



# 6.2.

## Implementation of the Auditor General's Recommendations

**2020 ANNUAL REPORT**

Auditor General of the Ville de Montréal



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## 6.2. Implementation of the Auditor General's Recommendations

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 2019, the Comptroller General of the Ville de Montréal (the City) issued automated reminders of timelines and overdue notices to follow up on the actions taken by business units, in order to encourage them to implement their action plans as promptly as possible. The Audit Committee also introduced measures to encourage acting on the recommendations by convening meetings with business units that were slow to act.

In 2020, the Comptroller General put new measures in place, including the requirement that business units obtain approval from the Direction générale to alter the initial action plan or the deadline; deferral of this deadline was to be requested only in exceptional cases and could not exceed an additional period of 12 months. A coordinator was also identified for each business unit to exercise quality control by ensuring that the response provided by the person responsible for implementing the recommendation was sufficiently precise, aligned with the action plan and substantiated by supporting documents. Training for these coordinators started at the end of 2020. At the time of publishing our annual report, not all the coordinators had received training yet.

The BVG, after reviewing some of these practices, committed to a monthly follow-up of the recommendations that were considered resolved by the entities. In addition, the period granted to business units for producing their action plans following an audit engagement was extended to three months, thereby allowing business units to better coordinate their efforts in developing action plans when they are required to work closely together to respond to a recommendation.

This means that action plans no longer appear in the BVG's annual report. On the other hand, when business units receive the audit report, they must notify the BVG in writing that they agree with the recommendations made, thereby providing the BVG with assurance that the business units in question will adopt an action plan for each recommendation.

As part of the follow-up on the implementation of the BVG's recommendations, the results of this annual report were compiled as of February 28, 2021.

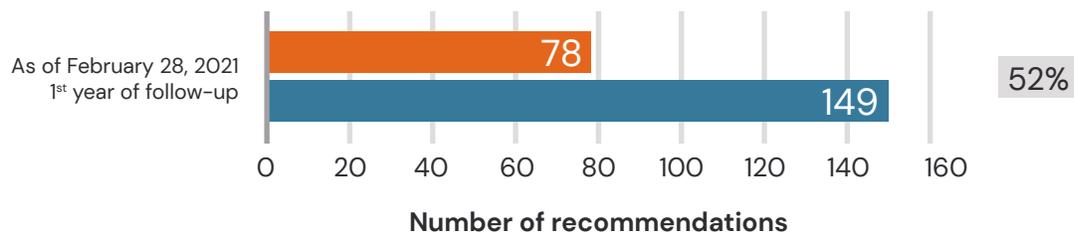
## 6.2.1. Results of Follow-up on Recommendations: Performance, Compliance and Information Technologies Audit

The purpose of our audit, in addition to noting progress made over time in implementing the recommendations, is to ensure that business units undertake measures to implement the action plans that they had planned, in accordance with the scheduled implementation dates. It should be noted that it is the business units' responsibility to decide upon implementation dates. In this regard, business units are expected to respond to the BVG's recommendations while monitoring the implementation of their action plans for these recommendations in a timely manner.

According to the action plans of business units for the 2017, 2018 and 2019 recommendations, the projected implementation periods ranged from 0 to a little more than 36 months. Figures 1 to 3 present changes in the number of recommendations over time that the BVG has confirmed to be resolved, and the percentage this represents, based on the completion schedule initially planned by the different business units in question, of recommendations they planned to implement. A resolved status is confirmed by the BVG when it obtains evidence showing that the projected action plan was implemented in its entirety by the business unit.

