

**REPORT OF
THE CITY GENERAL AUDITOR
TO
THE CONSEIL MUNICIPAL**

**For the year
ended December 31, 2002
and the quarter
ended March 31, 2003**

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Context

The Ville de Montréal was created through the merger, on January 1, 2002, of the 28 municipalities on the island of Montréal and the Communauté urbaine de Montréal (Montréal urban community, [MUC]).

In conformance with provisions of the Cities and Towns Act, the city endowed itself with an general auditor. Until May 31st, 2002, Mr. Guy Lefebvre, the auditor of the former Ville de Montréal, acted in interim. I was appointed general auditor by the conseil municipal at its meeting of May 27, 2002, and I took up my duties on June 3, 2002.

The mandate, obligations and powers of the city's general auditor are defined in Articles 107.1 to 107.16 of the Act (Appendix A). It is more particularly appropriate to underline the following aspects:

- his mandate is defined in articles 107.7 and 107.8;
- his obligations in matters of accountability of accounts (i.e. of the result of his work) are described in articles 107.12 to 107.15; and
- his powers are specified in articles 107.8 to 107.11.

In addition, in Article 107.5 the Act foresees that "the budget of the municipality must include a credit for a contribution to the general auditor of a sum aimed at paying expenses relative to discharging of his duties". In Montréal this credit must be equal to or superior to 0.11% of the other credits (i.e. other than those provided for the general auditor) provided for in the city's operating expenditures budget.

The general's auditor independence stems from the fact that the manner in which he is appointed, his mandate, and his budget are defined by the Act.

Approach

When I applied for the position of general auditor of the new Ville de Montréal, I clearly expressed my will to contribute to making the new city a success, that is to say a well managed city and which serves its citizens well.

On my part, this contribution implies working in partnership with the elected people and the managers, in order to:

- identify the important risks or obstacles confronting realization of the anticipated results and/or achievement of the objectives pursued, as well as solution trails in order to manage such risks or obstacles;
- evaluate the performance of the city's important activities and programmes in terms of effectiveness, efficiency and economy of resources, and
- to seek out and take advantage of the opportunities of improving services to citizens and/or to reduce their costs.

In concrete terms this is translated into an approach which favours research and the implementation of durable solutions to the underlying causes of the problems identified. Our reports will thus henceforth include action plans proposed by the managers, including anticipated implementation deadlines, in order to remedy the problematic situations observed. Of course it is possible that added delays could ensue between the beginning and the end of an audit. This inconvenience should, however, be more than compensated by the fact that the managers will have committed themselves to realizing the action plans included in our reports, according to a precise timetable.

The value added to the city by the general's auditor department also includes assurance that the statements (financial or other) forwarded to the elected people and managers are complete and trustworthy, i.e. fair, representative, pertinent, timely, etc.

In my opinion, the function of a general auditor is essential for the proper operations of the city. The general auditor must effectively be the watchdog of transparency in accountability matters, through his attestation about the reliability of the financial statements and the quality and pertinence of financial information presented to the conseil municipal. He must also champion good governance, by both his audit of the compliance of city operations with the laws, by-laws, policies and directives flowing from these, and by his value for money audits of the use of resources the city has at its disposal.

Follow-up on the recommendations of the general auditor

The former Ville de Montréal had introduced a formal follow-up process on recommendations included in the auditor's annual report. The new city decided to keep this process for the auditor's annual report for 2001. Effectively, following tabling of this report in March 2002, the comité exécutif set a performance target of 80% for results expected from the municipal departments. At March 31, 2003, corrective measures were to have been undertaken in 80% of the cases raised by the auditor.

The follow-up report presented by the Direction générale to the March 5, 2003 meeting of the comité exécutif shows that of the 24 files which were the subjects of a follow-up, seven are completed, nine are underway and eight have been carried over. The latter refer to situations where favourable conditions are not present to enable adequate actions on the auditor's recommendations. The files completed or underway represent 67% of the cases, lower than the established goal of 80%.

We have reviewed the highlight cards relative to all those files and agree with the conclusions presented to the comité exécutif by the Direction générale, taking our comments, about the budgetary evolution process presented further on, into consideration.

We, moreover, have agreed on certain changes in the follow-up process for audit files opened since January 1, 2002. The revised process is summarized as follows:

- 1) The general auditor will invite each department or borough concerned to make comments and produce action plans (including a precise timetable and the name of the party responsible for the file) for all audit files including one or more recommendations. A copy of the file will, at the same time, be forwarded to the Direction générale for information purposes.
- 2) The general auditor will review each action plan submitted to be certain that the proposed actions are apt to correct the set of problems raised.
- 3) A coordinating mechanism, currently managed by the Division cadre de gestion et optimisation de la fonction (function management and optimization framework division) of the Direction générale, will ensure that all action plans validated by the general auditor are sent to the Direction générale for final approval, since it is ultimately responsible for their implementation.
- 4) The Direction générale will extend the follow-up process of the former Ville de Montréal to all audit files.
- 5) The Direction générale will exercise this follow-up on a semestrial basis, thus ensuring close coordination with the general auditor in order to report to the Conseil municipal about the follow-up to his recommendations.

Integrated management system

In his last annual report, the auditor of the former Ville de Montréal extensively dwelled on the need for the new city to move quickly towards implementing an integrated management system.

Without here wanting to recall all the arguments proposed by Mr. Lefebvre, it is nevertheless pertinent to underline the difficulties which can be engendered by the absence of such a system when sound practices of financial management, accountability and governance are at stake. The new city presently has to deal with some 20 different accounting systems so that it was impossible for it to produce periodic financial statements (monthly or quarterly) for 2002. It has thus had to rely on a process called "budgetary evolution", where each department or borough had to estimate its results for the year in progress, so as to inform the conseil municipal about the city's financial situation during the budget year.

At this moment, the project to implement an integrated management system is at a standstill. At its regular November 27 meeting, the comité exécutif effectively decided not to follow suit on the creation of a project bureau called on to ensure implementation of the integrated management system. The lack of a consensus with respect to the future mode of operation of the new city, would appear to lie behind this postponement.

We also find that no corporate plan presently exists to deal with postponement of the project and nothing allows us to affirm that a solution will be elaborated within a fairly short period of time to enable coping with any major interruption.

A project presently under study will, we are told, attend to levelling up the supply management system of the ex-Ville de Montréal and the financial management system of the former Montréal Urban Community (MUC). A decision on this matter by the comité exécutif is expected soon. The project also includes corrections and changes to the assiduity/pay systems to meet the requirements of the new collective labour agreements. We firmly encourage the administration to move quickly in this matter, as well as with the implementation of an alternate solution to the Integrated management system.

Budgetary evolution

The first real financial statements ever produced by the new city were not available for our review until May 21, 2003, for the year ended December 31, 2002. Which means to say that at no time during the course of 2002, did the conseil municipal, nor the comité exécutif, nor the Direction générale have access to complete and reliable data concerning the new city's financial balance sheet, financial activities statement or its investment activities statement.

In order to mitigate the consequences of this situation, at least partially, the Service des finances resorted to a process known as "budgetary evolution", according to which every borough and corporate department made an estimate of its revenues and expenditures for 2002. Three series of estimates were thus produced in that year, on May 31, September 30 and December 31, 2002.

This situation certainly flows in part from the absence of an integrated management system. Certain alternative measures could nevertheless have been introduced so that the elected representatives and the Direction générale could have a better picture of the city's financial situation at their disposal. Thus, a solution similar to the one proposed for 2003, and used in the production of the financial statements at December 31, 2002, could have been arranged earlier.

It is difficult to understand that a system of accountability as fundamental as the preparation and tabling of financial statements like the balance sheet, the statement of financial activities and the statement of investment activities, was not implemented as soon as the new city was created, unless it was due to preoccupation with not rushing the boroughs emanating from suburban municipalities.

In a work published in 1996 by the Canadian Comprehensive Auditing Foundation entitled "Accountability, performance reporting, comprehensive auditing", the authors offer a definition of governance developed by Duncan Sinclair, Dean of the Faculty of Medicine, at Queen's University:

" Governance is the exercise of authority, direction and control. It can be thought of as the right and responsibility to determine the purposes and principles by which an organization will function and then to arrange for its management accordingly. The purposes are what the organization seeks to accomplish; the principles are the context, the value system, within which it operates. Governance deals with what an organization is to do and is, therefore, highly focused on planning, setting goals and objectives, and on the development of policies to guide the organization and monitor its progress toward implementation of its plans. Provided that the governing body has confidently arranged for effective management of the organization, the primary focus of governance should be on the long-term – the organization's mission, values, policies, goals, objectives and, for public sector institutions... its accountability under the terms of its implicit social contract. "

Elected representatives and citizens have the right to know how the financial resources of the city have been used. This information must be complete and tabled with due delay, because there is no good governance without adequate reporting. I therefore invite the municipal administration to introduce a rigorous process of preparing and presenting quarterly financial statements within reasonable delays to the conseil as its top administrative level priority in 2003.

Audit committee

There is not presently an audit committee at the Ville de Montréal.

Article 107.17 of the Cities and Towns Act provides that: "The council may establish an audit committee and determine its composition and powers."

In the private sector, this is the committee to which the board of directors delegates its monitoring responsibility over the firm's presentation and communications process for financial information. The audit committee thus acts as a bridge between the board, the auditors, and top management.

At the city, the audit committee will play a leading role in the relations between the elected representatives, on the one hand, and top management and the auditors, on the other. It will facilitate communications between the administration and the auditors, will strengthen the independence of the auditor, add to the credibility and objectivity of the financial reports, and reinforce the role of its members by encouraging in-depth discussions with management and the auditor. An effective audit committee is a key element in a solid governance culture, and can thus bring significant advantages to the city. The members of the audit committee should, of course, have all the necessary skills required to reach the objectives usually assigned to such a committee.

Let us underline that the Government Finance Officers Association (GFOA) recommends that:

- every government should establish an audit committee or its equivalent;
- the audit committee should be formally established by charter in order to give it an official legal status;
- an audit committee should have enough members to be able to assure that, collectively, they possess all the skills needed in accounting, auditing, financial statements and Finance. External members should be appointed, when necessary, so as to benefit from appropriate expertise or experience;
- the size of the committee should produce an effective operational mode. As a general rule, an audit committee should be composed of a minimum of five and a maximum of seven members;
- a majority of the members of the audit committee should be selected from outside top management, but the committee should include at least one representative from the administrative level (comité exécutif), and at least one from the legislative level (conseil municipal);
- audit committee members should receive training about the role of an audit committee, and about their responsibility as members of such a committee, including their duty to exercise a certain degree of scepticism.

It should be noted that the City of Québec has created an audit committee, at the April 7, 2003 meeting of its council. This five member committee includes the mayor, two councillors selected by the mayor, one councillor selected by the leader of the opposition and one councillor selected amongst the independent councillors.

Considering that the principles of accountability and transparency are essential for elected representatives and the ratepayers they represent in making enlightened decisions, and that the role of an audit committee is one of supervision over the processes relative to management of financial risks and over internal control of the municipality, over the presentation of its financial information and auditing of the municipality's accounts, I recommend that the conseil municipal immediately establish an audit committee, with a majority of its members having the recognized accounting titles of CA, CGA or CMA.

Organizational model and governance

The Comité de transition, and then the municipal administration, applied themselves to equipping the new Ville de Montréal with the most effective and efficient organizational structure possible. The Ville more recently called for professional service proposals aimed at helping it to draw up a global organizational model.

Structures can influence certain ways of doing things, as well as the nature of control mechanisms, but they will never eliminate the obligation of reporting on actions taken and thus reassuring the public about the rational use of collective assets.

With this perspective, we suggest to the municipal administration to give itself governance rules adjusted to the context, and to integrate these into its organizational model. According to us, the Public Administration Act contains the parameters which are essential to this end, if they are well applied and adapted to the municipal world.

Article 1 of the Public Administration Act affirms the priority given by governmental administration, in the elaboration and application of public administration rules, to the quality of services provided to the public; it thus establishes a management framework centred on results and on respect for the transparency principle.

It recognizes the role of parliamentarians respecting governmental activity and their contribution to improvement of services to citizens by supporting accountability of the governmental administration to the Assemblée nationale.

Article 2 specifies that the governmental management framework concurs more particularly:

- 1° with taking the expectations expressed by the citizens into account when making management choices according to the resources available;
- 2° with achieving results according to the objectives established beforehand;
- 3° with greater flexibility for the departments and organizations by adapting management rules to their situation;
- 4° with recognition of the role of deputy-ministers and the managers of organizations in the exercise of controls relative to results based management;
- 5° with accountability bearing on performance in achieving results;
- 6° with the optimal use of the governmental administration's resources;
- 7° with access, by the Assemblée nationale, to information pertinent to the governmental administration's activities.

Without going into all the details, this Act imposes, among other things, a logical approach where all departments and organizations offering direct services to the public must produce:

- a) a declaration of service to the citizens;
- b) a strategic plan;
- c) a performance and accountability agreement;
- d) reporting;
- e) a human resources management framework;
- f) expenditure and investment planning and certain budget management rules.

The preceding elements clearly indicate the will to plan action, to guarantee its performance and to ensure feedback through adequate reporting. Also, from the point of view of senior management, all these mechanisms are inseparable parts of different forms of control.

At the Ville, these concepts should be put forward in such a way as to be applied to the boroughs, to the corporate departments, and to the corporations under municipal jurisdiction. Among other things, this would facilitate clear matching between objectives, use of resources and accomplishments.

The administrative units will ultimately have to commit themselves in what could be called a performance contract taking all of the aspects previously enumerated into consideration, and thus facilitating accountability and, in addition, enhancing the transparency of the Administration's actions.

Certain management principles cannot be circumvented in order to guarantee the success of such an approach. In concrete terms, the following elements should be integrated into the organizational model in a concrete fashion:

- the setting of performance objectives (including targets and indicators, in both public service and financial terms);
- systematic accountability (services rendered and financial performance);
- the establishment of a unique and complete repertory relative to the decisions (resolutions and by-laws) of all municipal entities;
- implementation of a mechanism enabling ensuring:
 - the coherence and sound nature of by-laws;
 - a coordinated defence in case of litigations or lawsuits;
- the definition, without ambiguity, of the roles and responsibilities of corporate departments which are essential to sound governance, more particularly: Finance, Legal Affairs, City Clerk, Human resources.

Best practices

It is difficult to define a best management practice. Often, it all depends on the context, the goals targeted, or the needs that have to be satisfied. We nevertheless consider it important to underline practices that we have observed within the course of our work and which appear to us to be promising in terms of reducing costs or improving the quality of public service.

We, for example, have noted that the Lachine borough office is an agent of the Société d'assurance automobile du Québec. In addition to offering an extra service to its residents, the borough thus generates extra revenues which can be used for other beneficial projects.

Also noted are initiatives of the Côte-des-Neiges/Notre-Dame-de-Grâce and LaSalle boroughs pertaining to matters of bacteriological analysis of wading and swimming pool water.

Finally, it is worth noting that all the wadding pools of the Montréal-Nord borough are equipped with water filtration and chlorination systems.

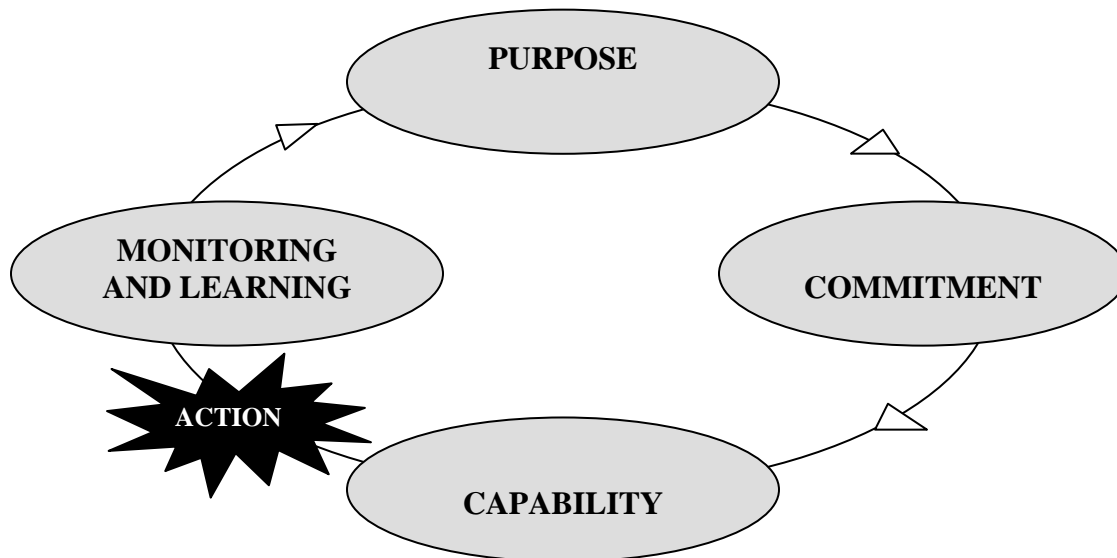
Department self-assessment

Shortly after I was appointed general auditor, I assigned the deputy general auditor with a mandate of doing a formal appraisal of our department, by using the control criteria of the Canadian Institute of Chartered Accountants (CICA) as appraisal criteria.

The primary objective of this appraisal was to establish:

- to what degree the important objectives of the department and the risks it faces are known by department members, and are taken into consideration in managing its operations; and
- what it is suitable to do to improve this management, so that the Service can face its obligations in matters of auditing the city's accounts and affairs and those of the other organizations covered by provisions of Article 107 of the Act.

CICA's control criteria are grouped according to the following model:



In concrete terms, this means that the department must do its work by relying on its understanding of the objective to be met (purpose) and by counting on its capability to do so (information, resources and competence).

To perform this work well, the members of the department must subscribe to this objective and be fully committed to achieving it. The department must monitor its performance and observe its internal and external environment in order to learn how to better accomplish its work and to identify changes required to do so.

The model's 20 control criteria are broken down as follows:

Purpose: criteria bearing on the organization's direction:

- objectives (including the mission, vision and strategy);
- risks (and opportunities);
- policies;
- planning;
- performance targets and indicators.

Commitment: criteria bearing on the organization's identity and values:

- ethical values, including integrity;
- human resources policies;
- authority, responsibility and accountability ;
- mutual trust.

Capability: criteria pertaining to the organization's competence:

- knowledge, skills, and tools;
- communication processes;
- information;
- coordination;
- control activities.

Monitoring and learning: criteria relative to the organization's evolution:

- monitoring of the external and internal environments;
- performance monitoring;
- challenging the assumptions;
- re-assessment of information needs and the related systems;
- the follow-up procedures;
- assessment of control effectiveness.

Approach

Comments collected from audit agents and our department managers, within the framework of a series of structured interviews, have been grouped according to CICA control criteria and then analyzed by our management committee, so as to identify and to agree on actions to be taken in order to improve the situation.

The participation of the department's managers and audit agents then allowed us to draw up an action plan, details of which are presented in Appendix B.

As it should, an internal follow-up process will be introduced in order to ensure realization of the plan and thus enable the strengthening of team spirit, modernization of the work tools, improvement of competence, heightening the contribution of members and an improvement in the group's overall performance.

Objectives of the general auditor

An organization often expresses its raison d'être through a mission statement. The provisional wording of the general's auditor mission is the following:

to supply the conseil municipal, in an independent and objective fashion,
with an opinion on the reliability of accounts and
assessments of the management of municipal affairs,
in order to add to its quality.

Our measure of success, for its part, translates into a vision of what we wish to be recognized for:

our expertise, our constructive approach, the quality of our work and our
contribution to the improvement of municipal performance.

The final touch on these wordings will come in June 2003 at a meeting of all members of our department.

