



6.

OVERVIEW OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL





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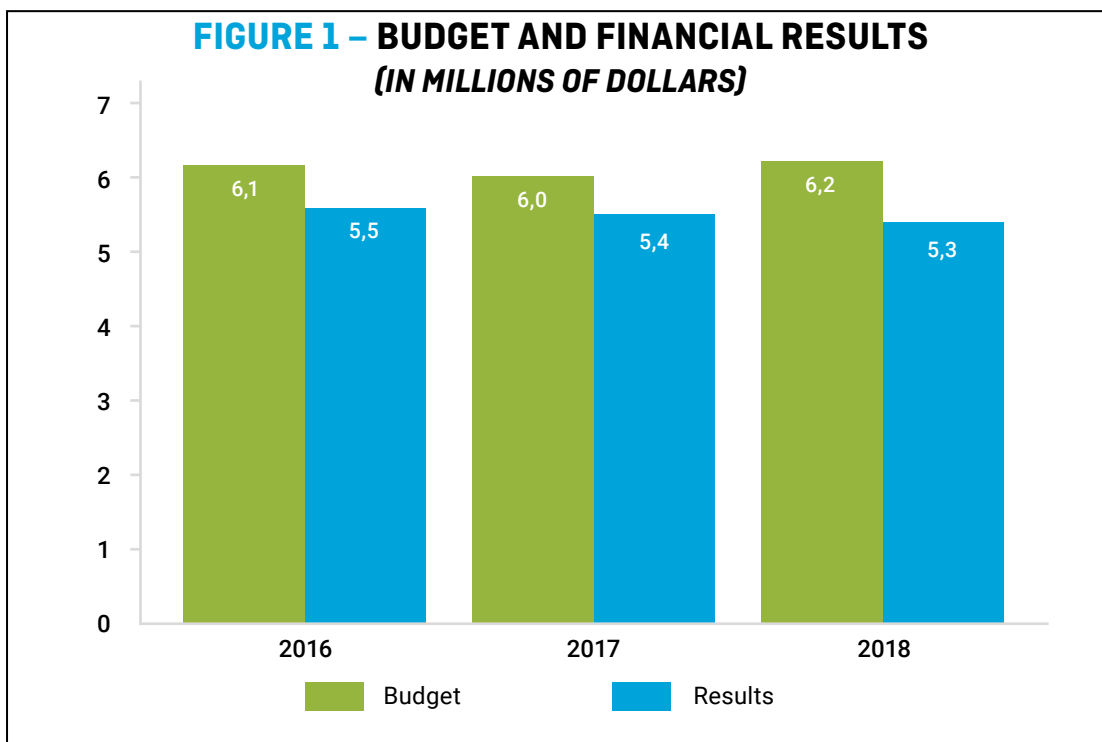
This chapter presents the highlights of the results obtained for the year 2017 regarding the performance of the Auditor General's mandate and the utilization of resources for this purpose. More specifically, we present different indicators so the reader can appreciate the performance of the Bureau du vérificateur général (the Bureau).

The indicators presented are:

- The financial results;
- The number of audit reports issued;
- Human resources:
 - Current and Future Staff Portrait,
 - Use of time,
 - Staff turnover rate,
 - Absenteeism rate,
 - Average number of hours and cost of training,
 - Equal access to employment;
- Professional service contracts.

6.1. FINANCIAL RESULTS

For the year 2018, the Bureau’s operating expenditures amounted to \$5.3 million, compared to the budget of \$6.18 million. This favourable variance is explained, in particular, by the five positions that remained vacant practically all year round 2018 and the maternity leaves of two employees, the sick leave of two employees and finally the departure of four resources. We have four positions in the fall of 2018, two senior Auditors in the performance audit, a new administrative assistant as well as the position of Auditor General Assistant in Information Technology (IT). Figure 1 illustrates the Bureau’s financial results for the past three years.



In accordance with the provisions of section 108.2.1 of the *Cities and Towns Act*, the Auditor General accounts for the year ended December 31, 2018, were audited by an independent auditor mandated by the Ville de Montréal (the City). The report of the independent auditor is presented in Appendix 9.2.

6.2. NUMBER OF AUDIT REPORTS ISSUED

Table 1 details the number of reports issued over the past few years for audits of the financial statements, regulatory compliance, as well as a performance audit (PA) and IT.

TABLE 1 – NUMBER OF AUDIT REPORTS ISSUED FROM 2015 TO 2017

REFERENCE ANNUAL REPORT	FINANCIAL STATEMENTS	COMPLIANCE	PA AND IT	TOTAL NUMBER OF AUDIT REPORTS
2016	18	2	7	27
2017	17	2	9	28
2018	9	1	11	21

The reduction in the number of reports issued in 2018 compared to 2017 is primarily attributable to the implementation of new procedures pursuant to the adoption of Bill 155 in April 2018. Based on our analysis, we considered it appropriate to continue our financial audit for the the City and for 5 of the 11 organizations in the reporting entity. Our budget was reduced by \$390,500 to reflect this new situation.

