



# **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, 2015

# 4.1

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



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

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

The percentage of recommendations made by the Bureau du vérificateur général (BVG) that were followed up with concrete corrective measures is a key indicator to ensure that departments and boroughs are implementing 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 issued in a given year generally extends over a maximum period of three years. Indeed, the BVG reasonably expects that 100% of the recommendations issued shall be implemented within this three-year horizon, except under very specific circumstances where certain recommendations are followed up during an additional year or two.

To evaluate the rate of implementation of the recommendations issued towards the target of 100% over a three-year period, the BVG has been using the following interim performance targets since 2013:

- **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.

Thus, the recommendations made in 2012 and published in the Annual Report of the Auditor General for the year ended December 31, 2012 – concerning the value-for-money, information technology and financial audits—were the first to be measured against the 70% interim performance target. For the second year of follow-up, the rate of implementation of these recommendations made in 2012 was measured against the 90% interim performance target. The same process was applied to the recommendations made subsequently in 2013 and 2014. The recommendations made following the audit of the financial statements were published in the report on internal control deficiencies filed with Ville de Montréal’s audit committee for the year ended December 31, 2015, and previous years.

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

The results of the follow-ups to the recommendations made in the annual reports for years 2010 to 2014 are shown in Table 1.

**Table 1 – Results of the Follow-Ups to Recommendations Related to the Value-for-Money and Information Technology Audits, by Status (April 2016)**

Status of the recommendations	Number of recommendations per year					
	2010	2011	2012	2013	2014	Total
Completed	169	174	184	138	137	802
Under way	5	28	47	40	198	318
Deferred	1	–	1	6	12	20
Not completed	–	21	–	–	–	21
Other <sup>1</sup>	–	–	–	23	46	69
<b>Total number of recommendations made</b>	<b>175</b>	<b>223</b>	<b>232</b>	<b>207</b>	<b>393</b>	<b>1,230</b>

Regarding the 2013 recommendations more specifically, now at the end of their second year of follow-up since their publication, those whose status is considered “completed” account for 67% (65% in 2012) compared with the 90% interim performance target.

With respect to the recommendations made in 2014, those whose status is considered “completed” account for 35% (44% in 2013), compared with the 70% interim performance target set for recommendations at the end of their first year of follow-up since their publication in the auditor general’s annual report.

Looking at all recommendations made since 2010 as part of the value-for-money and information technology audits, 802 of them are completed. On a cumulative basis (over the past five years), this represents a 65% completion rate, with 26% of the recommendations under way.

<sup>1</sup> The business units concerned did not follow up on these recommendations, which have yet to be implemented.

## Accompanying Notes to the Results of the Follow-Ups to Recommendations

Our follow-up aimed to verify that the business units take measures to implement the action plans developed on the basis of the recommendations that concern them. In this context, it is expected that the business units apply stringent measures to meet the recommendations of the BVG and follow up on the implementation of the action plans developed on the basis of these recommendations.

For many recommendations, however, our follow-up indicates that the business units did not take adequate measures to implement the recommendations or that they were not able to provide evidence of their status. Indeed, we observed the following:

- The status of 45 (20%)<sup>2</sup> of the recommendations made in 2013 and 2014 that the business units considered completed in 2015 was reverted to “Under way” because our follow-up indicated that the measures implemented by the business units did not meet the recommendations or that the business units had not been able to provide evidence of the measures taken;
- 23 (11%) of the recommendations made in 2013 and 46 (12%) of others made in 2014 for a total of 69 recommendations still remain “To be done”, which indicate that no follow-up was made by the concerned business units.

Our follow-up leads us to conclude that some business units do not give the necessary attention to the recommendations issued to them by the BVG. This is not conducive to the implementation of these recommendations within the set target of three years following their publication.

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

Table 2 presents the results of the follow-ups to the recommendations made in the internal control deficiencies reports of 2010 to 2014.

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<sup>2</sup> Among the 44 recommendations still under way, 5 (11%) were made in 2013 and 40 (89%) were made in 2014.

**Table 2 – Results of the Follow-Ups to Recommendations  
Related to the Financial Audit, by Status (April 2016)**

Status of the recommendations	Number of recommendations per year					
	2010	2011	2012	2013	2014	Total
Completed	20	16	8	9	4	57
Under way	–	–	3	–	2	5
Deferred	–	–	–	1	–	1
Not completed	2	1	1	–	–	4
Other <sup>3</sup>	–	–	–	–	–	–
<b>Total number of recommendations made</b>	<b>22</b>	<b>17</b>	<b>12</b>	<b>10</b>	<b>6</b>	<b>67</b>

We observed that for the 2013 recommendations (now at the end of their second year of follow-up since their publication), those whose status is considered “completed” represent a proportion of 90%, compared with the interim performance target set at 90%. Therefore, the target has been reached.

With respect to the recommendations made in 2014, now at the end of their first year of follow-up, those whose status is considered “completed” represent a proportion of 67%, compared with the interim performance target set at 70%.

Looking at all recommendations made since 2010 as part of the financial audits, the results show that 57 of them are completed. On a cumulative basis (over the past five years), this represents an 85% completion rate, with 8% of the recommendations under way.

<sup>3</sup> The business units concerned did not follow up on these recommendations, which have yet to be implemented.