

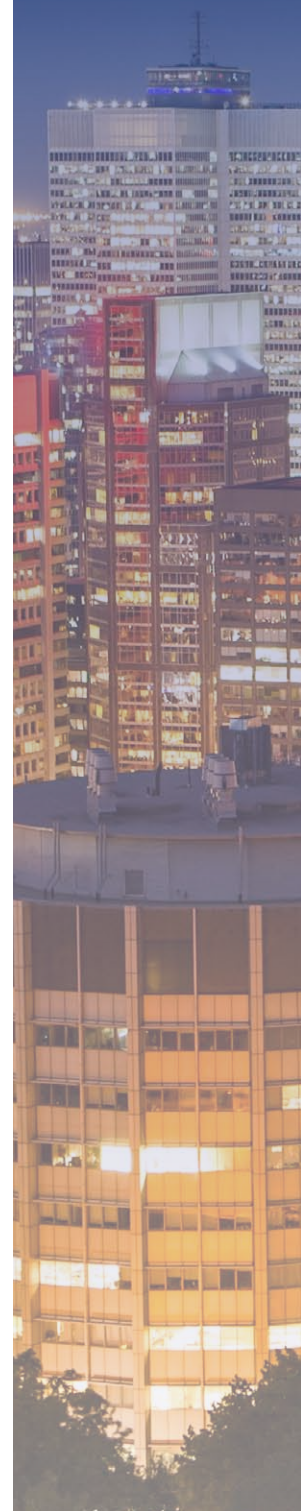


# Report of the Auditor General of the Ville de Montréal to the City Council and to the Urban Agglomeration Council

For the Year Ended December 31, 2012

## Asset Disposal

# 5.2





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## List of Acronyms

CFER	business and recycling training centre	NPO	not-for-profit organization
CSPQ	Centre de services partagés du Québec	OPEQ	ordinateurs pour les écoles du Québec
DBAN	Darik's Boot and Nuke	SPVM	Service de police de la Ville de Montréal
DGPV	Division de la gestion du parc de véhicules	STI	Service des technologies de l'information
DMRA	Direction du matériel roulant et des ateliers municipaux		

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## 5.2. Asset Disposal

### 1. Introduction

The business units of the Ville de Montréal (the city), i.e., the central departments and boroughs, use a variety of assets to carry out their activities and deliver their services. These assets include computer equipment and vehicles. The value of these assets depreciates over time as they are used. Once their useful life is over, the business units must dispose of them, primarily by auctioning them off, giving them away or discarding them.

Under the *Cities and Towns Act*,<sup>1</sup> the city has the authority to dispose of assets that have become obsolete and cannot be repurposed. Moreover, in sections 34 and 35 of the *Charter of Ville de Montréal*,<sup>2</sup> city council has delegated to the executive committee and borough councils the power to dispose of surplus movable property that is no longer required in the execution of their operations. The executive committee has in turn delegated these powers to central department officers and employees to make the asset disposal process more efficient. These responsibilities must also be implemented in compliance with the *By-law concerning the delegation of powers to officers and employees (RCE 02-004)* enacted on June 26, 2002, and with the administrative framework C-RM-SAC-D-09-001 entitled [TRANSLATION] “Disposal of movable assets, excluding vehicles, by the central departments,” which came into force on June 23, 2009.

This framework defined the scope of these responsibilities, i.e., all of the movable property available in the city’s central departments, as well as the terms of disposal, i.e., whether or not a monetary consideration is involved. It also indicated that the responsibility for the application of the framework as it pertains to computer equipment fell to the Service des technologies de l’information (STI). Note that this framework excludes vehicles and does not extend to the boroughs.

The new administrative framework (C-RM-SCARM-D-12-002) incorporates the principles of the waste management plan, which recommends that business units dispose of their movable property in a manner consistent with the following sequence:

- attempt to repurpose the asset within another administrative or business unit;
- sell the asset;
- give the asset away;

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<sup>1</sup> RSQ, chapter C-19, section 28.

<sup>2</sup> RSQ, chapter C-11.4.

- recycle the asset through recycling organizations to recover materials such as metal, wood and glass;
- discard the asset if all previous options have been exhausted.

The framework also defines the central departments' responsibilities based on the method of disposal, i.e., sale (auction, private sale or public tender) or donation (when goods cannot be repurposed within another unit and their residual value is too low to warrant resale, they may be donated to a not-for-profit organization [NPO]). In either case, managers need to confirm obsolescence, initiate disposal procedures and estimate the fair value of any items to be sold.

This represents a logical approach to optimizing financial resources in that the effective management of the asset disposal process can help obtain the best possible price for these surplus goods and the highest possible return for the city.

Until December 31, 2008, when the municipal pound was closed, the central departments and boroughs disposed of their surplus goods in a centralized way, through public auctions at the rue Louvain site, under the supervision of the Direction de l'approvisionnement. At present, each business unit makes its own arrangements, based on established delegation rules. However, the responsibility for disposing of vehicles from the central departments falls to the Direction du matériel roulant et des ateliers municipaux (DMRA). The DMRA can also be specially tasked by certain other boroughs to dispose of their vehicles on their behalf.

## 2. Audit Scope

The purpose of our audit was to ensure that the city receives fair value for its assets, that surplus goods can no longer be used in a cost-effective manner by the city and that disposals are carried out in accordance with applicable laws and by-laws. We also wished to ensure that the data contained on hard drives were securely destroyed before computers were disposed of.

