



Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2015

HIGHLIGHTS



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HIGHLIGHTS To be tabled forthwith

As a complement to my 2015 annual report which contains the key highlights of my report.

HIGHLIGHTS

1. Comments from the Auditor General

As my mandate comes to a close on June 2, it seems timely to summarize the highlights of the value-for-money and information technology audits conducted by my office during my seven-year term.

I have also highlighted the principal measures taken or initiated as well as those that must be maintained by the city's administration to remedy the principal shortcomings identified.

1.1. Summary of Highlights and Related Issues (2009–2015)

Over the seven years of my term, the BVG has conducted some 72 VFM and IT audits covering a vast range of the activities of the city and the bodies reporting to it. I would like to recall the main highlights of these audits, which I have grouped under the following topics:

- 1.1.A Water Meters;
- 1.1.B Telecommunications Services Outsourcing Project;
- 1.1.C Distribution of Contracts Awarded by Authorities to Contractors;
- 1.1.D Integrated Control System of the Montréal Metro (STM);
- 1.1.E Public Self-Serve Bicycle Project (BIXI);
- 1.1.F Implementation Plan for Infrastructure Work and Quality Control of Materials;
- 1.1.G Application of the *By-Law Concerning the Sanitation, Maintenance and Safety of Dwelling Units*;
- 1.1.H Fire Safety Cover Plan and Fire Hydrants;
- 1.1.I Physical and Logical Penetration Tests;
- 1.1.J Snow Clearing Contracts and Contracts for the Collection and Transportation of Residual Materials;
- 1.1.K Compliance with Laws and By-Laws;
- 1.1.L Information Technology Governance;
- 1.1.M Management of Financial Contributions;
- 1.1.N Business Continuity Management and Information and Communications Technology Recovery Management.

1.2. Rate of Implementation of the Recommendations Issued by the Bureau du vérificateur général (BVG)

The BVG's policy is to follow up on the recommendations during the year that follows their publication in the annual report. For a given year, the cycle of following up on recommendations normally extends at most over a three-year horizon. Indeed, the BVG considers it reasonable for 100% of the recommendations issued to be implemented within this three-year period, except under very special circumstances where certain recommendations are followed up over an additional year or two.

In 2013, the city’s Direction générale set new performance targets for implementing the BVG’s recommendations. The targets for 2012 and the years thereafter are as follows:

- 70% of the recommendations issued must have been implemented by the end of the first year after they were issued;
- 90% of the recommendations issued must have been implemented by the end of the second year after they were issued.

The table below presents the results of the follow-up to our recommendations for the first three years of our follow-up work.

Table 1 – Percentage of Recommendations Resolved at the End of Our Follow-Up Work

Recommendations for the year	1st year of follow-up (target 70%)	2nd year of follow-up (target 90%)	3rd year of follow-up
2012	43%	65%	79%
2013	44%	67%	-
2014	35%	-	-

In my annual reports for both 2013 and 2014, I indicated that the proportion of recommendations considered “completed” by the end of the first year after they were issued was well below the 70% target set by the Direction générale—43% for the recommendations issued in 2012 and 44% for those issued in 2013.

In light of this finding, I recommended in my 2013 annual report that the Direction générale make business units aware of the importance of implementing the BVG’s recommendations within one year, in most cases, and that this be reflected in the action plans submitted. In my 2014 annual report, I reiterated how important it was for the Direction générale to take the necessary steps to ensure that business units honour the commitments they made regarding action plans that were adopted in order to ensure implementation of the auditor general’s recommendations.

However, after the follow-up audit conducted in April 2016, I noted that the situation had not improved. First, only a small percentage (35%) of the recommendations made in 2014, which were in their first year of follow-up following their publication, had the status of “completed.” Furthermore, the recommendations made in 2013, which were in their second year of follow-up, and the recommendations that were made in 2012, which were in their third year of follow-up, fell short of the expected implementation target (“completed” status) of 90%, at 67% and 79% respectively. Clearly the situation is deteriorating.

However, at the city council meeting held on December 15, 2014, the president of the executive committee declared that the ultimate goal was to respond to 100% of the issues raised by the auditor general and to attempt to do so by order of priority. Furthermore, he mentioned that he would submit a work plan in response to the priorities.

That being said, the results obtained show that some business units are becoming slack about promptly implementing the recommendations addressed to them. In this context, I maintain that the aforementioned targets of 70% and 90% remain valid interim indicators for the purpose of assessing the overall extent to which the municipal administration is progressing towards the implementation of 100% of the recommendations within a three-year horizon. Indeed, indicators can help the administration more easily identify cases of non-compliance so that it can obtain explanations and

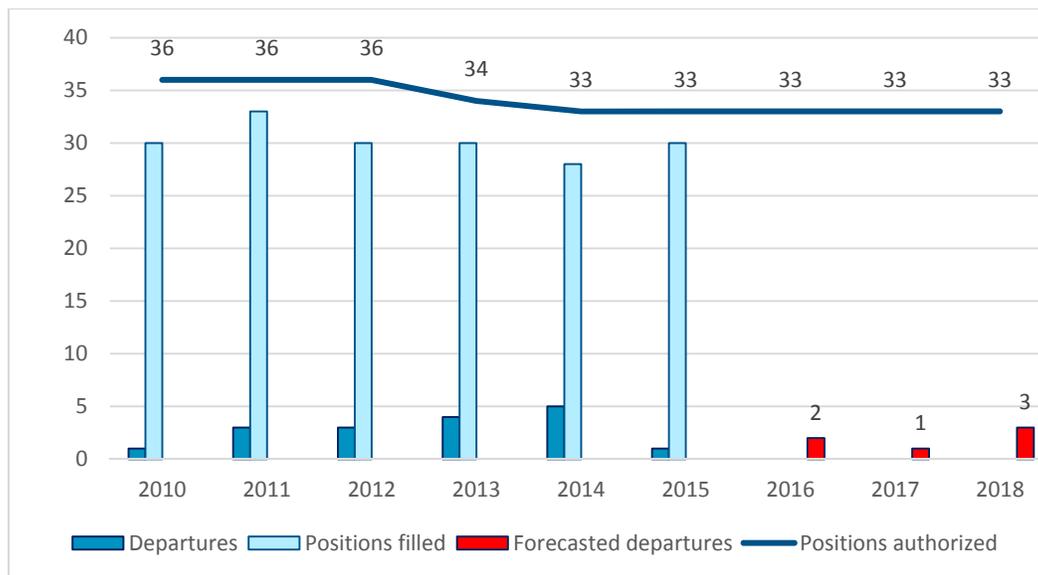
ultimately channel decision-making towards necessary corrective action. While we are aware that various other priorities can influence the order in which business units fulfil their commitments, the situation nevertheless reveals a high risk that many of our recommendations will not be implemented during our three-year tracking cycle, unless aggressive remedial action is taken.