We have, moreover, defined a certain number of strategic objectives capable of fulfilling our mission and realizing our vision. Chief among these are enumerated below:

- reducing the portion of time dedicated to financial auditing to less than 50% of total available time;
- completing, validating and keeping an analysis of risks updated for all audited entities;
- allocating the time reserved for audits other than financial to high risk activities in a proportion of at least 50%, to activities with an average risk in a 30% proportion, and 10% at the most to low risk activities;
- establishing the annual time budget while keeping a contingency margin equal to 10% of the time allocated to for audits other than financial;
- freeing a minimum of 10% of the department's total financial budget to resort to the help of experts for special mandates;
- raising the average time annually dedicated to training, for the audit agents, to 10 days;
- integrating the three unclassified managers, presently on availability, attributed to the department.

Risks analysis and work planning

Like all the other managers, the general auditor owes it to himself to properly identify various obstacles in the way of accomplishing his mission and of realizing his objectives (his risks), itemizing the various facets in order to establish the means of managing these, and evaluating the consequences of poor management on these risks.

In the field of financial auditing, the CICA manual defines the mission risk of the auditor as "the risk that the auditor does not formulate a restriction in his report on financial statements having important misstatements". (paragraph 5130.9)

In audits of conformance or value for money audits, this risk would be of not detecting a problematic situation during the course of his work.

Paragraph 5130.10 of the manual specifies that: "The three elements of the mission risk are:

- a) inherent risk: intrinsic risk that an important misstatement is produced;
- b) non-control risk: risk that the internal control of the entity does not assure the prevention or detection of an important misstatement;
- c) non-detection risk: risk that an important misstatement, which the entity's internal control did not allow to correct, is not detected by the auditor."

The first two types of risks to be faced by the general auditor flow directly from the environment within which he evolves (inherent risks and non-control risks), whereas the third (non-detection), rather falls under his organization, his competence, his work methods and the resources at his disposal.

Within the framework of planning auditing of the City's financial statements for 2002, a certain number of risk factors were identified and taken into account at the time of joint planning with the city's external auditors. These principal risks and the important elements of our audit were presented to a committee responsible for monitoring the city's financial information process.

Respecting our value for money audit work, we went ahead with a preliminary assessment of the main municipal functions and of certain activities which we judged to have priority, so as to identify, for our own needs, the sectors which could prove to be more vulnerable.

Globally, the method used relies on our professional experiences and knowledge of the entities or systems to be appraised.

A broad outline of the analysis covers the following facets:

- loss/inadequacy of revenues;
- high costs;
- inadequate/inappropriate resources;
- destruction/loss of assets;
- interruption of business;
- client/citizen dissatisfaction;
- negative corporate/department image;
- poor management decision;
- inadequate management information/data;
- governmental criticism;
- law suits;
- non-respect for accounting principles;
- fraud;
- conflicts of interest.

This technique, although seemingly intuitive, is based on a rational approach enabling to withdraw the principal stakes. This way, it enhances the auditor's effectiveness concerning the selection of his mandates. It could equally prove to be useful for a manager who would decide to use this method to better appraise his risks.

The result of this work, and the analysis grids emanating from it, constitute internal management tools in carrying out auditing mandates. In this respect, they are not to be divulged until after validation with the managers responsible for the sector being studied.

In matters of non-control risks, the appraisal described above confirmed several problems flowing from the creation of the new city, notably, those stemming from the multiplicity of accounting and management systems, from the need to change operations methods in a decentralized environment, and from seeking economies of scale often associated with standardization, with pooling of resources or with centralization.

Other risk elements, inherent to any major merger, are the result of the lack of a consensus on orientations to be taken and the vision of what the new city should be, the lack of clear directives or a resistance to change, or more simply the lack of resources considering the very nature of the activity at stake.

Finally, as for the non-detection risk, it chiefly bears on various aspects specific to the department and touches on the following aspects:

- personnel (competence, experience, education and training, etc.);
- work organization (methodology, procedures, etc.) and
- work tools (especially computers).

Whatever the type of risk, we are determinedly committed to:

- classifying the principal risks raised by members of our department during the self-appraisal process;
- together elaborating the means to counter the potential consequences of poor management of these risks;
- taking into account the risks identified in our planning;
- involving our members collectively in the department's evolution.

Commitment

Since my arrival at the city, I have resolutely committed myself to make the department one single large team, a polyvalent, competent and outstanding team.

We have already accomplished much progress. But a lot remains to be done in terms of decompartmentalizing, communications and information sharing.

Overall, I am convinced that the members of our department can and wish to contribute to its success. We already share a certain number of values which appear to be fundamental in accomplishing our mission: independence, objectivity, transparency, integrity and the pursuit of excellence.

This allowed us to reaffirm the code of ethics used by the office of the auditor of the former Ville de Montréal because it emphasizes certain important general principles such as professionalism, integrity, objectivity, neutrality and the professional secret. Added to these are certain fundamental values like loyalty, independence, and the obligation of avoiding to place oneself in a conflict of interest situation.

Other values such as team work and contribution to the department's mission, are also present, but would benefit from being spelled out more specifically.

I thus intend to encourage a management style based on the participation of all our members so as to support buy-in to our objectives, and to create synergy leading to enhanced productivity.

Knowledge, skills and tools for the job

Department members have the competence required to accomplish their tasks. We are all, however, living in a world that is constantly evolving and to remain on the leading edge of the sector of activity we must compulsorily be preoccupied by changes linked to our environment and to our specialties.

With this perspective we have drawn up a training programme for 2002-2003 and we expect to shortly introduce a quality assurance programme.

Moreover, the addition of a division manager specialized in the information systems sector should greatly contribute to the effectiveness of our action.

Improvement of internal communications and the exchange of information within the department will also contribute towards eliminating compartmentalization between our different audit teams.

In other respects, the deployment of adapted information systems should facilitate a certain standardization in our work methods and enhancement of the quality of our files.

Finally, important efforts are being devoted to improving our relations with the entities potentially subjected to our audits. We thus want to develop a network of contacts within the major municipal departments, the boroughs, and paramunicipal corporations in order to establish more convivial relationships with our clients. This initiative will take form through regular meetings with our clients all-year-round.

We will also be present in the public auditing sector and will seek to attain professional recognition, thus giving greater visibility to our activity and, consequently, to the Ville de Montréal.

Performance indicators

Our department's management committee has already defined the main parameters to be measured and has compiled a list of the measurement tools for our performance. Provisional performance indicators have been identified and will be formally validated at a meeting of all department members, foreseen for early June 2003. Here is the list:

Objectives	Means
Analysis of city-wide risks	List of the principal activities of the city classified by risk level
Analysis validation	Meeting with leaders before 30-06
Allocation of department resources according to risk analysis Financial audit Value for money and management audit	Budget of hours by risk levels List of mandates by activity, by risk level
Accomplishment of mandates 100% of financial audits 80% of the other mandates	List of reports issued compared to the list of mandates expected
Respecting the time budget	Internal report on time management (Tolerance +/- 10%)
Enclosing action plans in the reports	Report by the Division – cadre de gestion et optimisation de la fonction to the conseil municipal
Follow-up on implementation of proposed corrective measures following the general's auditor recommendations and semestrial report to the Conseil	Report by the Division – cadre de gestion et optimisation de la fonction to the conseil municipal
Normalization of audits of the Caisses de retraite of the ex-Ville de Montréal	Increase in available resources to audit the city's accounts and business
Layout of corrective measures proposed in reply to the department's self-assessment	Stage report submitted to our department's employees
Respecting the financial budget	Financial results (budget control)
Installing Caseware and CaseView	Computerizing the department's files
Cleaving the internal time management system	Reliable statistics

AUDIT RESULTS: VILLE DE MONTRÉAL

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ACCOUNTABILITY AND MINIMAL STANDARDS OF SERVICE LEVEL

CONTEXT

The municipal administration is presently confronted by one of its most important challenges. In effect, the territorial organization foreseen in Act 170 enabled the grouping the 28 Island of Montréal municipalities into a single municipality. This new city, of close to 1.8 million Montréalers has, in 2002, a budget of \$3.6 billion and 23 000 employees.

This new organization was orchestrated by a Comité de transition which was created in 2000. Its mission was to participate with the managers and employees of the municipalities involved and those of the Communauté urbaine de Montréal (MUC) in establishing the conditions most able to facilitate, for the citizens, transition between the existing administrations and the new city. The overall work accomplished allowed the Comité de transition to produce, in 2001, an organization plan and the initial budget of the new Ville de Montréal.

Considering the importance of this reorganization, its implementation will be conducted over a period of several years and should, among other things, enable making adjustments relative to sharing of responsibilities among the central (corporate) departments and the boroughs. This sharing should specifically be carried out by keeping in mind the different cultures of the former municipalities on the Island of Montréal, while considering best management practices.

METHODOLOGY AND SCOPE

The audit consisted of evaluating to what measure the different elements making up the accountability structure of the new city, support the rendering of accounts relative to the degree of attainment of the desired results. Our audit work dealt with corporate departments as well as boroughs emanating from the former Ville de Montréal. More particularly, we examined the definition of the sharing of responsibilities, the existence of missions, the use of objectives and performance indicators, and the existence of management reports relative to the results. We, in addition, also examined the existence of minimal standards of levels of service offered to the public.

OBSERVATIONS ET RECOMMANDATIONS

Accountability

Since January 1, 2002, the organizational structure of the new Ville de Montréal is composed of a conseil municipal, a comité exécutif, 10 corporate departments, and 27 boroughs, each one of the latter having a distinct borough council.

Considering that the municipal administration wishes to orient its management on results, certain conditions of success must be assembled in order to enable their realization. To be underlined among these, is the importance for a specific mission to be clearly defined for each administrative unit (corporate services, boroughs, senior management).

This mission must, more particularly be worded in such a way as to enable thorough understanding of the roles, responsibilities and orientations of the unit. It, in fact, constitutes one of the principal elements allowing for orientation of the sharing of responsibilities and which serves as the basis of the concept of accountability, being: the obligation to render account for, according to the mission and responsibilities conferred. From this fact, it becomes important for the mission of each of the responsible units to be formally approved by the municipal administration so that it can pronounce itself on the respective responsibilities of each one of the administrative units.

Sharing of responsibilities and missions

An examination of the organization plan of the new city produced by the Comité de transition and most of the interviews we made allowed us to find that important work had been carried out to set up the new municipal organization, but that more work remained to be done, notably concerning definition of missions and the sharing of responsibilities and their approval by the municipal administration.

In fact, several persons we met mentioned that certain missions and responsibilities appearing on the Comité de transition's organization plan were not recognized by all the parties involved. Generally speaking, the boroughs emanating from the suburban municipalities keep the same responsibilities that they enjoyed prior to the municipal reorganization, including certain responsibilities which should now belong to the corporate departments.

In this respect, several managers pointed out to us that the budget granted to the corporate departments for 2002, only allowed them to support the boroughs issued from the former Ville de Montréal and to provide services formerly offered by the Montréal Urban Community. Yet the scope of the missions and responsibilities of the corporate departments, spelled out by the transition committee, foresaw that they had to support all of the boroughs in the new city.

Moreover, the missions and responsibilities of certain administrative units retained by the transition committee did not materialize as expected and have to be revised.

Recommendation

We recommend that the Direction générale continue the steps undertaken in order to complete the sharing out of the major responsibilities and thus enable drawing up of the missions with the briefest delays, so that the role of each one of the administrative units can be specified. These main responsibilities and missions will then have to be approved by the conseil municipal to obtain formal status.

Direction générale comments

"Your report correctly describes the context and challenges of setting up the new Ville de Montréal. As you mention, this challenge will require several years of intense labour where all the municipal players will be called on to play a determining role.

The first months of 2002 provided the opportunity of making certain foreseeable adjustments relative to mission elements spelled out by the Comité de transition. However, there still remain some activity sectors where the organizational models, and thus the sharing of responsibilities, remain to be finalized. Work on preparing the 2003 budget will give an opportunity to round off the allotment of major activities among the municipal entities. The budgetary directives forwarded moreover request that the municipal departments submit their respective mission for scrutiny by the budget committee. At the end of this exercise, and to the degree allowed by the decisions, the mission statements for all authorities could be written and then submitted for eventual approval by the administration."

Note from the general auditor

The supplementary information for the 2003 budget plan effectively includes the jurisdictions, business plan synopses and budget choices of the boroughs as well as the mission statement, principal activities, business plan synopses and budget choices of each one of the corporate departments.

Objectives, performance indicators and management reports

Although this organization plan for the new city was not submitted for the approval of the current city administration, it appears clear to us that the latter shares in the vision contained in this plan relative to the rigour to be adopted in managing public funds. Effectively, in a March 26, 2002 press release, the chairman of the comité exécutif, on behalf of the municipal administration, mentioned that value for money, achievement of results, accountability, and rigorous control of public funds are part of their preoccupations.

This management, centred on results, implies a definition of priorities which must be the object of a follow-up as well as the determination of objectives accompanied by performance indicators which, compared to the objectives, enable evaluation of the effectiveness of operations. To close the loop, management centred on results also implies adequate accountability, making managers responsible for the results obtained.

Further to the definition of priorities, the municipal administration decided to take steps to mobilize the public and pressure groups into agreeing on common expectations, identifying their priorities and their projects and defining a realistic action plan for the coming years. The means of reaching these objectives consisted of holding the Sommet de Montréal early in June 2002.

It is expected that the results of this summit should be integrated into the city's various development and action plans.

With respect to, more particularly the establishment of objectives and performance indicators, the responsibility of the Directeur général, in his capacity as the highest-ranking city employee under the authority of the comité exécutif, is responsible to render account on the performance of operations by both the corporate departments and the boroughs. To this end, he must be able to count on mechanisms allowing him to assess to what degree activities are carried on in an economical, efficient and effective fashion. These mechanisms must enable accountability in both achievement of the municipal administration's priorities and performance in conducting current activities.

We have noted that both the corporate departments and the boroughs have, since the start of the year, given themselves the priority of setting up an organizational structure while maintaining service to their clients. In this respect, several have pointed out important difficulties met in filling job vacancies considering delays in the integration of personnel, as well as delays met in defining a clear division of certain responsibilities between the corporate departments and the boroughs. Consequently, very few objectives and indicators have been drafted to this day.

Thus, despite the fact that regular meetings are held among the city's senior managers, this situation means that they can hardly evaluate the performance of the corporate departments and the boroughs to then render account.

Recommendations

We recommend that the Direction générale make sure that the priorities resulting from the Sommet de Montréal are transposed into a strategic plan to be approved by the conseil municipal in order to support its realization and to represent a commitment which is publicly visible. Following this, so as to make these materialize into services to the public, we believe that such priorities should be reflected in the business plans and budgets of the corporate departments and the boroughs. These plans will have to be approved by the competent authorities.

We recommend that the Direction générale ensure that mechanisms are set up to carry out a strict follow-up on achieving the priorities of the strategic plan, to next communicate the results to the municipal administration.

We recommend that the Direction générale produce the conditions needed for the development and application of a management framework in order to materialize the will of the municipal administration to centre management on achieving results. Establishment of this framework will imply the definition of objectives, measurement of the results and the introduction of a structured accountability process, with minimal delays.

Direction générale comments

"The City's strategic planning will largely flow from the priorities and orientations emanating from the Sommet de Montréal. A follow-up secretariat for this "Sommet" has been set up and its mission is to ensure the coordination of all the intervening parties required to implement the action priorities coming from the Sommet, and to report on work progress.

The orchestration and scheduling of action priorities identified in the Sommet will, of course, be realized according to the ability to pay of Montréalers, but equally depending on the implication needed from the public and private partners. In that context, drawing up the Ville de Montréal's 2003 budget and negotiations surrounding the conclusion of a first "Contrat de ville", are key elements in materializing the action priorities identified at the summit. Let it be mentioned that the budgetary guidelines for the 2003 budget year ask that the units give themselves priorities and set their own performance targets, and that the action priorities identified at the Sommet de Montréal be taken into consideration during this exercise.

As for results based management, the Direction générale will eventually evaluate the possibility of introducing activity and performance reports which the departments and boroughs would present at the same time as their financial results. This process must be orchestrated with the assessment of the performance of senior management and the preparation of the budget for the next financial year. Further consideration of this subject will continue in the coming months. Nevertheless, the "Contrat de ville" presently under negotiation, and the "borough contracts" stemming from it, will integrate control and evaluation of results mechanisms and indicators so as to enable an appraisal of the achievements and of the effectiveness of the interventions retained."

Note from the general auditor

The supplementary information about the 2003 budgetary plan, in addition to a summarized business plan for each of the boroughs and corporate departments, includes a series of performance indicators for 2003. As for the "Contrat de ville", it was approved by the conseil municipal on February 4, 2003.

MINIMAL STANDARDS FOR THE LEVEL OF SERVICE

When the new charter of the Ville de Montréal was enacted, different articles were foreseen in order to allow the conseil municipal to adopt by-laws which would prescribe minimal standards for the level of service to be offered by the boroughs concerned. Article 144 of Appendix I of the charter particularly stipulates that the borough council is responsible for managing its budget. It must however administer its budget allocation with due respect for the minimal standards set by the conseil municipal in a by-law relative to the level of services which each of the borough councils must offer.

Our audits allowed us to find that, on the whole, little work had been started in view of examining the situation and to define, when required, minimal standards for the level of service.

We are aware of the magnitude of the task linked to the municipal reorganization, the fact that it was orchestrated in a relatively limited period of time, and that the situation required placing other priorities at the top of the list, particularly laying out the organizational structure and dividing up responsibilities. In the context of the new city, however, where the former municipalities are now grouped together with their own cultures and different ways of doing things, it could prove to be pertinent, for certain activities, to invest efforts in view of arriving at a consensus for establishing a minimal level of services offered to the public.

In addition, as mentioned by the Comité de transition when the budget was prepared, 2002 marked the beginning of a period during which taxation specific to each of the former municipalities will progressively be changed to eventually arrive at tax rates and fees to be gradually harmonized among all boroughs.

Recommendation

We recommend to the Direction générale to introduce the mechanisms needed to trigger a period of reflection which would, when required, lead to the definition of minimal levels of service in order to arrive at a consensus respecting such levels to be offered to citizens. These minimal standards should then be presented to the municipal administration for approval.

Direction générale comments

"An inventory of services presently offered precedes reflection about minimal standards. Two parallel undertakings are in progress in this respect: an inventorying contact of immoveables in the boroughs emerging from the suburbs was awarded by the executive committee on August 14 last (CEO21406), particularly to identify immoveables where activities are offered; an inventory of services offered regarding libraries is underway at the Service du développement culturel. This gathering of information will lead to a period of reflection.

The first minimal service standards expected will thus concern the library network. Other activity sectors will next be solicited. The minimal standards to be defined will consider the ability to pay of Montréal ratepayers and the notion of equity of services over the entire territory of the city.

Preparation of the 2004 budget will moreover not be done on a historical basis but according to the real needs of the boroughs. To make this allocation, work will be undertaken to establish the criteria most appropriate to each domain of activity.

This is a very important and structuring exercise for the new city. Also, considering the importance of the work of setting up the new city, this exercise will be made in a prudent and rigorous manner, stage by stage, activity sector by activity sector."

Our report was forwarded to the Direction générale on June 17, 2002 and the comments were received on September 26, 2002.

DELEGATION OF AUTHORITY TO BOROUGH COUNCILS VIA INTERNAL BY-LAWS

CONTEXT

The advent of the new Ville de Montréal, on January 1, 2002, provoked a great upheaval in the fields of jurisdictions of the various existing decision-making entities, being the conseil municipal and the comité exécutif, and the creation of a new decisional entity in the borough councils.