We therefore reviewed the processes involved in disposing of the following categories of assets:

- computer equipment;
- vehicles and rolling stock.

The audit work began in fall 2012 and focused primarily on the disposal of these two types of goods in 2011 and 2012 by business units selected in accordance with the following criteria:

- Their level of involvement in the asset disposal process:
  - the STI (computer equipment);
  - the DMRA (vehicles), which comes under the Service de la concertation des arrondissements et des ressources matérielles;
- The value of the goods under their responsibility and their status within the city (central departments, boroughs of the former Ville de Montréal or boroughs created from the former suburban municipalities):
  - the Service de police de la Ville de Montréal (SPVM);
  - Ville-Marie borough;
  - Saint-Laurent borough.

For the disposal of computer equipment, and the destruction of hard drive data in particular, we decided to broaden our sample to include nine other boroughs created from the former suburban municipalities (in addition to Saint-Laurent borough) to ensure that:

- all sensitive and confidential information is wiped from computers prior to disposal;
- an effective data destruction procedure is in place and is adhered to.

The former suburban municipalities are each responsible for these activities. In the case of the boroughs of the former Ville de Montréal, however, data destruction is overseen by the STI.

### 3. Findings and Recommendations

#### 3.1. Disposal of Computer Equipment

The *Cities and Towns Act*, the *Charter of Ville de Montréal*, the *By-law concerning the delegation of powers to officers and employees* and administrative framework C-RM-SAC-D-09-001, which came into force on June 23, 2009, and was replaced by framework C-RM-SCARM-D-12-002 on October 22, 2012, are the main instruments governing asset disposal. Specifically as concerns IT assets, the STI also abides by an information security policy (C-OG-SSA-PA-06-001), dated June 22, 2006, and a procedure regarding data destruction technology (DSI-SecOp-0005), dated March 31, 2010. In addition, the STI is subject to a security directive entitled [TRANSLATION] “Directive concerning the destruction of information stored on magnetic or electronic media prior to disposal,” which has been in effect since

November 1, 2000, and which requires data to be destroyed before any computer equipment is disposed of.

We examined whether the computer equipment disposal process, as it is implemented by the STI and the business units (central departments and boroughs), was consistent with the regulatory framework and whether security rules related to the destruction of sensitive data were in place and strictly adhered to.

### 3.1.1. Role and Responsibilities of the Service des technologies de l'information

#### 3.1.1.A. Background and Findings

Since the municipal pound closed, the STI has been required to dispose of obsolete computer equipment (e.g., micro-computers, laptops, servers, printers, monitors) on a regular basis. In this context, the Direction générale approved the directive entitled [TRANSLATION] "Disposal of movable goods, excluding vehicles, by the central departments" (C-RM-SAC-D-09-001), making each department responsible for the disposal of these items. This directive applies to all central departments, although section 3 stipulates [TRANSLATION]: "Computer hardware is to be remitted to the Direction des systèmes d'information [now the STI] for disposal."

The responsibility for identifying the computer equipment to be disposed of (after five years) for all of the city's business units (central departments and 19 boroughs) has been delegated to the STI. Every year, the STI provides the business units with a list of obsolescent assets<sup>3</sup> indicating the workstations due for replacement.

Moreover, the STI, by way of the Division des services aux utilisateurs, offers a data and sensitive information destruction service to erase the contents from hard drives, in accordance with the applicable procedure, before computers are donated to an NPO. This service is currently used by all of the city's central departments, with the exception of the SPVM and the following administrative units: the Direction associée—Bibliothèques and the nature museum units (Botanical Garden, Biodôme, Insectarium and Planetarium) . As for the boroughs, only those of the former city and LaSalle use this service. The other boroughs created from the former suburban municipalities see to the destruction of their own data.

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<sup>3</sup> The STI obsolescence program works with a 20% annual computer replacement rate, based on a useful life cycle of five years.



Surplus computer equipment is generally donated to an NPO, i.e., the OPEQ<sup>4</sup>, pursuant to an agreement approved by the city on June 18, 2009 for a three-year period (2009–2012) and which was recently renewed for an additional three years.

The basic process in place at the STI is:

- the STI sends the list of obsolescent assets to the city’s business units indicating the workstations due to be replaced and the computer equipment due to be decommissioned;
- a decision-making summary is prepared describing each asset and listing the market value for each disposal (generally a zero value) and the identity of the recipient organization (OPEQ);
- the Division des services aux utilisateurs forwards the hard drives recovered by an STI technician (this activity applies to the units that use the data destruction service offered by the STI).

The Division des services aux utilisateurs proceeds with the destruction of the data on all the hard drives received before sending computers to the OPEQ for reuse. This is done in accordance with the procedure<sup>5</sup> adopted by the STI. DBAN<sup>6</sup> software is used to ensure information is erased in a secure manner. Unfortunately, once the data is wiped from the hard drive, DBAN does not generate any reports or formal documents certifying that the contents have indeed been completely destroyed, in accordance with the practices advocated by the National Institute of Standards and Technology in its *Guidelines for Media Sanitization*.

### 3.1.1.B. Recommendation

**We recommend that the Division des services aux utilisateurs of the Service des technologies de l’information produce or obtain a “secure data destruction certificate” that contains information about:**

- **the erased hard drive (reference number and source);**
- **the data destruction method (e.g., name of the software used);**
- **the name and signature of the individual who destroyed the data and the date of the operation;**
- **the name of the manager responsible for the operation;**

**to formally document that the data have been properly destroyed and confirm that best practices have been followed.**

<sup>4</sup> Ordinateurs pour les écoles du Québec.

