



5.

Follow-Up on Recommendations of Previous Years

2019 Annual Report

Auditor General of the Ville de Montréal



TABLE OF CONTENTS

5. Follow-Up on Recommendations of Previous Years	489
Results of Follow-Up to Recommendations – Performance Audit and Information Technology Audit	490
Additional Notes to the Results of Recommendations Follow-Up	492
Results of Follow-Up To Recommendations – Audit of Financial Statements	497
Conclusion	500



5. FOLLOW-UP ON RECOMMENDATIONS OF PREVIOUS YEARS

The percentage of recommendations made by the Bureau du vérificateur général (BVG) that have led to concrete measures is an essential indicator in ensuring that central departments and boroughs implement their recommendations.

The BVG's policy is to follow up on the recommendations in the year following their publication in the annual report.

In fiscal 2019, the City's Comptroller General established mechanisms for following up on recommendations with a view to monitoring the measures taken by business units to promote the implementation of action plans as promptly as possible. In particular, reminders of timelines and overdue notices were issued. The Audit Committee also introduced measures to accelerate the implementation of recommendations issued by the BVG that were getting off to a slow start. As of 2020, further mechanisms have yet to be implemented. The year 2019 was also a transition period for both the BVG and the Comptroller General.

Results of Follow-Up to Recommendations – Performance Audit and Information Technology Audit

The results of follow-up to the recommendations made in the 2014–2018 annual reports are presented in Table 1.

Table 1 – **Results of Follow-Up to Recommendations by Status
Performance and Information Technology Audit
As of March 23, 2020**

STATUS OF RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS PER YEAR					
	2014	2015	2016	2017	2018	TOTAL
Resolved	336	293	70	116	56	871
In progress	37	33	25	67	87	249
Deferred	9	3	1	13	16	42
Not resolved	11	0	3	0	0	14
To be implemented ^[a]	0	1	1	14	50	66
TOTAL NUMBER OF RECOMMENDATIONS MADE	393	330	100	210	209	1,242

^[a] These recommendations have not been followed up by the business units concerned.

We note that recommendations whose status is “resolved” in the first year of follow-up after their publication in the Auditor General’s annual report represent 27% (56/209) for those of 2018 (32% for those of 2017) – (see Figures 1 and 2).

Recommendations whose status is “resolved” in the second year of follow-up after their publication represent 55% (116/210) for those of 2017 (60% for those of 2016) – (see Figures 3 and 4).

Recommendations whose status is “resolved” in the third year of follow-up represent 70% (70/100) for those of 2016 (81% for those of 2015) – (see Figures 5 and 6).

Figures 1 and 2 – Recommendations Rate of 2018 and 2017 by Status Performance and Information Technology Audit 1st Year of Follow-Up

Figure 1 - 2018 Recommendations
1st Year of Follow-Up

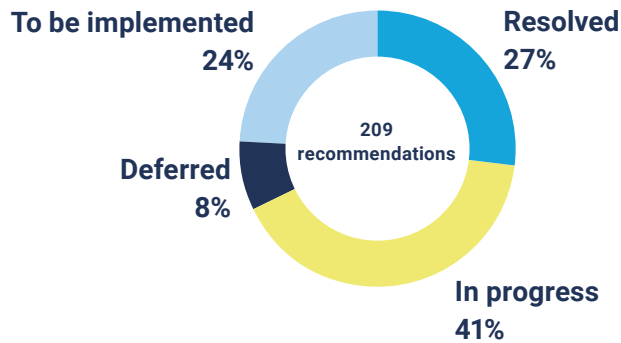
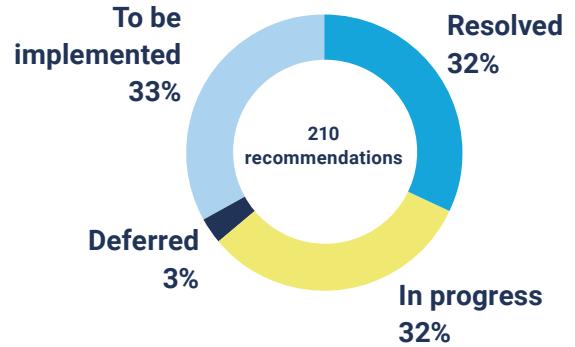