Act 170, reforming the municipal territorial organization of the metropolitan regions of Montréal, Québec and the Outaouais, specifies the sharing of jurisdictions between these different decision-making entities. The conseil municipal was thus granted all city jurisdiction except for those specifically assigned to the comité exécutif or to the borough councils. Furthermore, the conseil municipal can delegate certain powers, via internal by-laws, to the comité exécutif or to borough councils.

The conseil municipal, in December 2001, adopted several internal by-laws aimed at delegating powers to all of the borough councils and more particularly to some of these.

METHODOLOGY AND SCOPE

The audit consisted of ascertaining that the powers delegated by the conseil municipal to the borough councils, by internal by-laws, were clearly defined. In addition, we examined respect for the obligations to which the borough councils must abide by concerning delegated powers, being the keeping of separate accounts for certain activities, accountability to the comité exécutif about decisions taken and about every other exceptional request from the comité exécutif.

Our audit work mainly dealt with nine particular internal by-laws, namely by-laws 02-007 to 02-015, applicable to eight boroughs.

OBSERVATIONS ET RECOMMANDATIONS

On December 20, 2001, the conseil municipal adopted nine particular internal by-laws through which it delegated specific powers to certain borough councils. These more particularly dealt with:

- maintenance of Mount-Royal park (By-law 02-007);
- the supply of electricity (By-law 02-008);
- the supply of water in the territory of five boroughs and to the other boroughs already served by these prior to the municipal reform (by-laws 02-009 to 02-013);
- operation of a landfill site (By-law 02-014);
- management of contracts with Tennis Canada/Stade Jarry (By-law 02-015).

We examined whether these delegated powers were clearly defined and if mechanisms had been implemented to ensure respect by the borough councils for the different articles of the internal by-laws.

RESPECTING BY-LAWS ADDRESSING DELEGATION OF AUTHORITY TO BOROUGH COUNCILS

Our audit showed that the jurisdictions delegated by the conseil municipal to the borough councils concerned were, in general, clearly defined, except for the by-law on operation of a landfill site. The set of problems tied to this particular by-law in this regard is dealt with in the next section.

We also generally found that managers in the boroughs involved with the specific internal by-laws, recognized the delegated jurisdictions and assumed the consequent responsibilities since the beginning of 2002. Furthermore, in the case of boroughs issued from the former suburban municipalities and impacted by the application of these internal by-laws, such boroughs had full responsibility for the activities concerned prior to the municipal reform and continue to assume these as in the past.

The delegation of authority to the borough councils involved is accompanied by an obligation particularly to keep distinct accounting, and accountability to the comité exécutif.

Article 3 of the special internal by-laws stipulates that the borough council must keep distinct accounting so as to enable complete monitoring of delegated activities and even, in certain cases, to allow for an assessment of their unit cost.

Distinct accounting of the cost pertaining to the delegated activities is essential in exercising particular monitoring of these, notably during budget follow-ups when periodic budget variance reports must be produced for the responsible authorities, to explain budget variances. It also becomes necessary to supply useful information for decision-making by both the responsible managers and the municipal administration relative to establishing the unit cost, to the orientations to be taken, and to future investments to be expected.

We found the following situations respecting the obligation of keeping separate accounting:

- five boroughs have an accounting system allowing them to quickly obtain all the necessary information relative to the costs of the delegated activity;
- two boroughs are not immediately able to account separately for the costs of the delegated activity. Minor modifications in the accounting system would however enable meeting that obligation;
- for one borough, the accounting system does not allow for distinct accounting for delegated activity costs. According to the director of administrative services of that borough, conforming to this article would require major changes in the existing accounting system.

Article 4 of the special internal by-laws stipulates that the borough council must submit a quarterly report to the comité exécutif noting decisions taken according to the delegated powers and any other information prescribed by the comité exécutif.

During our interviews, we found that a majority of the managers had not been informed about the obligations to which the borough councils were subjected to relative to accountability, and this despite the fact that at least one councillor from their borough is a member of the conseil municipal and had attended the meetings of the conseil held in December 2001 when the internal by-law was adopted. Consequently, most of the borough councils covered by the special internal by-laws did not perform their prescribed duties relative to their responsibility to render accounts for the first quarter of 2002.

Certain managers we met seemed to have contacted corporate departments in order to obtain orientation relative to the nature of the reports to produce for the comité exécutif. However, at the time of our audit (June 2002), no clarification or directive had been issued in this respect.

The Division du cadre de gestion et optimisation de la fonction of the City's Service des finances must, among other things, advise the municipal administration and the city managers about the introduction of a new management framework centred on results, apportionment of powers, the introduction of corporate frameworks and appropriate control mechanisms. More specifically, the division must, define the components of the control framework starting from laws, by-laws and orientations. It must also make sure that the control mechanisms enable meeting the responsibility for rendering of accounts for activities performed.

Moreover, on May 31, 2002, at the first meeting of the finance resources function network, the Division cadre de gestion et optimisation de la fonction presented the services offered, the principal files realized to that day, as well as its action plan for the next six-month period. One of the elements foreseen notably aims at account reports about the delegated powers as well as support to the boroughs in developing these reports.

Recommendations

We recommend that the Division du cadre de gestion et optimisation de la fonction of the Service des finances, with the briefest delays, complete its work bearing on the delegation of authority foreseen in the special internal by-laws, in order to:

- **establish information needs of the comité exécutif concerning authority delegated to certain borough councils, so that they may provide adequate information to enable enlightened decision-making;**
- **coordinate the setting up of control mechanisms to ensure the keeping of separate accounting for delegated activities to enable complete monitoring of these activities;**
- **develop the required administrative frameworks, getting these approved by the comité exécutif and forwarding them to the borough councils involved so as to allow them to perform the assigned duties in rendering of account matters.**

Actions proposed by the Service des finances

- "1) *Contact the boroughs where the system do not allow to perform distinct accounting of delegated activities to determine a work plan in order to produce an adequate solution.*
- 2) *Coordinate, with the boroughs concerned, the establishment of a distinct accounting report outline for delegated activities, in order to enable a complete follow-up on these activities. We will also make sure that mandates are given for implementation of the report.*
- 3) *Propose, to the comité exécutif, a model report bearing on delegation of authority foreseen in the special internal by-laws. To this end, we will also contact the corporate services concerned by these areas of activity.*

Our time table is Spring 2003"

MODIFICATION TO OR REPEAL OF THE SPECIAL INTERNAL BY-LAW

Landfill site (By-law 02-014)

In December 2001, the conseil municipal decreed a delegation of its authority to a borough council to ensure operation of a landfill site situated on the territory of the said borough, and application of all by-laws relative to these operations.

According to the borough managers we met, application of the special internal by-law (02-014) cannot fall under the borough's responsibility because the former suburban municipality does not own the site. The site is effectively owned by a private company.

During our audit we performed additional work to enquire about the existing responsibilities between the ex-suburban municipality and the promoter of the project in managing the landfill site. In this regard we examined an agreement reached between the former municipality and the private company relative to operation of a landfill site and a recycling centre for dry matter, signed in December 1995 and modified in November 1999. After reading this agreement we are of the opinion that several articles show that the ex-municipality had a certain responsibility in operating the landfill site and the recycling centre. In addition, the agreement included several obligations to which the promoter committed himself respecting the former municipality.

Thus:

- the promoter pledged to fill the excavation left by quarry operations situated in the said municipality, no later than 15 years after the opening date of the site (permit from the ministère de l'Environnement valid since October 1999);
- when lay-out of the site will have been completed, the promoter has pledged to offer the former municipality all of the landfill site for the sum of \$1, or to lease it by emphyteutic lease;
- the promoter and the ex-municipality jointly pledged to create a site-use and restoration commission whose mandate chiefly consists to:
 - ensure monitoring of the operations and exercise control over conformity with the standards applicable to operations matters;
 - study any question relative to restoration of the quarry submitted to him by the municipal council of the former suburban municipality and to report to that council within time delays set by the latter;
 - ensure application of the agreement between the ex-municipality and the promoter who is responsible for the landfill site;
 - analyze, and report to the council of that former municipality, any recommendation relative to eventual complaints from local residents;
- considering the inconveniences resulting from the operations, the promoter committed himself to handing over a financial compensation to the former municipality, every three months during the entire duration of the present agreement, a percentage foreseen of the amount charged per truck for using the site. Payments must be made within 30 days following the end of each quarter-year. The percentages set are clearly defined in the agreement for the duration of the project;

- the promoter committed himself to paying these sums during a period of 15 years into a closing fund foreseen in the impact study;
- the promoter is committed to annually paying other sums amounting to \$2.4 M into a post-closing fund, managed by the ministère de l'Environnement;
- the promoter is committed, to the benefit of the suburban ex-municipality, to deposit a bond through a recognized bonding company or a letter of guarantee from a recognized chartered bank, for an amount of \$300 000, renewable until the expiration date of delays provided for in the agreement;
- the promoter is committed to contract a global insurance policy of the "extended scope" type for a minimum amount of \$5 M including civil responsibility insurance as well as insurance covering any environmental responsibilities.

According to information obtained from the borough director and the office manager of the borough, in recent years the promoter did not respect some of its obligations towards the ex-municipality relative to certain monetary clauses of the agreement and to control over garbage management.

In addition, confronted by the promoter's non-respect of obligations bearing on contamination control and environmental monitoring, the promoter had to face several notices of infringements of the law in 2001. For instance, the MUC charged him five times, netting a total of \$410 000 in fines, for non-respect of standards covering waste water channelled into the sewers, and by-laws relative to dust. The ministère de l'Environnement also issued nine statements of offence for having accepted unauthorized waste matter, and for non-comforming site operations.

Considering the promoter's non-respect of obligations towards the former municipality, the latter's city council adopted a resolution, in November 2001, for all appropriate legal measures to be taken against the promoter so as to ensure respect for his obligations and the recovery of sums owed by him. The resolution aimed at assigning this mandate to a law firm. According to information we received, the former suburban municipality had not gone ahead with its intentions before December 31, 2001.

Following the territorial reorganization which led to creation of the new city, as of January 1, 2002 the latter carries on with the rights, obligations and responsibilities of the Montréal Urban Community as well as those of the municipalities in existence at December 31, 2001 (Article 5 of Appendix I of the charter of the Ville de Montréal). In addition, according to Article 6 of Appendix I of the charter, actions of each one of the municipalities in existence on December 31, 2001 are deemed to emanate from the city or, depending on the domain of competence to which they belong, from the council of the borough covering this territory.

In addition, reading of the charter shows that the city has the authority, obligation and particular powers in the field of recuperation and recycling of waste matter (Article 87 of Appendix I) whereas a borough has the authority, obligation and special powers in the field of removing waste matter (Article 130 of Appendix I).

Hence, according to Article 186 of Appendix C of the charter, the conseil municipal delegated, to the borough councils concerned, the power to:

"operate a snow dump site or a recuperation or recycling establishment for waste matter, except for the Complexe environnemental Saint-Michel".

We must also add that the second paragraph of Article 84 of Appendix I of the charter provides that:

"The city acts through its conseil when the division of authority in the present Act does not allow, implicitly or explicitly, to determine by which, conseil municipal or borough council, it must act."

We are thus of the opinion that the authority, obligations and particular powers in the field of elimination of waste matter are not clearly determined. Still, on reading these articles and in the spirit of the special internal by-law concerning operations of a landfill site in the borough (012-014), even if it is not applicable in its present form, determination if application of the agreement with the private company falls under a corporate department or under the borough is not clear.

Recommendations

We recommend that the Direction des affaires juridiques take the measures required to repeal special internal by-law 02-014, concerning operation of the landfill site in the borough involved, because the powers stated in the by-law as well as the obligations stemming from these, can not be exercised by the borough.

We recommend that the Direction of the borough in question inform the Direction générale, without delay, about the promoter's non-respect of articles in the agreement relative to operating the landfill site and the dry matter recuperation centre situated in this borough, so that the Direction générale can inform the comité exécutif or the Direction des affaires juridiques, depending on the case, in order to assess the pertinence of taking legal action.

The Direction générale will have to examine the degree of responsibility of the city respecting management of the landfill site and the recuperation centre situated in the borough involved, in the light of the existing legal documents, of the charter and of the by-laws in force in order to assign this responsibility to the appropriate administrative unit, in a corporate department or in a borough.

Action proposed by the Direction générale

"Work will begin at any moment to regularize and shed light on the situation you describe. The work will essentially consist of the following stages:

- *Identification of the administrative unit responsible for the file (deadline: October 18, 2002).*
- *Amendment of the internal by-laws in order to confirm the decision taken about the administrative unit responsible for the file (deadline: city council, December 2002).*
- *In accompanying fashion, obtaining a complete report on the file enabling an appraisal of the pertinence of legal action (deadline: November 8, 2002). This information will be brought to the attention of the comité exécutif."*

Note from the general auditor

Repeal of the special internal by-law concerning the operation of the land-fill site in the borough, has been postponed to the May 26 meeting of the conseil municipal.

Action proposed by the Direction des affaires juridiques

"... Two lawyers have been designated to advise the Service de l'environnement, de la voirie et des réseaux respecting the work to flow from your report.

One will attend to the by-law amendment aspect, while the other will work on the borough landfill site promoter's non-respect of the contract linking him to the former suburban municipality."

Note from the general auditor

At its March 5, 2003 meeting, the comité exécutif authorized the Direction des affaires juridiques to launch the appropriate judicial proceedings in order to obtain sums owed to the Ville de Montréal, as well as conformity with the obligations subscribed to by the private company in operating a landfill site for dry matter.

DECENTRALIZATION OF USER FEE ACTIVITIES IN THE NINE BOROUGHES ISSUED FROM THE FORMER VILLE DE MONTRÉAL

CONTEXT

Since the creation of the new Ville de Montréal, on January 1, 2002, several user fee activities which were formerly centralized within the municipal departments of the former city, were from then on decentralized under the responsibility of nine boroughs issued from the former city. These user fee activities were mainly performed by the Service des travaux publics et de l'environnement and the Service du développement économique et urbain.

This decentralization follows on the sharing of jurisdictions between the conseil municipal and the borough councils chiefly established in the charter of the Ville de Montréal, and the power delegation by-laws.

Of course, within the framework of the creation of the new city, the scope of the task to be performed in order to reflect this decentralization, at the operations level, is exceptionally vast and requires more or less lengthy transition periods which, in certain cases, are not yet over.

METHODOLOGY AND SCOPE

The audit consisted of identifying the principal activities requiring user fees which could be the object of decentralization in the nine boroughs issued from the former city. For these activities, we have examined if sharing of the fields of jurisdiction and the delegations of authority stemming from these, were clearly defined. Then we assessed if administrative structures and mechanisms had been put into place, without delay, to enable the boroughs to exercise their authority and to control activities, and more particularly relative to what deals with delays in delivering services.

Our audit bore on the issuance of construction and transformation permits by the former economic and urban development department, issuance of temporary public domain occupancy permits, and parking permits in street sectors reserved for resident parking (SRRR) issued by the former public works and environment department.

The audit work chiefly took place in the Ville-Marie and Plateau Mont-Royal boroughs as well as in the Service de l'environnement, de la voirie et des réseaux and at the Service du développement économique et urbain.

OBSERVATIONS AND RECOMMENDATIONS

Sharing fields of jurisdiction and delegations of power

Sharing fields of jurisdictions

Examination of the charter and the by-laws relative to delegation of power by the conseil municipal, as well as information obtained from a management representative of the Direction des affaires juridiques of the Secrétariat général, allowed us to find that the fields of jurisdiction were clearly defined concerning the issuance of different permits covered in our audit.

Article 186 of Appendix C of the charter effectively allows the conseil municipal to delegate, to a borough council, the powers of adopting and applying by-laws concerning traffic and parking control in the street network, and powers relative to application of by-laws concerning building construction and those covering occupancy of the public domain. The conseil municipal, on December 18, 2001, effectively adopted a by-law which delegates the above-mentioned powers to all borough councils starting on January 1, 2002.

Considering that the issuing of building and transformation permits, issuing of permits to occupy the public domain, determination of the SRRR, and issuing SRRR permits, are made according to by-laws whose application has been delegated or assigned to borough councils, we can conclude that it is clearly established that those responsibilities are under the jurisdiction of borough councils since January 1, 2002.

Delegation of powers

Although responsibilities relative to issuing permits are assigned to the borough councils, it is important to establish an appropriate delegation of powers to civil servants so as not to unduly burden the process linked to these user fee activities.

We thus examined the charter and by-laws in force and we contacted a management representative from the Direction des affaires juridiques of the Secrétariat général in order to evaluate if a civil servant held the required powers to issue construction and transformation permits. The legal affairs representative confirmed that, in this regard, an analysis of the laws and by-laws in effect had allowed to conclude that the directors of the urban planning and business development departments in the different boroughs have the power to issue the vast majority of construction and transformation permits without having to obtain authorization from their borough council.

In the case of SRRR permits, examination of the charter and the by-laws in force, as well as information obtained from the representative from the Direction des affaires juridiques, allowed us to note that requests for the creation or amending of on-street parking sectors reserved for residents must be approved by the appropriate borough councils. Once the parking zone has been approved however, the legal affairs division representative confirmed that issuance of permit to residents constitutes an administrative act, since once certain conditions have been met (e.g. proof of residence supplied, payment received) the civil servant must issue the permit without having to exercise discretionary powers. Civil servants can thus issue these permits without having to obtain permission.

Finally, for public domain occupancy permits, the Direction des affaires juridiques, in February 2002, through the bank of judicial documents, forwarded information to the effect that the only borough councils could authorize occupancy of the public domain and that this authority could not be delegated to a civil servant. According to managers and the representative of the Direction des affaires juridiques however, it is very difficult to operate this way considering the delays such a procedure could produce.

Borough councils presently meet on a monthly basis most of the time. Thus it could happen that a temporary occupancy permit for the public domain could not be issued on time in cases where there would be no meeting between the date of receipt of the application and the date targeted for occupancy of the area. Workload should also be considered since, for the nine boroughs originating from the former Ville de Montréal, about 24 000 temporary public domain occupancy permits were issued in 2001, of which almost 60% were in the two boroughs we audited.

Considering the difficulty of complying with the provisions of the charter, the representative from the Direction des affaires juridiques told us that the three directeurs généraux associés had been informed that the public domain occupancies granted in the 27 boroughs had, at the very least, to be ratified by borough councils.

We made samplings in the boroughs issued from the former Ville de Montréal and ex-municipalities in the suburbs so as to assess if occupancies of the public domain were ratified by the borough councils. The results obtained revealed that the occupancy permits issued by the Service de l'environnement, de la voirie et des réseaux are not subjected to approval or ratification by the borough councils involved.

Moreover, at a meeting with representatives from the Direction des affaires juridiques, the latter mentioned that it is possible that analysis of the by-laws of the former municipalities could allow defining a way of doing things which would make the authorization process for such occupancies to be more efficient than the one presently used in the boroughs of the former Ville de Montréal, without having to seek charter amendments.

In fact, it would call for evaluating if changes made to the by-laws would be adequate in order to allow civil servants in the boroughs created from the former Ville de Montréal to authorize a large part of the public domain occupancies. To do this, the by-laws would have to be amended in such a fashion as to supply a precise framework concerning the conditions to be respected to issue such permits without leaving room for discretionary powers. That way, for most of the permits, it would be possible to arrive at making their issuance a purely administrative gesture necessitating no authorization from the borough council.

Recommendations

In order not to further burden the issuing process for occupancy of the public domain, while still in accordance with the laws and by-laws in force, the Direction générale should mandate the Direction des affaires juridiques to analyze amendments required in the existing by-laws in the nine boroughs created from the former Ville de Montréal. These changes should allow civil servants to authorize, according to clearly established terms and conditions, the great majority of public domain occupancies without requiring authorization from the borough council. These amendments should equally permit identification of cases where authorization by the borough council would still be required.