As with previous years, I believe that remedial action must be taken as promptly as possible and that business units must be made aware of the importance of implementing the auditor general's recommendations in accordance with the commitments they made in the action plans to ensure the implementation of the recommendations that were addressed to them.

1.3. Maintaining the Bureau du vérificateur général's Expertise

As I have mentioned repeatedly in previous annual reports, attracting and retaining competent resources is an ongoing challenge for the BVG.

Figure 1 – Evolution and Forecasting of BVG Workforce from 2010 to 2018



We noted that:

- Positions were vacant at year's end from 2010 to 2015.
- Three positions were vacant as of December 31, 2015.
- Six departures are planned between now and the end of 2018, including three of the four members of the BVG's management team.

Although I successfully obtained the creation of senior professional positions in 2009, and even though the BVG, together with the Service des ressources humaines, examined different possibilities to mitigate the risk of losing expertise, it has become obvious that these measures did not yield the expected results.

In fact, the qualified staff that the BVG requires is difficult to find and in high demand in the private sector and with other public entities. The hiring campaigns conducted in 2015 drew a very limited

number of applicants who satisfied the requirements for the position and almost none in the case of the value-for-money field.

This situation seriously compromises our ability to carry out our mission as watchdog over the city's public finances on behalf of the elected officials and citizens of Montréal, particularly since:

- Results of the most recent recruitment efforts were very disappointing, even disastrous in the case of the value-for-money field.
- The qualified staff the BVG needs is not only rare but also in high demand by the private sector and other entities in the public sector .
- The salary package we can offer is not competitive with that offered by our reference market.

I therefore intend to once again ask for the support of the Service des ressources humaines to help the BVG find solutions to the complex issue of maintaining its expertise. As a result of our discussions on the eve of the publication of this report, the Service des ressources humaines committed to examining a variety of possible solutions and clearing the way for my successor to pursue the mission.

1.4. Independence of the Auditor General

The auditor general's ability to fulfil the duties of the position depends largely on the provision of sufficient financial resources and appropriate expertise in terms of human resources as well as the ability to enjoy the autonomy required to ensure her or his independence. These notions are governed by section 107 of the *Cities and Towns Act (CTA)*.

Section 107.5 of the *CTA* deals with the matter of budget appropriations that the municipality must grant to the auditor general ("chief auditor" in the *CTA*) to cover expenses relating to the exercise of the her or his duties. As a result of arguments that were first advanced by my predecessor and which I continued to make to authorities within the scope of my 2009, 2010 and 2011 annual reports, in favour of having the city change the basis for calculating the appropriations allocated to me so that I would have the necessary financial resources to carry out my duties, I won the case in 2012. Since that time, I have considered the budget appropriations allocated to me and the basis for calculating them to be appropriate.

Under the previous heading, I mentioned that attracting and retaining qualified and experienced resources remains a major challenge for the BVG.

Concerning the matter of the autonomy that must be granted to the auditor general, section 107.6 of the *CTA* provides as follows:

The chief auditor is responsible for the application of the municipality's policies and standards relating to the management of the human, material and financial resources assigned to auditing.

In a notice to the auditor general concerning the management of the human resources of that office, in June 2004, the Director of Legal Affairs reaffirmed her position:

[TRANSLATION] The independence granted to the auditor general under the Act is incompatible with a discretionary review of decisions made by that person. The auditor general therefore has the authority to make all decisions concerning management of the human resources assigned to the audit.

This interpretation confirms those that I obtained to the effect that, in concrete terms, this means that, unofficially, through the effect of section 107.6 of the *CTA*, the exercise of powers or prerogatives

bestowed upon a business unit falling under the jurisdiction of the municipal executive power, with regard to the resources of the Bureau du vérificateur général, will fall under the responsibility of the auditor general.

I believe that the principles of autonomy and independence now have a relatively solid base in the BVG's relations with the Service des ressources humaines, the Service des finances and the Direction de l'approvisionnement.

Moreover, I believe that files that I want to submit to city council for decisions cannot be subject to prior discretionary review by the Direction générale, a situation that occurred a few years ago years under the previous administration. Otherwise, the autonomy enjoyed by the auditor general under the provisions of the *CTA* would be seriously hampered.

The auditor general's ability to fulfil the duties of that office remains precarious and in some respects depends on the good faith of the municipal administration for its interpretation and the application of legislative provisions pertaining to the auditor general.

This threat to the autonomy and independence of the auditor general are at the source of claims made by the Association des vérificateurs généraux municipaux du Québec (the AVGMQ), which for many years has been demanding that the legislative framework governing the position of municipal auditor general be reviewed. The AVGMQ therefore applauded the government's desire to review the normative framework of the position of auditor general by introducing *Bill 83* in December of last year.

As the AVGMQ explained in the brief it submitted to the parliamentary commission last February, it is concerned about the consequences that some of the legislative proposals of *Bill 83* will have for the autonomy and independence of the municipal auditor general. It also wants the government to take advantage of the opportunity provided by *Bill 83* to update certain provisions of the existing Act by giving the person occupying this position all the tools needed to fully accomplish his or her mission. Indeed, the legislator must take action in order to ratify the importance, autonomy and independence of the municipal auditor general.

When the present report was published, it appears that the provisions of the Bill pertaining to the auditor general will be removed as a result of representations made to the parliamentary commission by the Union des municipalités du Québec (UMQ) and certain municipalities, including Montréal. In short, the UMQ would be in favour of setting up a committee to study these provisions in greater detail and ultimately make recommendations to the Minister of Municipal Affairs, Regions and Land Occupancy.

If this is the case, I seek the support of city council so that this committee will take into account the recommendations set forth in the AVGMQ's brief.

2. Overview of the Bureau du vérificateur général

2.1. Workforce Status

This matter was discussed previously.

2.2. Performance Indicators

In Chapter 2 of our annual report, we provided a detailed discussion of the following indicators: number of reports produced, recommendation implementation rate, use of time, employment equity, and financial results.

3. Financial Statement Audits

3.1. Consolidated Financial Statements of Ville de Montréal

In keeping with the *Cities and Towns Act* (CTA) and the *Charter of Ville de Montréal*, we produced five audit reports on the city's financial statements for the year ended in 2015. In April 2016, the independent auditor of the auditor general of the Ville de Montréal produced reports including an unqualified opinion of the city's consolidated financial statements and the breakdown of the miscellaneous costs. These two reports were included in the *Annual financial report* submitted to the city's Service du greffe on April 16, 2016. Moreover, in April 2016, reports were produced on the city's consolidated financial statements, the breakdown of miscellaneous costs and the city's overall taxation rate. These three reports were included in the form prescribed by the MAMOT.

