

Implementation of the Auditor General's Recommendations

7.2.

2022 Annual Report
Auditor General of
the Ville de Montréal



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7.2. Implementation of the Auditor General's Recommendations

The percentage of recommendations made by the Bureau du vérificateur général (BVG) that were implemented as a result of the action plans (APs) submitted by the business units (BUs) being completed is an essential indicator used to ensure that the central departments and boroughs are correcting the situations observed during our audits.

In 2021, we undertook an exercise to obtain confirmation from the BUs of the relevance of the recommendations we had issued in the past and whose APs had not been implemented 5 years after the target date. In 2022, we continued this same exercise, but this time with the recommendations for which the APs had not been implemented 3 years after this same implementation date. Our objective here was to provide the BUs with an opportunity to get off to a solid fresh start in following up on the recommendations. This is a one-time exercise that will end in 2023 with APs that are at least 1 year overdue. It is hoped that by closing the recommendations that are no longer applicable and adjusting the PAs and implementation dates for the other recommendations that are still valid, the Ville de Montréal (the City) will be able to complete the actions it has committed to implement within the timeframes it has set for itself.

As we do each year, we provide a status update in our annual report as of December 31, 2022, on the implementation of all of the APs from our previous years' reports that were due or overdue in 2022. This portrait is first presented without taking into consideration the exercise we undertook with the BUs to review the relevance of the APs that are 3 and 5 years overdue. Secondly, we present the impact of this exercise on this same portrait.

This portrait is only for the implementation of the APs related to performance audits (performance and compliance audits, information technology audits and financial performance audits). This excludes approximately 40 recommendations related to the financial audit. The BVG cannot make an annual determination as of December 31 regarding the implementation of the APs related to these recommendations, as it must wait for city council to table the City's financial statements, which, at the time of writing this chapter, had not been done. Chapter 5 of this report, dealing with the audit of the financial statements, discusses these recommendations.

7.2.1. Follow-Up on Implementation of the Recommendations of the Bureau du vérificateur général – Results

Overall Monitoring of the Implementation of the Recommendations Before the Cleanup of the Action Plans Still Not Implemented

Based on the action plans (APs) developed by the business units (BUs) to address the BVG's recommendations over the past several years, a total of 331 recommendations were to be implemented by December 31, 2022. Of these, 253 recommendations had AP implementation dates that were overdue as of January 1, 2022, and 78 recommendations that were scheduled for implementation in 2022 (see Figure 1).

According to the analysis at December 31, 2022, the BUs considered that they had completed the implementation of 196 recommendations over the course of the year, including 5 recommendations whose APs had a due date after 2022. Thus, 140 recommendations that should have been implemented by 2022 had still not been implemented, with the BUs maintaining a status of "to be undertaken," "in progress" or "deferred."

As shown in Figure 1, of the 196 recommendations for which the BUs considered that they had implemented their APs, coordinators had reviewed responses related to 181 of these (92.3%). This is a significant improvement over last year, when the proportion was only 53%. Of the 180 APs whose implementation was considered satisfactory by a coordinator, the BVG confirmed the resolved status for 162 and thus considered 18 of them as being in progress.