Once the evaluation is completed, steps in view of obtaining the required amendments should be taken without delay with a view to regularize the situations without increasing risks that service to citizens is reduced, as far as delays in processing permit applications is concerned.

Action proposed by the Direction générale

"The Direction des affaires juridiques has been mandated to identify by-law amendments required in order to permit civil servants to authorize the majority, even all, public domain occupancies. The mandate entrusted to the Direction des affaires juridiques is attached to the present.

On receiving the requested report, a decision will be taken to regularize the situation you describe."

Mandate entrusted to the Direction des affaires juridiques (by the Directeur général)

"Following the audit report dealing with decentralization of user fee activities in the nine boroughs issued from the former Ville de Montréal, and more particularly of the portion dealing with the emission process for obtaining occupancy permits on the public domain, I am mandating you to identify the possible by-law alternatives to enable civil servants to authorize a majority, if not all of the occupancies. Your report, which I should receive no later than March 10, 2003, should specify an application schedule for each one of the alternatives, in order to facilitate eventual decision making."

Note from the general auditor

The Direction des affaires juridiques, February 13, 2003, submitted possible alternatives to the Directeur général with a view to allow civil servants to authorize a majority, even all, occupancies of the public domain. On February 25, 2003, the Direction générale informed the Direction des affaires juridiques of its decision to again ask the Québec government for an amendment to the charter with a view to allow borough councils to delegate the power of authorizing occupancies of the public domain.

Decentralization of borough activities and follow-up on permit issuing delays

Once the fields of jurisdiction have been clearly established, administrative structures must be set up to enable those to whom the responsibilities have been assigned to dispose of the powers necessary to exercise a control over the activities to make sure that these are realized with respect for the orientations and priority established, considering the level of service targeted. This control must equally permit appraisal of the effectiveness of operations considering the objectives defined, to then account for these.

Pertaining to issuing construction and transformation permits, measures were taken to deconcentrate these activities to the boroughs at the beginning of September, 2002. As for the performance of activities relative to issuing SRRR and occupancy of the public domain permits, these were still concentrated in the Division de l'ingénierie urbaine of the Service de l'environnement, de la voirie et des réseaux. A decision had not yet been made further to deconcentration of those activities when our auditing work ended (November 2002).

Considering that the borough councils had the powers and obligations relative to these three activities since January 1, 2002, we evaluated to which degree they had monitored those activities with a view to making sure that the services offered to the public, in terms of delays in processing applications, were adequate since the start of the year. In cases where these controls appeared insufficient to us, we performed certain work to summarize evaluate if public service was maintained under the circumstances.

Construction and transformation permits

So as to exercise monitoring of permit applications during the transition period, the Ville-Marie and Plateau Mont-Royal urban development and business service departments directors confirmed that statistical reports bearing on the volume of requests and delays in issuing building construction and transformation permits were produced and examined. In addition, regular meetings were held between the directors of the two departments from each of the nine boroughs emanating from the former Ville de Montréal.

Our work indicates that there was no significant delay in issuing construction and processing permits.

Temporary public domain occupancy permits and SRRR permits

Control exercised in the boroughs

For the nine boroughs emanating from the former Ville de Montréal, in 2002, the Service de l'environnement, de la voirie et des réseaux anticipated issuing close to 23 500 parking permits allocated in some 85 SRRR sectors. About 40% of these permits concerned the Plateau Mont-Royal borough and 18% were in the Ville-Marie borough. As for temporary occupancy of the public domain, the department expected to issue some 24 000 permits for the nine boroughs, of which nearly 43% were in the Ville-Marie borough and 16% in the Plateau Mont-Royal borough.

Until December 31, 2001, activities relative to issuing temporary public domain occupancy permits, to analyzing applications for the creation and changes to the SRRR sectors, as well as issuing permits stemming from these, were all centralized and mostly centred in the public works and environment department. Only temporary 30-day SRRR permits were issued by the Accès Montréal (BAM) offices scattered around the city.

Since January 1, 2002, responsibilities pertaining to these activities are decentralized to the boroughs, but realization of the activities has remained concentrated in the urban engineering division of the Service de l'environnement, de la voirie et des réseaux. The temporary SRRR permits are the only ones still issued by the BAM which now come under the authority of the borough offices.

So, in view of the fact that the boroughs did not have hierarchical powers on the resources assigned to these activities coming under their authority, we evaluated to what extent:

- the borough managers had a minimum of management information allowing them to assess the effectiveness of the operations performed by the corporate department;
- the operations realized by the urban engineering division went on with reasonable delays.

As for management information permitting the boroughs to evaluate the activities for which they are responsible, we were able to see that the public works management for Ville-Marie and Plateau Mont-Royal boroughs were not receiving any information about these public domain occupancy permits such as the number issued, requested or refused, permit issuing delays, etc. The same applies to processing requests for the creation and changes to the SRRR sectors.

In view of the fact that the public works and boroughs senior management did not have adequate management information concerning the activities for which they were responsible since January 2002, we conducted certain work to assess if the public service delivery delays to the citizens had been satisfactory during this period.

We were thus able to notice that processing of permits for temporary occupancy of the public domain was up to date, and that the same applied to issuing annual SRRR permits. Important delays were found, however, for the processing of requests for the creation of and changes in the SRRR sectors.

In fact, our audit work reveals that about 250 requests from citizens dealing with parking problems experienced in the territory of the nine boroughs stemming from the former Ville de Montréal were, in a vast majority of cases, set aside by the corporate department. The responsible managers indicated that the resources assigned to this work were the subject of budget constraints imposed during recent years.

Considering that these requests were, to an important proportion, received long ago and that they deal with parking problems lived through by the public, and that other delays will have to be added to those to catch up on this delay, we are of the opinion that resources must be dedicated to deal with these requests as soon as possible.

Recommendations

So as to ensure that the activities realized concerning occupancy of the public domain the SRRR sectors respect the orientations, priorities and objectives of the boroughs, considering the priorities of the Service de l'environnement, de la voirie et des réseaux, the latter should, as long as the decision relative to deconcentration of activities is not taken:

- **attend to allocate the activity with the resources necessary in view of processing requests relative to SRRR sectors, without delay;**
- **forward to the borough managements concerned all the information needed to exercise a follow-up on operations linked to occupancy of the public domain, and the SRRR sectors.**

See proposed action in the next point

Segregation of duties in the field of technical expertise

Respecting the lack of management information available in the boroughs, considering that the resources earmarked for activities fall under a corporate department, we believe that the directors of public works in the boroughs are unable to exercise adequate control enabling them to evaluate the effectiveness of operations. Consequently, in the absence of directly allocating resources in the boroughs, we are of the opinion that a formal accountability link, such as a service agreement, must be created between the corporate department and the boroughs.

Before reaching such an agreement, however, it would be preferable to define to which measure the corporate department will continue to perform the activities relative to occupancy of the public domain and those for the SRRR sectors.

In effect, within the framework of municipal reform, a task force, in July 2001, produced a report recommending that all expertise activities linked to operations should be grouped into three technical expertise bureaus. Since issuance of occupancy permits on the public domain, and analyses of requests for the creation and changes to the SRRR sectors require resorting to resources having technical know-how, certain resources earmarked for these activities were, according to the proposal of the committee, to be found in the technical expertise bureaus.

In this respect, in June 2002 we issued an audit report bearing on accountability and minimal standards of service level in which we stated, among other things, that the orientations of the municipal administration relative to the technical expertise bureau was still awaited. According to the information obtained during interviews conducted in November, those orientations were still not available.

The urban engineering division of the Service de l'environnement, de la voirie et des réseaux is assuming the responsibilities for these technical expertise services in traffic and street matters in the nine boroughs issued from the former Ville de Montréal.

As for the boroughs of the former suburban municipalities, our interviews showed that these have the same autonomy that they had before the creation of the new city, since they have the resources necessary to give themselves technical expertise services. Regarding this, we believe that the citizens of the 27 boroughs must, through their borough councils, enjoy comparable autonomy from one borough to the other. Consequently, no matter what orientations are retained by the administration, we are of the opinion that these must apply to all 27 city boroughs.

In addition, it is important for the orientations concerning technical expertise services to be known without delay since, presently, the nine boroughs emanating from the former Ville de Montréal have found themselves legally entrusted with responsibilities, such as street care and parking, at a time when they do not have the hierarchical powers needed over the resources which perform an important portion of these activities.

Recommendations

In order to encourage greater accountability on the part of managers in the nine boroughs emanating from the former Ville de Montréal and to allow them to assess the performance of the technical expertise services for work falling under their authority, the comité exécutif should take measures to, in the briefest delays, define its orientations concerning the 27 boroughs in matters of technical expertise services, and approve the administrative structures flowing therefrom.

In this respect, we believe that, whatever the orientations, these must see to:

- **maintaining the accountability links. Consequently, if it is decided that the technical expertise resources are not hierarchically placed under the authority of each one of the boroughs when the work performed comes under their jurisdictions, services agreements will have to be made and approved by the competent authorities under Articles 85 and 85.1;**
- **allowing that the performance of the services offered can be evaluated according to the objectives established by each one of the boroughs concerned, to thus encourage better statements of charge and discharge;**
- **respecting the objectives of the municipal administration in budget rationalization matters;**
- **resulting in the 27 boroughs having comparable autonomy relative to technical expertise services.**

Action proposed by the Service de l'environnement, de la voirie et des réseaux

"...An administrative decision, the text of which you will find attached, will permit increasing the level of coordination among the boroughs of the former Ville de Montréal, the urban engineering division and the divisions responsible for the central activities of the Direction de la voirie et du transport.

As for the recommendations of your report as a whole, we will ensure that they are forwarded to the party responsible for the organizational structure, which will be ordered by the city in the near future. This way of doing things will permit a complete integration of the elements of your audit to the orientations which shall be retained by the city for the management of technical activities which carry user fee activities."

Administrative decision (from the Directeur général)

"In order to enable the boroughs, emanating from the ex-Montréal, to ensure adequate technical support to public works operations and to stabilize that of the boroughs emanating from the former suburbs, the Direction générale, the borough management represented by the directeurs généraux associés, and senior management of the Service de l'environnement, de la voirie et des réseaux have agreed to:

- 1. equip the public works departments of the nine boroughs emanating from the ex-Montréal with 16 permanent positions, including nine officer positions to ensure technical support for the operations;*
- 2. allow the boroughs of the ex-suburbs to fill the vacant technical positions still covered in the 2003 budget if they wish;*
- 3. temporarily grant a global amount of \$1 million to the boroughs emanating from the former Ville de Montréal to realize their new allocation, while awaiting final positioning of the file;*
- 4. apportion the resources among the boroughs according to the data contained in the table being part of the report of the committee on sharing responsibilities and technical resources;*
- 5. maintain the urban engineering division, of the Service de l'environnement, de la voirie et des réseaux, according to its 2003 budget.*

Steps will be taken to quickly notify the comité exécutif. This decision will allow, each entity, to assume their respective responsibilities particularly regarding the three-year capital expenditure programme (PTI) and the obligations flowing from the contrat de ville, while leaving the way free for the administration to realize the organizational study underway."

Note from the general auditor

At press time, the study in question had not yet begun.

DISPOSAL OF VEHICLES

CONTEXT

The Ville de Montréal vehicle fleet consists of lightweight vehicles, heavy vehicles as well as apparatus considered tools (generators, lawnmowers, etc.). These vehicles are allotted to the boroughs and corporate departments in order to carry out the city's different activities.

Since the municipal reform of January 1, 2002, management of the vehicle fleet is performed by the boroughs and by corporate departments. Effectively, the boroughs emanating from the former suburban municipalities and the police department's automobile fleet section continue to look after management of vehicles for which they were responsible prior to January 1, 2002. The Direction du matériel roulant et des ateliers of the Service des ressources matérielles et informatiques manages vehicles of the nine boroughs and the corporate departments emanating from the former Ville de Montréal, except for activities linked to the acquisition of vehicles for these nine boroughs and those of the Service de sécurité incendie de Montréal through the Programme triennal d'immobilisations (three-year capital expenditure programme).

Concerning vehicle disposals, the Division transport, fourrière et disposition of the Direction de l'approvisionnement looks after auction sales for disposable vehicles supplied to it. In 2002, only the rolling stock and workshops management, and the police department, sent their disposable vehicles to this Division.

The only activities that were centralized for vehicles overall are those carried out by the Direction du matériel roulant et des ateliers and they concern licence plates for vehicles and compliance with the Law relative to owners and operators of heavy machinery (Act 430) requiring periodic mechanical checkups.

METHODOLOGY AND SCOPE

The audit consisted of examining the process used to determine which vehicles must be discarded and the means available to ensure their disposal in the city's best interests. We more particularly examined the pertinence and application of decision criteria, the existence of documents justifying disposal, the approvals required and, finally, the disposal procedures for these assets.

Considering the volume of vehicles whose management falls under the boroughs and corporate departments, we decided to conduct our audit work in two boroughs emanating from former suburban municipalities and in two corporate departments, the police department's Section du parc automobile and the rolling stock Direction du matériel roulant et des ateliers of the Service des ressources matérielles et informatiques.

OBSERVATIONS AND RECOMMENDATIONS

Vehicle disposal

To enable the managers to make sure the vehicle disposals are valid, it is important that decision criteria are defined, that the reasons justifying disposal decisions are recorded and that they are authorized. Control mechanisms must furthermore be set-up so that the managers can ascertain that disposable vehicles have effectively been discarded.

The decision to discard a vehicle or not must be judiciously made considering repercussions on the cost of utilization. In fact, premature disposal of a vehicle will require its replacement by a newly-acquired one, whereas keeping it in operation over too lengthy a period could engender important repair costs which would not be recovered at disposal time.

A) Service des ressources matérielles et informatiques

A directive and a vehicle disposal procedure were elaborated in 1989 and reviewed in 1995. This directive defines the vehicle disposal concept, indicates the decision-making criteria to be considered, the information to be recorded and the authorizations required while at the same time enunciating the division of roles and responsibilities of the various intervening parties. As for the procedure, it indicates the principal steps to follow in discarding a vehicle.

The existing decision criteria would still be appropriate in determining disposal of a vehicle. However, the particulars brought to the decision-making criteria, relative to the age of the vehicles and repair costs for certain types of vehicles recorded in the form of remarks in the fleet management system, should be updated. Let it also be mentioned that the responsibilities of the intervening parties described in the directive and the procedure are no longer up to date and should be revised as a result of the city's new administrative structure.

Recommendations

- 1) **We recommend that the Direction du matériel roulant et des ateliers update the decision-making criteria, relative to the age of a vehicle and repair costs recorded in the form of comments in the fleet management system, so that foremen have pertinent information to guide them in making decisions.**
- 2) **We recommend that the Direction du matériel roulant et des ateliers re-examine the vehicle disposal directive and procedure according to the new responsibilities of the various intervening parties so as to properly inform the responsible personnel involved.**

Action proposed by the Service des ressources matérielles et informatiques

- "1) *We agree with the recommendation. We are presently developing a new form to replace the one used for estimating costs and for discarding vehicles and the form used for authorizing major repairs.*

This new form will group all the information allowing foremen to properly interpret the implications and limits of the authorization.

Deadline: May 2003

We will also undertake a revision of the decision-making criteria respecting the age of the vehicle and repair costs recorded in the form of comments

Deadline: June 2003

2) *We will re-examine the directive for June 2003."*

For the maintenance and repair of their vehicles, the boroughs and the corporate department emanating from the former Ville de Montréal must use the services of the rolling stock and workshops management unit. Thus, when an operator notices inadequate functioning of his vehicle, he must go to one of the rolling stock and workshop garages and explain the situation. If important repairs turn out to be necessary and the vehicle is old, the foreman then examines the criteria recorded in the fleet management system and decides to have an estimate for repairs prepared or not prepared. When the cost of repairs to be made is greater than the criteria spelled out in the fleet management system, it must then be sent to the garage manager for a disposal recommendation and, then, to the vehicle fleet management division manager for supplementary analysis. The latter examines the repair estimate, while considering the other criteria mentioned in the directive, and authorizes the vehicle's disposal or not. If disposal is rejected a major repair authorization is issued. If disposal is accepted, the vehicle is not repaired and is discarded.

During the period of January 1 to June 30, 2002, a total of 91 vehicles were discarded and 28 were repaired following the issuing of a major repair authorization.

In order to ensure that disposal of vehicles was carried out in accordance with the June 1995 directive, we examined the vehicles discarded during the course of the first semester in 2002. This review allowed us to find that a repair estimate giving a description of the vehicle, the cost of repairs to be made, and that reasons for disposal were prepared to justify the disposal order, and that this estimate was approved by the vehicle fleet management's division manager.

During our audit work, we also examined if the cost of the repairs made accurately corresponded with the repair estimates. We then discovered that all repair costs were no longer recorded in the fleet management system. In fact, only the labour cost is now entered, whereas the cost of parts is missing. This situation seemed to be due to the fact that conversion work allowing the transfer of data in the SIGA system files to the fleet management system files could not be done in 2002 because the rolling stock and workshops resources, who usually performed this work, were assigned to other priorities. We were thus unable to compare the estimated repair costs with the actual costs and to assure ourselves of the accuracy of the estimates from which the vehicle disposal decision is taken.

The initial questioning about the pertinence of discarding a vehicles originates, in the first place, from the garage foreman. He is the one who decides, according to repairs to be made on the vehicle and, with the help of comments recorded in the fleet management system, whether or not to prepare an estimate for repairs and thus launch the process for disposal of the vehicle or authorization for major repairs. At present, however, there are few means of control permitting to make sure that the foremen effectively have repair estimates prepared when required. And yet it would be possible to prepare a periodic report pointing to the repaired vehicles which do not correspond with the criteria registered in the form of observations in the fleet management system. This report could be examined by the vehicle fleet division chief so that he could question the garage foremen who did not present repair estimates prior to making certain repairs.

Finally, let us mention that the Direction générale has created an interdepartmental and borough committee to define an organization model which would allow for identification of savings and solution trails to problems met following the territorial reorganization in January 2002.

Among the solution trails that can be examined by the rolling stock sub-committee let us mention, among other things, the possibility that the discarded vehicles could be used by other boroughs or corporate departments for the performance of activities that can be carried out with older vehicles.

Recommendations

- 1) **We recommend that the Direction du matériel roulant et des ateliers take the steps necessary for the cost of parts used to be regularly charged to the fleet management system in order to be able to obtain aggregate repair costs at the right time.**
- 2) **We recommend that the Direction du matériel roulant et des ateliers periodically produce a report on vehicles whose repair costs exceed the limits foreseen as recorded in the fleet management system, so as to ensure that the pertinence of disposing of the vehicle was properly considered.**
- 3) **We recommend that the Direction du matériel roulant et des ateliers introduce mechanisms to list and redeploy discarded vehicles which could be used by the boroughs and corporate departments requesting them, in order to optimize use of the vehicles. These procedures should be communicated to the Direction générale for approval.**

Action proposed by the Service des ressources matérielles et informatiques

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|-----|---|--|
| "1) | <i>The set of problems linked to the cost of parts in our fleet management system has been settled and, since January 1, 2003, we regularly charge parts to the system</i> | <i>Deadline: concluded</i> |
| 2) | <i>Thanks to the new form introduced in the recommendation on page 28, we periodically analyze the variances</i> | <i>Deadline: September 2003</i> |
| 3) | <i>This recommendation is part of a possible savings trail we pledge to explore and to develop in 2003. We are already developing this way of doing things with the municipal pound and for certain old vehicles of the Ville de Montréal police department."</i> | <i>Deadline: ongoing pilot project</i> |

B) Service de Police

Over the years, the automobile fleet section has drawn up various decision-making criteria for discarding of its vehicles. Among other things, these criteria bear on the age of the vehicle, repair costs, cumulative mileage, safety, general vehicle condition and the availability of a replacement vehicle. According to people we met, these criteria would still be the most appropriate to determine disposal of a vehicle.