It should be noted that, when the audit of its financial statements for fiscal 2015 was finalized, the Société de transport de Montréal, the city's largest subsidiary, modified its interpretation of Standard SP 3410 concerning transfer payments in order to ensure this interpretation is aligned with the city's. This modification resulted in an adjustment that is reflected in Note 3 of the city's consolidated financial statements.

It should also be noted that, in keeping with the CTA, the audit of the city's consolidated financial statements was conducted jointly with a joint auditor, which issued a qualified opinion concerning the financial statements in question, since that joint auditor had a different interpretation of the new accounting standard (SP 3410) on reporting transfer payments.

3.2. Financial statements of other legal entities subject to the *Cities and Towns Act*

In keeping with the CTA, the independent auditor of the auditor general of the Ville de Montréal produced fifteen (15) reports on the financial statements of other legal entities for which we have to produce an audit report.

4. Value-for-money and information technology audit

4.1. Follow-up to recommendations from previous years

This problem was raised previously. As we have indicated, remedial action is required to ensure that the business units honour the commitments they made in the action plans in order to ensure the implementation of the recommendations within a three-year target period.

4.2. Allocation of Financial Contributions

1. Background

The city has budgets to enable it to support non-profit organizations by making financial contributions to them.

Annual contribution expenses went from \$87 million in 2010 to \$105 million in 2014. The number of organizations receiving support ranged from 1,687 to 1,792.

2. Purpose of the Audit

To ensure that financial contributions were allocated to organizations as part of an objective, transparent process in order to achieve the goals established. We examined:

- the existence of eligibility criteria for the organizations supported;
- the existence of evaluation criteria to support requests for financial assistance;
- the priorities taken into account;
- accountability reporting.

3. Main Findings

Organization Eligibility

Two out of the four boroughs have support policies. For one of these, a moratorium on the recognition of new organizations has been in effect since 2010, which does not allow for all eligible organizations to make requests.

In three of the four boroughs audited, there is currently no official process for recognizing organizations.

Evidence of compliance with eligibility criteria was missing or insufficient in several cases.

The boroughs did not show all the necessary rigour in justifying their decision to consider an organization's eligibility.

Evaluation of Requests for Support

There are three main types of support

Support programs (by call for proposals)

Two of the four boroughs audited launched calls for proposals but the number is low.

For certain cases examined, the boroughs could have solicited the market rather than proceeding by mutual agreement.

Solicitation methods vary from one case to the next. In certain cases, few proposals were received.

There are no clear rules in place to ensure transparent evaluation. The amounts granted are not documented and linked to evaluation criteria. We did not find evidence of a fair evaluation.

Contributions granted under a financial assistance policy

Two of the four boroughs audited have a financial assistance policy.

The policies in force do not specify pre-established evaluation criteria, which does not demonstrate transparency in the process.

Contributions granted to organizations by mutual agreement

78% of the financial contributions made by the audited boroughs were done so by mutual agreement.

Not having found any evaluation criteria to determine the relevance of requests or the financial contribution amounts, we feel that this process is likely to be subjective.

Several organizations have been receiving support by mutual agreement for at least five years, leading us to question the fairness of the process.

Not having found any criteria to evaluate and establish the financial contribution amounts, we feel that this process is likely to be subjective.

Allocation of Contributions Based on Priorities

Changes in the contribution budget and expenses (2010–2014)

The budget allocation among municipal activities varies depending on the borough. The largest share of budget appropriations is in the “recreation and culture” activity (40% to 80% of the total contribution budget).

There is no evidence of an exercise to justify the budgetary appropriations among municipal activities. The amounts fluctuate from year to year without any real prioritization exercise being carried out. In addition, in most of the cases audited, the actual total expenses exceed the original budget (use of surpluses). There is a risk of accepting support requests that are not in line with priorities or do not contribute to objectives.

Relationship between each borough’s contributions and objectives

There is no statement of priorities approved by the borough council based on knowledge of the population’s changing needs.

In several cases, the boroughs accepted requests from organizations that identified needs themselves without showing that they corresponded to the population’s needs and to the established priorities.

Measurable objectives guiding support for organizations

The boroughs grant financial contributions under programs or policies that usually include a general objective and specific objectives. These objectives are not measurable, however. For support by mutual agreement, there are no measurable objectives referring to the borough’s policies, management frameworks or action plans.

The boroughs cannot demonstrate whether the amounts paid are spent in line with the set objectives and the added value of financial contributions.

Accountability reporting

There is no real accountability reporting process to evaluate the achievement of set objectives and ensure that the support granted to organizations provides real added value.

4. Conclusion

Generally, our audit did not reveal that the process of allocating financial contributions was objective and transparent.

To begin with, three of the four audited boroughs do not have an official process for recognizing organizations, based on eligibility criteria. In one of the boroughs, there has even been a moratorium on the recognition of new organizations since 2010. When eligibility criteria are established, evidence of compliance with them is not always recorded in the file. Such a situation is likely to favour bodies even when boroughs have not shown objectivity and transparency. Moreover, the boroughs' current practices do not allow all eligible organizations to submit requests for financial assistance, because there are few calls for proposals under support programs. Such practices do not allow boroughs to receive a range of proposals and select the best ones, i.e., those that contribute the most to achieving their priorities.

While two of the boroughs audited had financial assistance policies that provided for either allocation standards or a method of distributing budget funds among organizations, the criteria and evidence used to establish contribution amounts are not always justified and documented. Such a situation does not always show fairness in the support provided to organizations.

Boroughs do not engage in open market solicitation very often, and consequently, for 78% of the total financial contribution budget, contributions are granted on a mutual agreement basis. Furthermore, a large share of their contributions is renewed from one year to the next. For the four boroughs audited, the average percentage of bodies receiving support for each of the five years (2010–2014) is 81% for the Côte-des-Neiges–Notre-Dame-de-Grâce (CDN–NDG) borough, 88% for the Lachine borough, 95% for the Verdun borough and 78% for the Ville-Marie borough. In addition, our audit revealed that for some bodies, funding dates back to at least 1996. This situation contributes to the development of close relations, which could influence decisions made with regard to the financial assistance to be granted to these bodies. The other contributions are granted following requests for support received from bodies throughout the year. In both cases, the outcome is the same: contributions are granted without any real objective analysis of their appropriateness or the amount requested. What's more, when budgets are insufficient, a portion of these contributions are even funded through available surpluses. Our audit also showed that with the processes in place, it is not possible to assess the extent to which the financial contributions made to organizations actually contribute to the achievement of set objectives related to the City's or boroughs' priorities.