6.3. HUMAN RESOURCES

The Bureau is known for its high-quality work, and its extensive competencies and broad experience are a major asset for giving elected officials and citizens an objective and independent view of how well public funds are being managed. The Bureau is comprised of some thirty qualified professionals, including accountants, forensic accountant, engineer, lawyer and specialists in business administration and information technology. The Bureau's staff hold a variety of certifications such as public accountant (CPA), financial auditor (CPA, auditor), internal auditor (CIA), information systems auditor (CISA), forensic accountant (CPA, CFF, CFE) and engineer (Eng.).

The Bureau's philosophy is, on the one hand, to have an internal core of experienced professionals who, collectively, have expertise in the City's various spheres of professional activities related to the financial, the performance audit and the statutory and regulatory compliance audit. On the other hand, we enlist external resources to meet one-off needs for very specialized expertise, to spread the workload inherent in the peak period related to audits of the financial statements of the City and the organizations for which the Auditor General considers it appropriate to continue work and sometimes to provide temporary coverage for leaves or vacancies.

WORKFORCE TRENDS AND STATUS

Table 2 presents the workforce trends as of December 31 of the years 2016 to 2018.

TABLE 2 – WORKFORCE TRENDS AS OF DECEMBER 31 OF THE YEARS 2016 TO 2018

YEAR	TOTAL EMPLOYEES
2016	30
2017	29
2018	28

There were 28 employees as of December 31, 2018. During the year, a senior auditor accepted a position with a borough, while three other resources left. However, three new people joined the Bureau.

Table 3 illustrates the workforce status of the Bureau by directorate and in relation to authorized and filled positions as of December 31, 2018.

TABLE 3 – WORKFORCE STATUS AS OF DECEMBER 31, 2018

DIRECTORATES	AUTHORIZED POSITIONS	FILLED POSITIONS	POSITIONS TO FILL
Bureau de la vérificatrice générale	5	4	1
Financial audit and administration	12	12	0
Performance audit and statutory and regulatory compliance	10	9	1
Information technology audit	6	3	3
TOTAL	33	28	5

At the end of 2018, we had five vacant positions, compared to four last year. The increase in vacancies is primarily attributable to the departures mentioned above.

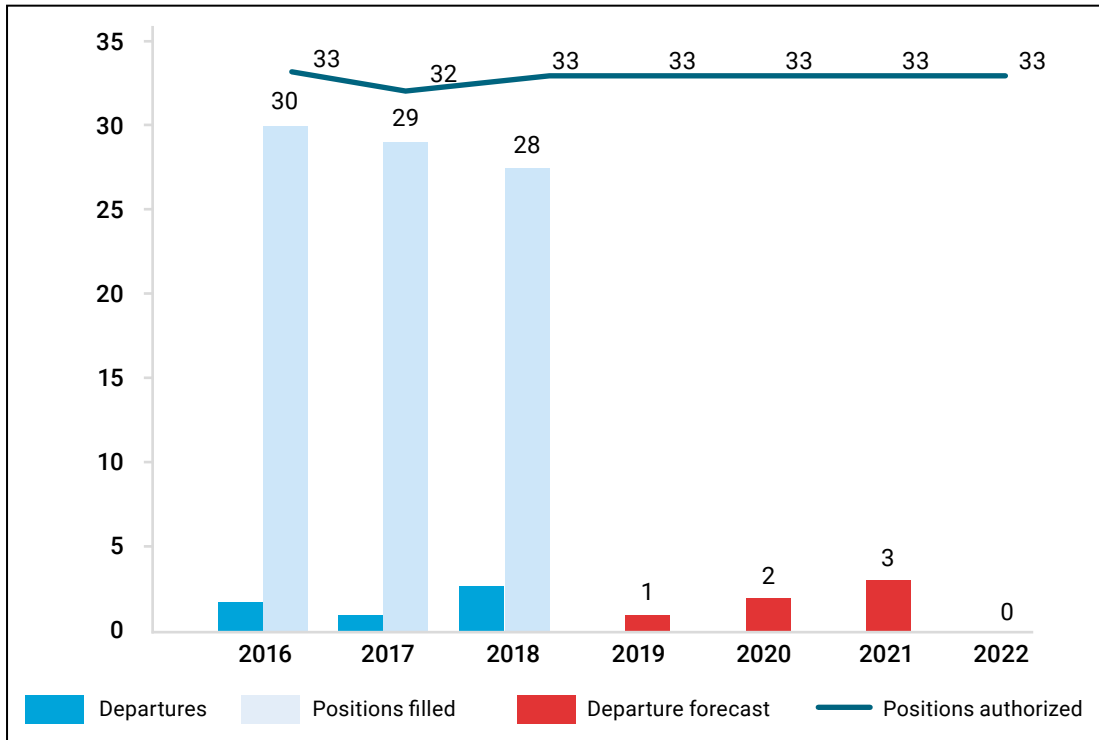
However, in the fall of 2018, we staffed four positions, including the Auditor General Assistant in IT, with a resource from the Bureau, and we filled two of the three senior performance auditor positions, and the new executive assistant position with external resources.