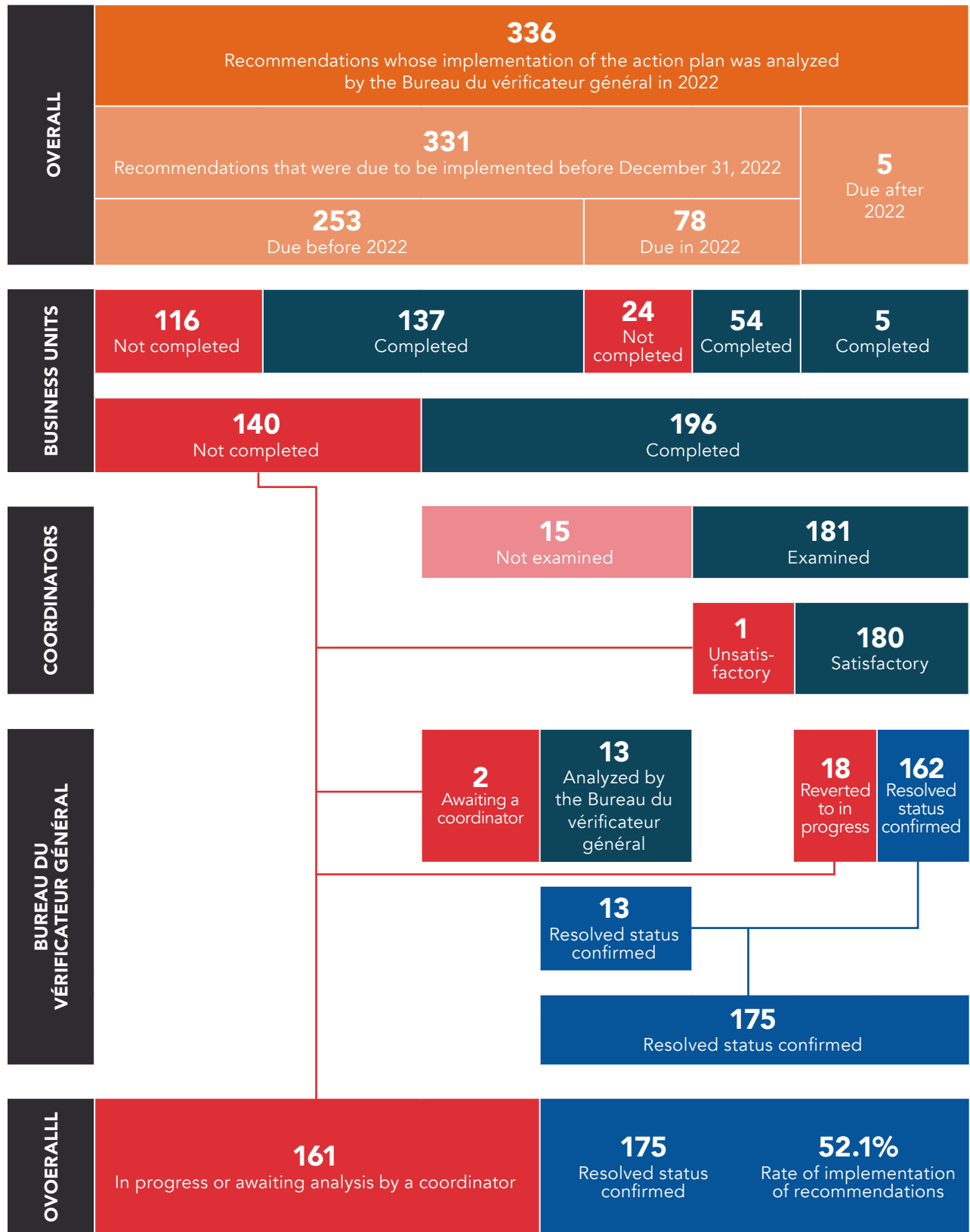
Of the 15 APs whose implementation was not reviewed by the coordinators, 13 (86.7%) were nevertheless analyzed by the BVG. This is similar to last year's 87.1%. The BVG has confirmed the resolved status of these 13 APs.

In general, for the year 2022, the results of the follow-up of implementation of the recommendations are, as follow:

- ◆ We confirmed that **175 recommendations** were implemented, for an overall rate of **52.1%** of the 336 recommendations considered;
- ◆ We also reinstated **18 recommendations**, either because the AP had not been fully implemented or because the documentation provided by the BU was not complete enough to show that the recommendation had been implemented;
- ◆ The BUs have yet to implement **161 recommendations¹** of the total 336 because:
 - The BUs have not completed the implementation of the APs;
 - The coordinators had not, by December 31, 2022, reviewed the work done by the BUs or had found the implementation of the AP unsatisfactory;
 - We returned their status to "in progress".

¹ Three of these recommendations were not, however, overdue as of December 31, 2022, as the BUs had considered them resolved prior to the implementation date.

