



# 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, 2012

## Appendices

6





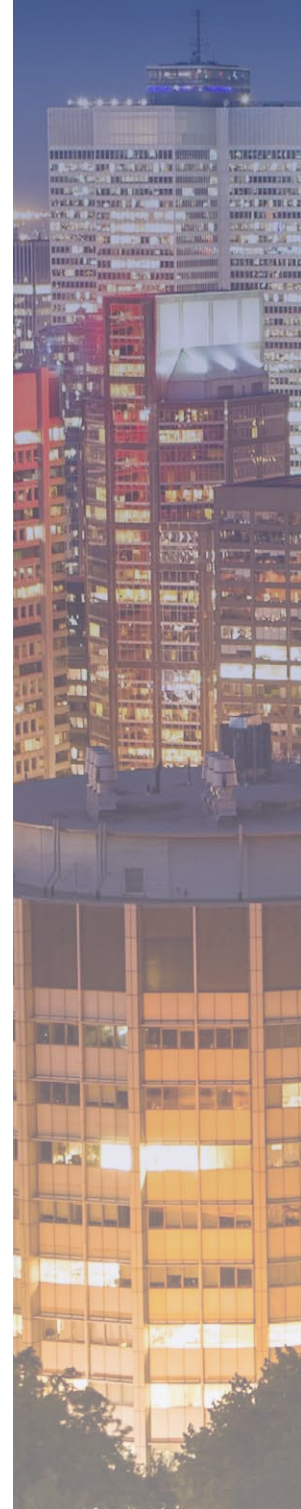


# Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2012

## Appendix 1 – Excerpts from the *Cities and Towns Act*

6.1





## 6. Appendices

### 6.1. Appendix 1 – Excerpts from the *Cities and Towns Act*

RSQ, chapter C-19  
Updated to December 31, 2012

#### **IV.1. — Chief auditor**

2001, c. 25, s. 15.

Chief auditor. **107.1.** The council of every municipality having 100,000 inhabitants or more shall have an officer called the chief auditor.

2001, c. 25, s. 15.

Term. **107.2.** The chief auditor shall, by a resolution approved by a two-thirds majority of the votes of the members of the council, be appointed for a term of seven years. The term may not be renewed.

2001, c. 25, s. 15.

Ineligibility. **107.3.** In no case may the following persons act as chief auditor:

- (1) a member of the council of the municipality and, where applicable, of a borough council;
- (2) the associate of a member mentioned in subparagraph 1;
- (3) a person who, personally or through an associate, has any direct or indirect interest in a contract with the municipality or a legal person referred to in paragraph 2 of section 107.7.

Disclosure of interest. The chief auditor shall disclose in every report produced any situation that could cause a conflict between the chief auditor's personal interest and duties of office.

2001, c. 25, s. 15.

Inability or vacancy. **107.4.** If the chief auditor is unable to act, or if the office of chief auditor is vacant, the council shall,

- (1) not later than at the sitting following the inability to act or the vacancy, designate a person qualified to replace the chief auditor, for a period of not more than 180 days;

- (2) not later than at the sitting following the inability or the vacancy, or not later than at the sitting following the expiry of the period fixed under paragraph 1, appoint a new chief auditor in accordance with section 107.2.

2001, c. 25, s. 15.

Expenses.

**107.5.** The budget of the municipality shall include an appropriation to provide for payment of a sum to the chief auditor to cover the expenses relating to the exercise of the chief auditor's duties.

Amount of appropriation.

Subject to the third paragraph, the appropriation must be equal to or greater than the product obtained by multiplying the total of the other appropriations provided for in the budget for operating expenses by

- (1) 0.17% where the total of those appropriations is less than \$100,000,000;
- (2) 0.16% where the total of those appropriations is at least \$100,000,000 and less than \$200,000,000;
- (3) 0.15% where the total of those appropriations is at least \$200,000,000 and less than \$400,000,000;
- (4) 0.14% where the total of those appropriations is at least \$400,000,000 and less than \$600,000,000;
- (5) 0.13% where the total of those appropriations is at least \$600,000,000 and less than \$800,000,000;
- (6) 0.12% where the total of those appropriations is at least \$800,000,000 and less than \$1,000,000,000;
- (7) 0.11% where the total of those appropriations is at least \$1,000,000,000.

Exception.

Where the budget of the municipality provides for appropriations for operating expenses related to the operation of a system of production, transmission or distribution of electric power, 50% only of those appropriations shall be taken into account in establishing the total of the appropriations referred to in the second paragraph.

2001, c. 25, s. 15; 2001, c. 68, s. 5.

Duties.

**107.6.** 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.

2001, c. 25, s. 15.

Duties.