When this report was produced, we had initiated a staffing process to fill the three senior IT auditor positions.

We hope that these recruitment campaigns will allow us to build a succession team to address the imminent departure of some experienced resources within the Bureau.

Figure 2, Workforce Evolution and Forecasting for 2016 to 2022, reveals the importance of immediately implementing a succession plan, to begin training successors and mitigate any dilution of expertise.

FIGURE 2 – EVOLUTION AND FORECASTING OF THE WORKFORCE FROM 2015 TO 2021



Despite the 2018 recruitment efforts, the situation remains troubling for the coming years because:

- five positions were vacant as of December 31, 2018;
- six departures are expected by the end of 2022, including one of the four senior Bureau staff members.

We conducted a strategic planning exercise in 2018, which led us to question the organizational structure of the Bureau and review our needs in terms of hiring and succession. This plan completed in early 2019 is presented in Chapter 8.

USE OF TIME

Figures 3 and 4 present the breakdown of total hours and hours worked of the Bureau’s members for the past three years.

FIGURE 3 – BREAKDOWN OF TOTAL HOURS

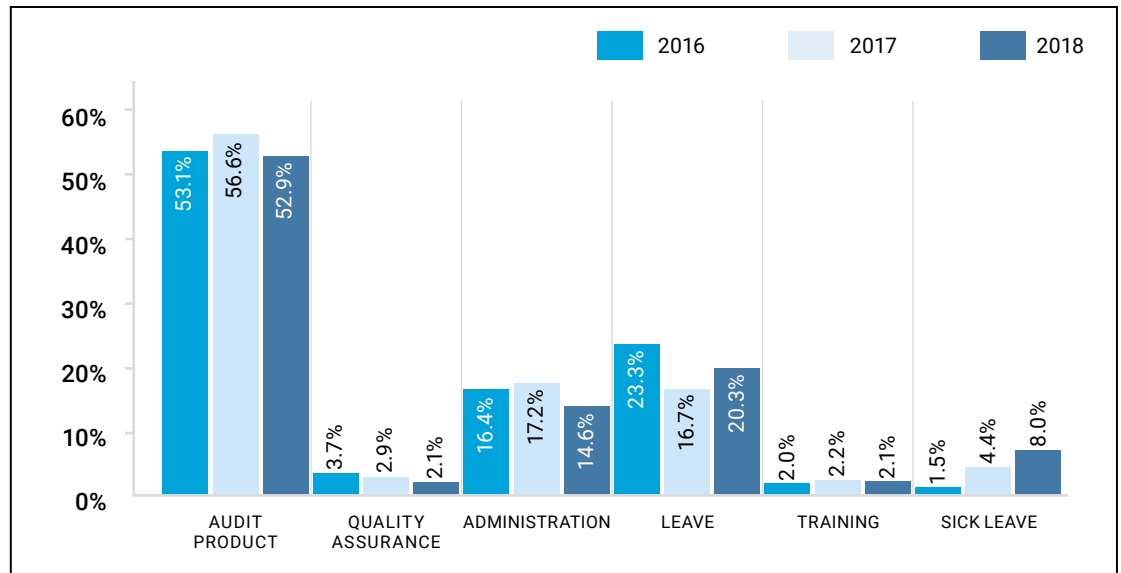
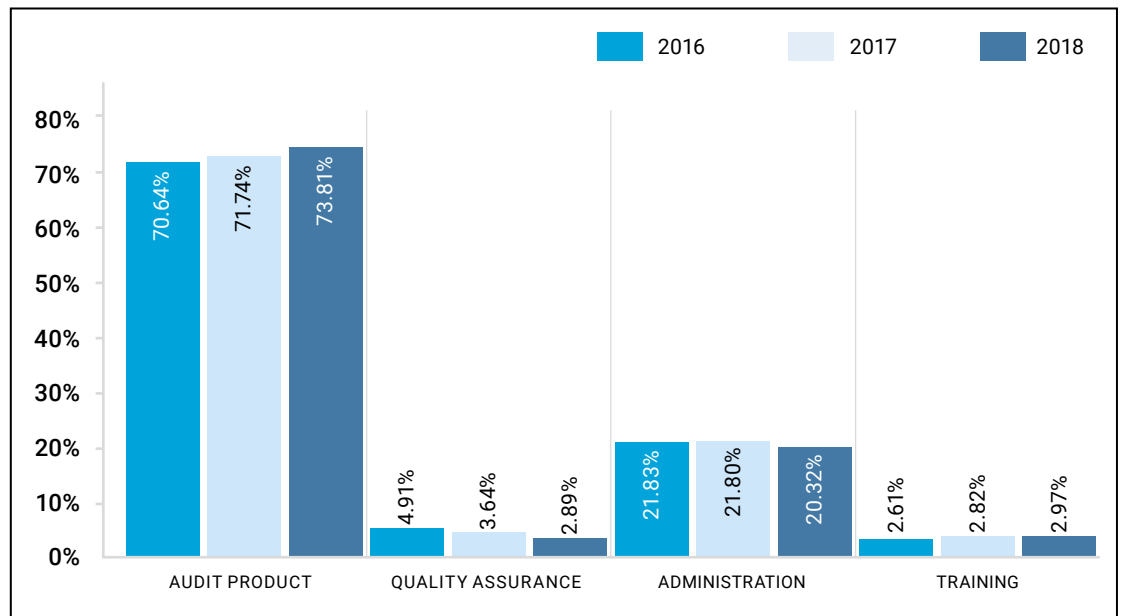