FIGURE 1 | **RATE OF IMPLEMENTATION OF RECOMMENDATIONS FOR 2022**

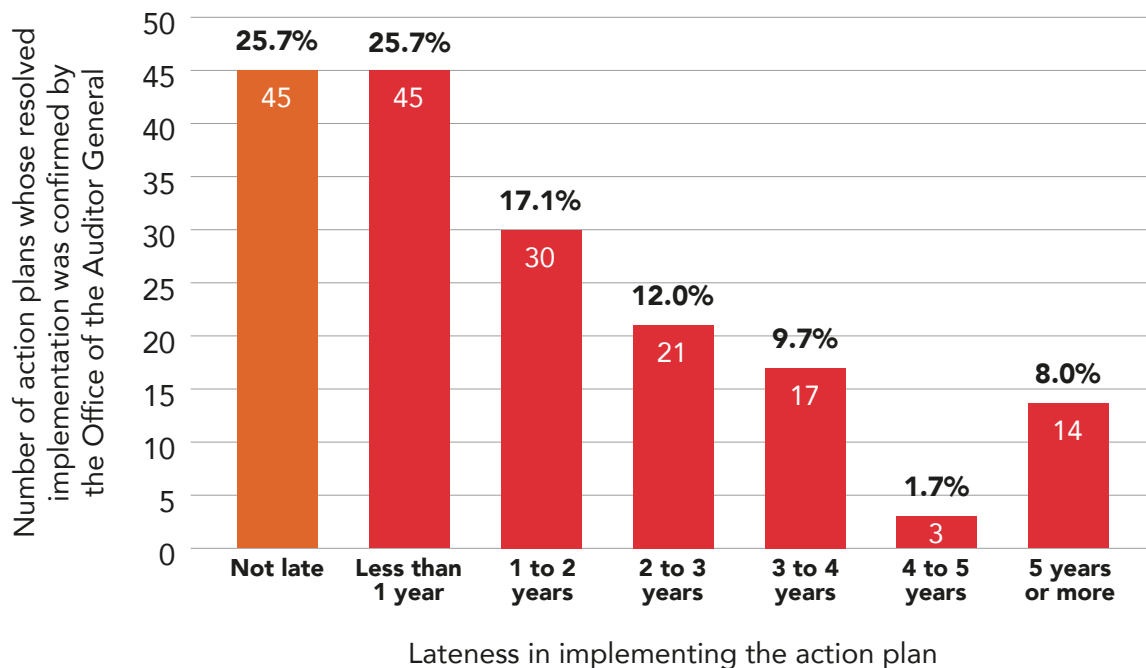


Source: Figure produced by the BVG.

Improved Proportion of Recommendations Completed by the Business Units Within the Specified Timeframe

In the case of the 175 recommendations whose implementation in 2022 was confirmed, the APs of only 45 of these (25.7%) had been completed prior to the implementation date planned by the BUs (see Graph 1). This is a significant improvement, in terms of proportion, over last year when only 6.3% of the APs completed during the year were not late with respect to the BUs' implementation dates. In 2022, 51.4% of the APs confirmed for implementation by the BVG were implemented less than a year late. Last year, this proportion was only 32.9%.

GRAPH 1 | **BREAKDOWN OF THE LATENESS OF RECOMMENDATIONS IMPLEMENTED IN 2022 RELATIVE TO THE IMPLEMENTATION DATE PLANNED BY THE BUSINESS UNITS TO CARRY OUT THEIR ACTION PLANS**



Source: Graph produced by the BVG.

Response Time of the Bureau du vérificateur général in Confirming Implementation of a Recommendation