Figure 2 - 2017 Recommendations
1st Year of Follow-Up



Figures 3 and 4 – Recommendations Rate of 2017 and 2016 by Status Performance and Information Technology Audit 2nd Year of Follow-Up

Figure 3 - 2017 Recommendations
2nd Year of Follow-Up

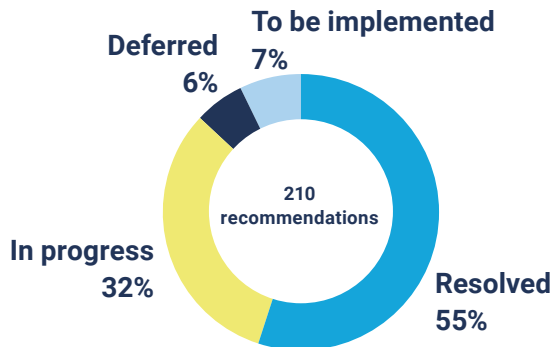
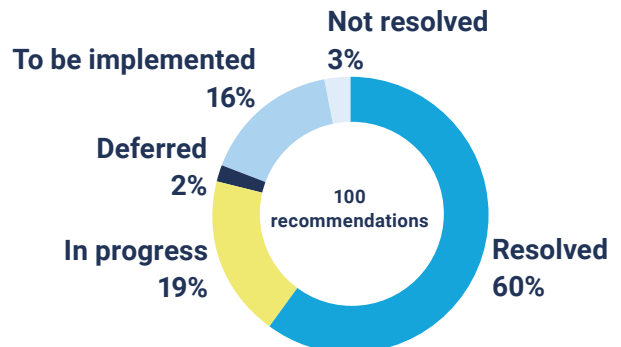


Figure 4 – 2016 Recommendations
2nd Year of Follow-Up



Figures 5 and 6 – Recommendations Rate of 2016 and 2015 by Status Performance and Information Technology Audit 3rd Year of Follow-Up

Figure 5 – 2016 Recommendations
3rd Year of Follow-Up

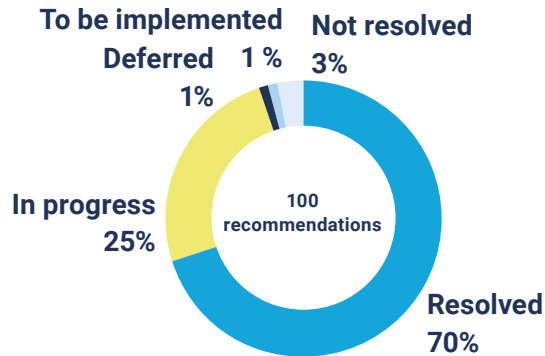
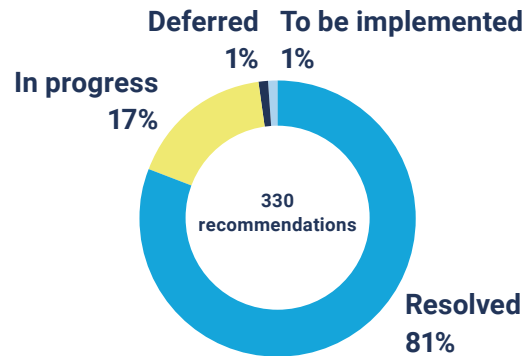


Figure 6 – 2015 Recommendations
3rd Year of Follow-Up



Additional Notes to the Results of Recommendations Follow-Up

The objective of our follow-up work is to ensure that business units undertake measures to implement the action plans they have provided, within the planned implementation schedule. In this context, it is expected that business units will ensure a rigorous response to the BVG's recommendations while following up on the implementation of action plans for these recommendations at the appropriate time.

According to the action plans of business units for the 2018, 2017 and 2016 recommendations, the scheduled implementation times ranged from 0 to just over 36 months. Table 2 presents the change in the percentage of recommendations over time that the BVG has confirmed to be resolved, based on the completion date initially planned by the business units in question for those recommendations.