**107.7.** The chief auditor shall audit the accounts and affairs

- (1) of the municipality;
- (2) of every legal person

- (a) that is part of the reporting entity defined in the municipality's financial statements;
- (b) of which the municipality or a mandatary of the municipality appoints more than 50% of the members of the board of directors; or
- (c) of which the municipality or a mandatary of the municipality holds more than 50% of the outstanding voting shares or units.

2001, c. 25, s. 15; 2010, c. 18, s. 20.

Audit. **107.8.** The audit of the affairs and accounts of the municipality and of any legal person referred to in paragraph 2 of section 107.7 comprises, to the extent considered appropriate by the chief auditor, financial auditing, auditing for compliance of their operations with the Acts, regulations, policies and directives, and auditing for value-for-money.

Audit. The audit must not call into question the merits of the policies and objectives of the municipality or legal persons referred to in paragraph 2 of section 107.7.

Documents and information. The chief auditor in the performance of his duties is authorized

- (1) to examine any document concerning the affairs and accounts relating to the objects of the audit;
- (2) to require from any employee of the municipality or any legal person referred to in paragraph 2 of section 107.7 all information, reports and explanations the chief auditor considers necessary.

2001, c. 25, s. 15; 2001, c. 68, s. 6.

Audit. **107.9.** Any legal person receiving an annual subsidy from the municipality of at least \$100,000 is required to have its financial statements audited.

Copy. The auditor of a legal person not referred to in paragraph 2 of section 107.7 that receives an annual subsidy from the municipality of at least \$100,000 shall transmit to the chief auditor a copy of

- (1) the annual financial statements of the legal person;
- (2) the auditor's report on the statements;
- (3) any other report summarizing the auditor's findings and recommendations to the board of directors or the officers of the legal person.

Documents and information. That auditor shall also, on the request of the chief auditor,

- (1) place at the disposal of the chief auditor any document relating to the auditor's audit and its results;

(2) provide all information and explanations the chief auditor considers necessary concerning the auditor's audit and its results.

Additional audit. Where the chief auditor considers that the information, explanations and documents provided by an auditor under the second paragraph are insufficient, the chief auditor may conduct such additional audit as he considers necessary.

2001, c. 25, s. 15.

Audit. **107.10.** The chief auditor may conduct an audit of the accounts or documents of any person having received financial assistance from the municipality or from a legal person referred to in paragraph 2 of section 107.7, as regards the use made of such assistance.

Accounts and documents. The municipality and the person having received the financial assistance are required to furnish to or place at the disposal of the chief auditor any accounts and documents that the chief auditor considers relevant to the performance of the chief auditor's duties.

Information. The chief auditor is authorized to require from any officer or employee of the municipality or from any person having received financial assistance any information, reports and explanations the chief auditor considers necessary to the performance of the chief auditor's duties.

2001, c. 25, s. 15.

Audit. **107.11.** The chief auditor may conduct an audit of the pension plan or pension fund of a pension committee of a municipality or a legal person referred to in paragraph 2 of section 107.7 where the committee requests the chief auditor to do so with the approval of the council.

2001, c. 25, s. 15.

Duties. **107.12.** The chief auditor shall, every time the council so requests, investigate and report on any matter within the competence of the chief auditor. In no case, however, may the investigation take precedence over the primary responsibilities of the chief auditor.

2001, c. 25, s. 15.

Report. **107.13.** Not later than 31 August each year, the chief auditor shall transmit to the mayor, to be filed with the council at the first regular sitting following its receipt, a report presenting the results of the audit for the fiscal year ending on the previous 31 December and indicate any fact or irregularity the chief auditor considers expedient to mention, in particular in relation to

(1) control of revenue including assessment and collection;



- (2) control of expenditure, including authorization, and compliance with appropriations;
- (3) control of assets and liabilities including related authorizations;
- (4) accounting for operations and related statements;
- (5) control and safeguard of property owned or administered;
- (6) acquisition and utilization of resources without sufficient regard to economy or efficiency;
- (7) implementation of satisfactory procedures to measure and report effectiveness in cases where it is reasonable to do so.

Report. The chief auditor may also, at any time, transmit to the mayor or the chair of the board of directors of a legal person described in paragraph 2 of section 107.7 a report of the findings and recommendations that, in the opinion of the chief auditor, warrant being brought to the attention of the council or the board of directors, as applicable, before the transmission of the chief auditor's annual report. The mayor or the chair of the board of directors must file the report with the council or board, as applicable, at the first regular sitting or meeting following its receipt.

Copy of report. If the chief auditor transmits a report to the chair of the board of directors of a legal person described in paragraph 2 of section 107.7, the chief auditor must also transmit a copy of the report to the mayor of the municipality, to be filed with the council at the first regular sitting following its receipt.

2001, c. 25, s. 15; 2010, c. 18, s. 21.