FIGURE 4 – BREAKDOWN OF HOURS WORKED, BY ACTIVITY



Audit product : includes the activities of audit of the financial statements and compliance, value-for-money and information technology audits.

Quality assurance : includes the time devoted to quality control of audit engagements, both during the engagement and after the fact, which control is exercised pursuant to the standards in force.

Administration : includes general administration, meeting, financial management, human resources management, goods and services acquisition, IT support and secretarial tasks.

The results presented in Figure 4 show a slight 1.5% decrease between 2017 and 2018 in terms of hours worked on administration activities.

The hours dedicated to quality assurance declined in 2018 in comparison to the previous year because management members spent less time on the development and implementation of the new methodology to comply with the new CPA Canada standards for direct and indirect reporting engagements than they did in 2016 and 2017.

Other indicators related to the use of time and the staff turnover rate are presented in Tables 4 to 6.

STAFF TURNOVER RATE

TABLE 4 – STAFF TURNOVER RATE

	2016	2017	2018
Turnover rate	6.7%	3.4%	14%

The calculation of the staff turnover rate includes retirements, resignations and departures by transfer to another department or borough of the City. As mentioned earlier, there were four departures during 2018.

ABSENTEEISM RATE

TABLE 5 – ABSENTEEISM RATE

	2016	2017	2018
ABSENTEEISM RATE	1.5%	3.9%	8.0%

The absenteeism rate increased by 4.1% between 2017 and 2018 mainly due to long-term sick leave.

NUMBER OF HOURS AND COST OF TRAINING

TABLE 6 – NUMBER OF HOURS AND COST OF TRAINING

	2016	2017	2018
Average hours of training per employee	36	41	39
Training cost to payroll ratio	3.4%	2.9%	2.8%

The average number of hours spent on training decreased from 41 to 39. The training cost to payroll ratio, in accordance with the *Act to promote workforce skills development and recognition*, is relatively stable. We should note that the objective for the City as a whole is 1%.

EQUAL ACCESS TO EMPLOYMENT

Like the City, the Bureau pays special attention to questions of equal access to employment. The breakdown of the representation of target groups in the *Act respecting equal access to employment in public bodies*, as of December 31 of the past three years, is presented in Table 7.

TABLE 7 – REPRESENTATION OF TARGET GROUPS

TARGET GROUP	2016	2017	2018
Men	43.3%	41.4%	39.3%
Women	56.7%	58.6%	60.7%

TARGET GROUP	2016	2017	2018
Aboriginal peoples	0.0%	0.0%	0.0%
Visible minorities	10.0%	6.9%	7.14%
Ethnic minorities	6.7%	6.9%	3.57%
TOTAL	16.7%	13.8%	10.71%

Female representation in our workforce has remained stable over the past year. We still have 17 women in our 28-person workforce.

6.4. PROFESSIONAL SERVICE CONTRACTS

Professional fees are the second-largest expense, after compensation and benefits. The Bureau hires professionals to meet temporary labour requirements during the peak financial statement period or to temporarily fill in for people on vacation or fill vacancies and to have access to highly skilled experts specialized in areas related to our audit topics or for administrative purposes. Finally, because our Bureau's administrative management operates at arm's length from the City, contracts have been awarded to support our infrastructure and exceptionally in 2018 for certain non-recurring items (e.g. the risk matrix, the strategic plan and PL 155). Professional fees as of December 31, 2018, were \$806,988 (see the breakdown in Table 8).

TABLE 8 – PROFESSIONAL FEES

Financial Audit	44%
Performance audit and statutory and regulatory compliance	13%
Information technology audit	10.4%
Administrative	32.6%