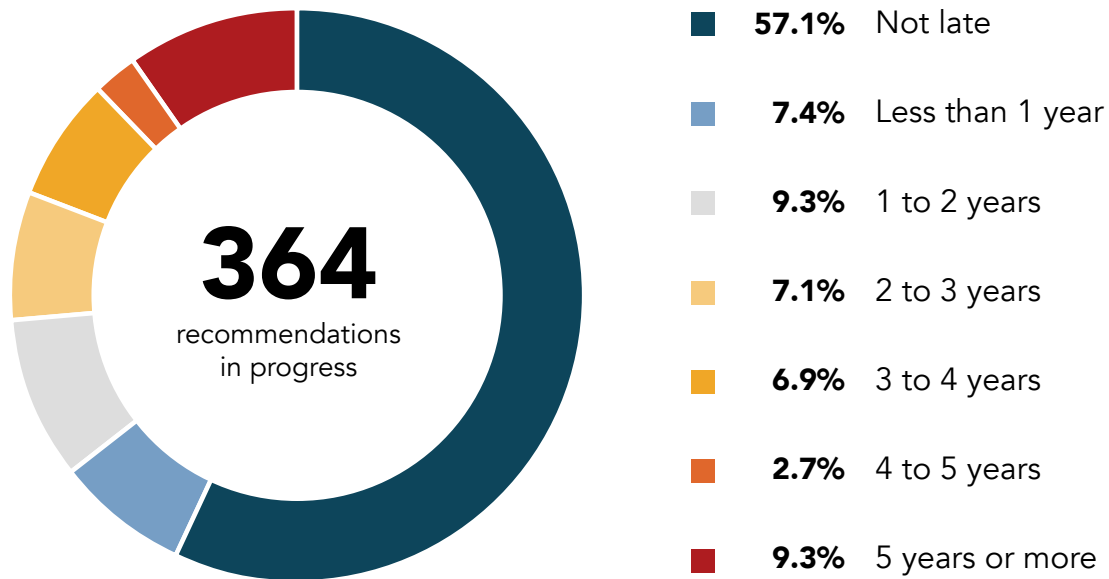
Since 2021, we set ourselves a target of 30 days (on average) following the satisfactory examination of the situation by the coordinator to analyse the BUs' progress in implementing recommendations. The BVG's average response time in 2022 is below this target, at 24.3 days. This is comparable to the response time of 22 days observed in 2021.

7.2.2. Recommendations that Remain Unimplemented as of December 31, 2022

As of December 31, 2022, the City’s business units (BUs) had 364 recommendations left to implement² for all of the audit reports produced by us in recent years. Of these, slightly more than one in two (57.1%) action plans (APs) were not late with respect to the implementation date set by the BUs in their APs (see Graph 2).

At the other end of the spectrum, 34 recommendations (9.3%) were still in progress, even though the BUs’ planned implementation dates had come due at least 5 years earlier. This proportion is similar to last year’s 13.5%.

GRAPH 2 | **BREAKDOWN OF RECOMMENDATIONS IN PROGRESS BASED ON THEIR LATENESS RELATIVE TO THE IMPLEMENTATION DATE SCHEDULED IN THE ACTION PLAN**



Source: Graph produced by the BVG.

² This total includes 29 recommendations related to the financial performance audit of the operating component of the 2020 budget processes for which the BVG had not received an AP as of December 31, 2022. The implementation of these recommendations was not considered late.

7.2.3. Opportunity for Business Units to Revise Their Action Plans and Implementation Dates

In November 2021, we initiated an exercise asking business units (BUs) to review the relevance of their action plans (APs) that were at least 5 years behind their scheduled implementation date. In 2022, we continued this exercise with APs whose implementation was not complete and was at least 3 years late as of May 31, 2022. As part of this exercise, the BVG asked the BUs whether the recommendations were still relevant and, if so, whether the APs should be amended and, exceptionally, whether a new implementation date should be considered. Ultimately, the purpose of this exercise was to provide a unique opportunity for the BUs to catch up on the implementation of certain APs.

In our 2021 report, we reported on the responses obtained for the APs whose implementation was at least 5 years late. This year, we present the results of this exercise for all of the APs that were at least 3 years late as of May 31, 2022 (see Figure 2).

A total of 77 APs have been targeted in this exercise since November 2021. We obtained official responses from the BUs for 74 of these (96.1%).

Based on the responses obtained, including new APs and new implementation dates, the overall result of our exercise to review those at least 3 years behind in their implementation is as follows for the targeted 77 APs:

- ◆ 24 APs (31.2%) had been implemented to the satisfaction of the BVG as of December 31, 2022, and the recommendations are considered resolved;
- ◆ 27 APs (35.1%) are in the process of being implemented and are no longer considered late;
- ◆ 24 APs (31.2%) are in the process of being implemented and are still considered late;
- ◆ 2 recommendations (2.5%) are no longer pertinent.