Report. **107.14.** The chief auditor shall report to the council on the audit of the financial statements of the municipality and the statement fixing the aggregate taxation rate.

Report. In the report, which shall be transmitted to the treasurer, the chief auditor shall state, in particular, whether

- (1) the financial statements faithfully represent the municipality's financial position on 31 December and the results of its operations for the fiscal year ending on that date;
- (2) the effective aggregate taxation rate was fixed in accordance with Division III of Chapter XVIII.1 of the *Act respecting municipal taxation* (chapter F-2.1).

2001, c. 25, s. 15; 2006, c. 31, s. 16; 2010, c. 18, s. 22.

Report. **107.15.** The chief auditor shall report to the boards of directors of the legal persons referred to in paragraph 2 of section 107.7 on the audit of the financial statements before the expiry of the time within which they are to produce their financial statements.

Report.	<p>In the report, the chief auditor shall state, in particular, whether the financial statements faithfully represent their financial position and the results of their operations at the end of their fiscal year.</p> <p>2001, c. 25, s. 15.</p>
Testimony.	<p><b>107.16.</b> Notwithstanding any general law or special Act, neither the chief auditor nor the employees under the chief auditor's direction or the professionals under contract may be compelled to give testimony relating to any information obtained in the performance of their duties or to produce any document containing such information.</p>
Immunity.	<p>Neither the chief auditor nor the employees under the chief auditor's direction may be prosecuted by reason of any act they have done or failed to do in good faith in the performance of their duties.</p>
Immunity.	<p>No civil action may be instituted by reason of the publication of a report of the chief auditor prepared under this Act or of the publication in good faith of an extract or summary of such a report.</p>
Immunity.	<p>Except on a question of jurisdiction, no recourse under article 33 of the Code of Civil Procedure (chapter C-25) or extraordinary recourse within the meaning of that Code may be exercised nor any injunction granted against the chief auditor, the employees under the chief auditor's direction or the professionals under contract acting in their official capacity.</p>
Annulment.	<p>A judge of the Court of Appeal, on a motion, may summarily annul any proceeding instituted or decision rendered contrary to the provisions of the first paragraph.</p> <p>2001, c. 25, s. 15.</p>
Audit committee.	<p><b>107.17.</b> The council may establish an audit committee and determine its composition and powers.</p>
Audit committee of the urban agglomeration of Montréal.	<p>Despite the first paragraph, in the case of the urban agglomeration of Montréal, the council must establish an audit committee composed of not more than 10 members appointed on the proposal of the mayor of the central municipality. Two of the committee members must be council members representing the reconstituted municipalities. Those two members shall take part in deliberations and votes of the committee on any matter related to an urban agglomeration power.</p>

Opinions and information of the committee. In addition to the other powers that may be entrusted to it, the committee established in the case of the urban agglomeration of Montréal shall submit opinions to the urban agglomeration council on the requests, findings and recommendations of the chief auditor concerning the urban agglomeration. It shall also inform the chief auditor of the interests and concerns of the urban agglomeration council with respect to the audit of the accounts and affairs of the central municipality. On an invitation by the committee, the chief auditor or a person designated by the chief auditor may attend a sitting and take part in deliberations.

2001, c. 25, s. 15; 2008, c. 19, s. 11; 2009, c. 26, s. 19.

## V. — *External auditor*

2001, c. 25, s. 16.

External auditors. **108.** The council shall appoint an external auditor for not more than three fiscal years, except in the case of a municipality with a population of 100,000 or more, where the external auditor shall be appointed for three fiscal years. At the end of the term, the external auditor shall remain in office until replaced or reappointed.

Information sent to the Minister. If the external auditor appointed for a fiscal year is not the external auditor in office for the preceding fiscal year, the clerk shall inform the Minister of Municipal Affairs, Regions and Land Occupancy of the name of the new external auditor as soon as possible after his appointment.

R. S. 1964, c. 193, s. 104; 1975, c. 66, s. 11; 1984, c. 38, s. 11; 1995, c. 34, s. 12; 1996, c. 27, s. 12; 1999, c. 43, s. 13; 2001, c. 25, s. 17; 2003, c. 19, s. 110, s. 250; 2005, c. 28, s. 196; 2009, c. 26, s. 109.

Vacancy. **108.1.** If the office of the external auditor becomes vacant before the expiry of his term, the council shall fill the vacancy as soon as possible.

1984, c. 38, s. 11; 2001, c. 25, s. 18; 2003, c. 19, s. 111.

Duties. **108.2.** Subject to section 108.2.1, the external auditor shall audit, for the fiscal year for which he was appointed, the financial statements, the statement fixing the aggregate taxation rate and any other document determined by the Minister of Municipal Affairs, Regions and Land Occupancy by regulation published in the *Gazette officielle du Québec*.