<sup>5</sup> [TRANSLATION] Procedure related to data destruction technology (DSI-SecOp-0005).

<sup>6</sup> Darik’s Boot and Nuke.

**Business unit's response:**

*[TRANSLATION] In order to ensure adherence to best practices, the current process will be enhanced as follows:*

- *Both the computer and hard drive will be identified upon decommissioning (using existing tools (bar code scanning)). To date, only the computer had been identified in this manner; (Planned completion: September 2013)*
- *The computer used to sanitize hard drives is not linked to the city network and cannot produce an electronic sanitization certificate. To make it possible to validate the source of the hard drives and associate them with a given computer, we will develop an application to associate the serial number of the hard drive (DSM source) with the computer in order to confirm destruction and subsequently produce a report; (Planned completion: September 2013)*
- *The person who carried out the data destruction operation will put their name, signature and date on the resulting report; (Planned completion: September 2013)*
- *The manager responsible for the operation will double-check the form and formally certify that the data have been properly destroyed. (Planned completion: September 2013)*

### 3.1.2. Role and Responsibilities of the Audited Business Units

For the boroughs of the former Ville de Montréal and the central departments (except the SPVM), the STI technician assigned to the corresponding business unit is responsible for the physical disposal of computer equipment once the hard drives have been stripped. This process generally involves the following steps:

- the list of obsolescent assets is checked and confirmed by the business unit and returned to the STI;
- the decision-making summary is drafted by the corresponding business unit;
- the STI technician recovers the decommissioned hard drive-less computers and stores them on the premises of the corresponding unit;
- the inventory is updated;
- the OPEQ is contacted to set a date for picking up the decommissioned computer equipment.

#### 3.1.2.1. Service de police de la Ville de Montréal

##### 3.1.2.1.A. Background and Findings

The physical disposal of the SPVM's computer equipment is carried out by the STI. In other words, the STI recovers the decommissioned computers and passes them along to the OPEQ. This operation is documented in a decision-making summary.

The SPVM's hard drives are destroyed mechanically by the SPVM, not the STI. However, based on the information we obtained, there are some shortcomings in the way the hard drives are handled, between the time of their removal from the computer case and their actual destruction:

- the hard drives removed from the computer case are not identified, making it impossible to subsequently determine which computers they came from;
- a lost hard drive would be impossible to detect.

Currently, the SPVM's decommissioned hard drives are placed in a box by an STI technician and sent to the SPVM's Section des archives for destruction. The boxes are tracked, but their contents are not. If a hard drive were to be lost or stolen, it would go undetected.

A review of the list of the obsolete equipment inventory in the SPVM's units shows a lack of information about the identification of the hard drives taken from the computers indicated on the list.

#### 3.1.2.1.B. Recommendation

**We recommend that the Service de police de la Ville de Montréal implement controls to ensure the secure handling of hard drives once they are removed from their respective computer cases and sent to the Section des archives for destruction.**

#### Business unit's response:

*[TRANSLATION] The Section des archives will add the following obligations to the hard drive destruction process:*

- *complete form F 470-08, indicating the inventory of hard drives to be destroyed, the name of the computer each one is taken from and the serial number, along with the total number of hard drives to be destroyed;*
- *send the hard drives, along with completed F 470-08 form, in a sealed box.*

*A tracking number will be sent to the STI to follow up on the shipments sent for destruction.*

*The Section des archives will then check the inventory prior to destruction and forward a copy of the destruction certificate to the STI, along with a list of the destroyed hard drives.*

*The Section des archives will keep a copy of the hard drive inventory with the original destruction certificate, in accordance with records retention schedule rules. (Planned completion: September 2013)*

### 3.1.2.1.C. Recommendation

**We recommend that the Service des technologies de l'information, in conjunction with the Service de police de la Ville de Montréal, develop a hard drive identification mechanism to be able to track hard drives at any point in the destruction process.**

#### **Business units' combined response:**

*[TRANSLATION] The inventory of hard drives to be destroyed, the name of the computer each was taken from and the total number of hard drives to be destroyed will be indicated on form F 470-08, and a copy will be included with the hard drives in a sealed box. A second copy will be kept by the STI.*

*The STI will receive a copy of the destruction certificate from the Section des archives once the operation is complete. This copy will be kept on file with the inventory form listing the destroyed hard drives, in accordance with records retention schedule rules. **(Planned completion: September 2013)***

## 3.1.2.2. Ville-Marie Borough

### 3.1.2.2.A. Background and Findings

The Direction des services administratifs, du greffe et des relations avec les citoyens (Division des ressources financières et matérielles) is responsible for the physical disposal of computer equipment. All operations of this nature are first authorized by the borough council in a decision-making summary.

However, these decision-making summaries do not contain a full, detailed list of the assets to be disposed of. The manager simply indicates the approximate number of computers to be decommissioned on an annual basis.

