

7.1.

Overview of the Bureau du vérificateur général

2020 ANNUAL REPORT

Auditor General of the Ville de Montréal



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7.1. Overview of the Bureau du vérificateur général

This chapter presents the highlights of the results obtained for the year 2020 regarding the performance of the Auditor General's (AG) 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 (BVG).

The indicators presented are:

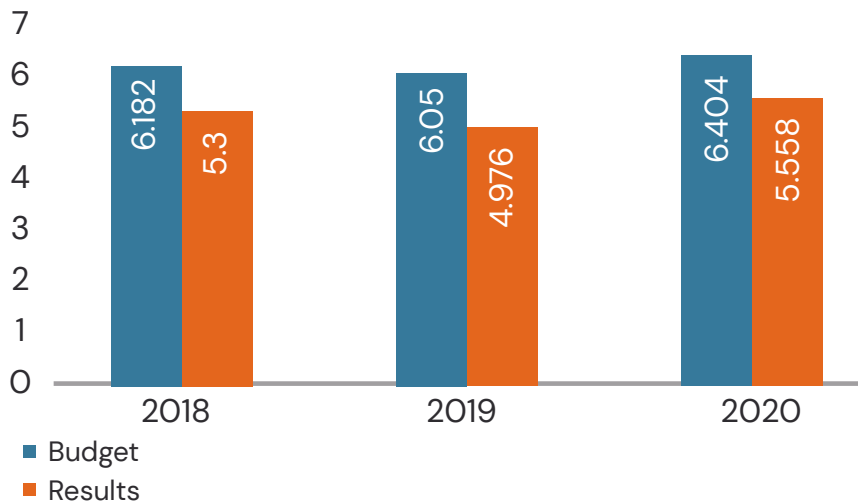
- The financial results;
- The number of audit reports issued;
- Human resources:
 - Current and future staff portrait;
 - Use of time;
 - Staff turnover rate;
 - Absenteeism rate;
 - Average number of hours and cost of training;
 - Equal access to employment;
- Professional service contracts;
- Professional inspection;
- Accountability regarding allegations;
- Accountability regarding requests for access to information;
- Technology infrastructure;
- Outreach.

7.1.1. Financial Results

For the year 2020, the BVG's operating expenses amounted to \$5.6 million, compared with the budget of \$6.4 million. This favourable variance is essentially explained by personnel movements, i.e., positions that remained vacant and were filled during the year 2020, employee sick leaves, and the retirement of four resources. However, in the second half of 2020, we filled four positions with external resources, namely two senior performance and compliance auditor positions, one information technology (IT) audit consultant and one administrative assistant. In addition, in August 2020, an employee of the BVG was promoted to deputy auditor-general (DAG) responsible for performance and compliance audits. The following figure illustrates the BVG's financial results for the past three years.

FIGURE 1

Budget and Financial Results (in millions of dollars)



In accordance with the provisions of section 108.2.1 of the *Cities and Towns Act* (the CTA), the AG accounts for the year ended December 31, 2020, were audited by an independent auditor mandated by the Ville de Montréal (the City). The report of the independent auditor is presented in Appendix 8.2.

7.1.2. Number of Audit Reports Issued

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

TABLE 1**Number of Audit and Accountability Reports Produced from 2018 to 2020**

Reference Annual report	Financial statements	Performance and compliance audit	Information technology audit	Total number of audit reports	Accountability
2018	9	7	4	20	2
2019	9	6	4	19	2
2020	9	7	5	21	2

7.1.3. Human Resources

The BVG is recognized for the quality of its work and the diversity of its skills and experience. This is a major asset in providing elected officials and citizens with an objective and independent view of how well public funds are managed. The BVG employs approximately 30 qualified professionals, including accountants, an engineer and business management and IT specialists. The BVG's employees hold a variety of certifications, such as public accounting (CPA), financial auditing (CPA auditor), internal auditing (CIA), information systems auditing (CISA and CISSP) and engineering (Eng.).

The BVG'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 and compliance audit and the statutory and regulatory compliance audit. On the other hand, we enlist qualified external resources to meet our specific needs for highly 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 AG considers it appropriate to continue work and sometimes to provide temporary coverage for leaves or vacancies.

