

# The Last 7 Years

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**2022 Annual Report**  
Auditor General of  
the Ville de Montréal





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## 2. The Last 7 Years

My seven-year term as Auditor General of the Ville de Montréal (the City) comes to an end this coming August 15. In addition to the audit mandates that have been completed, these 7 years have been marked by significant administrative and regulatory changes.

Indeed, as soon as I took office, I realized that the Bureau du vérificateur général (BVG) was facing many challenges in terms of succession, new auditing standards that needed to be implemented, recognition of the auditor general function as well as administrative practices. In addition, bills such as Bill 155, changed the scope of intervention of the municipal auditors of Québec's municipalities.

### 2.1. The Team: An Invaluable Resource

A strong and committed team stands behind all of the work accomplished with great rigour. I have watched this team grow and I am proud of what it stands for: independence, objectivity, respect and integrity.

When I started in 2016, I was facing the planned retirement of over 20% of the employees in the following 2 years (including 2 members of the management team). There was no succession plan in place and several positions were vacant. In addition, the horizontal structure did not allow for any career development plans.

To maintain and optimize the quality of our work and the plurality of our skills and experience, we deployed several actions over the years. We developed a succession plan to, among other things, identify the succession for each position as well as to define and monitor the evolution of the BVG's needs while adapting to market trends.

During this exercise, we also met with employees to discuss their medium- and long-term career goals and plans. We then supported them on their career path.

The efforts made have produced positive results, including:

- ◆ Converting senior positions to more junior positions in order to build a succession;
- ◆ Creating and abolishing positions for a net addition of 5 positions;
- ◆ Internally promoting 5 existing staff members;
- ◆ Hiring 20 new resources.

The hires made since the beginning of my mandate today account for 57% of the staff. I would also like to mention that over 50% of resources we hired over the past few years are members of groups designated in the *Act respecting equal access to employment in public bodies*, well above the City's target of 33%. Also, female representation within the BVG has steadily increased over the past few years, reaching 71% of the staff.

Thus, in a context of scarcity of qualified resources, we successfully put in place a succession plan to compensate for retirements, promoted five internal staff members and attracted new talent. As a result, a multidisciplinary team of 35 professionals now makes up the BVG.

However, there are still three positions to be filled. Labour shortages remain a very important issue. The scarcity of human resources is even greater in the audit market. Recruitment and retention efforts will therefore have to be maintained.

From a human perspective, on a road strewn with small and big challenges, we have come a long way. Moreover, I am not telling you anything new when I say that the pandemic of the last few years has been a major challenge for the team. In these exceptional circumstances, the team demonstrated agility and dedication while maintaining its commitment to delivering value-added audits.

Today, in 2023, I am confident that the team in place is strong. Made up of nearly forty dynamic people with diverse skills, there is no doubt that it will continue its exceptional work to provide Montréal's population with an objective and independent look at how well public funds are managed.

## 2.2. Constant Change and Continuous Improvement

Over the past seven years, my team and I have worked to improve our methods by focusing on innovative practices and efficient technological tools while respecting the legislative and regulatory framework.

### Legislative Changes

Bills were also introduced, some of which brought significant changes to the auditor general position. I am thinking in particular of Bill 155 (*An Act to amend various legislative provisions concerning municipal affairs and the Société d'habitation du Québec*), passed in the spring of 2018. Among other things, this redefined the role of auditors general of municipalities with a population of 100,000 or more by changing the scope of their work.

Bill 155 removed the requirement for the Auditor General to conduct a financial audit of the municipality and paramunicipal agencies, although auditors general may continue to do so if deemed appropriate. In our 2017 annual report, I indicated our willingness to continue our financial audit work for the City and that our interventions with respect to paramunicipal agencies would take into account the risks associated with them.

As for the extension of the auditor general's scope of intervention to a group of entities covered by sections 107.7 and 107.8 of the *Cities and Towns Act* (CTA), we clarified the notion of financing in order to properly define the concerned entities. As a result, some 30 or so organizations have been added to the BVG's scope of intervention.

In addition, we implemented processes to respond directly to various access to information requests involving the Auditor General.

### **Risk Matrix**

We implemented a risk matrix to guide us in planning value-added audit mandates. The risk matrix represents a base, a starting point that rests on an initial reading of the risks in the central departments, boroughs and entities under the City's control.

The matrix is updated on an ongoing basis to reflect any changes or developments in the City and serves as a central repository of knowledge for the BVG's auditors. The tool is not intended as a way to limit the topics of the audits to be performed but rather serves as a guide to define and prioritize the topics that have been identified.