The information on the aggregate decision-making criteria used by the automobile fleet section for discarding vehicles, the forms to be filled out and the required authorizations, were communicated to us by the personnel in office but are not part of a written directive. Although this information appears to be known by the personnel we met, we believe that writing a directive which would group all the information on vehicle disposal, would enable reduction of the risk that ambiguities could arise in problem-prone situations, and to provide a better framework for new employees. Moreover, during the coming years, several managers of this section and the diagnostic mechanics are expected to retire.

Recommendation

We recommend that the automobile fleet section prepare a directive concerning vehicle discarding which would bear, among other things, on decision-making criteria, the required forms and authorizations so as to orient personnel in deciding when to discard a vehicle, and thus ensure that these directives are carried out in compliance with orientations established by management.

Action proposed by the Service de police

"We agree with the elaboration of an internal procedure for the automobile fleet. We will work out a procedure bearing on decision-making criteria and steps to be followed for vehicle disposal. This procedure will be distributed no later than April 1, 2003."

We selected discarded vehicles to ensure that the control measures foreseen had been properly applied. Our examination allowed us to observe that, in all cases, an estimate of the repairs indicating the vehicle description, the cost of repairs to be made and the reasons for the discarding decision, had been filled out by the diagnostic mechanic and approved by the operations management agent and by the automobile fleet section manager.

We also examined if repairs were made without justification on vehicles which normally should have been discarded. To this end, we asked for a report about repairs made, in the first semester of 2002, on vehicles registering more than the decision criteria on kilometres operated, namely 125 000. This report allowed us to identify 12 vehicles that are still in service despite having topped the 125 000 level. Minor repairs were made to nine of these vehicles, while repairs amounting to \$1 500 each were made on three others in the first semester of 2002. The automobile fleet section manager indicated to us that there were special circumstances in two of the three cases, whereas in the third case, the poor general condition of the vehicle justified the repairs. In this last case, however, comments should have been recorded in the fleet management system to justify the work.

The initial questioning about the pertinence of discarding a vehicle first falls to the diagnostic mechanic. He is the one who decides, according to repairs to be made on the vehicle, information registered in the fleet management system, and on his knowledge about the criteria for decisions, authorize repairs or not, and thus trigger off the process of discarding a vehicle. At present, however, there are few means of control in place to ensure that the decisions of the diagnostic mechanics are the most appropriate and to ensure that the latter properly apply directives concerning vehicle discarding.

Recommendations

- 1) **We recommend that the automobile fleet section ensure, when required, entry into the fleet management system of comments about repairs carried out and their authorization, in order to preserve justification for decisions taken and to be able to refer to these if needed.**
- 2) **We recommend that the automobile fleet section periodically produce a report about vehicles whose repair costs exceed the decision criteria retained for discarding, in order to ensure that the pertinence of disposal of the vehicle has been appropriately considered.**

Action proposed by the Service de police

- "1) *We agree about adding a note to the vehicle's IBM file to justify, when required, the actions taken during an intervention of this kind. "There will be" issuance of a memo requiring the diagnostic mechanics to add a note in the file to explain all interventions on a vehicle to be potentially discarded, outside the standards for discarding a vehicle. The memo will be distributed in February 2003 to all automobile fleet diagnostic mechanics.*
- 2) *We agree with the recommendation. A monthly report will be produced by the diagnostic mechanics, checked by the automobile fleet section manager, and kept at his level. The first report shall be produced in March 2003."*

C) Saint-Laurent borough

In the borough of Saint-Laurent, vehicle management is the responsibility of the mechanical section of the Direction des travaux publics (public works). This section is jointly operated by three foremen (two in the daytime, one in the evening) who, among other things, have the function of making sure that vehicles are adequately repaired and to prepare the three-year capital expenditure programme relative to vehicle replacement.

To determine vehicles to be discarded, the Direction des travaux publics mainly uses the duration of the useful life of a vehicle. Thus, during preparation of the annual vehicle replacement plan, the foreman identifies vehicles which, during the course of the year, will reach the useful life criteria and includes these in budgetary purchase requisitions for the following year. If the sums obtained are inadequate for replacing all the vehicles expected, the foreman then considers other decision criteria such as past and anticipated maintenance costs, mileage, general appearance and safety, and the resale value of the vehicle. The vehicles that cannot be replaced, although having reached their useful life duration, will be kept and the pertinence of replacing them will again be examined in the following year according to budgets approved for vehicle replacement.

The foreman responsible for the vehicle replacement programme confirmed having obtained, from the director of public works, the responsibility to decide on vehicle discarding. At the director's request, the foreman only refers exceptional cases to him, being cases which deviate from generally applied criteria.

The foreman decides on the pertinence of repairs based on technical expertise, repair costs, and the history of the vehicle's maintenance and upkeep. The foreman also authorizes repairs which exceed the residual value of the vehicle if the replacement apparatus is not available or that it has been provided for in the replacement programme but not yet received.

Disposal authorizations made by the foremen are verbal and are not found in the forms used at the municipal garage.

For 2002, we examined the files of vehicles placed on disposal and the list of vehicles to be replaced as established by the foreman, jointly with the 2002-2004 three-year capital expenditure programme prepared by the borough. The results of our work produced the following observations:

- no written directive specifies the process to be followed and the terms and conditions of application of the decision criteria for setting the vehicle aside for discarding;
- although the useful life criteria are prioritized by the public works management for disposal of a vehicle, a list of 40 vehicles still in operation meet the age criteria. Of this number, eight had been targeted for replacement in 2002. The reasons given for the choice of vehicles to be replaced are not supported by explanatory documents. Nothing in the current process allows us to be assured that the decisions taken by the foremen are the most appropriate. In addition, the borough management has not approved any vehicle acquisition budget for the 2002-2004 three-year capital expenditure programme;
- the files for discarded vehicles only contain documents relative to their acquisitions and guarantees. There were no documents justifying the motives considered to discard these vehicles, such as an estimate of repairs required to return the vehicle to active service, a prescribed disposal form authorized by the public works director, a statement of the history of maintenance costs and repairs;
- cost estimates for the work prepared by the mechanics when the apparatus was defective are not entered in writing and, consequently, no information is kept on this subject;
- although the verbal explanations, obtained from the foreman, justify the pertinence of discarding, there is no evidence that the decisions taken are in accordance with management's orientations. The foreman does not have to obtain authorization from the public works director to dispose of a vehicle, nor does he have to inform the borough management about decisions taken;
- the vehicle maintenance and repair management system does not point out the threshold for major repairs beyond which the foremen's authorization is required.

In this respect, our work allowed us to ascertain that, the foreman frequently authorizes repairs the cost of which is the equivalent and/or superior to the residual value of the vehicle. These situations arise when no replacement vehicle is available, or when the replacement vehicle acquired has not yet been delivered. During the first semester of 2002, for instance, several thousand dollars worth of repairs were made on vehicles which should have been discarded.

To ensure that the mechanics suggest discarding of a vehicle when required, it would be possible to provide for a periodic report indicating the cost of repairs made on the vehicles which would exceed certain decision criteria, such as vehicle age, distance travelled, or a certain overall cost of repairs. This report could be examined by the public works director so as to allow him to question repairs authorized by the foremen and ensure the pertinence of decisions made concerning repairs or the discarding of the vehicles involved.

Recommendations

We recommend that the Direction des travaux publics:

- **produce a directive about vehicle disposals which, among other things, would bear on decision criteria, forms to be filled out and the authorizations required to orient personnel in making decisions about vehicle discarding and thus ensure that these directives are carried out in accordance with orientations established by top management;**
- **introduce the mechanisms necessary to ensure that decisions about discarding of vehicles are justified by pertinent documents, authorized by the responsible parties, that the elements essential to decision-making have been considered, in addition to making the various intervening personnel accountable;**
- **periodically produce a report on vehicles for which the cost of repairs exceeds the decision-making criteria for discarding, in order to be sure that the pertinence of discarding of a vehicle has been properly considered.**

Action proposed by the borough of Saint-Laurent

- "1) *Comparison with organizations using a comparable fleet*
- 2) *Obtaining criteria and applicable management tools*
- 3) *Categorizing the fleet into sectors*
- 4) *Identifying specific criteria for each category*
- 5) *Revision of forms*
- 6) *Establishment of an authorization grid*
- 7) *Establishment of a procedure and a supervision and follow-up mechanism by the vehicle management system*
- 8) *Drawing up a report on repair costs exceeding the criteria justifying discarding*
- 9) *Developing a report on repair costs*
- 10) *Issuing a directive*
- 11) *Implementing the new process*

We are confident about being able to realize this work during the months of April and May for implementation next June (2003), and we believe that these new control mechanisms will allow ensuring that the decisions are justified and that the intervening parties are accountable within the framework of the disposal process."

D) Pierrefonds/Senneville borough

The Division des parcs, des édifices et des équipements considers the criteria of age/useful life, vehicle safety and general conditions, cost of repairs, mileage, to discard vehicles, The discarding criteria are applied by the foremen in charge of maintenance and repair of the rolling stock fleet in the borough's municipal garage. The foreman we met mentioned that he knew every vehicle in the fleet very well. In addition, the team in place has been working together for several years and knows what work to perform very well. However, the criteria selected, the forms to fill out and the authorizations required to discard a vehicle are not the object of a written directive. In our opinion, although this information is known by the personnel we met, without a written directive there can be a lack of uniformity in the criteria considered in a disposal, especially when new employees arrive or when the foreman is absent.

The foreman in charge of for the municipal garage must authorize major repairs or give his authorization for storing vehicles. Application of the discarding criteria is carried out by the foreman who is responsible for attributing workshop orders to the mechanics. The foreman presents the disposal recommendations to the chief of the division responsible for the vehicle replacement programme to ensure the availability of backup apparatus.

The decision to discard a vehicle is recorded in a storage form filled out by the Division des parcs, des édifices et des équipements, and then forwarded to the borough management for information purposes.

Recommendation

We recommend that the Direction des travaux publics work out a directive about discarding of vehicles which would contain, among other things, decision criteria, forms to fill out and authorizations required in order to orient the personnel in making a decision about discarding a vehicle and thus ensure that these directive are carried out in compliance with orientations established by senior management.

Action proposed by the Pierrefonds/Senneville borough

- "1. *analysis of the current processes for the management of the vehicle fleet (procedures, forms, responsibilities, etc.) and optimization of the processes;* *Deadline: April – May 2003*

2. *comparison and analysis of directives in the other departments and/or boroughs;* *Deadline: May 2003*

3. *definition of the directive to be followed and its application."* *Deadline: June 2003*

The maintenance and repair of vehicles in the rolling stock fleet are carried out by mechanics in the Division des parcs, des édifices et des équipements. The inadequate functioning of a vehicle is described by the driver in a work order. The foreman assigns the order to a mechanic to evaluate the work required to put the vehicle back in service. The estimate for repairs is given to the foreman for approval. According to the cost estimate for the required repairs, the age of the vehicles, the overall condition of the apparatus, and knowledge about the vehicle's history, the foreman will approve repairing or recommend discarding. In the latter case, the foreman generally consults the division chief to discuss the rolling stock replacement programme and to identify the annual acquisitions planned for this category of vehicles.

The analysis of files for discarded vehicles shows that:

- the criteria applied for deciding to discard are not on record in the file. The defect reported, repairs required, cost estimates needed or the recommended maintenance, at the source of the decision are not found in the vehicle's file;
- forms in use at the municipal garage serve for estimates of cost for the required repairs on the vehicles. This is the document used by the foreman to authorize or refuse repairs. With respect to discarding, the form is not systematically used and when it is filled out the information present does not allow judging about the pertinence of the decision;
- the cost of parts and repairs allocated externally are recorded on cards in the vehicle's file. For 2001, costs are compiled until June. As for 2002, everything remains to be done. A review of the cards shows that the labour costs are not entered. The workload of the personnel does not leave enough time for processing the mechanics' time sheets on cost cards that are inserted in the vehicle files.

Although the verbal explanations obtained from the foreman justify the pertinence of disposals, there is no evidence that the decisions taken are in compliance with management's orientations. It was impossible for us to identify the foreman's actions to justify disposals, such as visual examination of the vehicle, the pertinence of the anticipated repairs, consultation of historical costs, or the general condition of the vehicle.

As for compilation of the cost of maintenance and repair of the vehicle fleet, in 2001 the division manager had obtained approval from the council of the former municipality of Pierrefonds to go ahead with computerizing the fleet maintenance management system. The territorial reorganization of municipalities in 2002 left this project in a moratorium. The borough's senior management gave short-term priority to rejuvenation of the rolling stock fleet over modernization of management tools.

Recommendation

We recommend that the Direction des travaux publics of the Pierrefonds/Senneville borough put in place the mechanisms needed for ensuring decisions about discarding vehicles, are justified by pertinent documents, authorized by the responsible personnel, in order to be certain that all the essential elements to decision making have been considered in addition to making the various intervening personnel accountable.

Action proposed by the Pierrefonds/Senneville borough

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|---|---------------------------------|
| "1. identifying the intervening parties involved in managing the rolling stock fleet and defining roles and responsibilities; | <i>Deadline: May 2003</i> |
| 2. drawing up a procedures manual; | <i>Deadline: June-July 2003</i> |
| 3. altering and/or creating the forms necessary for documenting decisions; | <i>Deadline: July 2003</i> |
| 4. implementing of the procedures." | <i>Deadline: August 2003</i> |

Recommendation

We recommend that the Direction des travaux publics of the borough of Pierrefonds/Senneville together with the Service des ressources matérielles et informatiques examine the possibility of using existing systems to record usage costs relative to each one of the vehicles in the fleet. Transition mechanisms should ensure input of all vehicle operating costs, within reasonable delays.

Action proposed by the Pierrefonds/Senneville borough

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| "1. analysis of needs concerning the information required for decision-making and for maintenance management; | <i>Deadline: May 2003</i> |
| 2. presentation of the existing system by the Service des ressources matérielles et informatiques and evaluation of conformity with our needs; | <i>Deadline: May 2003</i> |
| 3. evaluation of the costs of acquiring and implementing such a system; | <i>Deadline: June-July 2003</i> |
| 4. developing an investment programme, and budget request; | <i>Deadline: August 2003</i> |
| 5. implementation of the information system." | <i>Deadline: 2004</i> |

Disposal of vehicles

In the former Ville de Montréal, the executive committee had adopted delegation rules according to which only the director of the Service de l'approvisionnement et des immeubles was authorized to dispose of the discarded equipment and goods in compliance with Article 106 of its charter. According to these powers, the municipal pound disposed of various city properties, including vehicles, through auction sales.

Following the creation of the new Ville de Montréal, a new charter was adopted but none of its articles specifically mentions disposal of the city's movable properties. In this case, it is provided for in Article 84 of the charter that the city acts through its conseil when the division of jurisdiction, specified in the present law, does not allow, implicitly or explicitly, to determine through which of the conseil municipal or the borough council, it must act. Disposal of the city's property is thus a responsibility of the conseil of the Ville de Montréal. For the time being, however, the conseil municipal has not delegated this responsibility to an administrative unit. The municipal pound therefore continues to auction off the city's property although it has no mandate to do so.

A) Service des ressources matérielles et informatiques

B) Service de police

The Direction du matériel roulant et des ateliers always sends its vehicles to the municipal pound for disposal. Thus, each one of the rolling stock and workshops garages has discarded vehicles under its responsibility delivered to the municipal pound, by tow truck, accompanied by a delivery slip.

Since March 2002, the police department also uses the services of the municipal pound to sell its vehicles. It formerly assigned this mandate to specialized firms. Boroughs emanating from the former suburban cities have not yet transferred vehicles to the pound for sale.

The municipal pound usually has 13 auction sales annually, that is once monthly for all sorts of goods, including light vehicles, and one annual fall sale of heavy vehicles.

Audit work allowed us to find that the sale of vehicles coming from the Direction du matériel roulant et des ateliers and the Service de police were accounted for in a different fashion. The sale of vehicles coming from the rolling stock and workshops management are effectively entered as revenue in the rolling stock fund and transferred, at year's end, into the general fund, whereas the sale of vehicles from the police department are entered into the general fund, partly as revenue (20%), and partly as equity in a suspense account (80%).

C) Saint-Laurent borough

Prior to January 1, 2002, the municipality of Saint-Laurent disposed of its vehicles either through public auction sales (twice yearly), or occasionally when a used vehicle was given in exchange for a new one. Since January 1, 2002, seeing that legislative provisions do not precisely define rules applicable to the boroughs pertaining to discarding city property kept in a borough, it was decided to keep the vehicles on municipal garage grounds while awaiting the issuance of an official directive in this matter.

D) Pierrefonds/Senneville borough

Before January 1, 2002, the ex-municipality of Pierrefonds disposed of its vehicles every fall by private auction held at the municipal garage. Since January 1, 2002, considering that legislative provisions do not precisely define the rules applicable to the boroughs pertaining to disposal of city property kept in a borough, it was decided to keep the vehicles on the grounds of the municipal garage while awaiting the issuance of an official directive in this matter.

At the level of the city, a study under the responsibility of the Division du transport de la fourrière et de la disposition is currently underway at the Direction de l'approvisionnement. Its goal is to clarify the current mode of operation concerning disposal of city properties. The conclusions of this study will be translated into a report to be forwarded to conseil municipal.

Recommendation

We recommend that the Direction de l'approvisionnement produce, and forward to the conseil municipal, with the briefest delays, the results of its work on disposal of city properties, so as to clarify the responsibilities of the intervening parties, the accounting method, as well as the paternity of money coming from disposal of properties.

Action proposed by the Service des ressources matérielles et informatiques

"The results of our work will be presented to the comité exécutif and then to the conseil municipal before April 2003."

Note from the general auditor

A workgroup has been formed to examine this question. Its report is expected this fall.

Vehicles and equipment – fire department

- Service de sécurité incendie
- Saint-Laurent borough
- Pierrefonds/Senneville borough

The Service de sécurité incendie de Montréal is responsible for assuring the protection of goods and people throughout the territory of the Ville de Montréal. To this end, the department must have appropriate vehicles and equipment. It must thus plan for their replacement, and exercise the necessary controls in order to be certain that their maintenance and repair respect established standards.

The department plans the replacement of its vehicles while taking into consideration the standards of the "National fire protection association" (NFPA) which cover, among other things, the duration of their useful life. When vehicles reach the age prescribed in these standards, the fire department plans for their replacement. A vehicle can also be replaced after suffering major damage and it becomes more advantageous to buy a new vehicle. During the period examined, the Montréal fire safety department did not discard vehicles allotted to this borough.

During our discussions with a department manager about replacing vehicles, it was mentioned that the vehicles and their equipment must, among other things, be maintained and repaired according to various specifications, including those of the builder and those stated in the NFPA standards, to ensure adequate functioning. These maintenance and repairs are made in part by the Direction du matériel roulant et des ateliers du Service des ressources matérielles et informatiques (vehicles of the former Ville de Montréal) and partly by the boroughs (vehicles coming from the former suburbs). More particularly for the Saint-Laurent and the Pierrefonds/Senneville boroughs, such maintenance and repairs are done by their Direction des travaux publics.

Over the years, the Service de sécurité incendie de Montréal, together with the Direction du matériel roulant et des ateliers, has developed maintenance programmes which take NFPA standards and the specifications of the builders into consideration. In this respect, it has the information relative to the application of the maintenance and repair programmes carried out by this management on vehicles and their equipment.