Table 2 – **Resolution Rate of Recommendations Formulated in 2018, 2017 and 2016 as of March 23, 2020**

PERIOD OF IMPLEMENTATION OF THE RECOMMENDATIONS	RECOMMENDATIONS MADE IN 2018		RECOMMENDATIONS MADE IN 2017		RECOMMENDATIONS MADE IN 2016	
	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
	PERCENTAGE OF RECOMMENDATIONS SETTLED BY BUSINESS UNITS	PERCENTAGE OF RECOMMENDATIONS SETTLED ACCORDING TO THE BVG	PERCENTAGE OF RECOMMENDATIONS SETTLED BY BUSINESS UNITS	PERCENTAGE OF RECOMMENDATIONS SETTLED ACCORDING TO THE BVG	PERCENTAGE OF RECOMMENDATIONS SETTLED BY BUSINESS UNITS	PERCENTAGE OF RECOMMENDATIONS SETTLED ACCORDING TO THE BVG
0–12 months	168 (80%)	56 (27%)	143 (68%)	67 (32%)	78 (78%)	41 (41%)
Cumulative 0–24 months	197 (94%)	N/A ^[a]	191 (91%)	116 (55%)	92 (92%)	60 (60%)
Cumulative 0–36 months	203 (97%)	N/A ^[a]	206 (98%)	N/A ^[a]	100 (100%)	70 (70%)
Cumulative >36 months	209 (100%)	N/A ^[a]	210 (100%)	N/A ^[a]	100 (100%)	N/A ^[a]

^[a] Implementation date not yet due, as of the date of this report.

Figures 7, 8 and 9 – Resolution Rate of Recommendations Resolved in 2018, 2017 and 2016 as of March 23, 2020

Figure 7 - Resolution Rate of Recommendations Resolved Formulated in 2018 as of March 23, 2020
1st Year of Follow-Up

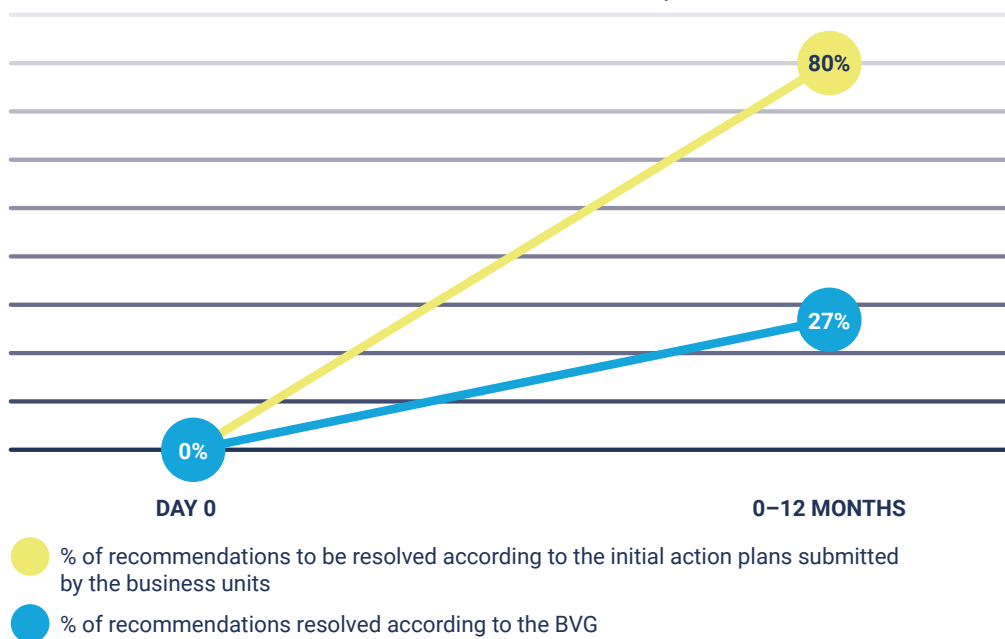


Figure 8 - Resolution Rate of Recommendations Resolved Formulated in **2017** as of March 23, 2020
2nd Year of Follow-Up