Since boroughs manage public funds, we believe that action must be taken to establish rules ensuring that the process is objective and transparent. We further believe that authorities must decide on priorities for financial assistance so that measurable objectives can be established. Subsequently, only organizations that help achieve these objectives should receive support.

4.3 Authorization of the Autorité des marchés financiers

1. Background

Several problems linked to fraud, corruption and collusion in municipal contracts came to light.

The Registre des entreprises non admissibles aux contrats publics was created.

Companies that wish to enter into public contracts with a municipality are required to possess an authorization from the Autorité des marchés financiers (AMF) (register of authorized enterprises).

Several orders in council added upper spending limits, including O.C. 1049-2013 (contracts for work on roads, water mains and sewers > \$100,000) and O.C. 795-2014 (service contracts involving the same purposes and materials >\$100,000 and contracts for the supply of bituminous compounds).

2. Purpose of the Audit

To ensure that the city had put monitoring mechanisms in place to ensure compliance with these two orders in council (AMF authorization to contract).

3. Main Findings

Application of Orders in Council and Control Mechanisms

Preparation of tendering documents

Significant confusion exists as to how orders in council are to be applied to certain types of contracts. For example, tendering documents mentioned the two orders in council while the information in the decision-making summary indicated that the contract was not subject to the orders in council.

In other cases, there was no evidence that the application of these orders in council had been verified, and clauses in the tendering documents pertaining to these orders in council were absent.

Tendering document clauses

We found a lack of consistency in including specific clauses in the tendering documents. Several boroughs did not use the most recent model, as provided by the Service des affaires juridiques. A little over half of the tendering documents for the selected contracts contained a clause of order in council 795-2014. However, some contracts did not contain any clause to this effect.

Regarding subcontractors, clauses in the tendering documents were not consistent in all boroughs.

Evaluation of compliance and valid authorization

Boroughs implemented mechanisms to evaluate bid compliance. However, these mechanisms had not been used on all of the contracts we examined.

In addition, only three boroughs used an evaluation mechanism for all contracts. For the 16 other boroughs, our examination found no evidence that such a mechanism was used for all contracts.

The AMF authorizations obtained by the winning bidder had not been obtained for some contracts to which the orders in council applied.

Regarding subcontracts awarded by the contractor:

- Boroughs did not always have a reminder mechanism to ensure that the contractor provides a full updated list of subcontractors and all the information required by law, where applicable.
- In certain cases, the list of subcontractors was not always obtained or was incomplete (value and end date of the subcontract). In addition, for subcontracts valued at more than \$25,000, there was not always evidence of compliance with the AMF authorization. In compliance with the orders in council was questionable.

Information conveyed prior to the awarding of a contract

For several boroughs, information required to be in the decision-making summaries was lacking (date of AMF authorization, attached copy of this authorization, mentions that the contract is not subject to the act). Without this, authorities are unable to make an enlightened decision.

4. Conclusion

Given the laws and amendments adopted since 2010 to fight corruption at the local government level and promote integrity in the awarding of municipal contracts, it is important for all of the City's business units to take the necessary measures to ensure that the contractors they intend to deal with, and their subcontractors, comply with the new rules that have been established.

In this context, although the audit of the 19 City boroughs allowed us to determine that some measures had been taken in an effort to ensure compliance with the requirements outlined in the orders in council regarding such aspects as contractors' obligation to hold an authorization from the Autorité des marchés financiers (AMF) to enter into public contracts, it is clear that additional efforts must be made to reinforce the integrity and compliance of the process.

We ascertained that it can be difficult to tell if the orders in council apply to the work associated with a given contract. Our audit shed light on the fact that there can be a lack of consistency in the information that appears in the tendering documents, the details posted to Système électronique d'appel d'offres (SÉAO) and the content of the decision-making summaries. It also seems that interpreting and applying the orders in council can be problematic for certain types of contracts (e.g., contracts for road marking and signage). These situations inevitably result in confusion, which may mislead potential bidders or increase the chances of a contract being awarded to a non-compliant bidder. We therefore believe that developing and distributing a guide to aid in the interpretation and application of the orders in council would support the business units in mitigating risks of this nature.

With regard to compliance with applicable orders in council by subcontractors retained by winning bidders, our audit revealed that clauses in the various tendering documents are not consistent on a City-wide basis. As a result, subcontractors may not be required to provide information that would make it possible to achieve the desired outcomes. Accordingly, we feel that various measures must be taken to promote compliance with the orders in council and consistency among the tendering documents used by the City's business units.

At the same time, our audit highlighted that mechanisms to remind contractors of their obligations and to follow up on the documents received have not systematically been implemented and adopted by each of the boroughs in order to check that the subcontractors selected to execute various subcontracts (e.g., a list of subcontractors for each contract, including the information required by law). And yet these mechanisms could prove useful in the event a borough wishes to invoke a default clause, as the risk of non-compliance is quite real and can have a significant impact on the way contracts are managed and how efficiently and effectively work proceeds.

Finally, we observed that actions have been taken to make a guide available to all of the City's business units and to issue notices indicating the nature of information to be submitted to the authorities in decision-making summaries to confirm the recommended bidder's compliance with the law. We nevertheless believe that the situation should be re-evaluated at a later date, since our work showed that managers and elected officials in the boroughs do not have access to all the information required to make informed decisions, whereas the managers and elected officials in the central authorities (EC, CC and urban agglomeration council [UAC]) do.

4.4 Framework Agreements for IT Professional Services

1. Background

Following public call for tenders No. 12-11916, five framework agreements for IT back-up resources were awarded in 2012, for a period of three years ending in December 2015.

Table 1 – Framework Agreements

Firm	Profile groups	Agreement (\$)
1. Cofomo	Project Management, Architecture, Computer Security	\$7,212,388
2. Systematix	System Development	\$8,039,960
3. CGI	Specialized Systems Development	\$2,460,833
4. DMR-Fujitsu	Oracle ERP Integrated Solutions Specialty	\$13,773,059
5. Dessau	Geomatics Specialty	\$948,164
Total		\$32,434,404

It should be noted that Group 6 concerning the telecommunications specialty provided for in this call for tenders was not covered by a framework agreement since the only tender received did not obtain a passing grade.

2. Purpose of the Audit

Our audit was intended to determine whether the acquisition process and the administration of framework agreements for IT professional services are managed in keeping with existing normative frameworks and the principles of sound management.

3. Main Findings

Acquisition process

Needs planning was not substantiated by an adequate analysis of the overall work to be performed and the internal capacity of the STI in matters of skill and experience profiles.

Filling positions through framework agreements was not substantiated by a thorough analysis of the costs, risks, limitations and benefits of each of the alternatives.

Market solicitation failed to achieve the objective of free and open competition, particularly for Groups 3, 4, 5 and 6.