Report. The auditor shall make a report of his audit to the council. He shall state in his report, in particular, whether

- (1) the financial statements faithfully represent the municipality's financial position on 31 December and the results of its operations for the fiscal year ending on that date;

(2) the effective aggregate taxation rate was fixed in accordance with Division III of Chapter XVIII.1 of the *Act respecting municipal taxation* (chapter F-2.1).

1984, c. 38, s. 11; 1996, c. 2, s. 209; 1999, c. 43, s. 13; 2001, c. 25, s. 19; 2003, c. 19, s. 250; 2005, c. 28, s. 196; 2006, c. 31, s. 17; 2009, c. 26, s. 109.

Duties.

**108.2.1.** In the case of a municipality having 100,000 inhabitants or more, the external auditor shall audit, for each fiscal year for which the external auditor has been appointed,

- (1) the accounts relating to the chief auditor;
- (2) the financial statements of the municipality and any document determined by the Minister of Municipal Affairs, Regions and Land Occupancy by regulation published in the *Gazette officielle du Québec*.

Report.

The external auditor shall make a report of the audit to the council. The external auditor shall state in the report on the financial statements, in particular, whether the financial statements faithfully represent the municipality's financial position on 31 December, and the results of its operations for the fiscal year ending on that date.

2001, c. 25, s. 20; 2001, c. 68, s. 7; 2003, c. 19, s. 250; 2005, c. 28, s. 196; 2009, c. 26, s. 109.

Report to the treasurer.

**108.3.** The external auditor shall transmit to the treasurer the report referred to in section 108.2 or, as the case may be, the report referred to in subparagraph 2 of the first paragraph of section 108.2.1.

Report to the council.

The report referred to in subparagraph 1 of the first paragraph of section 108.2.1 shall be transmitted to the council on the date determined by the council.

1984, c. 38, s. 11; 2001, c. 25, s. 21; 2010, c. 18, s. 23.

Audits.

**108.4.** The council may require any other audit it considers necessary, and require a report.

1984, c. 38, s. 11.

Access to books and information.

**108.4.1.** The external auditor shall have access to the books, accounts, securities, documents and vouchers and may require the employees of the municipality to furnish any information and explanations necessary for the performance of the external auditor's mandate.

2001, c. 25, s. 22.

Documents. **108.4.2.** The chief auditor shall place at the disposal of the external auditor all books, statements and other documents prepared or used by the chief auditor during the audit conducted under section 107.7 and that the external auditor considers necessary to carry out his mandate.

2001, c. 25, s. 22; 2005, c. 28, s. 49.

Ineligibility. **108.5.** In no case may the following persons act as external auditor of the municipality;

- (1) a member of the council of the municipality and, where applicable, of a borough council;
- (2) an officer or an employee of the municipality;
- (3) the associate of a person mentioned in paragraph 1 or 2;
- (4) a person who, during the fiscal year for which the audit is carried out, has, directly or indirectly, personally or through his associate, any participation, interest or commission in or under a contract with the municipality or in respect of such a contract, or who derives any benefit from the contract, unless his connection with the contract arises from the practice of his profession.

1984, c. 38, s. 11; 1996, c. 2, s. 209; 1999, c. 40, s. 51; 2001, c. 25, s. 23.

Partnership. **108.6.** The external auditor may be an individual or a partnership. The external auditor may entrust his employees with his work but his responsibility is then the same as if he had performed all the work personally.

1984, c. 38, s. 11; 1999, c. 40, s. 51; 2001, c. 25, s. 24.

## **VII. — *Director general***

Status. **113.** The director general is the chief officer of the municipality.

Authority. The director general has authority over all the other officers and employees of the municipality, except the chief auditor, who reports directly to the council. With respect to an officer or employee whose duties are prescribed by law, the authority of the director general is exercised only within the framework of his duties as the administrator of human, material and financial resources of the municipality and may in no case hinder the carrying out of duties that are prescribed by law.

Suspension. The director general may suspend an officer or employee from his duties. He shall immediately make a report of the suspension to the council. The council shall decide the case of the suspended officer or employee, after inquiry.