### 3.1.2.2.B. Recommendation

**We recommend that the Direction des services administratifs, du greffe et des relations avec les citoyens in Ville-Marie borough systematically attach a detailed list of the computer equipment due for decommissioning to the decision-making summary in order to comply with the administrative framework on asset disposal.**

#### **Business unit's response:**

*[TRANSLATION] As specified in contract 832034, covering January 1, 2013, to December 31, 2017, Ville-Marie borough will prepare a decision-making summary to approve the recycling of computers, accessories and peripherals by the OPEQ.*

*A list of assets, including a description, serial number and inventory number, will be attached to the decision-making summary.*

*The first summary, bearing the number 1133200001, will be presented to the borough council with the requested modifications. **(Completed, March 2013)***

### 3.1.2.3. Saint-Laurent Borough

#### 3.1.2.3.A. Background and Findings

Saint-Laurent borough is not one of the boroughs that use the services of the STI's Division des services aux utilisateurs to erase the hard drives of the computers it donates to NPOs. The entire disposal process is carried out within the borough itself.

The computers are donated to the OPEQ for refurbishing and distribution to schools. However, there are no decision-making summaries to authorize this donation, and there are no lists kept of the computers disposed of in this manner.

Based on the information we obtained, computers are transferred to the OPEQ with their hard drives intact. There is no evidence that the data on these hard drives have been properly destroyed. Instead, the Direction des services administratifs et du greffe (Division des ressources informationnelles) entrusts the OPEQ with this operation, as the NPO indicates on its website that it guarantees data erasure and privacy, although it does not produce any formal documents certifying that the data have indeed been destroyed.

#### 3.1.2.3.B. Recommendation

**We recommend that the Direction des services administratifs et du greffe in Saint-Laurent borough keep records of all computer equipment donations in a decision-making summary that indicates which equipment has been given away and the name of the recipient organization.**

#### Business unit's response:

*[TRANSLATION] An email has been sent to all employees in Saint-Laurent borough to remind them that the disposal of surplus goods must be authorized by a resolution of the borough council and, consequently, absolutely must be covered in a decision-making summary.*

*A decision-making summary will be issued for every shipment of donated computer equipment, including a detailed list of the assets involved and the recipient organization. **(Completed, March 2013)***

#### 3.1.2.3.C. Recommendation

We recommend that the Direction des services administratifs et du greffe in Saint-Laurent borough proceed with the systematic, secure destruction of the data contained on the hard drives of computers donated to the OPEQ (Ordinateurs pour les écoles du Québec) in order to limit the risk of confidential borough information being leaked.

#### Business unit's response:

*[TRANSLATION] The data contained on the hard drives of the computers donated to the OPEQ will be systematically and securely destroyed using the STI's data destruction services. (Completed, March 2013)*

#### 3.1.2.3.D. Recommendation

We recommend that the Direction des services administratifs et du greffe in Saint-Laurent borough consider the relevance of using the data destruction service offered by the Division des services aux utilisateurs of the Service des technologies de l'information.

#### Business unit's response:

*[TRANSLATION] We have decided to make use of the optional data destruction service offered by the STI's Division des services aux utilisateurs.*

*Based on the destruction procedure agreed upon with the STI, we will remove all hard drives from the computers slated for disposal and, once the borough council has given its approval, we will place them in a box and send them to the STI for destruction. (Completed, March 2013)*

### 3.1.3. Role and Responsibilities of the Boroughs Created from the Former Suburban Municipalities

#### 3.1.3.A. Background and Findings

The boroughs created from the former suburban municipalities are in charge of disposing of their own surplus computer equipment. Their role involves validating the list of obsolescent assets issued by the STI. They must also prepare decision-making summaries to obtain the authorization to donate computers to the OPEQ or another NPO of their choosing. In addition, they are responsible for destroying the data contained on hard drives, physically disposing of the computer equipment and updating their inventory.

For each of these boroughs, we made sure that:

- all donations to an NPO were duly authorized by the borough council by way of a decision-making summary, supported by a list of the corresponding assets and the name of the recipient NPO;
- the assets were disposed of in a secure manner, i.e., the data found on the hard drives were properly destroyed.

Table 1 presents an overview of the each borough's position in both respects.

**Table 1 – Disposal of Computer Equipment in the Nine Boroughs Created from the Former Suburban Municipalities**

Borough	Authorizations obtained for the donation of assets to an NPO (decision-making summary, list of assets and identification of recipient organization)	Hard drive data destroyed in a secure way using proven methods
<b>Verdun</b>	No decision-making summary No list of computer equipment Recipient NPO not identified Computers discarded directly in the trash in 2011	DBAN data destruction software used No data destruction certificate produced
<b>Anjou</b>	No decision-making summary No list of computer equipment Recipient NPOs: OPEQ and Ordi Occasion (Anjou-based)	CopyWipe data destruction software used No data destruction certificate produced
<b>Pierrefonds-Roxboro</b>	Decision-making summary produced List of computer equipment produced Recipient NPO: CFER <sup>a</sup> of Pierrefonds	Data destroyed by CFER Certificate of destruction provided to the borough
<b>Outremont</b>	No decision-making summary No list of computer equipment Recipient NPO: none, as the OPEQ wanted to charge \$45 because of the small number of computers to be recycled (6) Computers discarded directly in the trash in 2011	WipeDisk data destruction software used No data destruction certificate produced
<b>L'Île-Bizard–Sainte-Geneviève</b>	No decision-making summary No list of computer equipment Recipient NPO: OPEQ	Data destruction entrusted to an outside firm No data destruction certificate produced
<b>Saint-Léonard</b>	No decision-making summary No list of computer equipment Recipient NPO: OPEQ	Physical data destruction done by the borough No data destruction certificate produced
<b>Montréal-Nord</b>	No decision-making summary, purchase order used No list of computer equipment Recipient NPO: OPEQ	DBAN data destruction software used No data destruction certificate produced
<b>LaSalle</b>	No decision-making summary No list of computer equipment attached to the decision-making summary Recipient NPO: OPEQ	Data destroyed by the borough by reformatting hard drives No certificate of data destruction produced Opted in to the data destruction service offered by the Division des services aux utilisateurs as of 2013
<b>Lachine</b>	No decision-making summary No list of computer equipment Recipient NPO: OPEQ	Hard drives destroyed by the borough Partition Manager data destruction software used No data destruction certificate produced

<sup>a</sup> Business and recycling training centre.