**FIGURE 1**

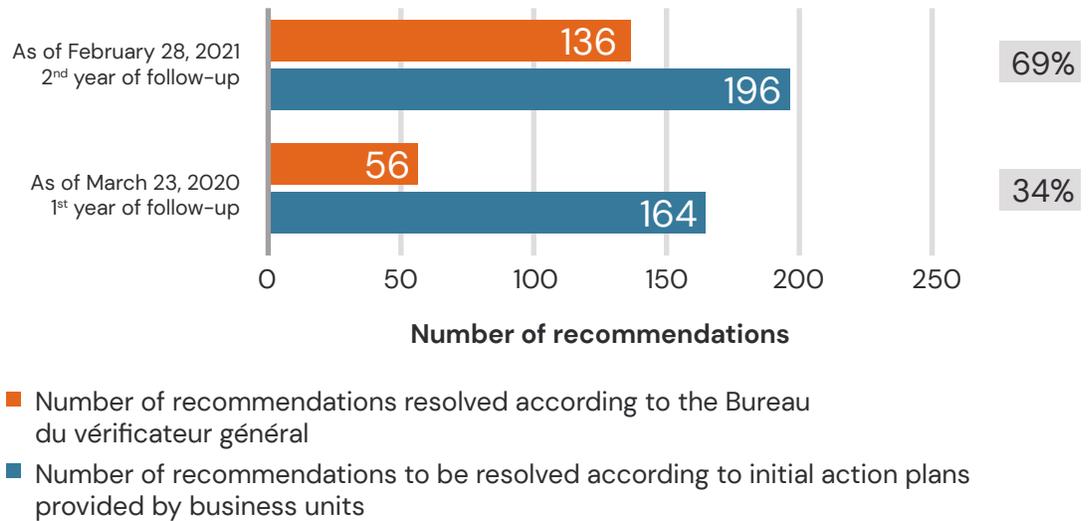
### Percentage of Recommendations Made in the 2019 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved



- Number of recommendations resolved according to the Bureau du vérificateur général
- Number of recommendations to be resolved according to initial action plans provided by business units

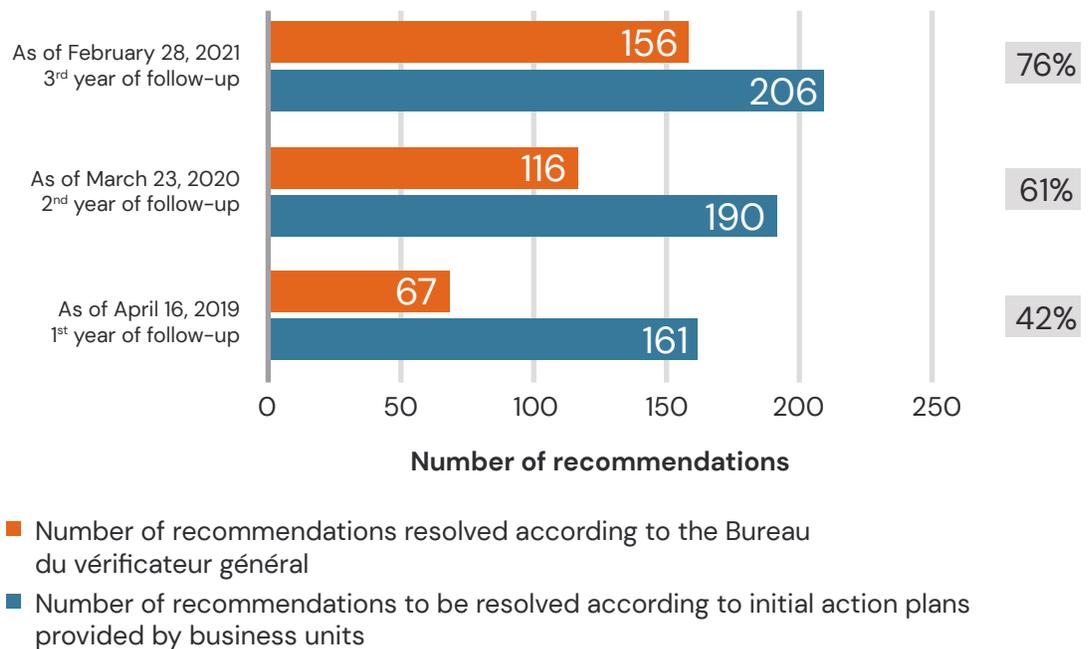
**FIGURE 2**

**Percentage of Recommendations Made in the 2018 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved**



**FIGURE 3**

**Percentage of Recommendations Made in the 2017 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved**



We noted that as of February 28, 2021, 52% of the recommendations that business units provided for in their initial action plans had been resolved at the time of the first follow-up. This represents an improvement over previous years (34% for 2018 and 42% for 2017).