R. S. 1964, c. 193, s. 109; 1968, c. 55, s. 5; 1983, c. 57, s. 50; 2001, c. 25, s. 27.

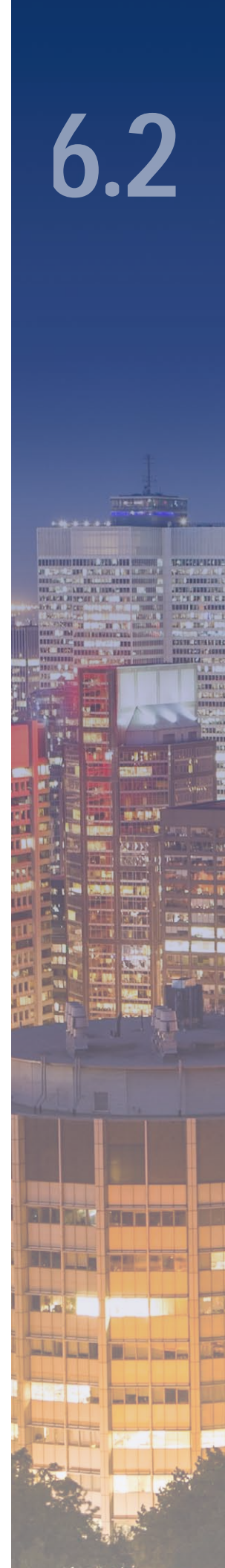


# Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2012

## Appendix 2 – Employees of the Bureau du vérificateur général as of December 31, 2012

# 6.2





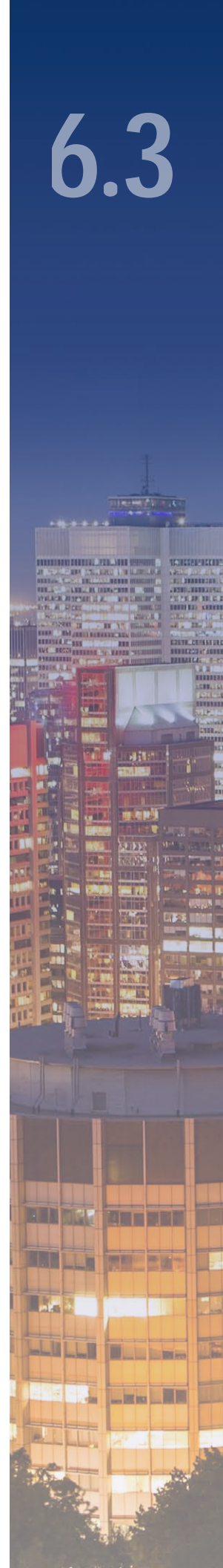


## 6.2. Appendix 2 – Employees of the Bureau du vérificateur général as of December 31, 2012

Management personnel	Support staff
<p><b>Auditor general</b> Jacques Bergeron, CPA, CA, MBA, M. Sc.</p> <p><b>Assistant auditors general</b> Robert Duquette, CPA, CA Isabelle Tremblay, CPA, CA Serge Vaillancourt, FCPA, FCGA</p> <p><b>Senior audit manager</b> Marie-Ève Lemieux, CPA, CA, CA•IFA</p>	<p><b>Executive secretary</b> Josiane Mauriello</p> <p><b>Accounting analyst</b> France Benny</p> <p><b>Programmer</b> Yolaine Levasseur</p>
Audit professionals	
<p>François Arbez, CISSP, CISM, CGEIT, CISA Martine Beauregard, CPA, CGA Régent Bilodeau, CPA, CGA Johanne Boudreau, BAA Jacques Brisson, CPA, CA, CISA Maryse Brunetta, CPA, CGA Khadija Chaya, CPA, CMA, MBA Marie Cormier, CPA, CA Christian Élomo, CIA, CRMA, MBA Chérif Ferah, MBA André Gagnon, CPA, CMA, CISA Lucie Gauthier, CPA, CGA</p>	<p>Bernard Goyette, CPA, CGA, CMA Jocelyne Laperrière, CPA, CA Éric Laviolette, CPA, CA Isabelle Léger, CPA, CA, CISA Chantal L'Heureux, CPA, CGA Joanne Major, CPA, CA Victor Marchand, CPA, CGA, CISA Philippe Pitre, CPA, CGA Michel Proulx, CPA, CGA Pierre Rochon, lawyer, MBA André Sergerie, CPA, CA</p>