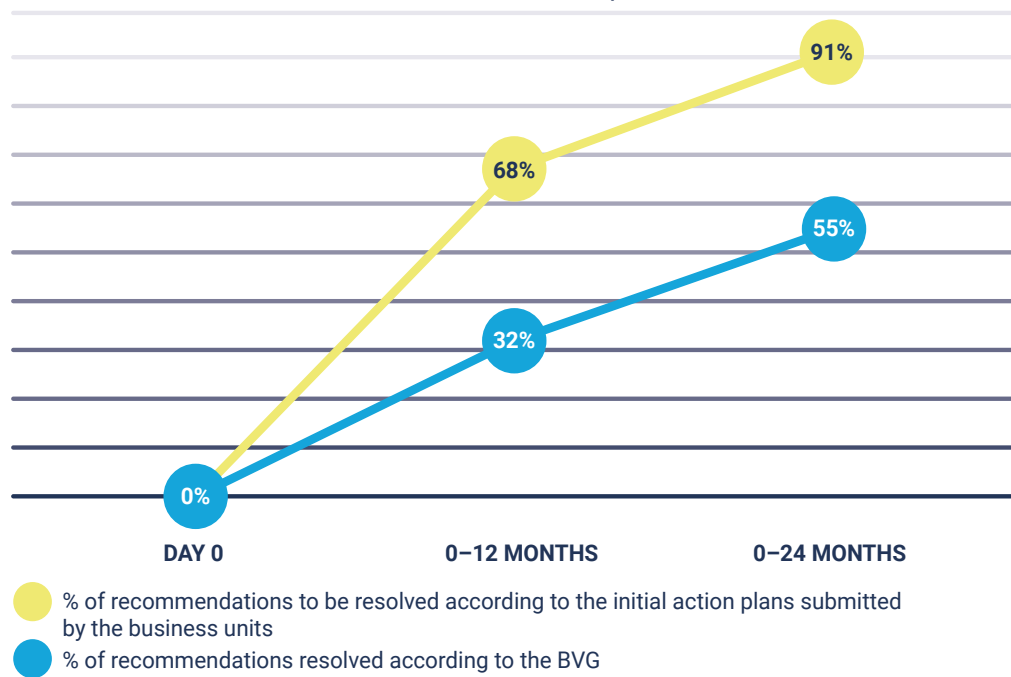
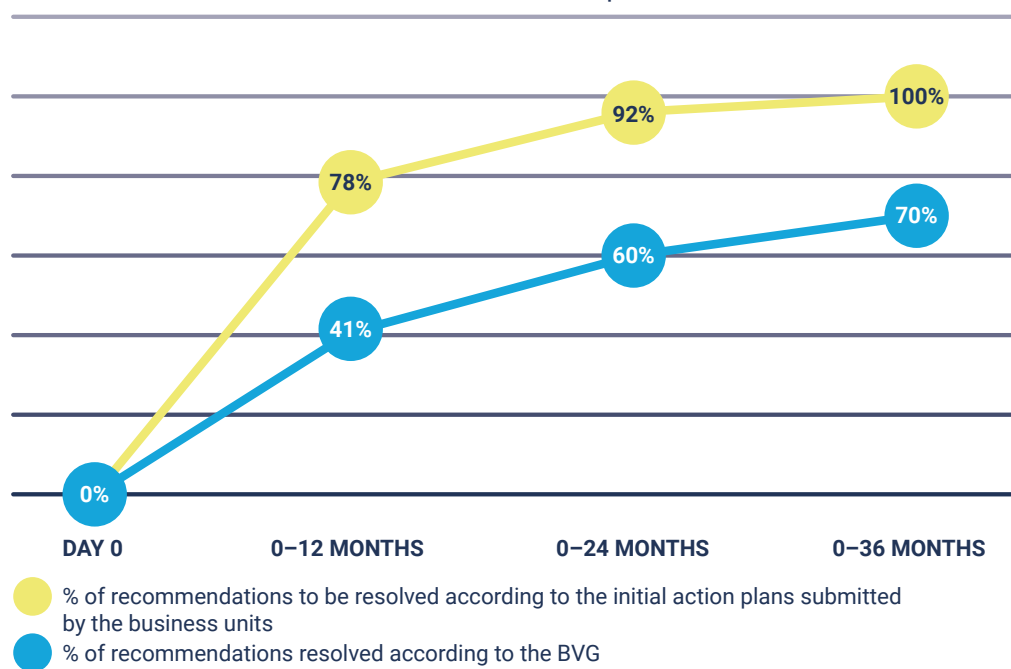


