

THE AUDITOR GENERAL OF THE VILLE DE MONTRÉAL TABLES HER 2020 ANNUAL REPORT

Montréal, June 15, 2021 — Yesterday, Michèle Galipeau, Auditor General of the Ville de Montréal (the City), tabled her fifth annual report to city council, in compliance with the provisions of the *Cities and Towns Act* (CTA). The *Report of the Auditor General of the Ville de Montréal* for the fiscal year ended December 31, 2020, presents the results of financial audits, audits of compliance with laws and regulations, and performance and information technology (IT) audits.

In 2020, the Auditor General of the Ville de Montréal produced nine financial audit reports, ten audits of performance and compliance with laws and regulations, two logistics penetration tests, and two accountability reports, and followed up on 664 recommendations.

Street Lighting System Upgrade

In 2014, the City undertook a project estimated at \$110 million to convert approximately 132,000 high-pressure sodium (HPS) bulbs illuminating its streets and sidewalks to light-emitting diode (LED) lights. The City did not validate the energy savings assessed by the external firm and does not have the necessary information to show that it has achieved maintenance savings, two fundamental objectives of the project. The City pays for repairs covered by the supplier's warranty and pays the latter over and above the contract to make repairs that the boroughs can do themselves.

Organic Waste Treatment Plants

In 2013, the City presented a \$237 million project to the executive committee, of which \$130 million would come from grants, for the construction of five organic waste treatment plants, four of which would be operational in 2016. Yet, in 2020, no plant was yet operational, and the City had decided to build only two plants for nearly twice the cost originally projected for five plants in 2013. The accountability reporting to the City's various governance committees justifying these cost overruns is incomplete, and elements of the *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux* have not been complied with.

Follow-up of Requirements for the Management of Large-Scale Projects and Programs

In 2010, the City created a *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux* (the Framework) to guide the management of large-scale projects and programs. Since then, the criteria used to identify large-scale projects and programs have evolved. These changes have not been reflected in the Framework, and nothing specifies which take precedence. The comprehensiveness of the documents presented to the governance committees has not been validated. Accountability for the projects and programs does not include a progress report, nor is this discussed with the governance committees.

Management of Lead Service Line Replacements

In 2007, the City adopted a plan to eliminate all 69,000 lead service lines (LSLs) by 2026, to meet the government's drinking water quality and public health requirements. In 2019, in response to a stricter federal standard for the allowable concentration of lead in drinking water, the City revised its action plan and estimated needing to screen 100,000 buildings to detect LSLs. This estimate has now increased to 140,000 buildings, in addition to drinking fountains in parks, which were never considered. The current situation is difficult to picture for both the City and the citizens. Although there are by-laws to eliminate LSLs during road repairs, there is no evidence that they are properly applied.

Management of Rolling Stock Maintenance (excluding public safety vehicles)

The City's 8,200 vehicles and equipment are serviced in 27 mechanical workshops. The implementation of Preventative Maintenance Program (PMP) inspections and corrective maintenance on its heavy vehicles reveals failures to comply with the applicable regulation. There are also shortcomings in the consistency of preventative maintenance planning and delays in completing this maintenance. Finally, the workshops' operations are not aligned with those of the Service de l'approvisionnement to ensure timely availability of the products required.

Information Technology Risk Management

Information technology risk management involves several of the City's business units. Although the team at the Service des technologies de l'information, which is responsible for supporting the City in managing technological risks, has made significant progress in this area, the City does not effectively manage IT risks. Improvements are needed in the areas of governance, detection and analysis of IT risks, as well to address the lack of human resources, to avoid major IT risks being inadequately managed.

Geomatics Systems Management

Geomatics includes the set of tools and methods used to acquire, represent, analyze and integrate geographic data. The term "geomatics" is derived from the contraction of the words "geography" and "informatics." Geomatics is used, for example, for snow clearing and traffic signal operations. The City has put in place several control mechanisms to ensure sound geomatics systems management.

Contributions Granted for Development Projects of Montréal Museum of Archaeology and History, Pointe-à-Callière

Since 2011, the City has provided more than \$53 million in grants for the Museum's development projects. To ensure that these financial contributions are used for the intended purposes, improvements must be made to how some of the agreements are managed to ensure compliance with certain clauses. These include adequate separate accounting by project, the use of unspent funds and the approval of transfers between projects, the quality of the information found in cost reports, the timelines of the agreements, and compliance with the City Council By-law concerning contract management. Although the Société is monitored regularly, the accountability reporting is not done in a timely manner, with the result that the City is presented with a fait accompli once the funds are spent.

Budget Process – Operational Component and Management of the Système Budgétaire Automatisé Application (SBA)

With an operating budget of more than \$6.17 billion, the City's budget process must be stringent. Although there exist a management framework and formal decision-making mechanisms aimed at achieving a balanced budget, improvements need to be made. These include taking into consideration organizational priorities, the expected level of service, and historic data. The published information should be reviewed to allow assessment of the fiscal performance. Budget preparation relies in large part on a multitude of Excel files and obsolete applications that require vigilance to prevent the loss of the data's integrity and to ensure the security of the information. The main SBA application used by the City for its budgeting dates from the 1990s and is facing technological obsolescence. To prevent the loss of data integrity and ensure the availability of the SBA, improvements are needed to document roles and responsibilities, password settings, access monitoring, and change and incident management. It is imperative that the City review its budget process and acquire effective budget and financial systems so that it is better equipped to face current and future challenges.

Audit of Consolidated Financial Statements

For 2020, the Auditor General has issued, jointly with the external auditor, unqualified auditors' reports for the consolidated financial statements of the City, the Société de transport de Montréal (two reports), the Société d'habitation et de développement de Montréal, the Société du parc Jean-Drapeau, the Agence de mobilité durable, and Transgesco.

Follow-up of Recommendations

Compared with the two previous years, the Auditor General has noted an improvement in the implementation of the recommendations (52%) by the business units in Year 1. While 76% of the recommendations in Year 3 of the follow-up were resolved, this should have been close to 100%, given that most of the business units' action plans have maximum timelines of three years. This is why, despite the improvements observed, the Bureau du vérificateur général considers that there is still work to be done to implement all the recommendations that it makes to the business units.

To read the report ([hyperlink](#))

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Source:

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