012, and, on the other hand, the financial audit recommendations, which were published in the internal control deficiencies report prepared for the Ville de Montréal's audit committee for the same fiscal period.

#### Results of the Follow-Ups to Recommendations Related to the Value-for-Money and Information Technology Audit

The results of the follow-ups to the recommendations made in the annual reports for years 2007 to 2012 are shown in Table 1, with the exception of follow-ups related to

recommendations involving the Société de transport de Montréal (STM), which we discuss separately below.

**Table 1 – Results of the Follow-Ups to Recommendations Related to the Value-for-Money and Information Technology Audit, by Status**

Status of the recommendations	Number of recommendations per year						
	2007	2008	2009	2010	2011	2012	Total
Completed	166	68	253	158	132	100	877
Under way	–	–	8	15	84	115	222
Deferred	–	–	–	2	6	–	8
Not completed	16	3	25	–	1	–	45
To be done	–	–	–	–	–	17	17
<b>Total number of recommendations made</b>	<b>182</b>	<b>71</b>	<b>286</b>	<b>175</b>	<b>223</b>	<b>232</b>	<b>1,169</b>

Regarding the 2012 recommendations more specifically, those whose status is considered “completed” represent a proportion of only 43% compared with the 70% annual performance target set by the municipal administration.

The results of our May 2014 follow-up of all the recommendations made since 2007 as part of the value-for-money and information technology audits show that 877 recommendations have been completed, including 167 in the past 12 months. On a cumulative basis (over six years), this represents a 75% completion rate, with 19% of the recommendations currently under way.

We also continued our work regarding the follow-up of recommendations stemming from the audits conducted in 2010 involving the STM. The results of this follow-up are presented separately since the STM is not subject to the accountability methods established by the municipal administration, but by those set by its board of directors.

It should be recalled that these audits dealt with tests of physical intrusion into its facilities and the integrated control system of the Montréal metro. Following the grouping together of measures taken by the STM to address these issues, the number of recommendations was scaled back from the 17 published in last year’s annual report to 15 for the purposes of presenting the results of our follow-up. The results of our follow-up work show that implementation is complete for nine of these recommendations while progress on the measures related to the six other recommendations is advanced.

Under the circumstances, and in compliance with the BVG's policy, we are ceasing follow-up of these recommendations; however, we are counting on the Direction générale of the STM to work diligently to ensure that the six remaining recommendations are implemented.

## Results of the Follow-Ups to Recommendations Related to the Financial Audit

Table 2 presents the results of the follow-up to the recommendations made in the internal control deficiencies reports of 2007 to 2012.

**Table 2 – Results of the Follow-Ups to Recommendations Related to the Financial Audit, by Status**

Status of the recommendations	Number of recommendations per year						Total
	2007	2008	2009	2010	2011	2012	
Completed	54	6	–	19	13	3	95
Under way	–	–	–	1	4	7	12
Deferred	–	–	–	–	–	1	1
Not completed	8	2	–	2	–	–	12
To be done	–	–	–	–	–	1	1
<b>Total number of recommendations made</b>	<b>62</b>	<b>8</b>	<b>0</b>	<b>22</b>	<b>17</b>	<b>12</b>	<b>121</b>

We observed that for the 2012 recommendations, those whose status is considered “completed” represent a proportion of only 25%, compared with the yearly performance target of 70% set by the municipal administration.

The results of our May 2014 follow-up of all the recommendations made since 2007 as part of the financial audit show that 95 recommendations are completed. On a cumulative basis (over six years), this represents a 79% completion rate, with 10% of the recommendations still under way.

## Follow-Up to the 40 Major Recommendations Made between 2005 and 2010 for which the Status was “Not completed” and “To be done” as of March 31, 2012

In our 2011 annual report, we specifically requested that the Direction générale take action to ensure that measures be taken to implement the 40 recommendations deemed to be major. Our follow-up cycle was actually over for 28 of these recommendations whose status was “not completed” as of March 31, 2012, while the other 12 had a status of “to be done,”

since no measures had been taken by the units involved even though they had initially sent us an action plan indicating that they were in agreement with our recommendations.

Following public review of our 2011 annual report by the Commission permanente sur les finances et l'administration in August 2012, the commission mandated the Direction générale to:

- set priorities with the units involved so that satisfactory results could be achieved, **within a year**, with regard to the follow up of the 40 recommendations of previous years that the BVG deemed to be important;
- ensure that the action plans submitted by the various activity sectors of the city were updated.

Even though these business units had a fixed completion date of August 2013 to implement the recommendations that applied to them, we conducted an interim follow-up on April 30, 2013, the results of which were presented in our 2012 annual report. We announced in this report that we would be doing another follow-up of these 40 major recommendations.

Yet, as of May 31, 2014, the follow-up status of these recommendations was as shown in Table 3 below.

**Table 3 – Follow-Up to the 40 Major Recommendations**

2011 situation			Updated situation		
Status	Number		– April 2013	– May 2014	
To be done	12	→	Completed	7	8
Not completed	28	→	Under way	4	3
			Deferred	1	0
Total	40		Not completed	0	1
			Not completed	26	26
			Completed	2	2
			<b>Total</b>	<b>40</b>	<b>40</b>

Our findings were similar to those observed in April of the previous year. The 26 recommendations whose status was “not completed” in April 2013 were still not completed a year later.