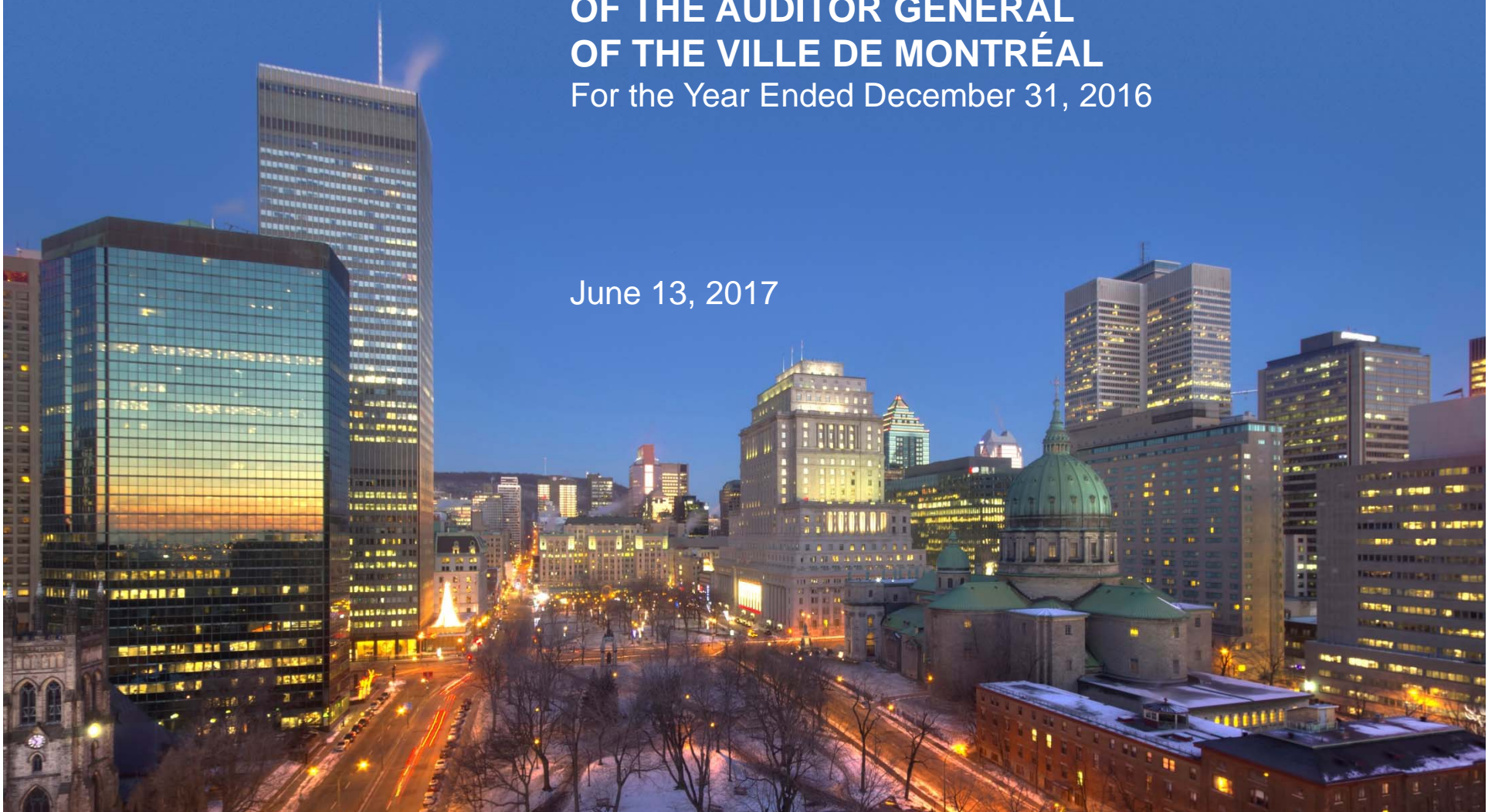




**Vérificateur général
de la Ville de Montréal**

**PRESENTATION OF THE ANNUAL REPORT
OF THE AUDITOR GENERAL
OF THE VILLE DE MONTRÉAL**
For the Year Ended December 31, 2016