The tenders were not analyzed with the expected thoroughness, specifically with respect to the so-called “disproportionate” hourly rates submitted by the eventual contractor for Groups 1 and 5.

As a result of the contract mode chosen, the firms only assumed a small portion of the risks associated with fulfilling the mandates they were assigned.

Administration of the framework agreements

Several external resources were used to fill strategic positions during the preliminary phases of a project, whereas, according to the STI’s management framework, the use of these resources during these phases should be on an exceptional basis.

Requests by the STI for external resources, made by means of the “mandate form,” were often generic, establishing no link with the project and detailing no specific deliverables or benchmarks, making it difficult to monitor the work actually done.

Only 8 of the 346 resources proposed in the tenders submitted by the contractors provided services to the STI. Furthermore, the contractual provisions made no mention of the terms surrounding the contractor’s obligation to provide the staff designated in the tender or the terms for their replacement. Moreover, we identified several mandate forms for which the qualifications required were less than those provided in the profile defined in the framework agreements.

Internal control shortcomings in the input, approval, billing and payment authorization processes for external resources’ time carry the risk that the amounts invoiced do not accurately reflect the hours actually worked on the various mandates.

The monthly accounting provided for in the framework agreements was made only upon request and the content was not sufficient to permit follow-up of the financial evolution of the agreements. Moreover, the report inherent in this accounting was not distributed to all of the appropriate management levels.

4. Conclusion

In light of our audit, we can conclude that, in general, the provisions of the *Cities and Towns Act* and the City’s frameworks for awarding contracts were followed; however, we should stress that compliance with these provisions and frameworks does not mean that sound management principles regarding the acquisition process were applied.

Indeed, the deficiencies aforementioned in sums milestones this process combined with the significant differences found between the forecasted hours and actual hours worked raise questions about the relevance of the framework agreements in their current form. It is difficult for the Service des technologies de l’information (STI) to properly plan its external resource requirements over a three-year period given that there is no firm commitment on the part of the municipal administration regarding completion of the projects included in the Three-year capital works program (TCWP), and given the major shortcomings in information technology (IT) governance,¹ such as the absence of strategic information technology (IT) orientations and a master plan for the STI. In addition, the reasons behind the low rate of response to the call for tenders and the results of the technical evaluation of the bids suggest that the scope of the framework agreements is problematic.

Accordingly, it is our opinion that the STI must review the current framework agreement formula with a view to better aligning its requirement planning with its actual needs, having firms assume a greater share of the risks associated with completing the mandates, and encouraging greater competition during future calls for tenders for professional services.

Moreover, the deficiencies mentioned earlier in the administration of the framework agreements, are great concern.

Accordingly, we are of the opinion that the STI should take the necessary steps to improve controls surrounding the administration of its framework agreements for professional services.

¹ 2014 Annual Report of the Auditor General of the Ville de Montréal, chapter 4.5 “Information Technology Governance.”

4.5. Information and communications technologies recovery management

1. Background

It is crucial that the city be prepared for any possible disaster that might cause a shutdown or major disruption of its critical activities, which are highly dependent on information and communications technologies (ICT).

ICT recovery management is a planning process that ensures the recovery of ICT systems and structures essential to the city's critical activities.

2. Purpose of the Audit

The purpose of our audit was to determine whether the city is taking the necessary measures to address the risk that a major disaster might affect its information and telecommunications systems and ensure adequate ICT recovery.

This audit is the logical continuation of our previous audit of business continuity management in 2014.

3. Main Findings

ICT recovery program management frameworks and structure

There is no ICT recovery program management framework that serves to define pertinent, measurable and achievable objectives. The roles and operating responsibilities are not clearly defined. Staff is generally assigned on an ad hoc basis to ICT recovery activities. In most of the departments, ICT recovery is not part of the culture, with the exception of the SIM (for its RAO application [computer-assisted dispatch]) and the SPVM (for the 9-1-1 Emergency Centre).

Major incident management structure

In the case of the RAO and the 9-1-1 Emergency Centre, an adequate structure is in place. In the case of the STI and the Service de l'eau, a major incident management structure is in place, but it does not include ICT recovery components.

Analysis of ICT recovery risks, impacts and strategies

There is no formal process for analyzing risks and impacts. As a result of this situation, the business units cannot clearly identify the systems and infrastructures that are critical or justify recovery times and tolerable data loss. This information is essential for developing and implementing ICT recovery strategies that are effective and respond to their needs.

ICT recovery plans and procedures

In the case of the RAO and the 9-1-1 Emergency Centre, adequate plans and procedures are in place. For the Service de l'eau (DEEU), plans and procedures are being developed. For the other business units, existing ICT recovery plans and procedures are inadequate.

ICT recovery training

In the case of the RAO and the 9-1-1 Emergency Centre, the suppliers that manage the systems are responsible for training. For the other systems managed by the city, those who are responsible for implementing the ICT recovery plans have been given little or no information or training about their roles and responsibilities and existing measures.

ICT recovery drill programs

There is no ICT recovery drill program that serves to validate the recovery strategies, plans and procedures. The 9-1-1 Emergency Centre conducts adequate, recurrent drills. The RAO also conducts drills, but an important scenario has been omitted.

Updating the documentation inherent in ICT recovery

There is no formal process for updating the documentation inherent in ICT recovery. However, coordination committees have been set up for the RAO and the 9-1-1 Emergency Centre, which make sure that the documentation is up-to-date.

4. Conclusion

Overall, we may conclude that the City does not have an information and communications technology disaster recovery program (ICT) that would enable it to deal with the risks of major disasters affecting its information and telecommunications systems. There is no doubt that the City would resort to improvising its responses. As a result, it is likely that many ICT systems and infrastructures on which the City's critical activities depend would not be recovered in a timely manner.

Nevertheless, the computer-assisted dispatch system (Répartition assistée par ordinateur [RAO]) of the Service de sécurité incendie de Montréal (SIM) and the 9-1-1 Emergency Centre systems of the Service de Police de la Ville de Montréal (SPVM) have adequate ICT recovery measures in place.

The City has mandated the Service des technologies de l'information (STI) to maintain and support the modernization of the City's key technological services. The disaster recovery program is an essential part of sound ICT management.

Based on the results of our audit, we think that the STI is not fulfilling its role in ICT recovery. The STI has not:

- established a structured, common approach to ICT recovery management;
- made ICT recovery part of its major incident management process;
- conducted risk and impact analyses for all its activities;
- adequately documented ICT recovery strategies and plans;
- systematically performed ICT recovery exercises, except for the centralized IBM environment. In this case, the exercises performed are too limited to validate recovery processes effectively.

It should be noted that no formal process is in place for business units to transmit their minimum ICT recovery requirements to their service providers (internal or external).