7.1.3.1. Workforce Trends and Status

The number of employees as of December 31, 2020, was 29, compared with 30 at the same point in 2019. During the year, four employees left the BVG to retire. Internally, one person was promoted to the position of DAG responsible for performance and compliance audits, thereby leaving a senior auditor position vacant as of December 31, 2020. In addition, four new resources joined the BVG: two resources joined the performance and compliance audit team, one person joined the IT audit team and an administrative assistant was also hired.

The following table illustrates the BVG's workforce status by branch and by authorized and filled position as of December 31, 2020.

TABLE 2**Workforce Status as of December 31, 2020**

Branch	Positions		
	Authorized	Filled	To be filled
Bureau of the Auditor General	4	4	0
Financial audit and administration	13	11	2
Financial performance audit	1	1	0
Performance and compliance audit	11	8	3
Information technology audit	6	5	1
Total	35	29	6

In 2018, we began to implement a strategic plan that led us to question the Bureau's organizational structure and to review our needs in terms of staffing and succession planning. This plan was completed in early 2019, and a follow-up is presented in section 7.2. of this chapter.

As a result, the BVG's organizational structure has been reviewed over the past two years. Three new positions were created, including a position of advisor in the performance and compliance audit branch and two deputy auditor positions in the financial audit and administration branch. In addition, as a result of employee retirements, certain positions were abolished or converted to more junior positions as part of the BVG's succession planning.

The following table illustrates changes in the BVG's workforce by branch and by position as of December 31, 2020.

TABLE 3**Staffing Changes in 2020**

Department	Positions as of December 31, 2019	Positions created	Transfer	Position abolished	Positions as of December 31, 2020
Bureau of the Auditor General	4	0	0	0	4
Financial Audit and Administration	13	1	0	1	13
Pre-election Report	1	0	0	0	1
Performance and Compliance Audit	11	2	0	2	11
Information Technology Audit	7	0	0	1	6
Total	36	3	-	4	35

At the end of 2020, there were six vacant positions, which is the same number as the previous year.

Nonetheless, the efforts undertaken since 2018 to attract new qualified resources are beginning to pay off. Although the vacancy situation remained the same as in 2019 (6 vacant positions), at the time this report was drafted, four of the six positions had already been filled, namely:

- 1 audit advisor position in the performance and compliance audit branch;
- 1 audit advisor position in the IT audit branch;
- 2 senior auditor positions in the financial audit branch.

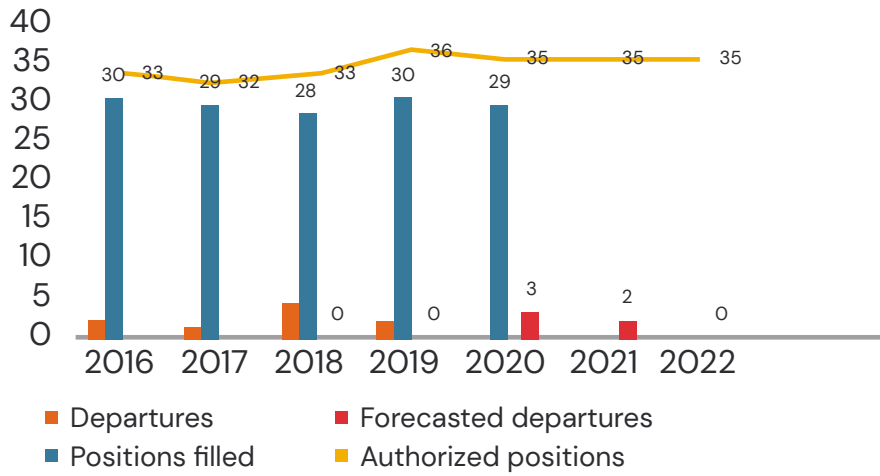
These hires have allowed us to put in place a succession plan to address the impending retirement of some of the BVG's most experienced resources.

In addition, two employees will be retiring in 2021. The hiring process to fill these positions was already under way at the time this report was produced.