In the nine boroughs we audited, we ascertained that:

- seven boroughs, i.e., all except Pierrefonds-Roxboro and LaSalle boroughs, do not produce decision-making summaries authorizing the donation of computer equipment;
- only Pierrefonds-Roxboro borough attaches a list of computer equipment slated for disposal in its decision-making summary;
- seven boroughs (all but Verdun and Outremont boroughs) donate their computer equipment to an NPO recognized by the city or the borough;



- four boroughs (Verdun, Anjou, Outremont and Montréal-Nord) use secure software to erase data, but none of the programs used generates a secure data destruction certificate;
- two boroughs (Pierrefonds-Roxboro and L'Île-Bizard–Sainte-Geneviève) outsource data destruction. Of these, only Pierrefonds-Roxboro borough receives a formal data destruction certificate.

Furthermore, the STI has introduced an integration plan to promote its data destruction service to the boroughs that do not yet prevail themselves of this option. LaSalle borough signed up for the service in 2013.

### 3.1.3.B. Recommendation

**We recommend that Verdun, Anjou, Outremont, L'Île-Bizard–Sainte-Geneviève, Saint-Léonard, Montréal-Nord, LaSalle and Lachine boroughs document all donations of computer equipment in a decision-making summary, which includes the list of donated assets and the name of the recipient organization.**

#### Business units' responses:

##### **VERDUN BOROUGH**

*[TRANSLATION] The Section de l'informatique of Verdun borough will undertake the measures necessary to document the next disposal of surplus assets, which should occur in the summer, in a decision-making summary that will include the list of donated assets as well as the recipient organization. (Completed, March 2013)*

##### **ANJOU BOROUGH**

*[TRANSLATION] Before the auditor general's report, we had already planned to produce a decision-making summary for asset disposals in 2013 involving computer equipment decommissioned from the end of 2012 onward, including a list of assets to be donated as well as the name of the recipient organization. (Completed, January 2013)*

##### **OUTREMONT BOROUGH**

*[TRANSLATION] We discussed the matter with our IT technician, and we agreed that an Excel spreadsheet would be used to track all the computer equipment that is destroyed or donated. Moreover, a decision-making summary will be prepared annually and a copy of the list will be attached to it. (Completed, March 2013)*

**L'ÎLE-BIZARD–SAINTE-GENEVIÈVE BOROUGH**

*[TRANSLATION] A decision-making summary will be prepared for the borough council before any computer equipment is given away. (Completed, April 2013)*

**SAINT-LÉONARD BOROUGH**

*[TRANSLATION] From now on, when computer equipment is given away, a decision-making summary will be presented to the council, along with the list of assets to be donated and the name of the recipient organization. (Completed, April 2013)*

**MONTRÉAL-NORD BOROUGH**

*[TRANSLATION] This information is already available, and we will include it in a decision-making summary from now on. (Planned completion: Before the next collection of IT equipment)*

**LASALLE BOROUGH**

*[TRANSLATION] We will include the list of equipment to be donated in the next decision-making summaries. (Completed, March 2013)*

**LACHINE BOROUGH**

*[TRANSLATION] A decision-making summary will be prepared when the computer equipment is disposed of, along with a list of assets and their serial numbers. This summary will also mention that the equipment will be donated to the recipient organization pursuant to agreement 832034 undertaken with the OPEQ. (Completed, March 2013)*

**3.1.3.C. Recommendation**

We recommend that L'Île-Bizard–Sainte-Geneviève and Pierrefonds-Roxboro boroughs proceed with the systematic, secure destruction of the data contained on decommissioned hard drives and, as appropriate, that this destruction be done by the borough itself to limit the risk of confidential information being leaked.

**Business units' responses:**

**L'ÎLE-BIZARD–SAINTE-GENEVIÈVE BOROUGH**

*[TRANSLATION] We do not have the human resources to ensure the secure destruction of data on an in-house basis.*

*The work will be carried out in our offices.*

**PIERREFONDS-ROXBORO BOROUGH**

*[TRANSLATION] We will proceed with the systematic, secure destruction of hard drive data.*

*A written procedure will be drafted.*

*The procedure will cover the following:*

- *each hard drive and the originating computer will be identified (labelled);*
- *the data will be destroyed by an IT employee and entered on a sheet that will be checked and signed by a third party;*
- *files will be kept for subsequent verification. (Planned completion: May 2013)*

**3.1.3.D. Recommendation**

We recommend that Verdun, Anjou, Outremont, L'Île-Bizard–Sainte-Geneviève, Saint-Léonard, Montréal-Nord, LaSalle and Lachine boroughs produce or obtain, as the case may be, a “secure data destruction certificate” containing information on:

- the hard drive that was erased (reference number and source);
- the data destruction method used (e.g., name of the software);
- the name and signature of the person who destroyed the data and the date the operation was performed;
- the name of the person in charge;

to formally document data destruction operations and comply with best practices.