Within the Service de l'eau, the Direction de l'eau potable (DEP) and the Direction de l'épuration des eaux usées (DEEU) have each undertaken an analysis process to produce business continuity plans and ICT recovery plans for their in-plant activities. While there is no question that this work is useful, these two management teams used different but complementary methodologies. They have no recovery plans or regular recovery exercise programs in place. However, because of the industrial nature of their operations, redundancy mechanisms are integrated into the technological architecture of the process control systems for drinking water and waste water treatment plants. These elements are part of ICT recovery strategies and reduce the risks of a disaster.

ICT recovery management is a key component of responsible ICT management. In this regard, the STI should implement the following constituent parts of an ICT disaster recovery program:

- specific management frameworks that will establish objectives, scope, requirements and roles and responsibilities. These management frameworks should apply to all business units that manage ICT infrastructures and systems;
- an accountability mechanism that is based on an understanding of the program objectives, goals and expectations;
- centralized, standardized tools and access to internal expertise.

Business units that manage ICTs should implement the measures required to achieve the ICT disaster recovery program objectives, specifically in the following areas:

- program structure;
- organization of major incident management;
- risk and impact analysis and ICT recovery strategies;
- ICT recovery plans and procedures;
- training, exercises and documentation updates.

Business units should inform the STI and, if applicable, any other service provider involved, of their ICT recovery needs.

We believe that if the City introduces an ICT disaster recovery program that is aligned with the business continuity program, it would have the necessary measures in place to deal with the risk of a major disaster affecting its information and telecommunications systems. This would reduce impacts on public services.

4.6. Energy Management

1. Background

Improving the energy efficiency of municipal buildings, as well as of wastewater treatment and drinking water production processes, is among the objectives set forth in the Plan corporatif de Montréal en développement durable, aimed, among other things, at achieving a 30% reduction in greenhouse gas (GHG) emissions.

This improvement also aims to reduce energy consumption.

The city owns a building inventory of 1,300 buildings (1.6 million square metres) and operates very large drinking water production plants and wastewater treatment plants.

The energy expenditures budgeted for 2015 totalled \$87.3 million.

2. Purpose of the Audit

To determine the goals set by the city in terms of reducing the energy consumption of municipal buildings as well as wastewater treatment and drinking water production facilities,

To determine the actions taken to achieve these objectives and to measure and report the results.

3. Main Findings

Setting Energy Cost Reduction Objectives, Evaluating the Results and Implementing Accountability Mechanisms

Service de la gestion et de la planification immobilière

A status report was produced in 2011 showing the results obtained in the 2009–2011 sustainable development plan for the city's buildings. Only half (50%) of the reduction target of 15% for buildings' energy consumption, set out in the plan, was achieved. No progress report was produced for this period.

A new plan was prepared for 2013–2015, setting a reduction target of 20%. Once again, no progress report was produced and there was no formal accountability.

Service de l'eau

For both the Direction de l'épuration des eaux usées and the Direction de l'eau potable, we found no energy cost reduction or optimization targets and no action plans to address these.

Boroughs of former suburban municipalities

There were no formal measurable objectives to reduce buildings' energy costs or any action plans to address these.

In the absence of measurable objectives and action plans, it becomes difficult to promote the reduction of energy costs associated with buildings and to achieve the target for GHG emissions reduction.

Monitoring and Analyzing Energy Bills

Service de la gestion et de la planification immobilière

The energy consumption of a little more than 50% of the city's building inventory is managed by the Service de la gestion et de la planification immobilière (SGPI).

The energy monitoring work carried out by the SGPI appears adequate.

Service de l'eau

The energy bills of the wastewater treatment plant are closely analyzed and monitored. Data in the plant meters are reconciled with those appearing on Hydro-Québec's bills. For the other facilities throughout the wastewater collection network, there is no evidence that such a process has been carried out, although the amount is not as high.

The energy bills of the drinking water production plants are subject to a visual review for the purposes of verifying and compiling certain parameters. However, because these plants are not equipped with their own energy meters, no counter-verification of the maximum real power demand and the monthly consumption used by Hydro-Québec to bill the plants was necessarily conducted.

There is no evidence that energy consumption is monitored in all the reservoirs and other smaller facilities in the water distribution network.

Steps to reconcile the inventory of meters in the field with those billed by Hydro-Québec need to be undertaken.

Boroughs of former suburban municipalities

Very few boroughs reconcile all the existing meters in the field with those billed by Hydro-Québec.

Very few boroughs (2) verify their bills and analyze energy consumption trends by building.

4. Conclusion

Given the strategic orientation adopted by City officials with respect to sustainable development, the City's business units must contribute to achieving the City's target of reducing greenhouse gas (GHG) emissions by 30% by 2020 while striving to reduce their energy consumption. Under the circumstances, the City's business units must assess, based on their respective realities, the extent to which they are able to contribute to achieving this dual target and then set measurable objectives, use action plans to foresee the measures that need to be implemented and finally report on the results obtained on a periodic basis.

In this regard, our audit shed light on the fact that, in accordance with the *Plan d'économie d'énergie 2013-2015* adopted by the City's executive committee, the Service de la gestion et de la planification immobilière (SGPI) manages the energy consumption of the buildings for which it is responsible in the optic of achieving the 20% target set for reducing energy consumption. We feel that this is a sound management practice, which should be completed by the implementation of a formal and ongoing accountability mechanism to measure the level of achievement. This is currently not the case.

We also observed that both the Service de l'eau and the boroughs of former suburban municipalities that were audited had not set measurable objectives aimed at reducing the energy consumption of the facilities and buildings for which they are responsible.

Also, our audit led us to observe that, apart from the SGPI, most of the business units audited² have still not implemented sufficient monitoring measures to enable the periodic verification of the energy bills associated with the buildings and other facilities under their responsibility and monitor them over time. For the sake of effective and cost-efficient energy management, we believe that such measures are indispensable to be able to detect discrepancies and promptly take corrective measures to eliminate these discrepancies as quickly as possible. At the same time, considered as the basis of any energy management plan, the implementation of energy consumption verification and monitoring mechanisms will promote the achievement of the City's GHG emissions reduction target.

That being said, should the results obtained at the end of the pilot project carried out by the SGPI with the Verdun borough prove conclusive, we feel that one of the solutions that should be considered is to extend the SGPI's energy bill management services to the City's other business units that currently perform these tasks independently.

² The Service de l'eau and seven of the nine boroughs of former suburban municipalities that were audited.

4.7. Acquisition Card Management

1. Background

Acquisition cards are credit cards that may be used to purchase goods and services of low dollar value.

Business units designate a person in charge of the “master” account who oversees all activities relating to the administrative unit’s acquisition cards.

The cards are personalized or neutral (issued in the name of a business unit; 415 cards were in circulation on April 30, 2015).