Respecting the maintenance and repairs carried out on vehicles and equipment assigned to the Saint-Laurent or to the Pierrefonds/Senneville boroughs, the person responsible for rolling stock in the Service de sécurité incendie de Montréal mentions that he does not systematically receive information about the work being performed there. This person can not thus exercise the necessary controls to ensure that the vehicles and equipment are maintained and repaired in conformity with the standards followed by the Service de sécurité incendie de Montréal (NFPA and others) so that they can adequately respond to fire fighting requirements.

Recommendation

We recommend that the **Service de sécurité incendie de Montréal** exercise the controls necessary to make sure that the maintenance and repair of vehicles and equipment, distributed over the entire territory of the city, be carried out in accordance with established standards. It should thus, and with the briefest delays, obtain all pertinent information about maintenance and repairs carried out on the vehicles and equipment by the **Direction des travaux publics** in the boroughs of Saint-Laurent and Pierrefonds/Senneville. In this respect, mechanisms will have to be developed, together with the two boroughs identified above as well as with the other boroughs emanating from the former suburban municipalities which do not supply this information in a systematic fashion.

Action proposed by the Service de sécurité incendie

"I have taken note of your observations relative to the reception of the information necessary for the management of the fleet of intervention vehicles of the fire safety department and the adherence to the repair and maintenance standards for these vehicles. I completely share them. I will thus do what is necessary so that discussions are held between representatives of the different boroughs other than those in the former Ville de Montréal, the responsible parties in the Service des ressources matérielles et informatiques, and those in our department's material resources and real estate division, with minimal delay, so as to launch the monitoring and control mechanisms measuring up to the preoccupations raised in your report.

A first meeting has been set between the specialists in my department and the associate directors general so as to evaluate the possible solution trails and to develop an action plan which will allow us to take the required corrective actions. The meeting will be held on March 7, 2003.

At the same time, we will also make sure that the maintenance and repair of other safety equipment will also be subjected to the same monitoring rules and controls as the fire fighting vehicles."

Note from the general auditor

Respecting the actions proposed by the **Service de sécurité incendie**, an action plan specifying deadlines was drawn up following the March 7, 2003 meeting. Implementation of this plan should enable the introduction of the corrective measures necessary in order to meet our recommendation before the end of 2003.

Action proposed by the borough of Pierrefonds/Senneville

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|----|--|-----------------------------------|
| 1. | <i>defining, together with the SSIM, the responsibilities of the various intervening parties in the maintenance process for the fire department's fleet of vehicles;</i> | <i>Deadline: April- May 2003</i> |
| 2. | <i>defining, together with the SSIM, the manufacturers' maintenance standards for this type of vehicle;</i> | <i>Deadline: April - May 2003</i> |
| 3. | <i>defining the means of communications concerning SSIM service requests, cost estimates for the work, and work performance delays."</i> | <i>Deadline: April - May 2003</i> |

Action proposed by the borough of Saint-Laurent

See the actions proposed by the borough on page 34 of the present report.

THE QUALITY OF WATER IN PUBLIC WADING AND SWIMMING POOLS

CONTEXT

Bathing no doubt represents an easily accessible and greatly appreciated recreational activity for Montréalers. In addition to being an amusement area for relaxation, and offering therapeutic advantages, swimming pools also provide the possibility of participating in a great variety of aquatic activities, such as swimming lessons, aquatic conditioning, training as members of competition clubs, or various sports disciplines.

With this end in view, the new Ville de Montréal provides its residents with a major network of aquatic installations. Without being exhaustive, a recent inventory in the 27 boroughs has an approximate total of 250 installations composed of indoor pools, outdoor swimming pools and wading pools.

So that residents can fully benefit from these installations, it is necessary, among other things, for measures to be taken which can guarantee the sound quality of the water, to thus minimize health risks for the bathers. Risks associated to the quality of water can be of a chemical nature when one thinks about the types and quantities of products (such as chlorine) which are added to water and which can be harmful to health if not well controlled. These risks can also cause a certain number of illnesses. Consequently, it becomes primordial to have sufficient and adequate measures in place, so that the bathing water can present negligible health risks for the bathers.

METHODOLOGY AND SCOPE

The audit mainly consisted of evaluating to what degree the quality of water in the city's wading and swimming pools is in conformity with the regulations in force.

Also, although the quality of water in the public wading and swimming pools is of interest in each one of the city's boroughs, we limited the range of our audit work to two boroughs emanating from the former Ville de Montréal and two boroughs created from the former suburbs: Côte-des-Neiges/Notre-Dame-de-Grâce, Sud-Ouest, Montréal-Nord and LaSalle.

Our audit chiefly bore on the quality of water in the wading pools and the indoor and outdoor swimming pools selected for 2002, but in certain cases, we also considered 2001 data.

OBSERVATIONS ET RECOMMANDATIONS

Since already a few years, the quality of water in the public wading and swimming pools has been the object of preoccupation on the part of the different intervening parties in Québec's public health network. Environmental health information bulletins have effectively already been published regarding infections linked to swimming pools, and chlorine intoxication in Québec's public swimming pools. In addition, water quality control in the outdoor wading and swimming pools, on the territory of the Ville de Montréal, was the subject of different reports in the past.

The existing municipal by-laws respecting public bathhouses and bathing do not specifically deal with the quality of water in the city's public wading and swimming pools. Actually, in Québec the quality of recreational water in wading and swimming pools is controlled by the Loi sur la qualité de l'environnement (Act respecting the quality of the environment) from which came the Regulation respecting public wading and swimming pools (R.R.Q. c. Q.2,r.17).

This Regulation established the standards with which public wading and swimming pools must comply. It also contains a section dealing exclusively with the quality of water. Included are two types of parameters to be watched: the physicochemical (e.g. free-flowing residual chlorine, pH and alkalinity) and the bacteriological (e.g. bacteria, coliform, faecal staphylococcus and *pseudomonas aeruginosa*).

Considering the number of aquatic installations inventoried in Montréal and the great number of people who use them, allied to the fact that exposure to swimming water is recognized as a potential source of infection, we are of the opinion that sufficient and adequate preventive measures must be present to protect public health.

Our audit work consequently consisted of examining certain articles in the Regulation governing control over the quality of water in public wading and swimming pools, and evaluating in which measure the aquatic installations in the boroughs selected comply with this regulation in order to protect the health of bathers.

Regulation

The quality of recreational water in Québec's wading and swimming pools is regulated by the Act respecting the quality of the environment, from which came Regulation Q.2, r. 17 on public wading and swimming pools. Not a recent one, and last amended in 1981, this Regulation is questioned by representatives of the Québec public health network, as well as by most of the responsible parties in the aquatic milieu met during the course of our mandate. In fact, all of these mentioned that this Regulation is no longer quite adapted to reality and would greatly need to be reviewed and modernized. In the light of our review and the comments gleaned from the different resources consulted during the mandate, it emerged that, among other things, the present Regulation does not take the new water treatment equipment and disinfecting products, other than chlorine, into account. Furthermore, it contains no obligation to have the water analyzed from the bacteriological point of view whereas that point of view stipulates that there must be an absence of bacteria.

Given that the Regulation is outdated, incomplete, and certain recommended standards do not necessarily optimize the bacteriological qualities of the water, we communicated with the chief of the Service de l'expertise en environnement at the ministère de l'Environnement (environmental expertise chief of the environment department) to find out his views respecting the wading and swimming pools regulation. The Ministère proposed, in a public consultation, the draft of a regulation amending the Règlement sur les pataugeoires et les piscines publiques. The changes proposed aim at rescinding the articles which describe the composition of the materials used in the bottom and walls of public baths as well as changing room and corridor floors, to permit the construction of wading and swimming pools with the help of new materials which are recognized as being safe. Secondly, it is foreseen, on a short term basis, that a committee be formed to analyze the rest of the regulation including water quality standards, in order to propose an amendment bill if need be. In the meantime, we were advised by the representative of the Ministère, that the public pool Regulation (Q.2, r. 17), as it now stands, must be respected under penalty of receiving notices of infringement.

Recommendation

We recommend that the **Direction générale** gather, from all the different administrative units, pertinent elements on changes to be made to Regulation Q.2, r.17) on public wading and swimming pools, and present these to the **ministère de l'Environnement**, so that the regulation on these pools can be reviewed, without delay, to thus allow for better control over the quality of water in the city's public pools.

Action proposed by the Direction générale

"The Direction des sports et des loisirs has been mandated to collect, from all the administrative units involved, elements pertinent to changes to be made to the Règlement sur les pataugeoires et les piscines publiques and to present them to the Québec environment department."

Deadline: May 30, 2003

While the existing Regulation has to be revised, in the meantime, measures necessary for its respect have to be taken. We have thus evaluated to what degree the aquatic installations in four selected boroughs are in conformity with this Regulation.

Frequency of physicochemical water controls and conformity with the daily register

Article 98 of the public pools Regulation (Q.2, r.17), provides precise directives respecting the frequency with which control of the physicochemical parameters must be made. It, in fact, mentions that the disinfectant (chlorine) and pH measures must be done at least once before, and once during, each period in which the pools are open, and repeated every three hours during the opened period. As for alkalinity, it must be entered in the register once daily. The same article also mentions that the operator of a public wading or swimming pool must fill out a daily register, on a weekly report sheet, and this report must be in accordance with the one prescribed in the Regulation.

A compliance review of the daily registers for the aquatic installations selected reveals that these are not always filled out in a rigorous manner in conformity with the regulation in force. For example, we noticed that in certain cases and a few times, the control results of the water's physicochemical parameters did not appear in the daily registers. This does not, consequently, enable assurance that they were performed and in the prescribed frequency. We, in addition, note that other elements which must also be written in the register on a daily basis, are also left blank.

The daily register constitutes the principal instrument in monitoring the operations needed to keep a sound quality of water aimed at ensuring the health and welfare of bathers. In addition, the frequency of controls is important, since it can allow more rapid detection of the faulty operation of the distribution systems for the chemical products.

Recommendation

We recommend, to the Direction de la culture, des sports, des loisirs et du développement social of the four boroughs selected, to take the measures needed for the responsible parties in the aquatic installations to make sure that:

- they perform all the required controls of the water physicochemical parameters, in compliance with the Regulation;
- they fill out the daily registers to ensure monitoring of the control of operations as prescribed in the Regulation.

Action proposed by the boroughs involved

Côte-des-Neiges/Notre-Dame-de-Grâce borough

"We will thus proceed, until the opening of the outdoor pools, with the steps needed to ensure the presence, at each indoor and outdoor pool in the borough, of (CPO) qualified personnel for assuming the operations related to the physicochemical water controls, and keeping of the appropriate log book. This will be done so that there is continuity in the way this task is assumed at each water installation, by reorganizing the work schedules so that, during all operating hours, there is a lifeguard and/or Grade II swimming instructor having CPO training present."

Sud-Ouest borough

"Meeting the caretakers and lifeguards to explain the requirements of the regulations contained in the Q.2, r.17."

Heighten the awareness of the development agents to be sure that the weekly monitoring is done with the responsible personnel."

Deadline: Done

Montréal-Nord borough

"Updating the guidebook entitled "Managing the bathing water in the swimming and wading pools".

Producing an updated register to enter all the missing general information, all water physicochemical parameters while respecting the frequency of every three hours of operation, as well as measuring the alkalinity daily.

Drawing up a register to record, daily, all manual operations carried out by our employees on the filtration system.

Train employees assigned to filtration.

Deadline: April 2003

Ensure a follow-up on application of the new procedure.

Hire an employee to supervise the quality of the water."

Deadline: May 2003

LaSalle borough

"The data is now entered into a weekly report where all the minimal parameters required by the Regulation are presented.

Validation, by the management team, that the employees have filled out the reports.

Compilation forwarded with the monthly billing."

Deadline: February 17, 2003

Parameters relative to the physicochemical quality of the water

To keep pool water that is sound and comfortable for the bathers, there is an interdependence between the disinfectant, the pH and the alkalinity. Chlorine effectively acts to eliminate bacteria or other elements which could affect the health of the bathers. However, so that this disinfectant does not produce disagreeable conditions for the bathers, such as irritation of the eyes and skin, it is essential for all of the parameters to be well balanced. Disequilibrium of these parameters can have a tendency to cloud the water, to create deposits in the pool, and even to damage water pipes. When the pH is not well controlled, the effectiveness of the chlorine quickly decreases, producing its over-consumption and supporting proliferation of bacteria, which can affect the health of the bathers. Controlling the water's alkalinity is desirable to keep the pH in the ideal zone because it acts like a buffer and permits an evaluation of the water's capacity to resist sudden changes in the pH.

As can be seen, water chemistry can prove to be complex and cause health and safety problems for bathers if the parameters are not well controlled. That is why provincial Regulation Q.2, r.17 sets the standards for each of these parameters to which the wading and swimming pools must at all times comply.

In order to evaluate conformity to these standards we examined, among other things, the control logbooks for the quality of water maintained in each of the installations selected, for a period of two consecutive weeks, in August 2002. This compliance review allowed us to observe the following facts:

- Free residual chlorine

We see that the samples taken during the review period presented, for the aquatic installations selected, results which deviated to different degrees from the standards prescribed by the provincial Regulation.

- pH

Overall, the measures taken for the different aquatic basins, except for one wading pool, were generally in accordance with or slightly deviating from the standards recommended by the Regulation.

- Alkalinity

The water samples, entered in the register for the period reviewed, showed that in 35% of the aquatic basins, the alkalinity measure was in accordance with the limit permitted by the Regulation. However, in 65% of the remaining cases, we did not evaluate to which degree this parameter conformed with the standard since no trace of this measuring appeared in the register.

As can be seen, the monitoring results revealed that the physicochemical parameters of the wading and swimming pool water do not always meet with the standards prescribed by regulation. We are conscious that many factors can contribute to influence the stability of the physicochemical parameters.

Recommendation

We recommend that the Direction de la culture, des sports, des loisirs et du développement social, of the four boroughs selected, tighten controls on the quality of water so as to make sure that the physicochemical parameters of all the aquatic basins respect the regulation in effect, so as to assure the health of the bathers.

Action proposed by the boroughs in question

"In addition to the measures proposed in response to the preceding recommendation."

Côte-des-Neiges/Notre-Dame-de-Grâce borough

"For the wading pools, we have to consider the mechanical aspect and the conformity of treatment before even being able to hope to tighten controls. Once we have visited the wading pools and established what their new vocation will be, we will install the resources needed to tighten controls on the quality of the water."

Sud-Ouest borough

"Organize training for the janitors responsible for the quality of the water.

Deadline: April 2003

Organize training for the lifeguards responsible for the quality of the water."

Deadline: May-June 2003

Montréal-Nord borough

"Equip the Calixa-Lavallée swimming pool with an automatic control system as foreseen in the 2003 three-year capital expenditure programme.

Deadline: August 2003

Automate chlorine distribution in the outdoor wading and swimming pools."

Deadline: spring 2004

LaSalle borough

"Training about the quality of water, given by the Société de sauvetage, will be offered to the responsible parties before the opening of the outdoor installations."

Parameters relative to the bacteriological quality of the water

Literature about the subject allowed us to note that exposure to public wading and swimming pool water has long been recognized as a potential source of infection.

It, in effect, can cause a certain number of illnesses such as gastrointestinal ailments like diarrhea, respiratory tract infections, and those of the eyes, nose, ears, or throat, as well as skin problems.

The Regulation on public wading and swimming pools identifies the bacteriological quality criteria which must at all times be respected. The standard thus specifies that there must be an absence of coliform bacteria, faecal staphylococcus, streptococcus, and *pseudomonas aeruginosa* per 100 ml of water.

Let us mention that these parameters do not appear in the daily control logbooks on the quality of water kept in each installation, because they can only be measured by a laboratory.

Although the public wading and swimming pools Regulation requires the absence of bacteria in the water, it contains no requirement relative to the frequency of such analyses. We are nevertheless of the opinion that the responsibility is incumbent on the managers of the aquatic installations to determine the frequency of execution of such analyses, in order to evaluate if the water quality contains, or not, risks for the health of bathers, in compliance with the standard prescribed in the regulation.

A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH

In 2002, the Côte-des-Neiges/Notre-Dame-de-Grâce borough asked the city laboratory to conduct a bacteriological analysis of the water in the public outdoor wading and swimming pools it is responsible for. The laboratory then took samples in July and August 2002. The results enabled the identification, in 83% of the samples from the wading pools and 100% of the swimming pool samples, of the presence, to varying degrees, of some form or other of bacteria.

It is moreover to be noted that the 2002 bacteriological analyses excluded indoor pools, even though these are frequented all year round.

B) SUD-OUEST BOROUGH

In the summer of 2001, thus prior to the municipal reorganization, a representative of the corporate sports, recreation and social development department was interested in the bacteriological quality of the water in certain city aquatic installations and sought to find out the situation. To this end, a request was addressed to the city laboratory asking that it perform bacteriological analyses of the water in all of the city's outdoor wading and swimming pools. Water samples were thus taken in July, and in August 2001.

We obtained and examined the results of those analyses and have excerpted those concerning the installations under the jurisdiction of the Sud-Ouest borough. Analysis of the results allowed us to note that the samples from the outdoor wading and swimming pools inspected in the borough revealed that some form of bacteria, in proportions of 100% and 75% respectively, was present to various degrees. It should also be noted that the bacteriological analyses performed in 2001 excluded indoor pools, although these are frequented all-year-round.

In 2002, the Sud-Ouest borough did not ask the city laboratory for a bacteriological analysis of the water in all of the wading and swimming pools falling under its jurisdiction.

A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH

B) SUD-OUEST BOROUGH (suite)

When it is found that the bacteriological quality of water is not in conformity with the regulation, measures (e.g. temporary closing, over-chlorination of the basin, etc.) must be taken so as to go ahead, in due time, with decontamination. At meetings with the people who requested these analyses in 2002 (or 2001, depending on the case) however, it was mentioned to us that no corrective measures had been put forward as a result of the findings obtained.

Although the results of the bacteriological analyses requested from the laboratory in 2002 (or 2001) had revealed, for more than the majority of samplings, the presence in varying degrees, of divers forms of bacteria, we noted that these results were not accompanied by any comments enabling to interpret the seriousness of the situation, and to consequently make adequate treatments. In fact, the analysis reports produced by the city laboratory simply make a factual statement of the parameters analyzed and neither orientation nor recommendation accompany these.

C) MONTRÉAL-NORD BOROUGH

It was never a current practice, in the Montréal-Nord borough, to systematically make bacteriological analyses of the water at set periods. In fact, according to the information gathered, the last time the borough made such a request to the laboratory, goes back to 1980. We were consequently unable to evaluate to which measure, the bacteriological quality of the water in the aquatic installations under the jurisdiction of the borough, was in conformity with the provincial regulation in force.

D) LASALLE BOROUGH

Following examination of the results of the 2002 samplings, we found that none of the water samples of bathing water in the swimming pool revealed the presence of bacteria, whereas water in the recreational basin indicated the presence of various bacteria, but in small quantities.

However, at meetings with the personnel of the borough concessionaire who looks after management of the aquatic installations, supervising the activities and ensuring water quality in accordance with government standards, it was mentioned to us that no corrective measure had been proposed following results indicating the presence of bacteria. Effectively, according to these people, the results of the analyses are not always sent to them, or their forwarding delays (about one month) did not allow appropriate measures to be taken.

Considering that some samples revealed the presence of bacteria and that no measure was taken to remedy the situation, we are of the opinion that the borough should review its communications procedure for the results of sample analyses, so that they can be forwarded to the concessionaire without delay, for the necessary corrective measures can be undertaken to sanitize the quality of water.

Of a different nature, although the results of the bacteriological analyses requested from a private laboratory in 2002 had revealed, in a few samples, the presence, in various degrees, of divers forms of bacteria, we noted that these results were not accompanied by any comment to allow for interpretation of the seriousness of the situation and to consequently make adequate treatments.