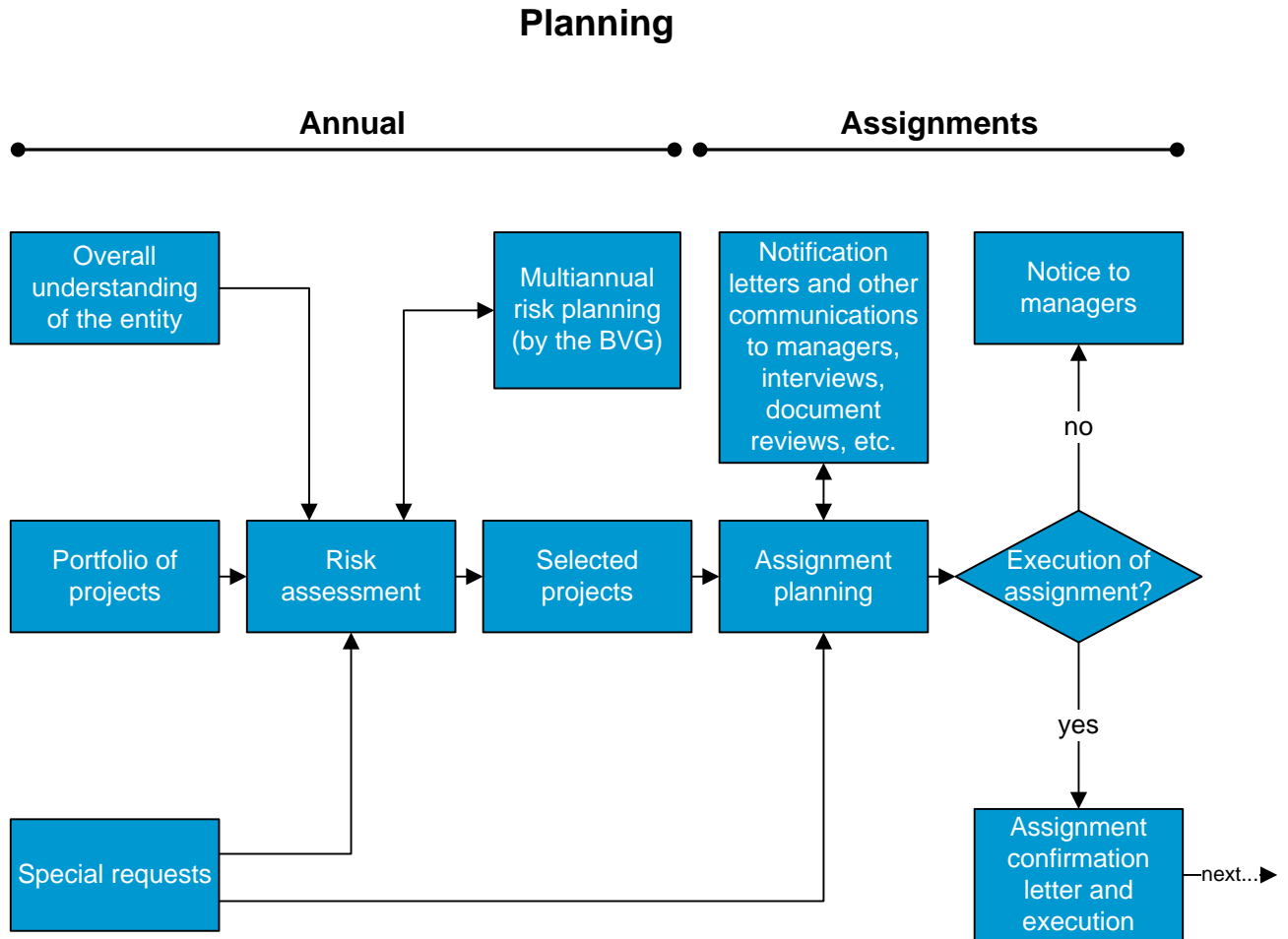


**Appendix 3 –  
Information Flow  
Charts –  
Value-for-Money  
and Information  
Technology Audit**