2. Purpose of the Audit

To ensure that acquisition cards are used in accordance with the existing administrative frameworks.

To ensure that their use is subject to monitoring and accountability.

3. Main Findings

Issuance, Modification and Cancellation of Acquisition Cards

In the case of several audited business units, the form pertaining to the regulations for use of the card, which is to be completed by users, was missing.

Compliance with the Delegation-of-Powers Regulation

In several cases, the credit limit for the acquisition card exceeded the cardholder’s delegated powers.

Oversight of Acquisition Cards in Circulation

Several transactions were carried out even though the designated holder was temporarily off work.

Compliance Concerning Expenses Charged to Acquisition Cards

In several cases, the cards were used to pay for expenses (meals, hotels, airline tickets, training) already covered by another administrative framework.

Verification of Invoiced Expenses

In several cases, we noted the absence of supporting documents or of an original invoice in support of the expense.

In several cases, we found no evidence of approval of the expense by the cardholder’s superior.

Accountability

Most of the business units audited do not verify whether the acquisition cards are used properly or submit accountability reports in this regard.

4. Conclusion

In general, we find that the city has put in place an effective mechanism for managing acquisition card use. In addition, although our work did uncover certain irregularities, our overall finding is that a large proportion of the users of this payment method within the business units follow the rules set out in the administrative framework in effect and that they demonstrate common sense in administering these rules.

Nevertheless, insofar as the city wishes to encourage increased use of this payment method (given its operational flexibility and the potential cost savings), we are of the opinion that certain aspects of the administrative framework must be improved or clarified with a view to, among other things, tightening oversight with respect to the monitoring of acquisition card use and avoiding any ambiguities.

In addition, at the business unit level, we believe that improvements must be made with a view to ensuring tighter monitoring of expenses incurred using acquisition cards and to submitting periodic reports on proper acquisition card use.

4.8. Real Estate Transaction Management

1. Background

Managing the city's real estate property involves concluding municipal asset acquisitions and disposals.

Real estate transactions represent substantial amounts.

Every year, more than 230 transaction mandates are opened.

2. Purpose of the Audit

To ensure that the real estate transactions (the sale and purchase of land) are governed by a strategic management process.

To ensure that they are conducted in such a way as to maximize value for the city.

3. Main Findings

Receipt of Requests and Preliminary Analysis

There is no real strategic vision of the future needs of clients. By meeting needs on an ad hoc basis, the city could find itself in a vulnerable position when it comes to negotiating a price. Roles and responsibilities are not defined.

Real Estate Transactions – Administrative Frameworks

Acquisitions and sales by mutual agreement or by call for proposals are not subject to administrative frameworks.

The decision to sell land by mutual agreement or by call for proposals is not based on official and consistent criteria.

Real Estate Transactions – Notion of Conflict of Interest

Real estate transactions are high-risk activities. Police investigations have brought such cases to light in the past.

Absence of mechanisms to ensure that employees are not in a conflict of interest situation and that they agree to confidentiality.

Real Estate Transactions – Appraisal and Agreed Price

Basic principle: sale price reflects the market value (MV) (MV range).

Appraisal report is valid for 18 months.

There are omissions in the documentation of elements discussed during negotiations (dates, offer amounts, special clauses, zoning characteristics).

Real Estate Transactions – Documenting and Archiving

The decisions made or actions taken are not always documented (e.g. sale by agreement vs. call for proposals).

Absence of proof of review and approval (e.g. agreed price).

Certain files did not contain all the key documents.

Real Estate Transactions – Monitoring of Contractual Clauses

Releases are granted to purchasers before ensuring that they have met all of the conditions and build obligations.

The monitoring of contractual clauses is not always documented.

Real Estate Transactions – Monitoring and Control Mechanisms

Transaction processing times are long (risk of transactions falling through or market value no longer reflecting the market).

Accountability Reporting

Measurable objectives are not clearly defined.

4. Conclusion

Generally speaking, our audit did not demonstrate that real estate transactions were conducted within a strategic management framework. First, the Service de la gestion et de la planification immobilière (SGPI) has not yet developed and deployed the means to implement an integrated management approach aimed at acquiring immovables over the medium and long term that would allow it to anticipate and meet the land reserve needs for urban development. Moreover, in terms of establishing a real estate strategy to meet future development needs, the SGPI can only identify the boroughs' urban development vision if it officially receives requests. Accordingly, the expected role and responsibilities of the Section des stratégies immobilières in real estate transaction processes must be clarified.

In addition, in terms of demonstrating that real estate transactions are conducted in such a way as to maximize value for the city, our audit revealed that several aspects of real estate transaction management must be structured, monitored and controlled. Clear and official directives on the various types of transactions have not been produced, leaving room for practices to be applied differently from one file to another. The employees involved in the real estate transaction processes are not currently required to regularly produce a declaration of independence or a declaration related to conflicts of interest, nor to submit a solemn pledge of confidentiality, which would be helpful in ensuring greater transparency and objectivity in the process. In addition, throughout all the steps of the various real estate transaction processes, the actions taken by staff members and the decisions they made are not always documented or are done so inconsistently. Furthermore, formal authorizations are not required by the current managers. The absence of clear rules in these areas does not allow the SGPI to demonstrate full transparency in the handling of real estate transaction files.

Furthermore, the follow-up and control mechanisms currently in place are insufficient to fully improve real estate transaction management. The tools available to the staff as a whole do not currently allow for efficient file monitoring. Nor do they provide managers with management information that is essential to continuous improvement, such as information on processing times.

4.9. Management of Construction and Renovation Work on Ville de Montréal Buildings

1. Background

Building construction and renovation projects (sports and recreational centres, libraries, administrative offices, shops, fire stations) require investments of approximately \$220 million/year.

Since several stakeholders are involved (the client, the internal or external service supplier, the work supervisor, the construction contractor), adequate coordination is needed to ensure control of costs, the timeframe and the quality expected.

2. Purpose of the Audit

To make sure that existing management frameworks are applied for construction and renovation work.

To make sure that the processes for acquiring external services and managing the work provide for coordination, follow-up and accountability mechanisms in keeping with the management frameworks and best practices.

Four projects were selected.

3. Main Findings

Management Frameworks for Construction and Renovation Projects

The Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux (CGP), which applies to large-scale projects (>\$10 million), was not applied for two projects (*Annie-Pelletier pool* and *Bibliothèque Marc-Favreau*).

The city does not have a standardized framework for smaller projects (<\$10 million). For the *Valleycrest pool* and *Caserne 32* projects, the business units adopted different and unofficial methods that did not systematically respect good project management practices and did not always comply with management frameworks.

Project Management

The city has developed an approval and coordination process for large-scale projects. Deliverables are defined for all stages of a project.

