



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, 2014

2

OVERVIEW OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL





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For the Year Ended December 31, 2014

2.1

WORKFORCE STATUS



2. Overview of the Bureau du vérificateur général

2.1. Workforce Status

At December 31, 2014, the Bureau du vérificateur général (the BVG) had a staff complement of 28 employees, compared to 30 the previous year. Again this year, recruiting difficulties, coupled with a high number of departures due to retirement, presented a challenge to our Bureau. Our recurring problem recruiting competent staff is the result of less than competitive salaries offered by the BVG compared with our reference market. This problem was amplified by the uncertainty created by Bill 3, the *Act to foster the financial health and sustainability of municipal defined benefit pension plans*. During 2015, candidates who had applied within the staffing process framework withdrew after the bill was announced. Because some positions could not be filled in the areas of certification of the financial statements of the City and other agencies (Certification) and the value-for-money and regulatory compliance (VMA) and quality assurance (QA) audit, we had no other choice but to conduct a new recruitment campaign in 2015 to attempt to fill these positions.

**Table 1 – Workforce Trends
as of December 31 for 2005–2014**

Year	Total employees ^[a]
2005	37
2006	35
2007	33
2008	28
2009	26
2010	30
2011	33
2012	30
2013	30
2014	28

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

We should point out, nevertheless, the arrival this year of a new assistant auditor general – Certification of the financial statements of the City and other agencies, a position that had been vacant since fall 2013. Two senior auditors also joined our team. During the year, we

had to deal with the departure of five professionals. Four of these took retirement. The position of executive secretary also had to be filled due to the retirement of the person in that job.

At year-end, we had five vacant positions in the areas of Certification, VMA and QA. In addition to filling these positions, the Bureau anticipates that a quarter of its workforce will leave in the short to medium term through retirement and at the end of their mandate. This estimate includes, in particular, three of the four members of the Bureau's executive team.

To summarize, our workforce status in relation to authorized positions at December 31, 2014, was as follows.

**Table 2 – Workforce Status
at December 31, 2014**

Areas	Authorized positions	Filled positions	Positions to fill
Certification	11	9	2
VMA	11	9	2
IT	8	8	0
QA	3	2	1
Total	33	28	5



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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 the most relevant in helping the reader form an opinion about the performance of the Montreal 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 the value-for-money and information technology (IT) audit.

Table 1 – Number of Reports Issued from 2010 to 2014

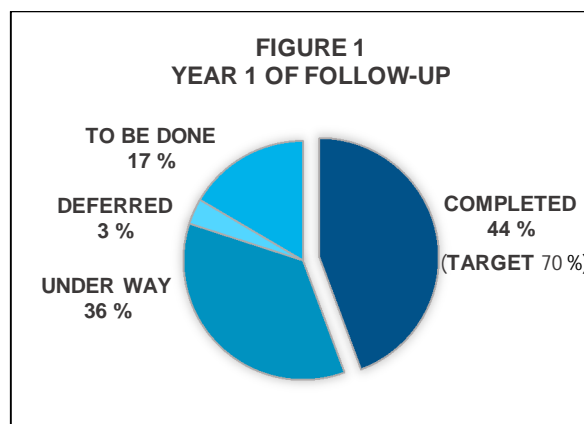
Annual report reference year	Financial statements audit			Value-for-money and IT audit
	Current financial year	Previous financial years	Total	
2010	13	3	16	9
2011	9	1	10	12
2012	21	15	36	13
2013	18	1	19	11
2014	16	4	20	12

The number of reports prepared in 2014 is very comparable to those produced in 2013.