Figure 9 - Resolution Rate of Recommendations Resolved Formulated in **2016** as of March 23, 2020
3rd Year of Follow-Up



In short, as of March 23, 2020, for the 2018 recommendations subject to their first year of follow-up, we note that 27% were resolved within 0 to 12 months compared to the anticipated rate of 80% given in the action plans provided by the business units.

As for the 2017 recommendations, which were subject to their second year of follow-up, 55% were resolved within 0 to 24 months compared to the anticipated rate of 91% for the same period.

As for 2016 recommendations, which were subject to their third year of follow-up, 70% were resolved within 0 to 36 months compared to the anticipated rate of 100% for the same period.

Furthermore, for several recommendations, our follow-up work revealed that business units have either not undertaken sufficient measures to implement the recommendations or have not been able to show their implementation status.

In fact, we note the following:

- 77 of the recommendations that were made from 2014 to 2018 that had been considered resolved by business units, of which 34 were formulated in 2018, had to be assigned an “in progress” status, either because no proof was provided of the measures undertaken or because the measures introduced did not meet the recommendations;
- 28 of the recommendations made for 2016 (1), 2017 (6) and 2018 (21), for which the initially scheduled implementation date is expired, still have the status “to be implemented,” indicating that the business units concerned have taken no action regarding their implementation.

Results of Follow-Up To Recommendations – Audit of Financial Statements

The results of follow-up to recommendations made in the 2014 to 2018 reports on internal control weaknesses are presented in Table 3.

**Table 3 – Results of Follow-Up to Recommendations by Status
Financial Statements Audit As of March 23, 2020**

STATUS OF RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS PER YEAR					
	2014	2015	2016	2017	2018	TOTAL
Resolved	6	9	13	5	1	34
In progress	0	3	5	10	11	29
Deferred	0	0	0	0	0	0
Not resolved	0	0	2	0	0	2
To be implemented ^[a]	0	0	0	0	1	1
TOTAL OF RECOMMENDATIONS MADE	6	12	20	15	13	66

^[a] These recommendations have not been followed up by the business units concerned.

We note that recommendations whose status is “resolved” in the first year of follow-up after their publication in the report on internal control weaknesses for the Ville de Montréal (the City) presented to the City’s audit committee represent 8% for those of 2018 (20% for those of 2017) – (see Figures 10 and 11).

Recommendations whose status is “resolved” in the second year of follow-up after their publication represent 33% for those of 2017 (55% for those of 2016) – (see Figures 12 and 13).

Recommendations whose status is “resolved” in the third year of follow-up represent 65% for those of 2016 (67% for those of 2016) – (see Figures 14 and 15).

Figures 10 and 11 – **Recommendations Rate of 2018 and 2017 by Status
Financial Statements Audit
1st Year of Follow-Up**

Figure 10 - 2018 Recommendations
1st Year of Follow-Up

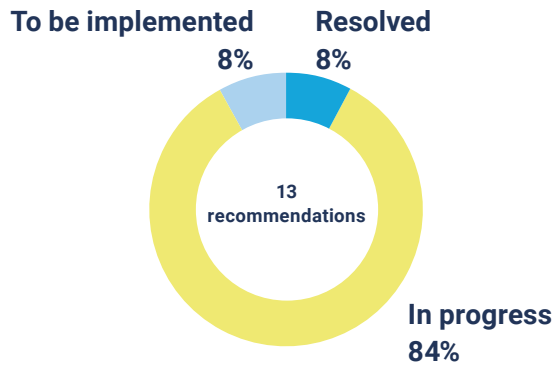
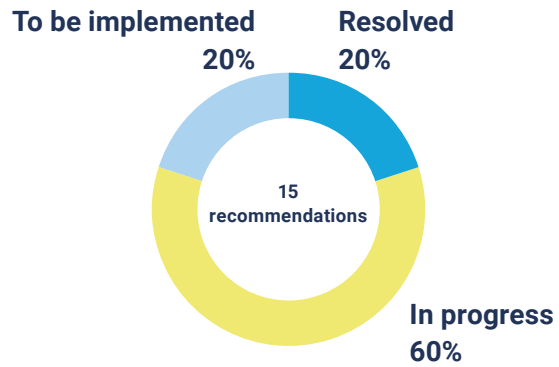