Valleycrest pool

Project management framework

The project cost was estimated at \$5.2 million, which is below the threshold for being subject to the CGP.

The borough produced neither a project approval file (issues, governance, deliverables, resources) nor a functional and technical program (risk that the plans and specifications are incomplete, resulting in unexpected expenses).

Project governance

No formal structure to ensure project governance was established (organization chart stating the roles and responsibilities and how they will be distributed among the stakeholders).

The project manager did not have experience managing projects of this complexity.

Project follow-up and monitoring mechanisms

The timeline was not updated by the contractor. A 45-day delay was announced shortly before the expected delivery date, resulting in costs of \$100,000, without the accountability of the stakeholders being called into question. Delays could have been identified earlier if the timeline had been updated.

The explanation of the 21% difference between the estimate (\$4.2 million) and the tender retained (\$5.2 million) was simplistic and incomplete, contravening the city's rules requiring rigorous explanations of differences of more than 10%.

The specifications did not provide for amounts for contingencies. As a result, adjustments were required during the work, increasing the cost of \$5.5 million and resulting in delays while the additional expenses were approved by the council.

Project closeout and accountability

Since no formal accountability mechanism to the department and the elected officials was implemented, project management and achievement of objectives could not be evaluated.

Annie-Pelletier pool

Project management framework

The \$14 million project was subject to the CGP, but it was not applied.

No project approval file or functional and technical program was produced.

The decision-making summaries were incomplete (e.g. non-compliance of bidders).

Project governance

No formal governance structure was implemented (stakeholders, roles and responsibilities).

No project team or project steering committee was set up.

As a result, the project manager held a central role with no accountability obligations.

Project follow-up and monitoring mechanisms

Several serious anomalies were identified with respect to project management (the omission of certain elements in the plans and specifications, construction flaws).

The timeline was not updated and the contractor postponed the delivery date several times. A 142-day delay was justified by omissions in the specifications and construction flaws. There were serious shortcomings in the management and follow-up of timelines.

Progressive statements were produced but they were incompletely documented.

Moreover, since the borough is in litigation with the builder, the overall cost of the project cannot be determined.

Project closeout and accountability

No project accountability report has been produced on the progress of the project, the problems encountered and the achievement of the objectives.

Bibliothèque Marc-Favreau

Project management framework

The project was subject to the CGP, but it was not applied.

A preliminary project program was produced but did not include, as expected in keeping with good practices, all of the elements of a project approval file (PAF) in order to give the authorities a detailed overview of the stakes and principal aspects of the project (e.g. scope, governance, financial aspects).

Project governance

Serious shortcomings were identified: project governance structure not clearly defined, no project manager designated, silo management by each of the units involved, the inexperience of the individuals designated by the borough to manage the project, who learned project management on the fly, the borough not being aware of some of its key responsibilities.

The Service de la culture and the Service de la gestion et planification immobilière (SGPI) did not provide the borough enough assistance.

Project follow-up and monitoring

There were shortcomings with respect to the follow-up of the timeline, and the contractor refused to provide an up-to-date schedule for the work (2-month delay), which compromised the follow-up of the construction work and the planning for the next stages of work to be done.

The estimates were based on standard projects and did not take into account the complexity of the project and the requirements of the REB program (Architectural design and LEED certification), resulting in a difference of \$2 million between the revised cost estimate (\$17 million) and the overall cost of the project (\$19 million).

Project closeout and accountability

No formal accountability report or closing balance sheet were produced to enable assessment of the project and the achievement of its objectives.

Caserne 32

Project management framework

No project approval file was produced to provide the authorities with a detailed overview of the project's issues and principal aspects (e.g. scope, governance, financial aspects).

Project governance

The project governance structure was not clearly defined.

No document was produced to set out the roles and responsibilities of the stakeholders and the deliverables for which they were responsible.

Project follow-up and monitoring mechanisms

The project was delivered three months late, thereby failing to meet the December 31st deadline for the implementation of the fire risk coverage plan. This delay was the result of external factors beyond the contractor's control.

The work schedule was not updated after the initial version was produced. As a result, those responsible for the project were not able to ensure adequate follow-up of the progress of the work and take measures to reduce the impact of the delay and the failure to achieve the objectives provided in the fire risk coverage program.

No justification of the difference (11%) between the reference estimate (\$5.9 million) and the lowest tender (\$6.3 million) was given in the contract-awarding decision-making file.

Following a comparison of the lowest tender (\$6.3 million) and the estimate initially produced by an external firm (\$5.5 million), this difference increased to close to 20%.

Project closeout and accountability

No formal accountability report or closing balance sheet was produced to enable assessment of the project and the achievement of its objectives.

4. Conclusion

Sound project management is a process intended to organize the progress of operations to ensure the objectives are achieved within the allocated time limits and budget. Our audit has revealed serious shortcomings in building construction and renovation project management practices that require particular attention on the part of those responsible for the business units audited and City management.

At the outset, we noted that, although the City has adopted a governance framework for managing large-scale projects, it is not systematically applied to the projects that are subject to it. Furthermore, there is no governance framework for smaller-scale projects. As a result, the work methods used by the business units are not homogeneous and are not systematically aligned with good project management practices.

Moreover, the project governance structure, which officially defines the roles and responsibilities of the stakeholders, is generally lacking, which creates confusion and inefficiency. In fact, a project manager was not systematically designated to ensure continuity and overall monitoring of a project and, when one was designated, that person was not necessarily qualified to ensure sound project management. It should also be noted that the boroughs that opted to manage their projects independently did not have the competencies required to ensure sound management. Yet, considering the scope of the projects relative to the boroughs' budget capacities, the risk is all the greater.

On the topic of project follow-up and monitoring, shortcomings were noted in terms of respecting the expected quality of the work and the timelines and budget allocated for the project. We first noted that the client's expectations were, for certain projects, incompletely or imprecisely specified, which resulted in a design that did not reflect all of its needs. In addition, the follow-up of the work was not thorough enough to make sure that it complied with the plans and specifications. Moreover, the cost estimates, which are used to prepare budgets and obtain authorizations for expenditures, do not systematically reflect the nature and characteristics of the projects. Finally, construction timelines were not always available or not sufficiently up to date to ensure adequate follow-up of the project.

In conclusion, we noted the generalized absence of any formal accountability for the building projects audited. This good practice, which also serves to provide a history and improve future projects, was not implemented by any of the business units audited.

All in all, the multiple shortcomings concerning the building construction project management practices of the business units audited lead to the risk that both human and financial resources may not be

allocated in an optimal manner, that the budgets will be overrun and that the objectives will not be achieved. Considering the scope of the City's investments in building construction and renovation projects and as a result of our findings, actions must be taken by all of the stakeholders to ensure sound management of future projects.



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