The following figure illustrating the evolution and forecast of the BVG's workforce from 2016 to 2022 shows the importance of having put in place a succession plan over the past two years to prepare for training and ensure that expertise is maintained within the BVG. The renewal of resources ensures a certain stability for the next few years and we will continue our efforts to maintain that stability.

FIGURE 2

Evolution and Forecasting of the Workforce from 2016 to 2022



7.1.3.2. Use of time

The following figures show the distribution of total hours and hours worked by BVG employees for the last three years.

FIGURE 3

Breakdown of Total Hours

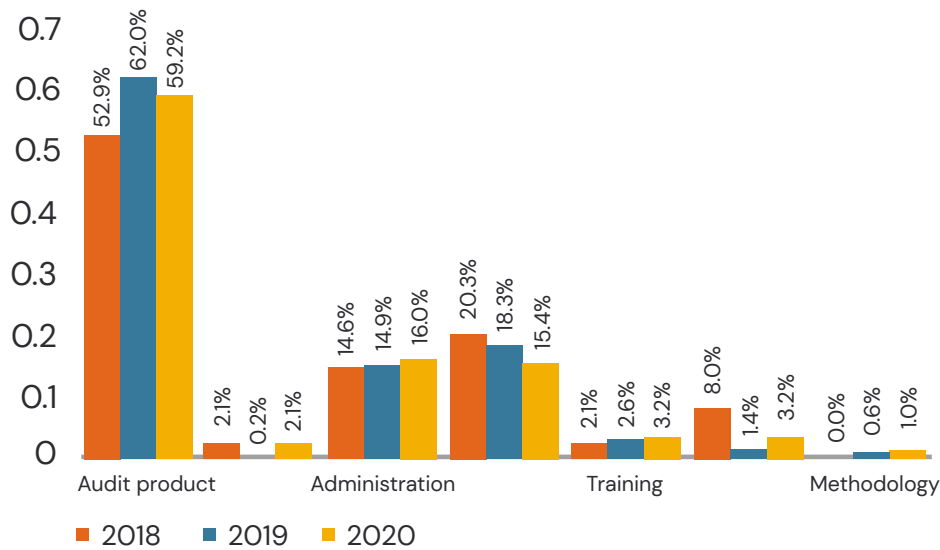
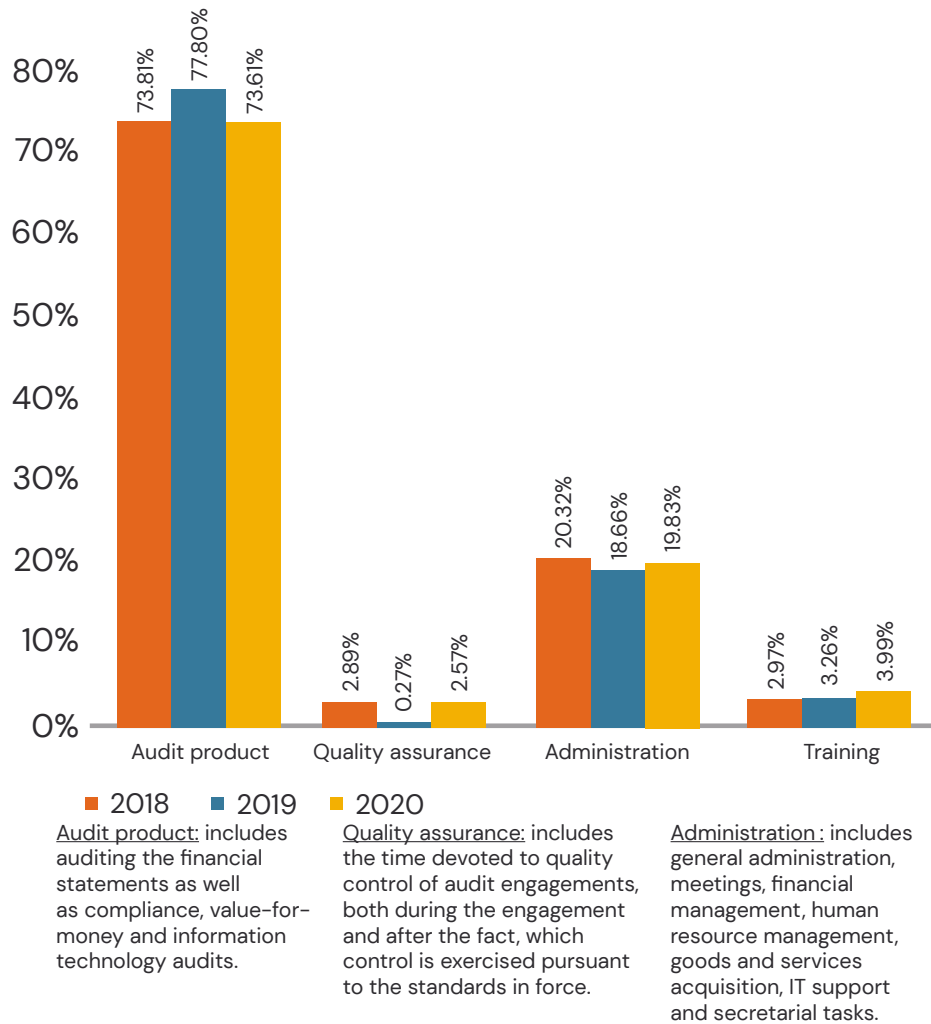