**Business units' responses:****VERDUN BOROUGH**

*[TRANSLATION] A hard drive decommissioning form will be produced for every drive removed from a computer earmarked for disposal. These forms will be completed by the person who destroys the residual hard drive data and will contain the following information:*

- *the serial number of the hard drive and the computer;*
- *the data destruction method;*
- *the name and signature of the person who destroyed the data;*
- *the date of destruction;*
- *the name of the head of the Section de l'informatique. (Completed, March 2013)*

**ANJOU BOROUGH**

*[TRANSLATION] From now on, we will complete a form with:*

- *the hard drive information (serial number, make, model, originating computer);*
- *the name of the software used;*
- *the dates the data were destroyed and checked;*

- the name of the technician who erased the drive (with signature);
- the name of the technician who checked that the data was destroyed (with signature);
- the report generated by the software, enclosed in the file. **(Completed, April 2013)**

#### **OUTREMONT BOROUGH**

[TRANSLATION] Our Excel spreadsheet will contain a section with the required information:

- the name of software used;
- the name of the person who destroyed the data;
- the date of destruction;
- the reference number and source. **(Completed, March 2013)**

#### **L'ÎLE-BIZARD-SAINTE-GENEVIÈVE BOROUGH**

[TRANSLATION] We will obtain a secure data destruction certificate from our service provider. **(Completed, March 2013)**

#### **SAINT-LÉONARD BOROUGH**

[TRANSLATION] For upcoming computer decommissioning operations involving a hard drive, we will produce a "secure data destruction certificate" containing the following information:

- the reference number and source of the hard drive;
- the description of the data destruction method, including the name of the software used;
- the name and signature of the person who destroyed the data and the date;
- the name and signature of the person responsible for IT asset disposal.

The software to be used to destroy the data will comply with the best practices established by the National Institute of Standards and Technology.

Data destruction certificates will be kept in a registry. **(Completed, April 2013)**

#### **MONTREAL-NORD BOROUGH**

[TRANSLATION] We will produce a certificate listing the make, model, serial number, source, data destruction software, date of destruction and name of the person who destroyed the data. As a first step, a template will be sent out by email by the IT technicians. The email confirmation will serve as a substitute for an electronic signature. As a second step, we will integrate a data destruction form into our automated inventory system. This system will then flag any attempts to repurpose a computer for which the data destruction rules have not been heeded. **(Completed, March 2013)**

**LASALLE BOROUGH**

*[TRANSLATION] Now that we have decided to use the STI's data destruction service, the onus to produce a destruction certificate will be on the STI. We will still create a list that contains the following information for the hard drives sent to the STI for destruction:*

- *the reference number and source of hard drive;*
- *the date shipped to the STI;*
- *the name of the person responsible for the shipment. (Completed, March 2013)*

**LACHINE BOROUGH**

*[TRANSLATION] Hard drives will be sent to the STI to have their data wiped, and the STI will issue the destruction certificate. We will list the serial numbers of the hard drives sent to the STI and will keep this list in our files. (Completed, March 2013)*

**3.1.3.E. Recommendation**

**We recommend that the boroughs of Verdun, Anjou, Pierrefonds-Roxboro, Outremont, L'Île-Bizard–Sainte-Geneviève, Saint-Léonard, Montréal-Nord and Lachine boroughs, whether or not they destroy their data themselves, consider the relevance of using the data destruction service offered by the Division des services aux utilisateurs of the Service des technologies de l'information to ensure data are erased in a secure manner.**

**Business units' responses:****VERDUN BOROUGH**

*[TRANSLATION] The Section de l'informatique of Verdun borough could use the data destruction service of the STI's Division des services aux utilisateurs, based on the availability of the STI's internal resources. (Completed, March 2013)*

**ANJOU BOROUGH**

*[TRANSLATION] We will continue to ensure hard drive data are effectively erased within the borough, in compliance with the aforementioned recommendations. (Completed, March 2013)*

**PIERREFONDS-ROXBORO BOROUGH**

*[TRANSLATION] We will proceed with the systematic and secure destruction of hard drive data internally.*

*A written procedure will be drafted.*

*The procedure will cover the following:*

- *each hard drive and the originating computer will be identified (labelled);*

- *the data will be destroyed by an IT employee and entered on a sheet that will be checked and signed by a third party;*
- *files will be kept for subsequent verification. (Planned completion: May 2013)*

#### **OUTREMONT BOROUGH**

*[TRANSLATION] Our position is to involve as few people as possible and do the work within the borough to retain complete control. (Completed, March 2013)*

#### **L'ÎLE-BIZARD–SAINTE-GENEVIÈVE BOROUGH**

*[TRANSLATION] We are looking into the relevance of using the STI's data destruction service. (Planned completion: May 2013)*

*We are currently in talks with the STI to obtain a proposal. We met with one of their representatives, and we are still awaiting their response. (Planned completion: December 2013)*

#### **SAINT-LÉONARD BOROUGH**

*[TRANSLATION] Saint-Léonard borough will destroy the data on all computer media including hard drives, ROM memory devices and flash memory devices installed on its own computers earmarked for disposal, using a secure data destruction software program.*

*A rigorous procedure will be implemented, in adherence with all of the aforementioned recommendations. (Completed, April 2013)*