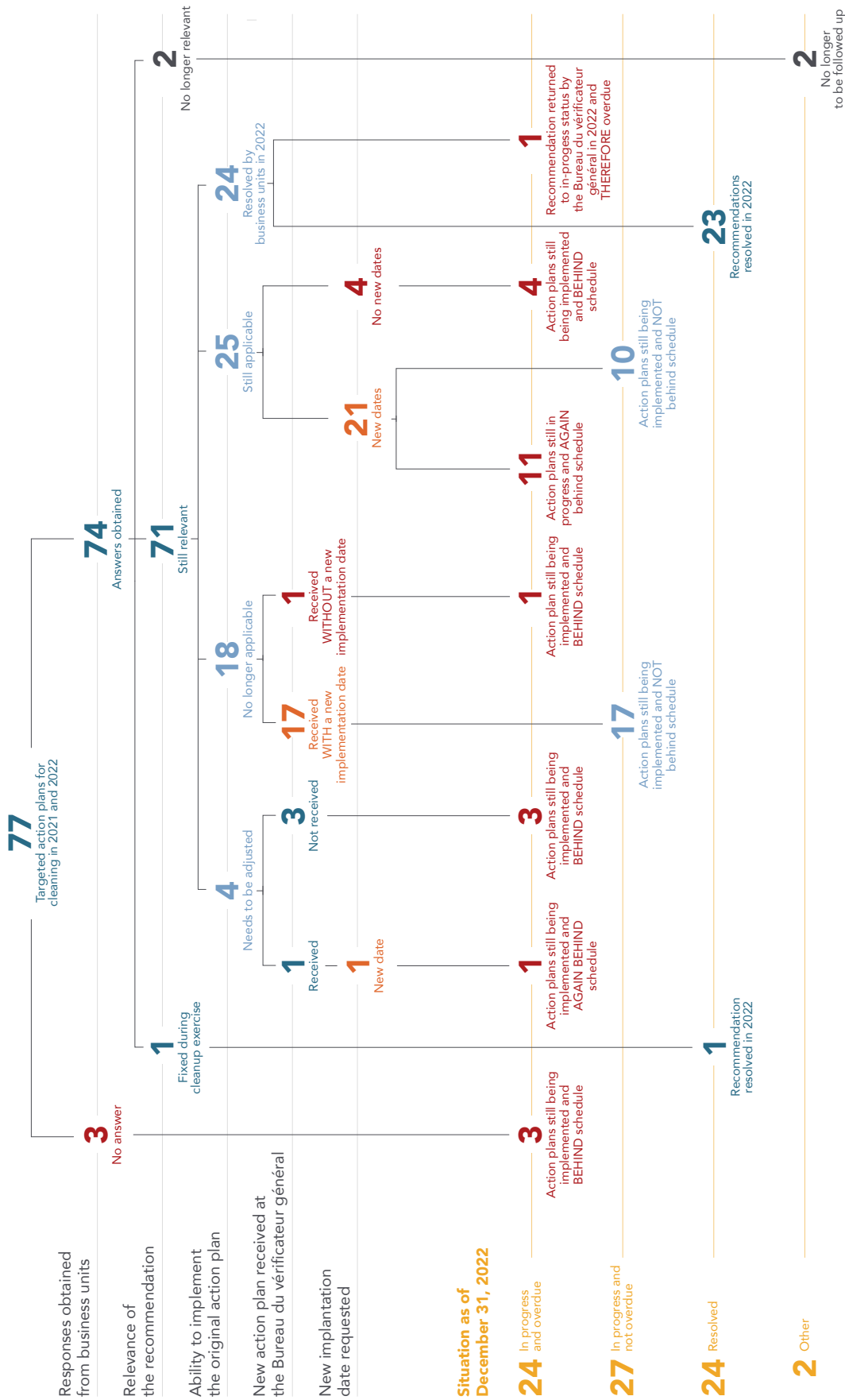
In January 2023, the BVG undertook a final cleanup exercise, this time with respect to APs with an implementation date at least 1 year overdue. The results of this cleanup exercise are not included in this report as it was conducted in 2023.

From the result of this major cleanup to our tracking of recommendations presented earlier, the 27 recommendations that had a new AP and implementation date scheduled for 2023 or later must be removed from the follow-up as of December 31, 2022, as well as the 2 recommendations that are no longer current (see Figure 3). This leaves 307 APs, rather than 336, that should have been followed up by the BVG in 2022. With the number of APs actually resolved remaining the same, the City's recommendation implementation rate would have been 57% in 2022.