June 13, 2017





Agenda

1. Opening Statement
2. Observations of the Auditor General (at the end of the presentation)
3. Financial Statement Audits and Other Reports
 - 3.1. Consolidated Financial Statements of the Ville de Montréal
 - 3.2. Financial Statements of Other Legal Entities Subject to the *Cities and Towns Act* (CTA)
4. Legal Compliance of Organizations Having Received a Subsidy of at Least \$100,000
5. Value-for-Money and Information Technology Audit
 - 5.1. Management of the Emerald Ash Borer and the Canopy
 - 5.2. Sustainable Water Management
 - 5.3. Traffic Light Management
 - 5.4. Éco-Quartier Program and Eco-Centres
 - 5.5. Système évolué de radiocommunication de l'agglomération de Montréal (SERAM) Project
 - 5.6. Transfo-RH Program Management
 - 5.7. Physical Penetration Tests
6. Follow-Up on Recommendations of Previous Years

3. Financial Statement Audits and Other Reports

3.1. Consolidated Financial Statements of the Ville de Montréal

3.2. Financial Statements of Other Legal Entities Subject to the CTA

4. Legal Compliance of Organizations Having Received a Subsidy of at Least \$100,000

5. Value-for-Money and Information Technology Audit

5.1. Management of the Emerald Ash Borer and the Canopy

5.1. Management of the Emerald Ash Borer and the Canopy

Purpose

- Evaluate the measures with which the city deployed a strategy governing management of the problem related to the emerald ash borer in the territory of the Montréal agglomeration

5.1. Management of the Emerald Ash Borer and the Canopy

Audit Results

- Considerable efforts have been deployed
- Difficult to assess the extent to which the strategy is working efficiently and contributing to the achievement of the objectives
- The direction of the strategy should be reassessed at regular intervals in order to ensure coherence, accounting for the objectives
- The financial setup should be revised accordingly

Conclusion

- The city will have to prove the extent to which the interventions put forward to counter the spread of the emerald ash borer and to enhance the canopy have allowed to meet the targets

5.2. Sustainable Water Management

5.2. Sustainable Water Management

Purposes

- Ensure that the action plan adopted by the city enables to meet the goals and measures of Québec Strategy for Drinking Water Conservation (QSDWC) in relation to the *Québec Water Policy*
- Ensuring the application of the current regulations concerning the use of drinking water by the boroughs

5.2. Sustainable Water Management

Audit Results

1st Goal

- Efforts have made it possible to reduce respectively by 20% and 26%, across the agglomeration, the total production and average distribution of drinking water per person per day in 2015
- These efforts need to be maintained since drinking water consumption remains above the Canadian average

2nd Goal

- A potential water loss rate estimated at 31%, whereas the goal is to achieve less than 20% of the water volume distributed
- A leakage rate estimated at 98 cubic metres per day per kilometre of water line, compared with the objective of 15 cubic metres

5.2. Sustainable Water Management

Audit Results – 2^e Goal (following)

- In order to fulfill the QSDWC's requirements, improvements need to be made, taking into account the following findings:
 - An action plan to meet QSDWC's requirements has not been integrated into Montréal's Water Strategy
 - No evidence that water use regulations have been applied by the boroughs (equipment in industries, companies and institutions)

Conclusion

- Municipal administration must ensure to make the right choices

5.3. Traffic Light Management

5.3. Traffic Light Management

Purpose

- Ensure that the traffic light upgrade projects and the implementation of dynamic management are advancing in step with the priorities approved by the authorities

Audit Results

- The city has not succeeded in setting up a structured and cohesive upgrade program to be carried out within the deadlines imposed by law and set by the authorities, e.g.:
 - Inventory incomplete, which does not reflect the level of compliance of the various components of the traffic light systems
 - No overall plan backed by a timeline for all the interventions required to comply with both the standards demanded by the laws and the internal standards of the city
- The city will most likely not be able to meet the deadlines imposed by law

5.3. Traffic Light Management

Conclusion

- It is imperative that the management of the traffic light upgrade program be closely monitored by the Direction générale to ensure that deadlines, projected costs and target objectives are met