#### **MONTREAL-NORD BOROUGH**

*[TRANSLATION] We use the same software as the STI to destroy data, and the operation is not a complex one. The logistics involved in getting the STI to perform the task therefore seem unnecessary.*

#### **LACHINE BOROUGH**

*[TRANSLATION] Hard drives will be sent to the STI to be erased so the STI can issue a destruction certificate. We will list the serial numbers of the hard drives sent to the STI and keep a copy of this list in our files. (Completed, March 2013)*

### 3.2. Disposal of Vehicles and Rolling Stock

The *Cities and Towns Act*<sup>7</sup> stipulates:

*Unless otherwise provided, no property of a municipality may be alienated otherwise than in return for valuable consideration. Each month the clerk of a municipality must publish a notice concerning the properties with a value greater than \$10,000 that were alienated by the municipality otherwise than by auction or public tender. The notice must describe each property and indicate for each the price of alienation and the identity of the purchaser.*

Pursuant to a delegation by-law, namely the *By-law concerning the delegation of powers to officers and employees (RCE 02-004)*, the DMRA is responsible for disposing of vehicles used by city departments. This by-law addresses the rules for delegating authority, including those that bestow the power to manage the central departments' fleet of vehicles upon the DMRA.

The DMRA offers a road vehicle disposal service to all of the city's business units. The central departments are required to use this service; it is optional for the boroughs. That said, only the boroughs of Montréal-Nord, Lachine, Villeray–Saint-Michel–Parc-Extension, Rosemont–La Petite-Patrie, Le Plateau-Mont-Royal, Rivière-des-Prairies–Pointe-aux-Trembles and Mercier–Hochelaga-Maisonneuve have called upon the DMRA to dispose of all or some of their road vehicles.

The revenue generated by the sale of these vehicles is remitted to their owners (central departments or boroughs, as applicable) on a regular basis.

We reviewed the processes for disposing of vehicles used by the DMRA and the boroughs as well as the associated procedures and documentation in order to ensure that the city is decommissioning its vehicles in accordance with existing directives and administrative frameworks and that an evaluation or estimation is performed before any operation of this nature occurs in order to obtain fair value.<sup>8</sup>

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<sup>7</sup> Section 28, subsection 1.0.1.

<sup>8</sup> Financial accounting standards define fair value as “the amount at which an asset could be bought or sold in a current transaction between willing parties.” In this case, the fair value represents the value obtained at auction.

### 3.2.1. Role and Responsibilities of the Direction du matériel roulant et des ateliers municipaux

#### 3.2.1.A. Background and Findings

The DMRA's role as the body in charge of vehicle management for the central departments is clearly defined in the delegation by-law. The head of the Division de la gestion du parc de véhicules (DGPV) of the DMRA has been designated as the person responsible for the process of disposing of vehicles and putting them up for auction. A mechanism is in place for producing a monthly status report on the DMRA's sales transactions.

The DGPV is in charge of the vehicle disposal process and as such:

- selects the disposal method;
- updates the inventory of vehicles;
- arranges for the vehicles to be towed from the business units to the auction site;
- returns the license plates to the Société de l'assurance automobile du Québec.

The vehicle disposal process can take one of several forms. The DGPV can put the vehicle up for auction, using the services of auctioneers selected as a result of a market study conducted in 2009 when it took over from the municipal pound. The main auctioneers are Les Encans Ritchie Bros, Encan d'auto Impact and the Centre de services partagés du Québec (CSPQ). Table 2 summarizes all the disposals carried out by the DGPV on behalf of the central departments and boroughs involved since 2009.

**Table 2 – Vehicles Disposed of by the DGPV since 2009**

Auctioneer	2009		2010		2011		2012	
	Qty	Sales	Qty	Sales	Qty	Sales	Qty	Sales
CSPQ	15	\$24,300	58	\$132,800	76	\$153,650	66	\$127,475
Encan d'auto Impact	229	\$294,050	67	\$72,450	72	\$93,725	9	\$4,265
Les Encans Ritchie Bros.	69	\$345,950	22	\$78,450	11	\$28,540	1	\$1,300
Call for tenders	3	\$293,500	–	–	2	\$3,840	10	\$11,850
Private sales	1	\$3,360	1	\$1,960	–	\$ –	1	\$5,500
Donations	7	–	6	–	4	\$ –	–	–
<b>Subtotal: Gross sales</b>	<b>324</b>	<b>\$961,160</b>	<b>154</b>	<b>\$285,660</b>	<b>165</b>	<b>\$279,755</b>	<b>87</b>	<b>\$150,390</b>
Auctioneers' commissions		\$87,967		\$36,749		\$32,766		\$32,766
Other expenses		\$9,235		\$2,004		\$1,240		\$1,240
Towing charges		\$24,238		\$16,028		\$16,665		\$16,665
<b>Subtotal: Expenses</b>		<b>\$121,440</b>		<b>\$54,781</b>		<b>\$50,671</b>		<b>\$50,671</b>
<b>Net revenues</b>		<b>\$839,720</b>		<b>\$230,879</b>		<b>\$229,084</b>		<b>\$99,719</b>



The DGPV also arranges private sales, calls for tenders and donations. Pursuant to the powers delegated to it, the DGPV does not prepare a decision-making summary in any of these instances, except when donations are involved.<sup>9</sup> In the case of donations, this delegation of authority is supposed to include the production of a delegated decision-making summary, as indicated in the decision-making record management system (delegated decisions).