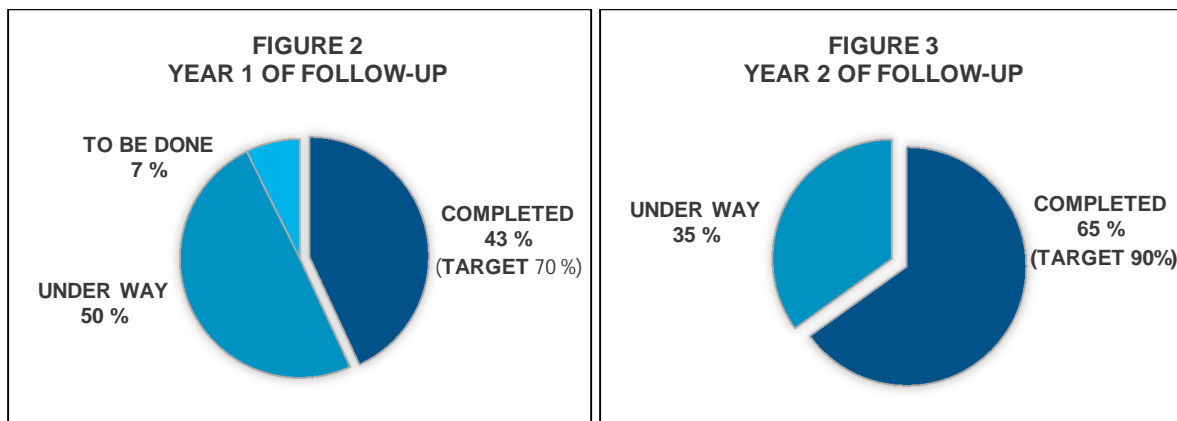
Recommendation Implementation Rate

This indicator is particularly important because it allows the reader to assess to what extent the municipal administration takes appropriate measures to resolve the problems that trigger our recommendations. It should be noted that the figures shown in Figures 1 to 4 illustrate, by the nature of the audit, the implementation rate for recommendations made at the end of our follow-up work in the first year and, if necessary, in the second year following their publication.

Figure 1 – 2013 Recommendation Implementation Rate for the Value-for-Money and IT Audit, by Status



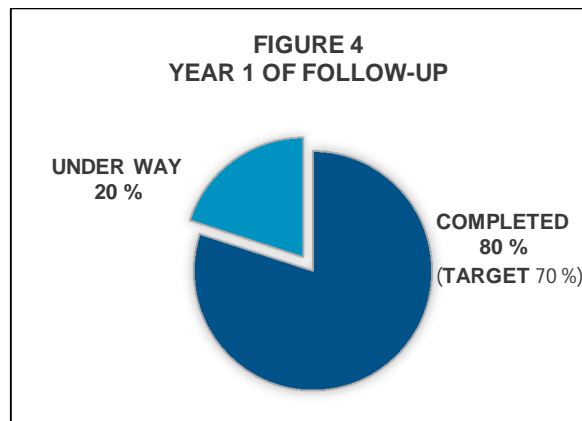
Figures 2 and 3 – 2012 Recommendation Implementation Rate for the Value-for-Money and IT Audit, by Status



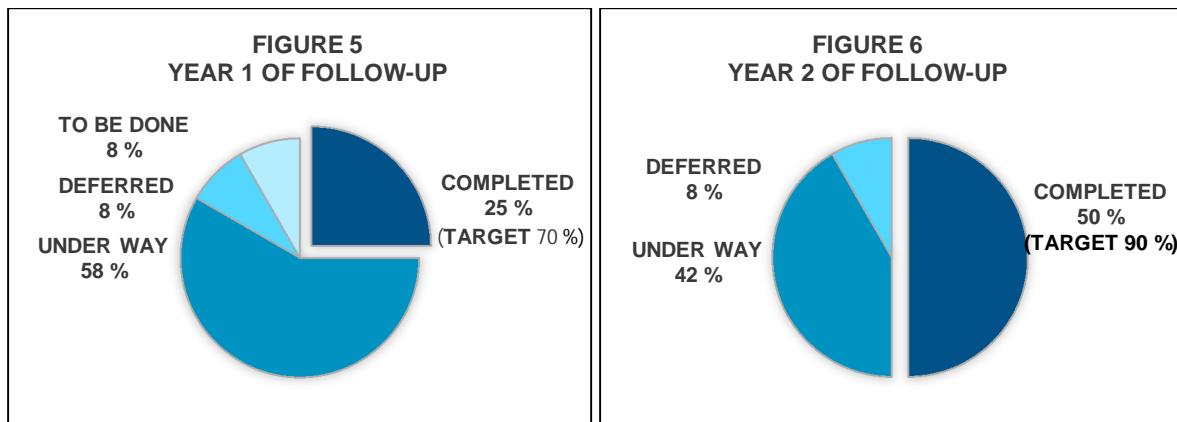
The indicator of the implementation rate for the 2013 and 2012 recommendations in the first year following their publication, 44% and 43% respectively, shows results well below the target of 70%. We also noted that the implementation rate for the 2012 recommendations in

the second year following their publication, or 65%, failed to even reach the 70% target for the first year following their publication.

Figure 4 – Recommendation Implementation Rate for the Financial Audit, by Status



Figures 5 and 6 – Recommendation Implementation Rate for the 2012 Financial Audit, by Status



This indicator shows the opposite situation to that of the implementation rate for the 2013 and 2012 recommendations. We noted that the implementation rate in the first year of follow-up exceeded the target of 70% for the 2013 recommendations, whereas the implementation rate was only 25% for the 2012 recommendations. We also found that the 50% implementation rate for the 2012 recommendations in the second year following their publication was far below the target of 90%.