### **“To Be Implemented” Status**

We also noted that 13 recommendations dating from 2016 to 2019 for which the initial deadline for implementation planned by business units was exceeded still have a “to be implemented” status, indicating that, as of February 28, 2021, no action had been taken by the business units in question. In other words, as of February 28, 2021, the recommendations should have been resolved, whereas in fact, the business units had not yet begun to implement their action plans. Note that this accounts for 14% of all the recommendations with a “to be implemented” status (13/93).

### **Recommendations Maintained “In-Progress”**

Furthermore, 148 recommendations that were followed up on during the 2020 fiscal year and that business units had considered to be resolved had to be maintained “in progress” by the BVG, either because the business units were not able to provide evidence of the measures they had taken, or because the measures put in place did not correspond to the recommendations or action plans submitted by business units following the audit reports. This means that 24% of the recommendations that business units said were resolved reverted to “in-progress” status (148/627).

### **Old Recommendations<sup>1</sup>**

Finally, the deadlines for 48 recommendations for which the business units had decided upon initial action plans and that still had an “in progress” or “deferred” status as of February 28, 2021, had expired five or more years before and, in some cases, even ten years before.

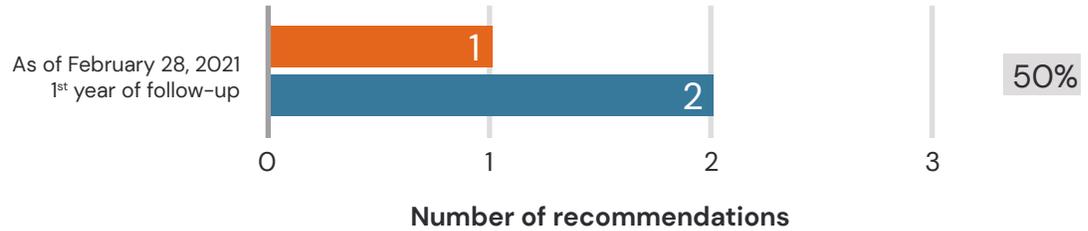
## **6.2.2. Results of Follow-up on Recommendations: Financial Audit**

According to the action plans of business units for the 2017, 2018 and 2019 recommendations, Figures 4 to 6 present changes in the number of recommendations over time that the BVG has confirmed to be resolved and the percentage this represents, based on the completion schedule initially planned by the different business units in question, of recommendations they planned to implement.

<sup>1</sup> Initial action plan whose completion determined by the business unit was scheduled for December 31, 2015, or an earlier date.

**FIGURE 4**

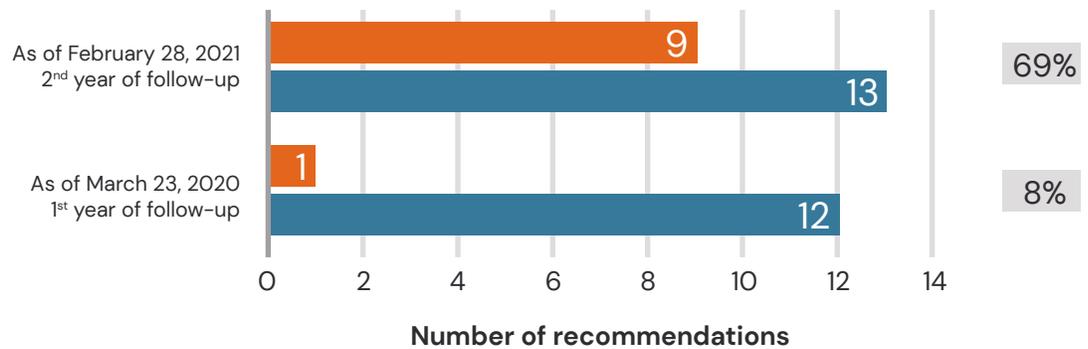
**Percentage of Recommendations Made in the 2019 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved**