### 3.2.1.B. Recommendation

**We recommend that the Division de la gestion du parc de véhicules of the Direction du matériel roulant et des ateliers municipaux produce a delegated decision-making summary every time it exercises its authority under the delegation of authority by-law, as specified in the decision-making record management system.**

#### Business unit's response:

*[TRANSLATION] The DMRA will produce a decision-making summary semi-annually, describing road vehicles and other equipment that have been sold via auction. (Planned completion: July 2013)*

### 3.2.1.1. Administrative Framework

#### 3.2.1.1.A. Background and Findings

A pre-merger framework had been in place under the former structure, but it has not been updated since 2006, when the new structure was introduced. Consequently, there are no administrative frameworks in place. Moreover, there is no directive supported by an established procedure to follow when disposing of vehicles. The division head for this administrative unit nevertheless refers to the disposal policies of another municipality for guidance. According to the information we obtained, the city is currently without a vehicle disposal policy. Vehicles are decommissioned based on their age and projected life expectancy. The DGPV analyzes requests made by the respective departments to determine the reasons for the request (e.g., cost, vehicle condition) and prepares a report for approval by the head of the DGPV.

<sup>9</sup> Generally speaking, vehicles are donated to auto mechanic schools.

### 3.2.1.1.B. Recommendation

We recommend that the Direction du matériel roulant et des ateliers municipaux of the Service de la concertation des arrondissements et des ressources matérielles adopt an administrative framework for the central departments concerning the disposal of vehicles, which clearly establishes the scope, principles, roles, responsibilities, processes and documentation required to ensure vehicle disposal activities are carried out in compliance with all legislation and city by-laws in this regard.

#### Business unit's response:

*[TRANSLATION] The DMRA will produce an administrative framework (DIRECTIVE) regarding the disposal of the central departments' road vehicles and other equipment. This framework will be submitted to the city manager for future reference. (Planned completion: May 2013)*

## 3.2.2. Role and Responsibilities of the Audited Business Units

As stated earlier, the DMRA offers a road vehicle disposal service, which is mandatory for the central departments (including the SPVM and the Service des infrastructures, du transport et de l'environnement). The same process therefore applies to all these departments. As concerns the boroughs, they oversee the vehicle disposal process themselves. They have the prerogative of whether to delegate all or part of this process to the DGPV. We therefore reviewed the processes and the supporting documentation in the boroughs of Ville-Marie and Saint-Laurent.

### 3.2.2.1. Ville-Marie Borough

#### 3.2.2.1.A. Background and Findings

An annual vehicle decommissioning plan is drawn up based on criteria such as vehicle age, use, maintenance cost, residual value and fuel consumption. A decision-making summary is produced prior to any disposal, indicating which vehicles are due to be decommissioned. Vehicle sales are entrusted to the CSPQ. The recommendation is then ratified by a borough council resolution.

The actual disposal process is overseen by the borough's Division de la voirie (Direction des travaux publics) in conjunction with the DMRA. The respective responsibilities are divided up as follows:

- the list of vehicles and rolling stock slated for disposal is prepared by the division head;

- the DGPV validates the list, removes the identified vehicles from the inventory and notifies the Société de l'assurance automobile du Québec that the vehicles are in storage so the licence status can be updated accordingly;
- the vehicles are stored in a location designated by the borough until they are transferred to the auctioneer (CSPQ) for sale;
- the CSPQ sends sales reports to the borough.

Some of the parts of these stored vehicles can still be reused. Based on the information we obtained, the warehouse facilities do not appear to be terribly well protected against equipment or component theft. Any employee can gain admittance to the facilities.

#### 3.2.2.1.B. Recommendation

**We recommend that the Direction des travaux publics of Ville-Marie borough control and limit access to areas where vehicles and other equipment earmarked for disposal are being stored to prevent the possibility of equipment or component theft.**

#### Business unit's response:

*[TRANSLATION] The Direction des travaux publics of Ville-Marie borough has amended its practices and now uses a warehouse located on a lot on rue Mill, which is protected by a locked security fence.*

*The building itself is also locked, and the Direction des travaux publics will use it from now on to store vehicles prior to auction.*

*In addition, we plan to gradually increase the frequency of vehicle transfers to various auctions.*

*Lastly, this problem was raised with the architects responsible for designing the upcoming facilities for the roadwork crews at the rue Bercy site to ensure a secure parking area would be developed for vehicles and equipment slated for disposal. (Completed, March 2013)*

### 3.2.2.2. Saint-Laurent Borough

#### 3.2.2.2.A. Background and Findings

Saint-Laurent borough administers its own vehicle disposal process. It has an administrative framework in place on asset disposal, which takes into account a number of assessment criteria with regard to vehicles (useful life, number of years of service, odometer count and maintenance/repair costs). On this basis, the manager makes a

decision and submits it to the borough council for approval, following which the vehicles are decommissioned.

Auctions are held every two years. The borough council authorizes them after reviewing the list of assets due for disposal and selecting an auctioneering firm. The entire process is covered in a decision-making summary. The borough deals with an auctioneer who handles all the aspects of the sale, in exchange for administrative fees. The company then produces an official report with the auction results.

The proceeds from the disposal are recorded in a Saint-Laurent borough revenue account. The asset that has been disposed of is then removed from the respective inventories.

Our audit did not reveal any discrepancies in the vehicle disposal process in Saint-Laurent borough.