FIGURE 4

Breakdown of Hours Worked, by Activity



The results shown in the previous figure indicate a slight increase of 1.2% between 2019 and 2020 in the work hours spent on administrative activities.

The increase in the number of work hours spent on quality assurance is due to the return of one employee from maternity leave during 2020. In 2019, external consultants took on these hours.

Other indicators related to use of time and employee turnover are presented in the following tables.

7.1.3.3. Staff Turnover Rate

TABLE 4

Staff Turnover Rate

	2018	2019	2020
Turnover rate	14%	6.9%	13.6%

The calculation of the employee turnover rate includes retirements, resignations and transfers to other City departments and boroughs. As previously mentioned, there were four retirements in 2020.

A special thank you goes out to four employees who left the BVG for a well-deserved retirement after 30 to 40 years of service.

7.1.3.4. Absenteeism Rate

TABLE 5

Absenteeism Rate

	2018	2019	2020
Absenteeism rate	8.0%	1.4%	3.2%

The absenteeism rate increased by 1.8% between 2019 and 2020, due mainly to long-term and short-term sick leaves.

7.1.3.5. Number of Hours and Cost of Training

TABLE 6

Number of Hours and Cost of Training

	2018	2019	2020
Average hours of training per employee	39	47	58
Training cost to payroll ratio	2.8%	3.5%	4.0%

Resource training is a priority for the BVG and it is one of our objectives in our 2019–2023 strategic plan. As a result, the average number of hours spent on training increased from 47 to 58. The ratio of training costs to payroll, in accordance with the *Act to promote workforce skills development and recognition*, is up 0.5%. The increase is due in part to the hiring of new resources over the past two years. The target set for the City as a whole is 1%.

7.1.3.6. 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 the following table.

TABLE 7

Representation of Target Groups

Target group	2018	2019	2020
Men	39.3%	40.0%	38.0%
Women	60.7%	60.0%	62.0%

Target group	2018	2019	2020
Aboriginal peoples	0.0%	0.0%	0.0%
Visible minorities	7.14%	3.33%	3.45%
Ethnic minorities	3.57%	3.33%	6.90%
Total	10.71%	6.66%	10.35%

We note that female representation on our staff improved considerably during this period. We now have 18 women on our staff of 29 employees.

7.1.4. Professional Service Contracts

Professional fees are the second-largest expense after the amounts spent on BVG salaries and benefits. We call on professionals to meet specific labour needs during the peak financial statement period or to temporarily fill resource gaps related to various leaves of absence or vacancies and to use highly specialized experts in areas related to our audit topics or for administrative purposes. Finally, since the BVG is administratively independent of the City, contracts were also awarded to support our infrastructure. As of December 31, 2020, a total of \$429,359 had been spent on professional fees (compared with \$506,584 in 2019) (see the breakdown in the following table).