- Number of recommendations resolved according to the Bureau du vérificateur général
- Number of recommendations to be resolved according to initial action plans provided by business units

**FIGURE 5**

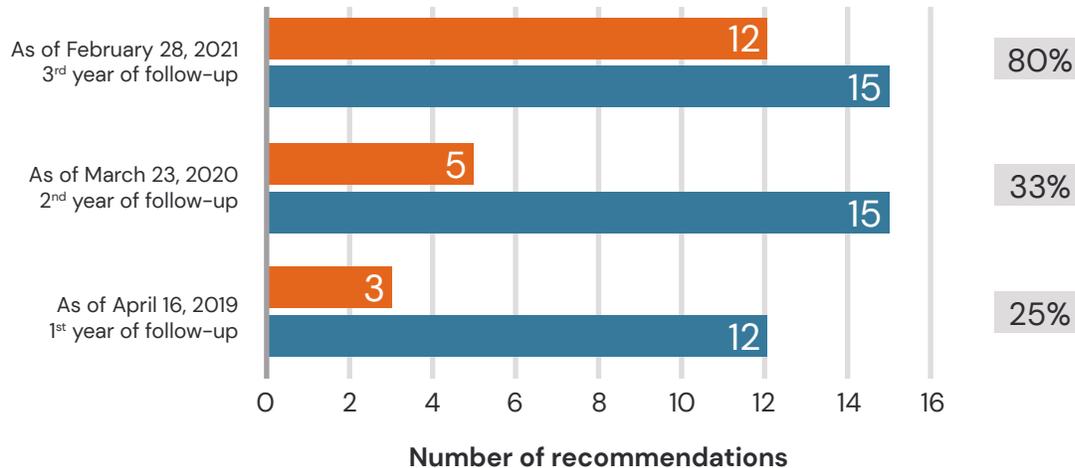
**Percentage of Recommendations Made in the 2018 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved**



- Number of recommendations resolved according to the Bureau du vérificateur général
- Number of recommendations to be resolved according to initial action plans provided by business units

**FIGURE 6**

**Percentage of Recommendations Made in the 2017 Annual Report and Provided for by Business Units in Their Initial Action Plans That Were Resolved**



- Number of recommendations resolved according to the Bureau du vérificateur général
- Number of recommendations to be resolved according to initial action plans provided by business units

We noted that, as of February 28, 2021, 50% of the recommendations that business units provided for in their initial action plans had been resolved at the time of the first follow-up, while the rate was 8% and 25% for the recommendations made in 2018 and 2017, respectively. Although the number of recommendations concerned is low, we note an improvement.

### 6.2.3. Conclusion

In the course of the present fiscal year, the BVG followed up on 664 recommendations—627 recommendations made as a result of performance, compliance and information technology audits, and 37 recommendations made as a result of financial audits. The mechanisms put in place by the Comptroller General (reminders and overdue notices), as well as the monitoring undertaken by the Audit Committee, surely helped raise the percentage of recommendations implemented during the same period, as compared with the implementation rate provided for by business units in their initial action plans (Figures 1 to 6).

In our opinion, adequate monitoring by coordinators can help improve the effectiveness of follow-up on recommendations for which the “resolved” status had to be maintained to “in progress” by the BVG and recommendations with a “to be implemented” status for which the implementation deadline agreed upon in the initial action plan has expired, including cases where the deadline expired more than five years ago. We reiterate that training for these coordinators was made available only at the end of 2020.

Since each follow-up mechanism can have different objectives, we recommend that the Direction générale introduce performance indicators for the purpose of assessing the extent to which the follow-up mechanisms introduced are yielding results.