5.4. Éco-Quartier Program and Eco-Centres

5.4. Éco-Quartier Program and Eco-Centres

Purposes

- Ensure that the awarding of contracts to delegated organizations for the management of eco-centres is being carried out in an objective, transparent and fair manner
- Ensure that the amounts allocated by the city are subject to a regular reporting process enabling evaluation of the results obtained

Audit Results

- Shortcomings with regards to the compliance with the contract awarding process for the management of eco-centres and for the transport of waste
- Doubts have been raised whether the principles of fairness and transparency that should govern the procedures for soliciting contracts and inviting competition from suppliers were been compromised

5.4. Éco-Quartier Program and Eco-Centres

Audit Results (following)

- The handing-over of the file to the Bureau de l'inspecteur général of the city, so that it may pursue any investigations it deems appropriate
- As for Éco-quartier program, the audit points out shortcomings regarding accountability
- In that regard, the boroughs will need to make the necessary arrangements to demonstrate how the financial contributions allocated to the delegated organizations are helping the city to meet its strategic targets for sustainable development

5.5. Système évolué de radiocommunication de l'agglomération de Montréal (SERAM) Project

5.5. SERAM

Purpose

- Corroborate the STI's diagnostic conclusions and ensure that the current remedial plan would be relevant and functional:
 - In remedying the SERAM project's management problems
 - In stabilizing the network's reliability, and mitigating the risks associated with public safety issues

Results

- Despite the potential issues and pitfalls that remain to be addressed, the measures taken or in the process of being taken by the STI to put the SERAM project back on course are relevant and functional
- These measures should reduce the number and impact of outages while promoting system stability
- In terms of project costs, change requests resulting from a poorly crafted quote or needs that were not well defined at the beginning, coupled with remedial actions taken or in the process of being taken, result in a financial framework now amounting to \$129 million

5.5. SERAM

Conclusion

- Resulting network will not meet some significant functional and performance requirements, at least on a short- or medium-term basis, e.g.:
 - Real-time geolocation
 - Signal penetration in public buildings and Montréal's underground precincts (except Métro)
 - Needs of the SPVM's specialized investigation activities

5.6. Transfo-RH Program Management

5.6. Transfo-RH Program Management

Purpose

- Corroborate our questioning of the following crucial aspects of the Transfo-RH program:
 - The reorientation of the RH-Paie project and the change in technological direction
 - The governance of the program
 - The public call for tenders for the Système intégré en ressources humaines (SIRH) project

Results

- The change in the technological direction and scope of the RH-Paie project, which was transformed into the Transfo-RH program in 2015, should have been approved by the executive committee

5.6. Transfo-RH Program Management

Results (following)

- The Transfo-RH program's governance has deficiencies that require steps to be taken in order to facilitate its success, such as:
 - Establishing clear objectives and guiding principles underpinning its implementation
 - Implementation of a quality assurance process
 - Implementation of an integrated risk management
- The SIRH project's call for tenders needs to be reviewed to ensure it reflects market practices

Conclusion

- The history of unsuccessful attempts to modernize human resource and payroll processes, coupled with the risks involved in implementing the program, require a rigorous follow-up from the municipal administration

5.7. Physical Penetration Tests

6. Follow-Up on Recommendations of Previous Years



6. Follow-Up on Recommendations VM and IT Audit

Implementation Rate of the Recommendations

Year of the recommendations	1 st year of follow-up	2 nd year of follow-up	3 rd year of follow-up
2015	50%	N/A	N/A
2014	35%	63%	N/A
2013	44%	67%	74%
2012	43%	65%	79%



6. Follow-Up on Recommendations Financial Audit

Implementation Rate of the Recommendations

Year of the recommendations	1 st year of follow-up	2 nd year of follow-up	3 rd year of follow-up
2015	42%	N/A	N/A
2014	67%	83%	N/A
2013	80%	90%	100%
2012	25%	50%	67%

2. Observations of the Auditor General



2. Observations of the Auditor General

Challenges of the BVG

- Human resources
- Other challenges



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