As a result of this major cleanup, by December 31, 2022, 64.6% of the 362³ APs underway would not be behind (see Graph 3), compared with 57.1% without considering this cleanup (see Graph 2).

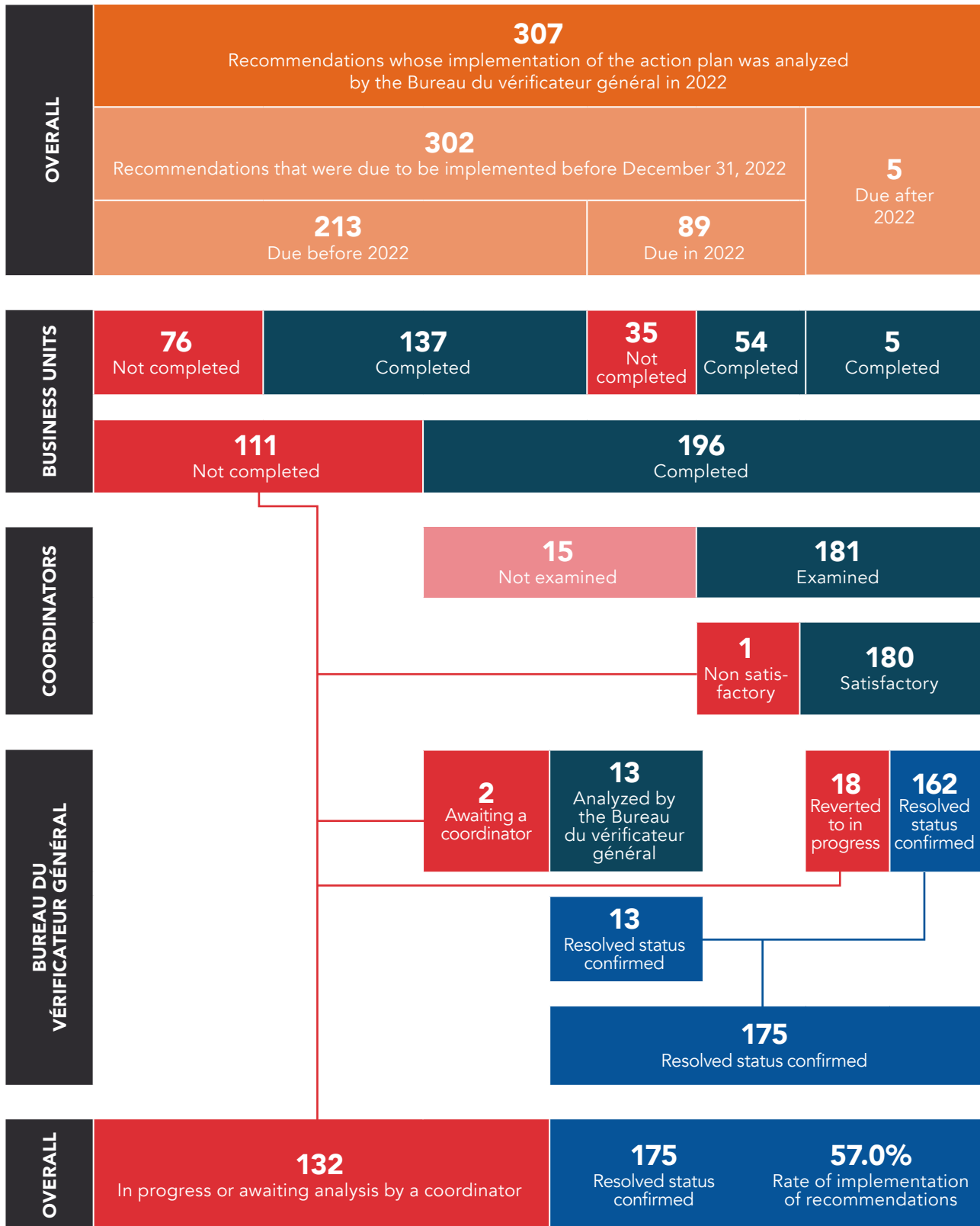
³ There is a difference of 2 APs between Graph 2 and Graph 3 given that 2 recommendations were identified as no longer applicable as a result of the BUs' cleanup exercise.