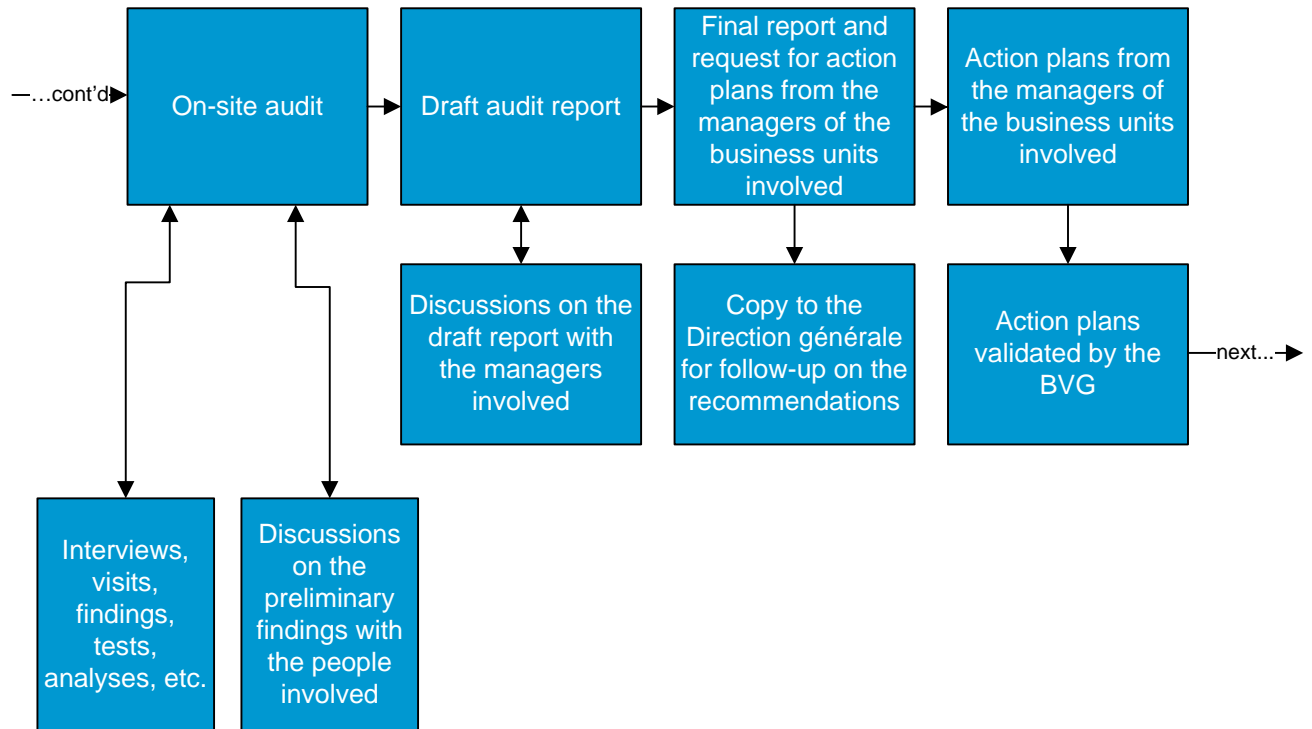




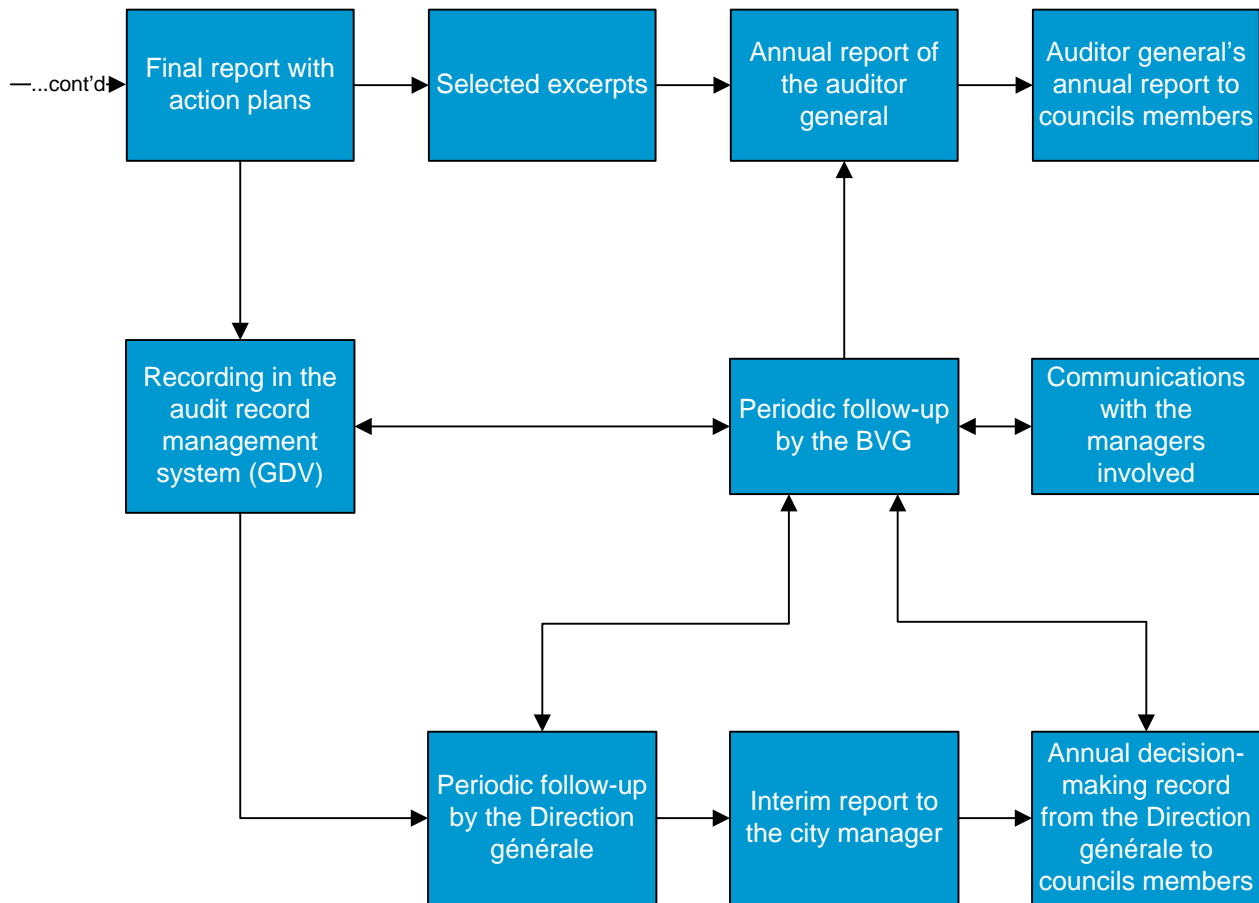
## 6.3. Appendix 3 – Information Flow Charts – Value-for-Money and Information Technology Audit