### **Our Strategic Plan**

In 2019, we implemented a strategic plan to define the goals that have guided and will guide our actions. The plan, which was revised in 2022, is based on three main orientations:

- ◆ Increase the added value of the interventions;
- ◆ Implement innovative practices to ensure the quality of the work;
- ◆ Ensure the sustainability of the team's competencies.

Of course, the quality of services to citizens remains at the heart of our interventions. In addition, the advent of major challenges, such as the success of the ecological transition, prompted us to include sustainable development audits in our strategic plan starting in 2019. The increasing importance of information technology has also had an impact on our mandates. We continued our audit work in the field of cybersecurity, which remains a very important issue, particularly with the rise in remote work and cyberattacks.

Furthermore, the constant evolution of the normative framework that applies to audits requires us to review our methods on an ongoing basis. We implemented a new quality management manual and revised our various methods to adapt them to the new requirements and practices.

In addition, to ensure that we meet the new standards and maintain the highest quality standards, I encouraged the training of all staff members and the presence of certain members of our team on committees of the Ordre des CPA du Québec and CPA Canada as well as the Canadian Audit and Accountability Foundation. This allowed us to maintain our staff's auditing expertise and to be at the forefront of best practices.

And what can be said about the ever-changing technological needs! Throughout my tenure, I have had at my side an in-house IT team that proposed innovative ideas and solutions, including optimizing our work methods. The best example is undoubtedly how telework was managed during the pandemic. From the very beginning, the information technology team was ready. All staff had access to the necessary technological equipment for remote working, in compliance with security standards.

In 2020, a wind of change blew on the image of the BVG. The logo, graphic charter, colours, website – nothing was left to chance. This redesign improved the BVG's outreach. Also, to facilitate public understanding of the role and work of the Auditor General, we worked to make our documents and communications more accessible, including by improving the format of our reports.

There have been many innovative and positive projects during my time at the BVG, and others will certainly take root thanks to the expertise and creativity of the professionals in place.

## 2.3. Achievements and Milestones

Our work consists mainly in conducting audits of accounts and businesses. This section highlights some important achievements during my seven-year term.

### Continuation of Our Financial Audit Work

As previously stated, although legislation removed this obligation from the Auditor General in 2018, I deemed it appropriate for us to continue to conduct financial audits.

A total of 80 unqualified auditor's reports have been issued over the past 7 years.

### Compliance of Entities that Received Subsidies

Given the magnitude of the City's allocations, I reviewed the BVG's compliance practices for entities having received \$100,000 or more, including:

- ◆ Implementing a very close tracking of the receipt of audited financial statements from these entities;
- ◆ Annually reviewing auditors' work on the files of selected entities;
- ◆ Analyzing the auditors' reports summarizing their findings and recommendations to assess whether there were any significant deficiencies;
- ◆ Reporting on this work in our annual report.

That also prompted the City to implement reminder mechanisms for business units and recipient entities.

### Value-Added Performance Audits

The first direction of our strategic plan is to increase the added value of our interventions. Thus, considering that the City adopted its first strategic plan, titled *Montréal 2030*, in the fall of 2021, I wanted to take stock of the 7 years of performance audits in relation to the 20 priorities set out in the plan.

*Montréal 2030* is the City's centrepiece to guide both its present and future actions. These are based on 20 priorities, including ecological transition, solidarity, equity and inclusion, democracy and citizen participation as well as innovation and creativity.