With the exception of the implementation rate for the 2013 recommendations of the Financial Audit in the first year following their publication, this situation shows a lack of diligence on the

part of the business units in implementing our recommendations and complying with the commitments made at the time the action plans were drawn up.

Consequently, as mentioned in our report last year, we are of the opinion that the business units must be made aware again of the importance of implementing the BVG's recommendations more promptly and that City management must show leadership in this regard.

Use of Time

Figures 7 and 8 show a breakdown of total and chargeable hours for members of the BVG over the past five years.

Figure 7 – Breakdown of Total Hours

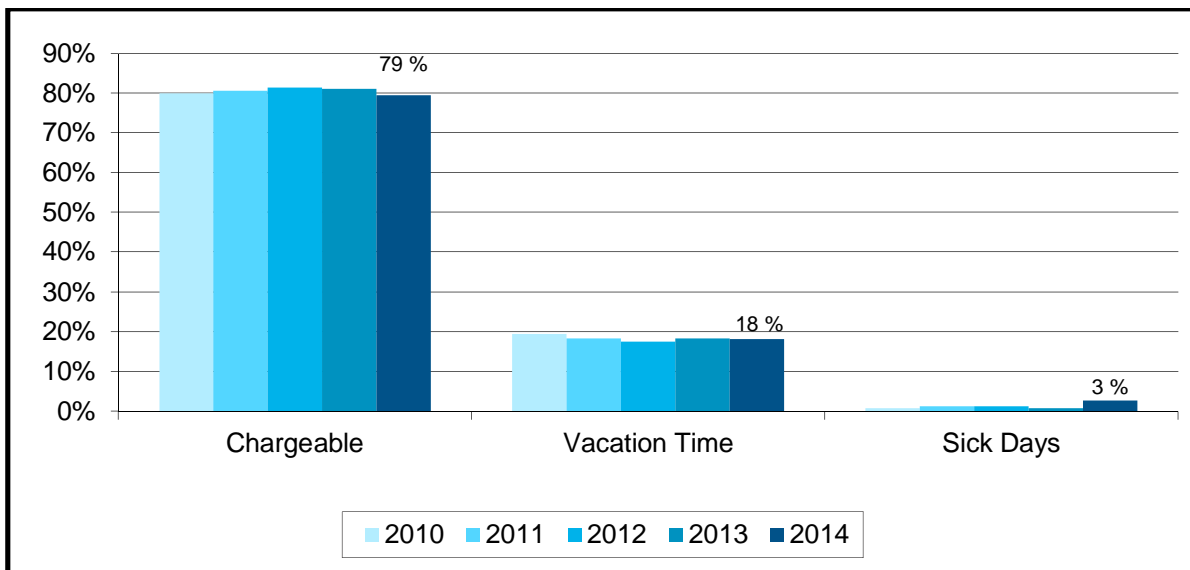
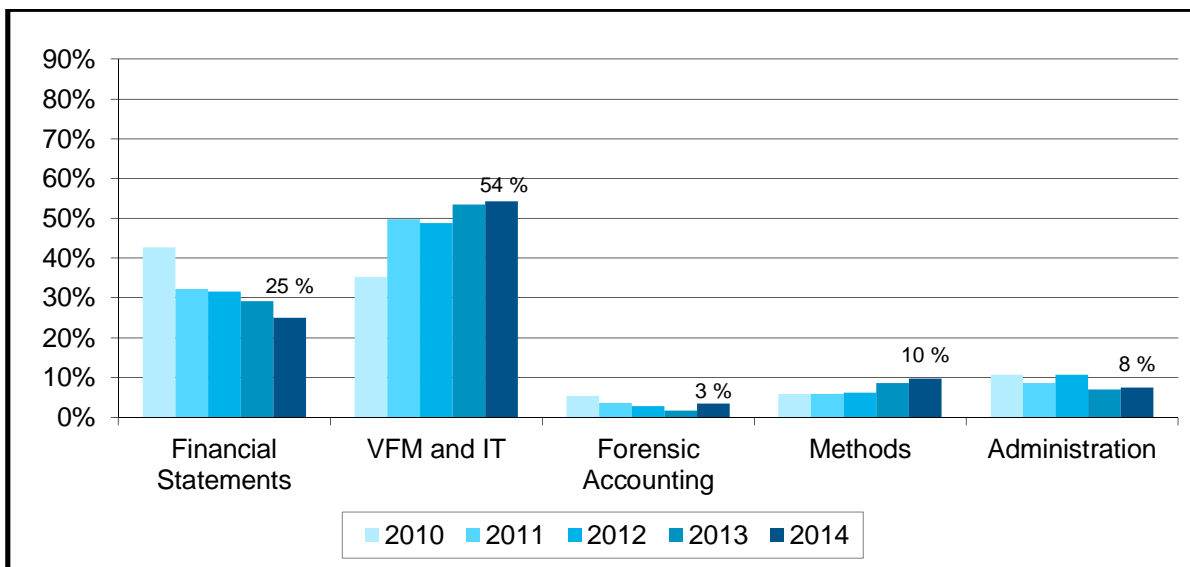


Figure 8 – Breakdown of Chargeable Hours, by Activity



VFM and IT: Value-for-Money and Information Technology audit.
 Methods: Includes accounting research, quality control and training.