The CTA (CQLR, c. C-19) authorizes the AG to conclude contracts for the purpose of acquiring goods or providing services. Consequently, because of her particular role, her mission, and the nature of her duties, the AG maintains independence in relation to contracting processes. However, the AG has a desire to be subject to the legislative and regulatory standards applicable to the City in the area of contract management, subject to exceptions, which must nevertheless be justified, if the need arises.

TABLE 8

Professional Fees

Directions	2020	2019	2018
Financial Audit	25.7%	27.5%	44.0%
Pre-election Report (financial performance audit)	22.8%	-	-
Performance and Compliance Audit	11.6%	19.3%	13.0%
Information Technology Audit	10.4%	22.4%	10.4%
Administrative	29.6%	30.8%	32.6%

7.1.5. Professional Inspection

The BVG is subject to a cyclical professional inspection by the *Ordre des comptables professionnels agréés du Québec (OCPAQ)* in accordance with the *Regulation respecting the professional inspection committee of the Ordre des comptables professionnels agréés du Québec* and the general surveillance program developed by the committee pursuant to section 12 of the Regulation and approved by the board of directors of the OCPAQ. The last professional inspection was conducted in September 2019.

The professional inspection focused on the documentation of our quality control system, on reports of our last cyclical inspections, and on issues related to the practice of the profession in the areas of financial, compliance and performance audits. The inspection committee concluded that the BVG fulfilled the requirements of the professional inspection program in all material aspects.

The BVG carries out cyclical professional inspections conducted by peers every three years as set out in its quality assurance manual.

7.1.6. Accountability – Allegations

Allegations can be submitted to the BVG by email, by mail, by telephone or in person. It should be noted that the BVG has an email box that was created specifically for this purpose; it is highly secure because it is hosted by a messaging service outside the City.

Allegations are processed according to priority criteria, such as the nature of the claim and the degree of risk involved. A well-documented and highly secure file is created for every allegation.

All other allegations that we receive undergo a preliminary evaluation to determine whether an investigation should be initiated, based on the nature of the claim, the probative value of the information provided and the risks involved. However, a preliminary evaluation is not conducted if the subject of the allegation does not fall within the AG’s purview or if the allegation is not substantial enough to warrant further investigation. Depending on the circumstances, such matters may be transferred to another City entity or closed without any further action being taken.

If an investigation is warranted, it will be conducted in accordance with recognized investigative and forensic accounting practices. Once the investigation is completed, a report may be produced and sent to the municipal administration. In cases where there is evidence of criminal wrongdoing, our findings are reported to the competent authorities.

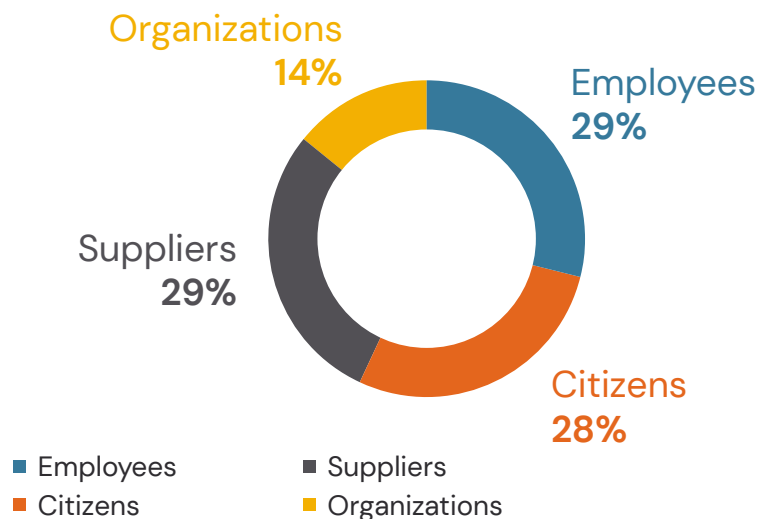
In 2020, we received 7 allegations, and 86% of the allegations were addressed in the course of the year. They were closed for the following reasons:

- Work in progress (1 allegation);
- Investigation completed (2 allegations);
- Transfer to another body, because the allegation was outside of the AG's purview (4 allegations).