FIGURE 2 | **RESPONSES OBTAINED FROM THE BUSINESS UNITS FOLLOWING THE REQUESTS MADE IN NOVEMBER 2021 AND MAY 2022 RELATED TO UPDATES OF ACTION PLAN AT LEAST 3 YEARS LATE**



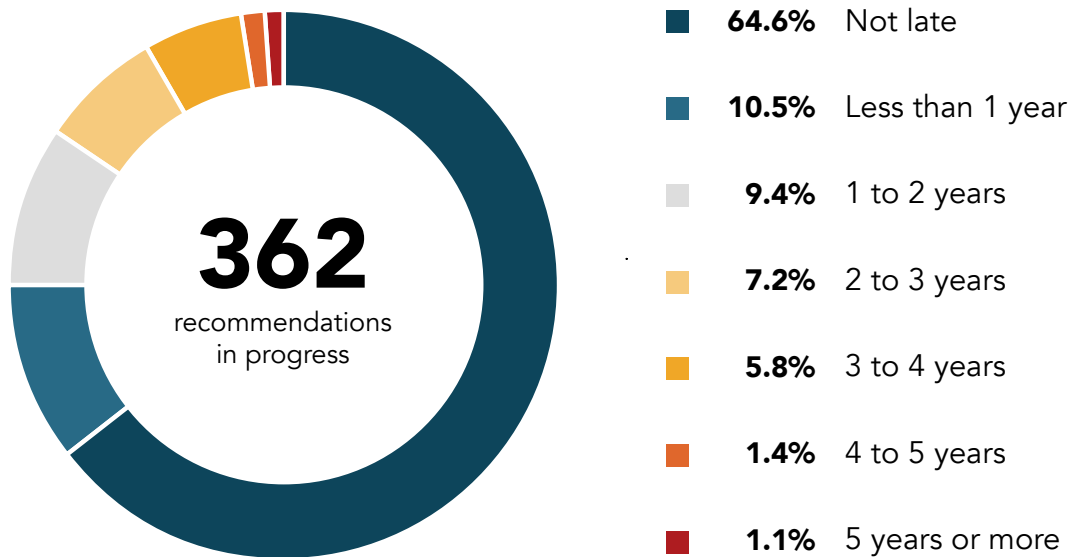
Source: Figure produced by the BVG.

FIGURE 3 | **RATE OF IMPLEMENTATION OF THE RECOMMENDATIONS FOR 2022 CONSIDERING THE CLEANUP OF THE ACTION PLANS WHOSE IMPLEMENTATION IS AT LEAST 3 YEARS BEHIND SCHEDULE**



Source: Figure produced by the BVG.

GRAPH 3 DISTRIBUTION OF THE RECOMMENDATIONS BEING IMPLEMENTED ACCORDING TO THEIR LATENESS WITH RESPECT TO THE ACTION PLAN'S IMPLEMENTATION DATE, CONSIDERING THE CLEANUP OF THE ACTION PLANS WHOSE IMPLEMENTATION IS AT LEAST 3 YEARS BEHIND SCHEDULE



Source: Graph produced by the BVG.

7.2.4. Conclusion

In 2022, the business units (BUs) implemented just over half of the recommendations for which the implementation of the action plans (APs) was due during the year or was already overdue by January 1, 2022.

Nearly one out of every two recommendations we considered as having been resolved was at least 1 year past its implementation date scheduled by the BU in its AP. Of the recommendations considered as having been resolved in 2022, 26% were not overdue, which is significantly more than last year, at only 6.3%.

Concerned about the number of APs still being implemented and for which the scheduled implementation dates had passed, the BVG gave the BUs the opportunity to review the appropriateness of these APs and implementation dates over the past year and a half. We expected that, as a result of this exercise, the number of overdue APs would decrease significantly. However, the results obtained, despite several reminders to the BUs, lead us to conclude that the City did not take full advantage of the opportunity offered by the BVG to improve its rate of implementation of the recommendations by postponing the implementation date of some of its APs.

With a 2022 implementation rate approaching 50%, we reiterate our recommendation made in each of the last 6 annual reports of the BVG to the Direction générale to develop indicators to track the BUs' commitments to implementing our recommendations.