Recommendations

We recommend that the Division du laboratoire of the Service de l'environnement, de la voirie et des réseaux:

- 1) take the measures required for the results of the requests it receives, for bacteriological analyses of the water in public wading and swimming pools, are produced without delay, so that the boroughs may quickly react to take the necessary corrective steps, if advisable;
- 2) improve the contents of the analytical reports produced by incorporating, when advisable, comments and recommendations in order to help the boroughs take appropriate measures to ensure the sound quality of the water for bathers.

Action proposed by the Service de l'environnement, de la voirie et des réseaux

- 1) *"The analyses must generally start within 24 hours following the sampling and, depending on the type of analyses, normal delays for performing the analyses can vary from a few hours to five days. Since January 2003, the preliminary results are forwarded to the applicant by FAX, or by telephone, on the same day they become available (on the same day as the sampling or the following day for most of the analyses). Final reports are sent out later when all analyses are finished and that the results have been validated.*
- 2) *Since February 2003, we issue recommendations and comments to help managers develop the appropriate activities.*

Corrective measures have already been started for the ad hoc mandates entrusted to us by various clients. We, however, anticipate going ahead with the following activities to ensure being able to offer services which could be required within the framework of the water quality control programmes in the wading and swimming pools of the boroughs:

- *define, in collaboration with the client departments, the objectives and mandates which will be covered by the mission of the Division des laboratoires in quality control matters for bathing water;*
- *identify the different responsible parties in the boroughs pertaining to wading and swimming pools;*
- *define, with the managers, the monitoring and frequency of analyses to which the laboratory could be brought to participate;*
- *establish the laboratory costs (human and material resources) relative to monitoring, as well as their financing means.*

This action plan will be launched between now and June 2003, in order to ensure monitoring of the aquatic installations as soon as possible. We are of the opinion that concerted action with the boroughs and a planned sampling programme, will result in shorter delays in forwarding the results, and improvement in the reports to meet the needs of each of the boroughs."

A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH

Recommendations

We recommend that the management of the culture, sports, recreation and social development department for the Côte-des-Neiges/Notre-Dame-de-Grâce borough continue the steps already initiated for microbiological analyses of the water in the aquatic installations to be systematically performed. These analyses should more specifically:

- deal with the outdoor wading and swimming pools, but also indoor pools in the borough;
- be performed according to a frequency to be established;
- be subjected to strict monitoring, so that the appropriate remedial measures can be taken without delay.

Action proposed by the Côte-des-Neiges/Notre-Dame-de-Grâce borough

"Last year, we took the initiative of going ahead with sampling water for microbiological analysis purposes with the results you are familiar with. We are very comfortable with the fact that we will have to continue this practice.

We will advocate analysis-taking by our laboratories at a \pm three-week interval and we, ourselves, will perform tests more frequently, at less cost, with the "Water Check" system when the employee in charge judges that the installations are at greater risk.

If one of the employees in charge judges that the situation is at a very high risk level, he will perform "superchlorination" and then order a laboratory test to ascertain the effectiveness level of his intervention."

B) SUD-OUEST BOROUGH

We recommend that the culture, sports, recreation and social development management of the Sud-Ouest borough undertake the steps required to systematically perform bacteriological analyses of the water in the aquatic installations. These analyses should more particularly:

- deal with the outdoor wading and swimming pools, but also the indoor pools in the borough;
- be performed according to a frequency to be established;
- be subjected to strict monitoring, so that the appropriate remedial measures can be taken without delay.

Action proposed by the Sud-Ouest borough

"According to tests performed in our installations, during the week of February 9, 2003, the quality of water in our installations was conforming.

Identifying an adequate frequency of bacteriological tests for the wading and swimming pools with the collaboration of the other boroughs according to available resources.

Deadline: in 2003

Validating the capacity of the city's laboratory in the performance of these tests.

Deadline: in 2003

Do a follow-up upon receiving the results, and carrying out the

Deadline: continuous

remedial measures, if need be.

Forward to management."

Deadline: continuous

C) MONTRÉAL-NORD BOROUGH

We recommend that the culture, sports, recreation and social development management of the Montréal-Nord borough undertake the steps required to systematically perform bacteriological analyses of the water in the aquatic installations. These should more specifically:

- concern outdoor wading and swimming pools and the indoor swimming pools in the borough;
- be performed according to a frequency to be determined;
- be subjected to strict monitoring, so that the appropriate remedial measures can be taken without delay.

Action proposed by the Montréal-Nord borough

"Conduct bacteriological analyses in our swimming pools once at the start of the season and once in mid-season.

Create an inter-borough council with the mandate of taking inventory of the best practices related to the bacteriological quality of the water."

Deadline: 2003

D) LASALLE BOROUGH

We recommend that the LaSalle borough culture, sports, recreation and social development department undertake the steps required for bacteriological analyses of the water in the outdoor pools to be performed, at a frequency to be determined, in order to check the quality of the water and, if required, for appropriate corrective measures to be taken.

We recommend that the LaSalle borough culture, sports, recreation and social development department ascertain that the results of the analyses are forwarded, at the right moment, to the people involved and that the results include, when advisable, comments and recommendations aimed at helping them to take the appropriate measures to ensure sound water quality for the bathers.

Action proposed by the LaSalle borough

"An evaluation of the costs will be carried out and a request for the department involved will be made to carry out these bacteriological analyses.

Deadline: 2003 holiday season according to the budgets allotted

Establish an information transfer procedure. Look at the possibility of transferring information simultaneously to the Aquadôme and to the Service de l'urbanisme et de l'environnement. In the event of a non-standard reading, the laboratory will call the Aquadôme representative without delay so that adequate measures can be taken.

Deadline: the beginning of April 2003

A summary table (example in appendix) of the analyses made has been produced to compile the inventoried reports on analyses at the

Deadline: February 17, 2003

aquatic installations, and the overall data is entered into the database."

Water recirculation characteristics required for wading pools

Article 36 of the Regulation respecting public wading pools and swimming pools stipulates that every public wading pool must be equipped with a compliant water recirculating system. It is also expressly mentioned that public wading pools must be of a type other than the "daily-fill-and-empty" type without filtered circulation or effluent.

- A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH
- B) SUD-OUEST BOROUGH

At different meetings during our mandate, it was mentioned to us that most of the wading pools falling under boroughs emanating from the former Ville de Montréal, are not compliant with the characteristics required in the Regulation. According to the information obtained, effectively, of the 77 wading pools in the former Ville de Montréal, less than 9% are in conformity with the Regulation. Not being equipped with any filtration apparatus, nor any mechanism capable of injecting the necessary quantity of disinfectant, the other wading pools are thus emptied and cleaned every day and chlorine is manually added by the responsible personnel. Concerning the Côte-des-Neiges/Notre-Dame-de-Grâce borough, only one of the 10 wading pools is equipped with filtration equipment. Moreover, in 2002, the system in question was not functional and the wading pool was operating in the same way as the others. In the Sud-Ouest borough, three of the nine wading pools have filtration equipment.

Although the wading pools are emptied, cleaned and filled every day, the fact that they are not equipped with automatic filtration and automatic chlorine distributors carries risks for the health of bathers. Examination of the physicochemical parameters of these basins effectively often reveal chlorine concentration that is either too high or too low compared to the regulations. This can be explained by the fact that chlorine is added manually into the pool and that this requires greater vigilance. Moreover, particularly because of the young age of the children who frequent these basins and due to their bathing habits, which differ from those of adults, illness risks associated with the microbiological quality of the water are also greater under such conditions.

Concerned with improving the quality of public service, the Côte-des-Neiges/Notre-Dame-de-Grâce borough has foreseen, in the 2003-2005 three-year capital expenditure programme, the launching of a planning programme covering a maximal period of 10 years to allow the carrying out of several renovation or replacement projects, which includes the wading pools. As for the Sud-Ouest borough, its three-year capital expenditure programme does not anticipate a programme for renovation or replacement projects for wading pools.

- C) MONTRÉAL-NORD BOROUGH

The information obtained about the Montréal-Nord borough is to the effect that all of its 14 wading pools are in conformity with the regulations, since the pools are equipped with water filtration and chlorination systems.

- D) LASALLE BOROUGH

There are no wading pools in the borough.

Recommendations

- A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH

We recommend that the culture, sports, recreation and social development department of Côte-des-Neiges/Notre-Dame-de-Grâce borough continue development of the planning programme so that its implementation occurs without delay for the wading pools under its responsibility to be renovated or replaced in conformity with the characteristics demanded by the provincial Regulation in effect. In the meantime, the borough should take supplementary control measures concerning the quality of water in these installations.

Action proposed by the Côte-des-Neiges/Notre-Dame-de-Grâce borough

"Here are the four basic scenarios we are considering for this summer:

1. *transformation into non-accumulation water games;*
2. *transformation into an effluent circulation wading pool (Article 37 of Q-2, r.17);*
3. *transformation into an effluent circulation wading pool (Article 37 of Q-2, r.17);*
4. *closing the wading pool if it is impossible to realize one of the first three scenarios for mid-June."*

B) SUD-OUEST BOROUGH

We recommend that the culture, sports, recreation and social development department of the Sud-Ouest borough develop a programme enabling renovation or replacement of the wading pools under its responsibility, so that these can be in conformity with the characteristics required by the provincial Regulation in effect. In the meantime, the borough should take supplementary control measures concerning the quality of water in these installations.

Action proposed by the Sud-Ouest borough

"There is a development master plan for the borough's water installations. Despite a reduced three-year capital expenditure programme, we will invest the following in our installations:

- *Ignace Bourget swimming pool: restoration will be completed in May 2003;*
- *Émard swimming pool: restoration planned in the 2004-2005 three-year expenditure programme;*
- *three of the nine wading pools are up to standards.*

Request the support of the corporate department, the decision makers, and the political powers, for standardization of our water installations (link with the "Sommet").

Deadline: done

Updating the borough's water installation management plan according to public needs linked to the number and type of installations.

Deadline: September 2003

Participating in the development of a master plan for standardizing water installations, and identification of priorities, in collaboration with the Direction des immeubles (immovables management)."

Deadline: November 2003

Planned maintenance programme

In order to make sure that aquatic installation users evolve in a safe environment it is necessary to install planning and control mechanisms on the maintenance to be performed concerning their equipment. In this sense the working out of a planned maintenance programme should, particularly, permit a minimizing of damage, reduce replacement costs and assure that the equipment is in good condition, so as to preserve the health and safety of the bathers. Certain steps must first be taken in order to do this, being: identification of the different equipment or components to be the object of maintenance, identification of the verification frequency, laying out of a grid incorporating the different aspects to be checked, attribution of the inspection responsibilities, updating of the equipment inventory, etc.

The quality of the recirculated water which feeds the swimming basins, depends in part on the effectiveness of water filtration, and the distribution systems of the various products which ensure disinfection of the water. The Regulation on public wading and swimming pools thus foresees that the bathing water must be recirculated by passing through a system which must completely filter and disinfect the volume of water in the basin at least every six hours, thus ensuring a minimum of four renewals daily. Among other things, the system consists of pumps, valves, screens and filters. In addition, the indoor pools are equipped with a system enabling automatic distribution of various chemical products into the water. This automatic system has a continuous water quality analysis device (the controller) which measures the pH and the calculated value corresponding to free-flowing chlorine, with the help of linking electronic probes and which emit an alarm when the limits of the values registered in the system are not respected. This system also has a dosage device assuring an appropriate flow and chlorine distribution conduits.

The lack of regular maintenance harms the effectiveness of the system, which can eventually affect the health of the bathers (e.g. the presence of bacteria and chlorine leakage). Maintenance and inspection of the filtration system must thus be carried out in a regular fashion. The previously mentioned distribution system must also, several times, receive adjustments, maintenance and cleaning.

- A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH
- B) SUD-OUEST BOROUGH

According to Article 141 of the charter, the borough council must exercise the city's powers respecting parks and recreation equipment falling under its authority. Management of equipment technical maintenance for swimming pools is presently carried out in a different fashion depending on whether the borough emanates from a former suburb or from the former Ville de Montréal.

Boroughs originating from the former suburbs effectively carry out equipment maintenance for their pools themselves, whereas, in the former Ville de Montréal boroughs, this maintenance is managed and carried out by the Direction des immeubles of the Service des ressources matérielles et informatiques.

The current situation means that boroughs emanating from the former Ville de Montréal do not have the same autonomy as those originating from the former suburbs. Effectively, not having authority over the corporate department and not having the necessary resources, the boroughs coming from the former Ville de Montréal do not have the same power as the other boroughs in choosing the level of service and the way of doing things to provide this service (e.g. the use of internal resources, recourse to the corporate department or awarding a contract).

Recommendation

We recommend that the Direction générale ask the various intervening parties to identify a solution which would allow the boroughs emanating from the former Ville de Montréal to have the autonomy required in order to assume their responsibility in maintenance matters for swimming pool equipment.

Action proposed by the Direction générale

"The mandate to be assigned to an outside firm, in order to specify the organizational models of the new city, should provide an answer to this recommendation."

- A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH
- B) SUD-OUEST BOROUGH

We also examined to what degree the Direction des immeubles looked after the proper functioning of swimming pool equipment. To do this, we first wanted to examine if the interventions were carried out in compliance with a planned maintenance programme.

About this subject, managers of the Division de la gestion et de l'encadrement de l'entretien confirmed, to us, that there was no programme of planned maintenance for swimming pool equipment. In addition, the Division does not receive reports on maintenance carried out and is not in a position to measure the effects of the work done by the two maintenance divisions. The managers however mentioned that the absence of a planned maintenance programme does not mean that the required maintenance is not carried out. Employees of the maintenance divisions indicated that they respond to calls for service and carry out some preventive maintenance (e.g. periodic controller calibration, regular cleaning of the chlorine distribution ducts).

This programme should allow the Direction des immeubles to be certain, on the one hand, that the maintenance performed respects the manufacturers' instructions and keeps the equipment in good working order, by identifying the sites and components targeted, their frequency of maintenance, as well as the tasks to be accomplished. It would allow it to issue work orders at the appropriate moment and then exercise a follow-up on the degree of realization of the programme so as to make the appropriate corrections when necessary. On the other hand, the planned maintenance would also aim at the rapid detection of breakdowns, or operating defects, in order to reduce the costs associated with corrective work flowing from the latter. Finally, the programme documents could serve as guidelines for employees who are unfamiliar with the system, and facilitate the continuity of operations when there are changes in the labour force.

C) MONTRÉAL-NORD BOROUGH

Within the borough, the management and operations of aquatic installations are assigned to the culture, sports, recreation and social development department. Technical maintenance of the wading and swimming pools is however carried out by plumbers from the public works department.

Considering this, we evaluated to what degree the borough employees attended to the proper operations of wading and swimming pools they are responsible for. To do this, we first sought to examine if the interventions were carried out in compliance with a planned maintenance programme.

About this subject, the responsible resources within the borough confirmed that there was no such programme for these systems aimed at assuring the quality of water in the wading and swimming pools. These resources however mentioned that the absence of a planned maintenance programme does not mean that the required work is not carried out. In fact, the plumbers respond to service calls addressed to them and make the repairs called for, as well as those judged to be necessary, to assure proper equipment functioning.

D) LASALLE BOROUGH

Technical maintenance of the equipment at the Centre aquatique is the responsibility of a concessionaire. Among other things, the latter must inventorize, on a software, all technical equipment data given to him by the division chief for management of the recreation infrastructures. Maintenance of the outdoor swimming pools is the responsibility of borough employees.

Considering what precedes, we evaluated to what degree the concessionaire and the borough employees attended to the proper functioning of the swimming pool equipment. To do this, we first sought to examine if the interventions were carried out in compliance with a planned maintenance programme.

The concessionaire's employees showed us the software used to ensure maintenance of the Centre aquatique. We found that several data about the Centre were entered in the system. However, more specifically concerning equipment maintenance, they indicated to us that work still has to be done to determine the overall equipment to be maintained, the frequency of their maintenance, and to cumulate data on maintenance done. Meanwhile, preventive maintenance is carried out but this is not recorded in a register to enable monitoring. As for corrective maintenance, documents about their completion is kept in a file.

Recommendations

- A) CÔTE-DES-NEIGES/NOTRE-DAME-DE-GRÂCE BOROUGH
- B) SUD-OUEST BOROUGH

In order to ensure that the equipment in the aquatic installations is kept in good operating order, we recommend that the Direction des immeubles of the Service des ressources matérielles et informatiques develop, if advisable, a planned maintenance programme and monitor its results together with the boroughs.

Action proposed by the Service des ressources matérielles et informatiques

"Measures have already been taken concerning the maintenance of the swimming pool filtration systems.

"Measures have already been taken concerning the maintenance of the swimming pool filtration systems. Deadline: end of 2003

Implementation of a planned maintenance programme. Deadline: Beginning of 2004

We expect to obtain, from the boroughs, their commitments relative to daily management of the quality of bathing water. This management, already the responsibility of the boroughs, chiefly consists of interventions and follow-ups on the physicochemical properties of water, which is essential to ensure its quality.

To this end we count on negotiating and obtaining service agreements with the boroughs in 2003."

- C) MONTRÉAL-NORD BOROUGH

In order to ensure that the equipment in the aquatic installations is kept in good working order, we recommend that the Direction de la culture, des sports, des loisirs et du développement social in the Montréal-Nord borough develop, together with the Direction des travaux publics, a planned maintenance programme and then monitor its results.

Action proposed by the Montréal-Nord borough

"Hire a person for nine weeks to making a survey and evaluate the filtration systems and the maintenance procedures in the borough. Deadline: 2003

Prepare a maintenance plan in concert with the public works management." Deadline: 2004

D) LASALLE BOROUGH

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the LaSalle borough ensure that the necessary planned maintenance programmes are prepared and that they allow for monitoring of the work done to ensure keeping the equipment at the Centre aquatique familial Aquadôme in good working order.

Action proposed by the LaSalle borough

"Weekly meetings are anticipated to present the information collected during the previous week. A weekly report showing the overall work to be done, and already done, will be sent to everyone concerned."

Management reports

So that senior management and managers can assess to what extent the operations linked to the quality of water in the borough's public wading and swimming pools effectively assure the sound quality of water to bathers in conformity with the regulations in effect, systematic and permanent accountability mechanisms must exist. In order to do this, management reports must be regularly produced and include pertinent information about the main activities linked to water quality during a set period. The various hierarchical levels must thus have defined their needs further to the information they desire receiving and to the reports which must be produced to answer to these needs. The information gathered should be presented in such a manner as to facilitate appraisal of the effectiveness of operations, and decision making, to then report to the appropriate authority about the responsibilities conferred upon them.

Overall, examination of the different reports produced by the boroughs allowed us to see that there was some information about the quality of water in the aquatic basins. This information, however, is dispersed into different reports. There is thus no synthesized report allowing the managers to have a global view of the information needed to monitor the operations related to control over the quality of water to then be able to more easily target the problematic situations and make the required decisions. Consequently, due to the absence of such synthesized management reports, it becomes more laborious to evaluate to what extent the provincial Regulation on public wading and swimming pools is respected, if there have been variances, what their importance and frequency were, and what measures were taken to remedy the situation.

Recommendation

We recommend that the culture, sports, recreation and social development management of the four boroughs selected prepare a report grouping all of the pertinent information about the quality of water in the public wading and swimming pools, so as to facilitate an analysis of the situation, the taking of appropriate measures and forwarding of the information to borough senior management. Towards this end, the boroughs could share their expertise in order to identify the most appropriate type of management report.