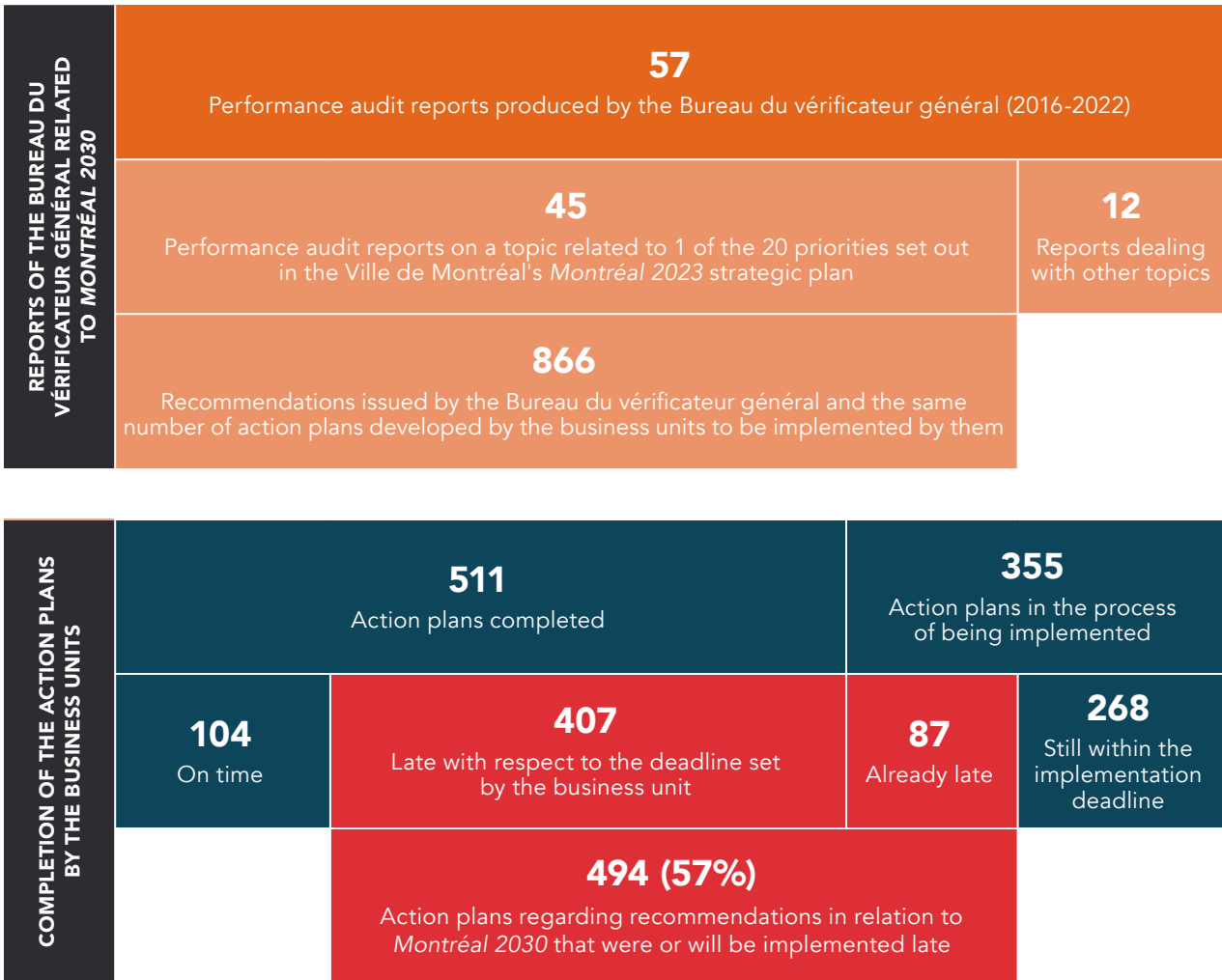
Although I began my 7-year term at the BVG before the *Montréal 2030* strategic plan came into effect, some of the topics of the audits we conducted already touched on these priorities. In fact, of the 57 performance audits (including IT audits) conducted over the past 7 years, 45 (or 79%) addressed issues related to 1 of the City's 20 priorities identified in *Montréal 2030*.

These 45 audits resulted in 866 recommendations being made to the City. The BVG confirmed the satisfactory implementation of action plans for 511 of these recommendations, nearly 60%.

Nevertheless, of these 866 recommendations, at least 494 will have had their action plans implemented late. This represents 57% of all action plans developed in response to my recommendations included in our audit mandates related to 1 of the 20 priorities set out in *Montréal 2030*.



**FIGURE 1** | IMPLEMENTATION RATE OF THE 2016–2022 AUDIT ACTION PLANS RELATED TO THE *MONTRÉAL 2030* STRATEGIC PLAN

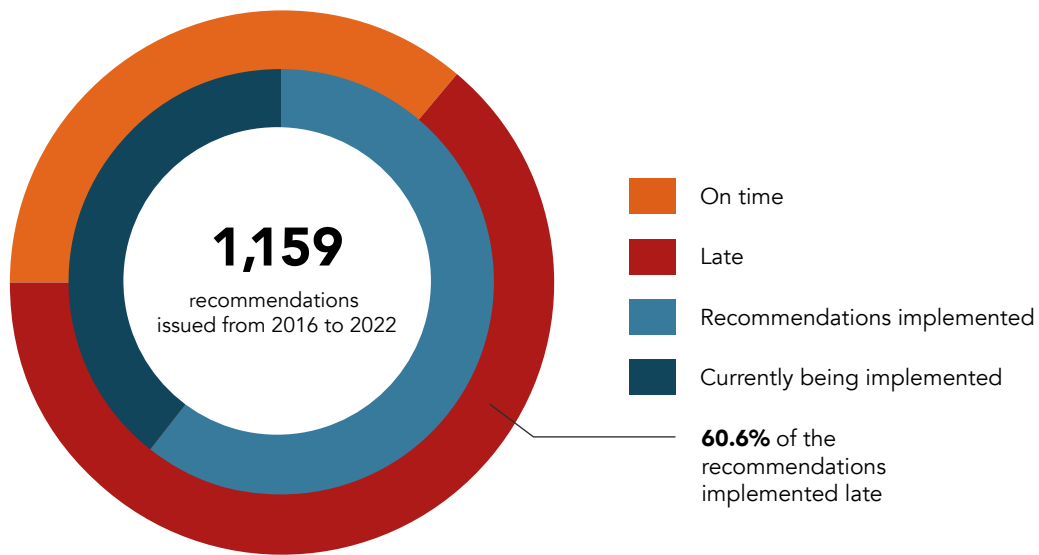


Source: Figure produced by the BVG.