The following figure specifies the sources of the allegations received.

FIGURE 5

Overview of Allegations Received in 2020 By Source

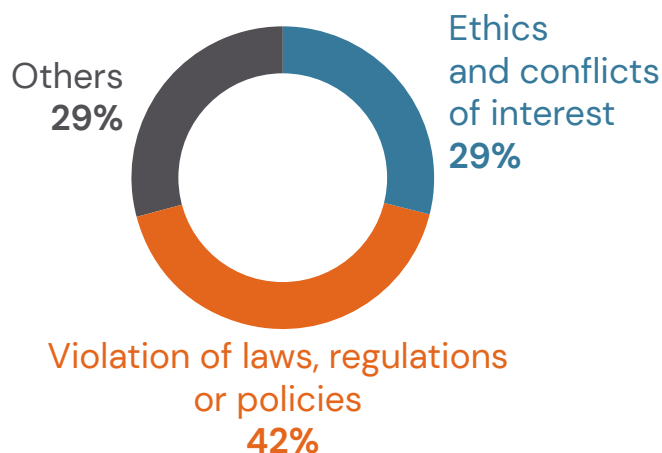


It is important to remember that we guarantee confidentiality to whistleblowers who agree to reveal their identity and that the *Public Protector Act* protects the confidentiality of whistleblowers. Furthermore, the provisions of section 107.16 of the CTA ensure that the Auditor General cannot be forced to make a statement about information she obtained in the performance of her duties or to produce a document containing such information. This Act is supplemented by the provisions of section 41 of the *Access to Information Act*.

The following figure groups the allegations received by category of alleged wrongdoing.

FIGURE 6

Overview of Allegations Received in 2020 By Category



7.1.7. Accountability – Requests for Access to information

In accordance with section 107.6.1 of the CTA (CQLR c. C-19), the Auditor General performs the duties conferred on the person in charge of access to documents or the protection of privacy with regard to the documents the chief auditor prepares in performing his duties or with regard to the documents he keeps for the purposes of carrying out his mandate, provided the latter documents are not also kept by a body subject to the Act.

During the course of 2020, we received one access to information request for which the information or documents could be held by a public body subject to the *Act respecting Access to documents held by public bodies and the Protection of personal information* (CQLR c. A-2.1) and not by the auditor general.

7.1.8. Technological Infrastructure

The Bureau has servers that are separate from the City's. For several years, the Bureau has had an infrastructure that enables all its employees to work remotely. In addition, we make sure every year that this network is secure. As a result, during the COVID-19 crisis, we quickly managed to implement the necessary measures to enable all of the Bureau's employees to work remotely in complete safety since March 2019 to date.

7.1.9. Promotion

Several members of the Bureau participate in various working groups, committees and boards of directors of organizations associated with our profession. This gives them an opportunity to be key actors in the advancement of our profession and be on the lookout for changes that will impact our work in the future. We are actively involved in providing comments on exposure drafts issued by the Public Sector Accounting Board (PSAB).

TABLE 9

Promotion Activities

	Body	Member
Annie Cédillotte, <i>Principal Auditor – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Certification
Mélanie Normandin <i>Principal Auditor – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Pension Plan
France Lessard, <i>Assistant Auditor General – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Sectoral Working Group – Municipal Administration
Kim Tardif, <i>Officer in charge of Quality Assurance and Professional Practices</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Certification Reports • Technical Working Group – Accounting in the Public Sector
	Canadian Audit and Accountability Foundation	<ul style="list-style-type: none"> • Board of Directors • Governance Committee • National Capacity Building Committee
Michèle Galipeau, <i>Auditor General</i>	Ordre des CPA du Canada	<ul style="list-style-type: none"> • Public Sector Accounting Board (PSAB)
	Association des vérificateurs généraux municipaux du Québec	<ul style="list-style-type: none"> • Board of Directors

We encourage our employees to pursue these activities, which promote not only the Bureau, but also the profession of municipal legislative auditor.