The data on use of time show that the proportion of chargeable hours spent on the VMA and IT has remained stable. For their part, the chargeable hours spent on Certification decreased as a result of increased recourse to consultants to assist us in our work. Increases in the Methods and Administration categories is basically due to an increase in hours spent on implementing a new financial auditing software package and on training employees on this new software and updating our financial auditing program.

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

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

	Results	
	2014	2013
1. Audit staff turnover	17.9%	13.3%
2. Absenteeism	2.4%	1.1%
3. Average number of hours of training per employee	66	46
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%.	4.9%	4.0%

The increase in staff turnover is due to a higher number of departures in 2014 compared to 2013. Five professionals left in 2014, four of whom retired.

We also observed a marked increase in the average number of training hours per employee in 2014 and a corresponding increase in the cost-training ratio. This increase is primarily due to the training related to the new auditing software package and the updating of the financial auditing program, as well as specialized training in VMA and IT.

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	2014	2013	2012	2011	2010
Men	51.8%	51.6%	53.3%	59.4%	58.1%
Women	48.2%	48.4%	46.7%	40.6%	41.9%

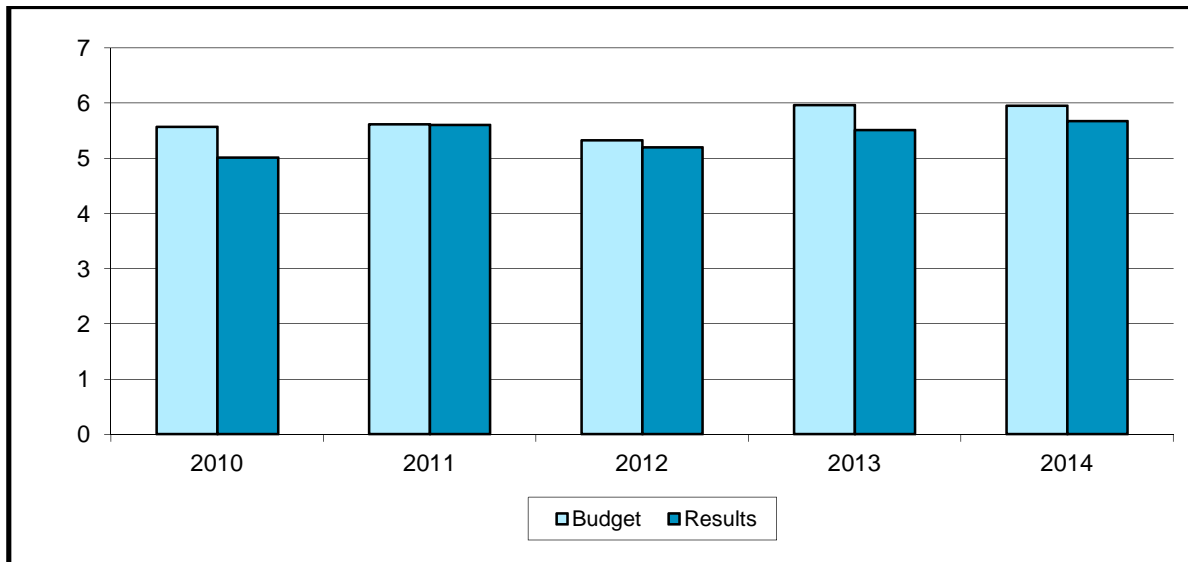
Targeted group	2014	2013	2012	2011	2010
Aboriginal persons	0.0%	0.0%	0.0%	0.0%	0.0%
Visible minorities	11.1%	9.7%	6.7%	6.3%	3.2%
Ethnic minorities	11.1%	3.3%	3.3%	3.1%	0.0%
Total	22.2%	13.0%	10.0%	9.4%	3.2%

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 9 shows these results for the past five years.

Figure 9 – Budget and Financial Results
(in millions of dollars)



As for the financial results for 2014, the positive variance in the 2014 budget is due to departures during the year and positions that remained vacant. For more information about previous years, please refer to the annual reports for those years.