

**AUDITOR GENERAL OF THE VILLE DE MONTRÉAL
PUBLISHES HER 2018 ANNUAL REPORT**

Montréal, June 18, 2019 – The 2018 Annual Report of the Auditor General of the Ville de Montréal, Mrs. Michèle Galipeau, was tabled yesterday at city council in accordance with the provisions of the *Cities and Towns Act* (CTA). The *Report of the Auditor General of the Ville de Montréal for the Year Ended December 31, 2018* presents the results with regards to financial, compliance with laws and regulations, Performance Audit and Information Technology (IT).

For 2018, the Auditor General issued unqualified auditors' reports for the consolidated financial statements of the Ville de Montréal, for the allocation of mixed expenditures as well as for the five organizations for which the Auditor General may conduct an audit under the CTA. The report also submits the results of the 11 Performance and IT Audit missions, including an audit pertaining Logical Penetration Tests and an audit on the Cybersecurity Incident Management, the details of which are not disclosed.

1. Business Interunit Services

Since the 2002 merger of the City, business units are allowed to provide interunit services on behalf of each other in order to achieve economies of scale or for technical reasons. The lack of formal agreements between the parties and of documented and up-to-date assessment criteria supporting the allocation of the interunit charges budget, as well as the lack of a service delivery report do not ensure that the internal services rendered meet requester quality, timeline and cost expectations.

2. Use of Contributions for Park Purposes

The Act respecting land use planning and development (LUPDA) contains provisions regarding the use of contributions for park purposes. The lack of certain controls in boroughs or of a framework by the City impedes strict enforcement of the act. The City should develop tools to make it easier to interpret and implement the legal provisions.

3. Transportation Electrification Strategy

The 2016-2020 *Transportation Electrification Strategy* suggests guidelines to promote the transition to renewable and sustainable energy. This strategy, however, was deployed without a real action plan nor with formal coordination mechanisms and reporting systems. Even though the City is in the early stages in this field, it must immediately review its practices and its service offerings so that this means of urban transportation, which will be eventually become standard, is carefully planned and economically viable for the City.

4. SÉCI, STOP+ and GESCOUR Application Management

The electronic ticketing system (SÉCI) as well as the criminal offence processing systems (STOP+) and Gescour generated revenues of \$189 million in 2018. Although specialized teams are making significant efforts to keep these three applications running, the gaps in access rights management and change management, combined with the obsolescence of the applications and the human resource succession issues, make it difficult to keep these applications running and pose a data reliability and integrity risk.

5. GEM Application Management

The Gestion d'évaluation municipale (GEM) application assessment data are used to calculate taxes that generated \$4.4 billion in revenues in 2018. Although GEM has appropriate control mechanisms, albeit not always formalized, the obsolescence of the system, which has not evolved since its creation in 2004, combined with the lack of a human resources succession plan could lead to data confidentiality and corruption risks as well as risks that the data could become unavailable.

6. Building Maintenance Management

Despite additional budgetary efforts in recent years, the ratio of the building maintenance budget in relation to the replacement value of property inventory remains below the recommended threshold. While it should be 2 per cent according to industry practices, it fluctuates between 1.26 per cent and 1.31 per cent. The City will need to make arrangements in order to determine the impact of this chronic underfunding and evaluate the performance of specific operations with a view to reassessing its strategy. It will also have to take steps to implement appropriate controls in order to manage maintenance operations in an effective and economically profitable way for the City, which will promote the well-being and safety of the people who use these buildings.

7. Management of the Inclusion of Affordable Housing

Even though the City has adopted a strategy to include affordable housing in its residential projects and considerable effort has been expended, that Strategy is not applied consistently in the boroughs. As well, promoters' social and community commitments have instead resulted in financial contributions, a small fraction of which is used to create social housing projects. In addition, in the absence of accountability for the realization of affordable housing from the Strategy, it is difficult to evaluate to extent to which the objectives were reached.

8. Supplier and Contractor Performance Assessment

A performance assessment enables the City to reject any tender from a contractor having received an unsatisfactory performance assessment in the preceding two years. Although efforts were expended, the application of provisions of the guideline for all contracts and control mechanisms remains incomplete. The City must review some of its guideline's provisions in order to avoid any ambiguity in their interpretation. In addition, not all the companies that won a contract were subjected to a performance assessment, and the relevant information is not always provided to decision-makers. The City will therefore need to ensure that the approach is well documented, that appropriate monitoring is carried out and that decision-makers are informed of the evaluation results so that they make informed decisions.

9. Municipal Building Security Management

Although the City considers municipal building security a strategic issue, gaps have been found in security management, including the lack of a comprehensive review of the buildings' security status, of standards that define the level of security expected, of security programs responsive to the risks and of performance indicators. The City, therefore, will have to issue clear guidance in order to better define the level of security it intends to put forward for municipal buildings, and then to convert them into concrete measures to ensure the security of its users, the integrity of its facilities as well as the continuity of its operations.

Follow-up of Recommendations

Whether it's performance, IT or financial statement audit, the implementation rate of follow-ups during the first year of recommendations by the business units has declined considerably. The City will implement reporting mechanisms that support the implementation of recommendations in accordance with the action plans submitted by the business units and establish performance indicators to measure the implementation rate of recommendations issued by the Bureau du vérificateur général.

About the BVGM

The *Report of the Auditor General of the Ville de Montréal for the Year Ended December 31, 2018* is available at bvgmtl.ca. Please note that the “*View our latest report*” tab refers to the full report and that, in order to obtain the report by sections, it is necessary to click on the tab Our reports > Annual reports > 2018.

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Source: Bureau du vérificateur général de la Ville de Montréal

Information: Pierre Tessier
Office: 514 849-4554
Mobile: 514 233-1636
pierre.tessier@cominfrarouge.com