Figure 11 - 2017 Recommendations
1st Year of Follow-Up



Figures 12 and 13 – **Recommendations Rate of 2017 and 2016 by Status
Financial Statements Audit
2nd Year of Follow-Up**

Figure 12 - 2017 Recommendations
2nd Year of Follow-Up

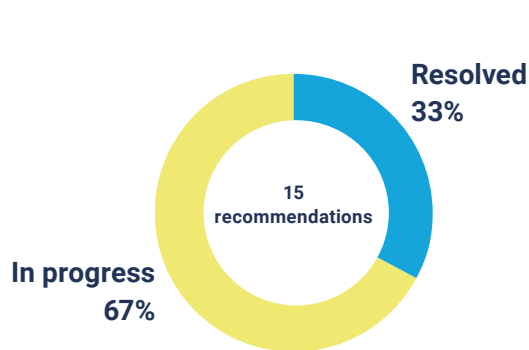
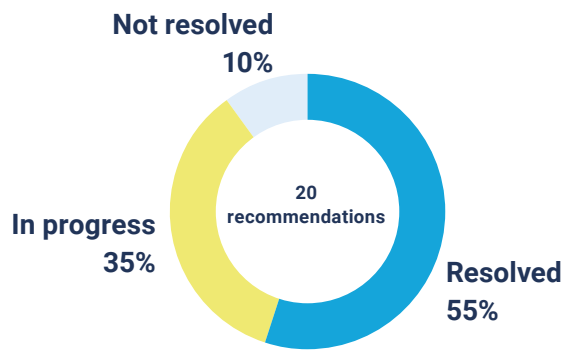


Figure 13 - 2016 Recommendations
2nd Year of Follow-Up



Figures 14 and 15 – Recommendations Rate of 2016 and 2015 by Status Audit of Financial Statements 3rd Year of Follow-Up

Figure 14 - 2016 Recommendations
3rd Year of Follow-Up

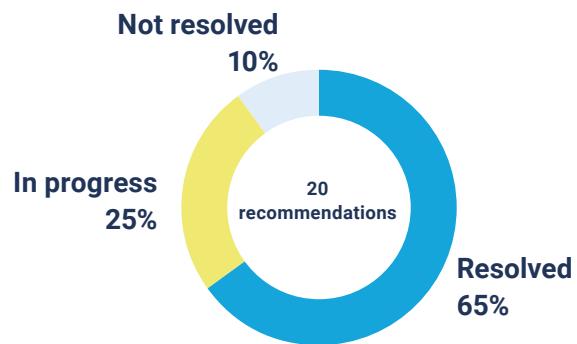


Figure 15 - 2015 Recommendations
3rd Year of Follow-Up



CONCLUSION

As with the financial statements audit, we note that the implementation rate of recommendations of the performance and information technology audit has not increased in the past three years.

More specifically, for the performance and information technology audit, apart from the fact that the implementation rate of recommendations was not reached within the scheduled time by business units, we note that after the first year of follow-up, the percentage of resolved recommendations has been decreasing since 2016, dropping to 41% for 2016, to 32% for 2017 and to 27% for 2018.

Moreover, we are confident that in fiscal 2020, when all the control mechanisms have been implemented by the Comptroller General, the implementation rate of recommendations should improve.

In the light of the results observed, we encourage the municipal administration to pursue its efforts to promote the implementation of recommendations by business units. We repeat our recommendation that the municipal administration establish performance indicators to measure the extent to which the recommendations included in the Auditor General's audit reports have been implemented, and to follow up on them.