## Auditing and reports



### Annual reports and follow-ups







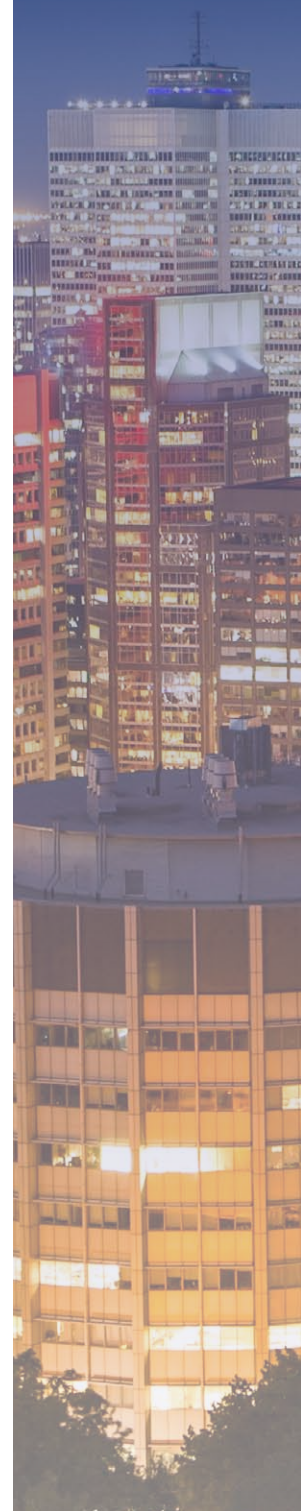


# Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2012

## Appendix 4 – Accounts Statement of the Bureau du vérificateur général

# 6.4





*Accounts statement of the*

**BUREAU DU VÉRIFICATEUR GÉNÉRAL  
OF THE VILLE DE MONTRÉAL  
(HEREINAFTER REFERRED TO AS  
“BUREAU DU VÉRIFICATEUR  
GÉNÉRAL”)**

*December 31, 2012*

## Independent auditor's report

To the Mayor,  
the Chairman and Members of the Executive Committee,  
the Members of the Council of the Ville de Montréal, and  
the Members of the Agglomeration Council of the Ville de Montréal

In compliance with the provisions of section 108.2.1 of the *Cities and Towns Act* (the "Act"), we have audited the accounts related to the Bureau du vérificateur général of the Ville de Montréal for the year ended December 31, 2012, and a summary of significant accounting policies and other explanatory information (the "financial information").

### *Management's Responsibility for the Financial Information*

Management of the Bureau du vérificateur général of the Ville de Montréal ("management") is responsible for the preparation of the financial information in accordance with the recognition and measurement principles of Canadian public sector accounting standards, as described in Note 2 to the financial statements of the Ville de Montréal, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial information related to the Bureau du vérificateur général of the Ville de Montréal for the year ended December 31, 2012 is prepared in all material respects, in accordance with the recognition and measurement principles of Canadian public sector accounting standards, as described in Note 2 to the financial statements of the Ville de Montréal.

*Deloitte s.e.n.c.r.l.<sup>1</sup>*

May 3, 2013

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<sup>1</sup>CPA auditor, CA, public accountancy permit No. A116207

# ACCOUNTS STATEMENT OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL

year ended December 31, 2012

(in thousands of dollars)

	2012 <sup>(1)</sup> Budget	2012 Actual	2011 Actual
	\$ (unaudited)	\$	\$
Compensation of personnel			
Salaries	3,107	3,148	3,115
Fringe benefits	842	879	795
	<b>3,949</b>	<b>4,027</b>	3,910
Professional, technical and administrative services	744	553	1,136
Other operating expenses	635	616	539
<b>Total</b>	<b>5,328</b>	<b>5,196</b>	5,585

<sup>(1)</sup> Approved budget, as modified, presented in the accounting system of the Ville de Montréal for the Bureau du vérificateur général and approved by the executive committee of the Ville de Montréal.

This accounts statement of the Bureau du vérificateur général was prepared in accordance with the recognition and measurement principles of Canadian public sector accounting standards, according to the same accounting policies described in Note 2 to the financial statements of the Ville de Montréal for the year ended December 31, 2012.