### Implementation of the Recommendations

All of our interventions are useful inasmuch as the recommendations made in our reports are implemented. However, over the past 7 years, it is clear that nearly 61% of our recommendations have been implemented late compared with the timelines provided by the business units.

**GRAPH 1 | RECOMMENDATIONS ISSUED FROM 2016 TO 2022**



Source: Graph produced by the BVG.

Yet the municipal administration has implemented several measures to improve this situation. We also optimized our practices in this regard while getting involved in training people at the business units. We furthermore developed guidelines for putting together an action plan in response to our recommendations.

Moreover, we undertook a validation exercise with the business units in 2021 regarding recommendations with overdue action plans. The exercise was completed for action plans that were 3 or more years overdue. It continued in 2023 for those 1 year overdue or more.

I hope that all of these actions will enable the municipal administration to start afresh and, above all, to meet the deadlines set out in its action plans for the implementation of the BVG’s recommendations.

Also, in each year of my seven-year term, I reiterated the recommendation to the Direction générale to develop indicators to track business units’ commitments in response to our recommendations. Let us hope that it will be implemented, given all the actions undertaken to optimize this monitoring process.

### **Intrusion Tests**

Faced with the growing scale of threats affecting both computer and physical security, my team conducted intrusion tests. A total of seven mandates were carried out:

- ◆ five logical intrusion tests that simulate computer attacks;
- ◆ two physical intrusion tests that assess the security of a building, facility or site.

A total of 26 recommendations are contained in the reports issued in the wake of these intrusion tests. The majority of them, nearly 85%, are in the process of being implemented.

### **Pre-Election Report**

The desire to have an audited pre-election report (PER) was first discussed in January 2018, followed by a city council resolution in August 2019. We at that time pointed out the important impacts of producing such a report and added that its implementation represented a colossal task that should not be underestimated.

The request to audit this report was withdrawn by city council in 2021, as the prototype report and supporting documents, submitted by the municipal administration, were insufficient to allow us to express an opinion.

I deemed it appropriate for the team to continue auditing the operating component of the budget processes. I persist in considering that the City's should implement the improvements recommended in this report if it intends to produce a PER that is compliant with the relevant requirements and that represents a budget transparency tool that allows political parties to present platforms that take into account the City's financial situation.

However, several actions remain to be taken nearly 2 years after this report on budget processes was issued. The timelines set for the action plans are spread out over several years and extend to November 2025.

However, in January 2022, city council passed a new resolution that the Auditor General and the Service des finances begin discussions on the parameters and methodology for producing an audited PER ahead of the next election.

Nevertheless, given the scope of the actions to be implemented, I question whether the municipal administration will be able to produce a PER that is supported by sufficient documentation and that can be audited.

## **2.4. Some Final Thoughts...**

In conclusion, I would like to share with you some elements to consider for the future.

### **Compliance of Entities with Section 107.9 of the *Cities and Towns Act* – The Threshold Needs to Be Revised**

It is important to note that it has been over 20 years since this provision of the CTA was put in place and that the \$100,000 subsidy threshold has not been reviewed since. Yet financial audit costs have greatly evolved over the last 20 years.

This provision should, in my opinion, be revised to take into account the new reality. I recommend that the City make the necessary representations to the lawmakers in this regard.

### **A Function Sometimes Misunderstood**

During my seven-year term, I observed firsthand that the function of Auditor General is not always well understood by the municipal administration. I made clarifying this one of our strategic plan goals starting in 2019. Training sessions on the role of the Auditor General were provided to several bodies. However, I still see today that work remains to be done in this regard.

Indeed, there is still confusion between the roles of the various governance functions, and the municipal administration does not always seem to be aware of the independence and objectivity of the Auditor General.

Some reminders about this function:

*«The mission of the Auditor General is to provide an objective and independent view of how well public funds are managed. By means of fully independent audits and the publication of reports which are available to the public, the Auditor General plays a critical role in promoting the transparency and accountability of municipal operations.»*

The CTA provides the necessary guidance to enable the municipality's Auditor General to perform their role independently. Indeed, the CTA gives the Auditor General all of the functional and administrative independence, access to all documentary and human resources as well as the financial security to do so.