Action proposed by the Côte-des-Neiges/Notre-Dame-de-Grâce borough

"Following our preceding replies, and since we will have trained intervening people speaking the same language and having common objectives, it will be much easier to manage information and to channel it to the aquatic manager for a synthesis of the pertinent information about the quality of water integrating routine and preventive maintenance interventions, and reports on repairs."

A broader vision of the operations of the water facility will allow targeting of physical interventions having had a positive impact on the quality of the water offered to bathers while, at the same time, facilitating organization of the work and budgeting for next season."

Action proposed by the Sud-Ouest borough

"Determining elements to be incorporated in the summary report together with the other boroughs.

Deadline: April 2003

Preparing the desired summary reports for the outdoor wading and swimming pools.

Deadline: September 2003

Preparing the summary reports for the indoor pools."

Deadline: February 2004

Action proposed by the Montréal-Nord borough

"Producing an annual report enabling a retrospective analysis of the quality of water situation, and proposing recommendations for the future."

Deadline: 2004

Action proposed by the LaSalle borough

"The data is now entered into a weekly report where all minimal parameters required by the regulations are presented.

Monthly meetings will be foreseen in order to give the information collected from the extra-parameter data established during the preceding month. A sample of the report will be turned over to the borough at the time of the monthly billing."

Deadline: April 2003

SERVICE TÉLÉACCÈS+

CONTEXT

The TéléAccès+ service is offered by the Direction des technologies de l'information (DTI) of the Service des ressources matérielles et informatiques (SRMI) in order to enable the users to access the city's computing assets starting from a work station situated outside of the city's unified network. This service, in operation since May 2001, replaces the former remote access service which had been operating since January 1996.

The TéléAccès+ service introduces three new access modes:

- by 56K modem using a card serving to produce validation tokens (chip card) and a VPN (Virtual Private Network) software;
- via an Internet services supplier combined with the use of a chip card and the VPN software retained;
- by a commutation link combined with the use of the retained VPN software. This type of link is however specific to certain city buildings.

According to the TéléAccès+ service user's guide, these new access modes improve the access performance to the city's computer assets while offering increased security. The guide also mentions that the VPN software retained, increases security by permitting encryption of transmissions between a work station and the city's firewall.

In order to access the TéléAccès+ service, a user must submit a TéléAccès+ request starting from a "Demandes TéléAccès+" document. At that time the document database "Serveurs Ville de Montréal" allows the user to select one or more servers to which he wishes to access, as well as the services he wishes to use (e.g. HTTP, FTP, etc.).

METHODOLOGY AND SCOPE

We started our TéléAccès+ service audit at the beginning of 2002. Our work bore mainly on examination of the management controls in place, as well as on examination of controls linked to the service environment. Finally, we examined the controls supporting operations of the two document databases.

Our audit strategy was established starting from an analysis of risks specific to the service. This approach allows concentrating our efforts on the sectors we judge to be important, which implies that we have not examined all of the controls susceptible of being present. However, our work allowed us to refine our initial objectives according to the conclusive elements gathered during the performance of our mandate.

OBSERVATIONS ET RECOMMANDATIONS

Starter kit

Once the TéléAccès request is completed and the accesses granted, the client service centre (CSC) of the DTI, forwards a starter kit to each new user via internal mail. The kit comprises:

- the compact disk containing installation documentation as well as the software retained;
- a chip card;
- a folder giving general information and steps to follow to install the product.

In addition, our posting contained a presentation letter, giving:

- the user's name;
- the user's code;
- the PIN (personal identification number) or password of our chip card;
- the serial number of the chip card.

This situation has the consequence of having an unauthorized person being able to access the TéléAccès+ service, with the aid of information contained in the CSC posting for a new user, by substituting himself for the authorized user and thus appropriating the consented access rights.

Recommendation

We recommend that the Service (SRMI) proceed with posting the user code as well as the user pass for validation means, via E-mail rather than including this information in the starter kit.

Action proposed by the Direction des technologies de l'information

"We will no longer forward the user code and password via internal mail. We will send this information via E-mail.

Exception: If the user does not have E-mail we will forward the note and the card without activating the latter. We will thus have to advise the user that he is required to contact us in order to activate the access card."

Installation process for the VPN software retained

According to the information in the general information folder, we have to start by installing the WinZip 8.0 software so as to enable decompression of the software retained.

According to the user contract for the WinZip software, however, the editor clearly states that it is not a freeware and that it is supplied for a 21 day evaluation period. Once this delay has expired, registration charges of \$29 US must be paid to the editor. We did not find mention of this fact in the documents made available to the user. Non-respect of this clause, written in the user contract, is considered a copyright violation. This goes against the "directive pertaining to respect of the copyright in computer software matters" issued by the SRMI.

Following a review of the folder inserted in the compact disk pouch, we also found that the Internet reference to the "info highway ethics code" on the city's Internet site is erroneous.

Recommendations

We recommend that the Service des ressources matérielles et informatiques:

- **comply with the "directive pertaining to respect of the copyright in computer software matters" in proceeding with replacing the WinZip software by a version whose user rights have been paid to the editor;**
- **correct the Internet reference appearing in the compact disk folder.**

Action proposed by the Direction des technologies de l'information

"In order to settle this problem, we will withdraw the software from the starter kit and the compressed documents will automatically be decompressed when they are opened by the user. In addition, we will delete mention about the WinZip installation file in the folder accompanying the compact disk.

The Internet reference will be eliminated in the folder because this document was withdrawn from the city's site by the personnel responsible for the City's communications. This reference will be deleted from the folder.

The corrections to the folder will be made when it is next reprinted."

Documents databases

As earlier mentioned, every user must submit a TéléAccès request starting from the "Demandes TéléAccès+" document database to be able to use the TéléAccès+ service.

Once filled out, the TéléAccès request is automatically conveyed to the personnel responsible for access to the servers concerned. To adequately accomplish their tasks, the personnel responsible for the access defined in the "Serveurs Ville de Montréal" base must hold the "ADMSEV" role in the "Demandes TéléAccès+" base in order to be able to approve the TéléAccès requests concerning them.

Following examination of the list of persons who are responsible for accesses, we found one who did not have the "ADMSEV" role in the "Demandes TéléAccès+" base. We also found that two persons have the "ADMSEV" role while not being responsible for access to any server.

Finally, before being transmitted to a person responsible for access, a TéléAccès request must first have been approved by the user's hierarchical superior. Considering the difficulty of verifying the exact rank of the person designated by the user as being his hierarchical superior, a control was installed in order to be sure that the person designated by the user occupied at least a management position. Our examination revealed that this control is inoperative.

Recommendations

We recommend that the Service des ressources matérielles et informatiques:

- **update the list of persons holding an "ADMSEV" role in the "Demandes TéléAccès+" base in such a way as to be sure that this right is consented only to persons who are responsible for server accesses;**
- **ensure that all TéléAccès requests are first approved by a manager.**

Action proposed by the Direction des technologies de l'information

"Updating the list of persons having the "ADMSEV" role in the "TéléAccès+" base was made so that this role is consented only to persons who are responsible for access to a server. In addition, a procedure will be implemented at the Centre d'assistance so as to make sure that the updating is carried out every time personnel is changed.

A change has been made to the base to allow the requesting party to select the name of his superior starting from a list which will only include city managers."

Former remote access service in dialup mode

When the TéléAccès+ service was launched, it was expected that the former remote access service would remain open until December 31, 2001 so as to enable the users to fill out their request for the new service. But, one year after the launching, we find that the former service is still in operation.

Analysis of the list of active chip cards revealed that a majority of users still access the city's unified network through the former service. Keeping that service has the principal consequence of not restricting access to authorized servers, so that, once the link is established, the user can, as he pleases, attempt to link up to any server or work station in the city's unified network. This situation runs counter to the "framework relative to TéléAccès access to the city's unified data telecommunications network via use of the entrant modem pool" issued by the SRMI. The latter stipulates: "considering the risks inherent to granting remote access to the city's unified network, a list of permitted destinations will be associated with each one of the users." The framework also states that: "the use of encryption is obligatory if information having a sensitive, confidential or nominal character is accessed via this data telecommunications link." Our work allowed us to confirm that the former access service does not offer the use of encryption. The simple fact of resorting to the TéléAccès+ service thus allows to satisfy the framework requirements.

Finally, our analysis of the list of active chip cards allowed us to note that several holders have either left the city, or have retired. In addition, the DTI has not acted, on an annual basis with the municipal departments, with an audit on access privileges so as to establish if these are still justified and if they should be maintained.

Recommendation

We recommend that the Service des ressources matérielles et informatiques eliminate the former remote access service, as well as purge the lists of active chip cards.

Action proposed by the Direction des technologies de l'information

"A study has to be made to analyze the impact of going ahead with abandoning the former remote access service. We hope to cut the number of users of this service to the minimum and eliminate it between now and the end of June 2003. It should be noted that we wanted to replace it gradually because fees must be paid by the user departments.

It will be necessary to deal with certain exceptional cases; for example, the Service du développement culturel has two agreements with outside firms for the support of its library management systems. Those accesses are given as needed and for a very short period of time, but they do not use the VPN service. This need will no longer be required after the final introduction of the new library system expected before the end of 2004. We must thus attentively look at these cases.

Purging the active remote access chip cards will be undertaken. A list of cards that are used or not used will be sent to the user departments. The latter will be able to take steps to comply with the new orientations. This audit will be done annually in the future."

Personal user work station

Neither the starter kit sent to users so that their personal work station can link up with the city's unified network, nor the documents placed at their disposal, mention the obligation of installing and updating an anti-virus software in the user's personal work station.

We are of the opinion that the use of a personal work station constitutes an important vulnerability point relative to the security of work stations and the servers linked to the city's unified network. A review of the authorized remote access services showed us that some services allowing writing, copying, as well as changing data, were granted to users having important access rights (e.g. FTP, NetBIOS, ODBC, etc.). Another vulnerable element is the possibility of linking up with the city's unified network from the Internet network. In this respect, we are not able to affirm if the user work stations are equipped with a firewall and, if that is the case, if they have the right parameters. It is important to underline that the fact of using "VPN"

type software reduces the security risks but does not shelter the city from a virus or from attacks coming from the Internet network.

In addition, according to the framework relative to TéléAccès access to the Ville de Montréal unified data telecommunications network via use of the entrant modem pool, issued by the SRMI, all information transferred on the user's work station must benefit from a protection level which is at least equal to the one applied on the server from which the information comes. We are not in a position to affirm if the work stations of the users offer at least an equivalent level of protection, which goes against the requirements contained in the framework.

Recommendation

We recommend to the Service des ressources matérielles et informatiques that all accesses to the information assets of the new city, starting from a work station situated outside a new City electronic network, be done from infrastructures of the TéléAccès+ service.

Action proposed by the Direction des technologies de l'information

"A review of the current context revealed on the one hand, that the access needs to the city's information assets via the TéléAccès+ system have greatly increased without there being an allocation of supplementary resources to meet these and, on the other hand, it will be recalled that the comité exécutif has ruled that the information technologies sector in the former suburbs continues to exist under the responsibility and jurisdiction of these suburbs.

In that context, a project implicating representatives of the boroughs and the municipal departments will be started with the goal of finding a solution to this set of problems. To do this, an ad hoc committee, supported by resources specialized in technologies, will be formed and headed by the DTI with a goal of collaborating in the production of the following deliverables:

- *assessment of the present needs of the organization in TéléAccès matters;*
- *inventory of the different solutions already in place (ex-city, ex-MUC and ex-suburbs);*
- *identification of an ensemble of technologies meeting with the access and security needs of the organizations, as well as with the expectations of the general auditor;*
- *proposal of a new technology architecture;*
- *identification and development of processes to be adopted to implement the solutions retained;*
- *evaluation of the cost of equipment, software and human resources required to support the solutions retained;*
- *development of an intervention strategy having the objective of reducing non-authorized remote access risks;*
- *creation of a plan for the implementation phase.*

During the implementation phase it is foreseen to:

- proceed with the acquisition, network configuration and deployment of the necessary infrastructures;
- develop a migration plan aimed at orienting the clients towards the new services;
- implement the required management frameworks and processes;
- implement the strategy aimed at reducing non-authorized remote access;
- put the solution into production.

As for this last phase, the required financial investments will depend on the solution retained and will consequently be specified in preparing the plan. Realization of this phase will thus be conditional to obtaining the required financial resources.

Globally, the deadlines foreseen for the entire project are:

<i>Realization of the analysis mandate and search for solutions</i>	<i>May to September 2003</i>
<i>Start of acquisition of equipment and software</i>	<i>September 2003</i>
<i>Implementing frameworks and revision of the management processes</i>	<i>September to October 2003</i>
<i>Prototyping and technological tests</i>	<i>October 2003</i>
<i>Acceptation and validation tests (process, guide and documentation, technological solution)</i>	<i>November to December 2003</i>
<i>Start of operations and service offer launch</i>	<i>January 2004"</i>

Recommendation

We recommend that the Service des ressources matérielles et informatiques equip all its TéléAccès+ users with notebook computers whose acquisition cost would be charged to the department or to the organization.

Action proposed by the Direction des technologies de l'information

"The activities necessary to reach the objectives of reducing the risks, at the source of this recommendation, will be identified and planned inside the framework of the mandate to search for solutions.

According to the technologies implicated by the remote access solutions, the DTI agrees with the principle that the City equip its remote access workers with computers that are configured and completely controlled by the city when security depends on it.

However, the DTI believes that it is up to the client to decide on the purchase of a notebook or a desktop computer, so as to meet functional needs. The DTI could play an advisory role and help its clientele in making optimal choices at the corporate level.

The inventory of needs respecting remote access services will permit global determination of the computer needs as well as the efforts required to the migration, the deployment and to ensure the timelessness of control over services and their technological components."

Recommendation

Finally, we recommend that the Service des ressources matérielles et informatiques proceed with drawing up a framework bearing on the electronic exchange of information using the TéléAccès+ service, which would also set parameters for the configuration of work stations so that these correspond to city standards, and would assign the Direction des technologies de l'information with the responsibility of carrying out regular audits on the work stations in order to check their compliance.

Action proposed by the Direction des technologies de l'information

"The development and deployment of frameworks in the matter will be planned at the implementation phase. For example, the Direction des technologies de l'information could issue a framework aimed at limiting remote access mechanisms to departments having been certified by the DTI. The framework could also grant to the DTI the authority to control compliance accompanied by the authority to withdraw access privileges from offenders. Finally, the DTI could develop a generic framework dealing with the use of a work station outside city premises with the goal of giving remote access workers a framework of good practices to adopt, and heightening their awareness about these."

Comments from the Direction des technologies de l'information

"We wish to inform you that your recommendations are in keeping with our line of thinking of extending TéléAccès+ service in the new Ville de Montréal. This introduction will be done in a gradual fashion considering the efforts required in the context of the surplus of work linked to the merger. Setting up of the new information management structure at the city will facilitate the realization of our orientations."

MANAGING THE REAL ESTATE TRANSFER PROCESS

CONTEXT

The Ville de Montréal owns a large real estate stock in the private and public domains. Managing public domains concerns parks, streets and alleys. All the other real estate properties belong to the private domain and are aimed at, for example, satisfying the needs of municipal departments and the boroughs in the performance of municipal activities. They can also be transferred for purposes of residential, industrial or commercial development.

Prior to the territorial reorganization of municipalities on the Island of Montréal, decision-makers of the 28 Island municipalities approved the transactions of real estate transfers on their territory, consequently implicating different processes. Since January 1, 2002, according to Charter provisions, approval of real estate transactions falls under the conseil municipal or the comité exécutif of the new city. Such changes thus require the application of a new division of responsibilities and optimal allocation of resources, while still keeping a good level of service relative to delays in handling real estate transactions in order encourage, in a majority of cases, the establishment of the best development projects.

METHODOLOGY AND SCOPE

The audit consisted of evaluating if the process used in the transfer of real estate permitted encouragement of the establishment of residential, industrial or commercial projects within reasonable delays. In this respect, we examined the existence of a global objective in terms of file processing delays, as well as the principal sources of delays identified in this process. In addition, considering important variations in the revenue budgets for 2002 and 2003, we summarily examined budgeting.

Our audit work chiefly dealt with real estate transfer transaction files opened during 2002.

OBSERVATIONS AND RECOMMENDATIONS

Processing delay objectives

Real estate transfers represent revenues from the sale of assets. Considering that these are public funds, the city's decision-making entities must ensure that the transactions are carried out with all transparency, in an equitable manner and at a sale price which takes into consideration the fair market value of the property. Beyond this value, these entities must also make sure that transferring the properties encourages the best projects which will contribute to the city's residential, commercial and industrial development.

Although the different stages involved in finalizing a deed of sale must be performed according to the book, these must be carried out with the briefest delays. In fact, prolonged delays could postpone the beneficial effects of these projects on city development and, at worst, compromise their realization. An equilibrium must consequently be achieved between respect for going by the book and file handling delays while, at the same time, assuring adequate control over the cost of such processing.

At our meetings with managers issued from former suburban municipalities, the latter several times mentioned that, since the creation of the new city, delays surrounding the transfer of real estate had greatly increased compared to those prevailing in their former municipalities. Managers in the corporate departments and boroughs emanating from the former Ville de Montréal also confirmed that delays had increased in an important fashion.

We were unable to obtain reliably conclusive information allowing us to identify the average length of a delay withstood before the reorganization. Consequently, in order to determine the importance of delays incurred since the creation of the new city, we examined files initiated since January 1, 2002 and we evaluated, at the time of our audit, to which degree of progress they were at, so as to arrive at closing the deal.

Among the 85 real estate transfer files opened in 2002, and having been the subject of our examination, 54 had been underway since more than six months, or a proportion of 63%.

In addition, 70% of the files opened since more than six months were at the negotiation stage. For several files, these delays appeared lengthy to us. Supplementary delays are also to be expected at the stage when information is collected prior to signing of the offer of purchase, as well as when the executive summary is prepared. The latter requires the opinions of several intervening parties and administrative approval of four different hierarchical levels. Finally, given that all real estate transactions for values greater than \$25 000 must be approved by the conseil municipal, which sits once monthly, other delays are to be anticipated at that stage.

Considering the present situation respecting processing delays, we are of the opinion that it would be appropriate, after a first year of operations, to define what length of time should be aimed at to carry out these transactions. This delay should be established with consideration given to comparisons between handling delays for Ville files, with file delays in competing municipalities, in order to support obtaining better development projects. Of course, this objective should also consider the resources that the city administration wishes to allocate to processing such files, after making sure about using the best ways of doing things throughout the process. Such a delay objective could be different however depending on the complexity of the file, to the value of the transaction, or other considerations.

Recommendations

In order to ensure transferring real estate for residential, industrial and commercial purposes with the briefest delays, we recommend that the Direction générale take all the measures necessary to establish a global objective further to file handling delays, and to define the indicators required for monitoring purposes.

Each administrative unit involved in the process should then define the indicators required to carry out monitoring and should have to account for the results obtained.

See action proposed by the Direction générale in the next section.

Chief sources of delays

Sharing responsibilities - Brokerage activities

Considering the jurisdiction foreseen in the Act, proposals made by the Comité de transition in its organization plan for the new city, and the missions of the different corporate departments defined in the 2003 operating budget, it is the Division de la gestion des immeubles externes of the Direction des immeubles that is responsible for real estate brokerage for all of the city's real estate. In 2002, therefore, the division opened close to 200 real estate transaction files, of which 85 real estate transfer transactions.

During our audit, we more particularly examined 27 open files so as to be able to make a status report respecting the sharing of responsibilities. We thus found that the role of the Division de la gestion des immeubles externes had not been exercised in a uniform manner during 2002. Effectively, the degree of intervention at different stages of the real estate transfer process could vary greatly from one file to the next. We thus mainly find the following situations:

- in 71% of files examined, la Division de la gestion des immeubles externes acted as the administrative unit responsible for the file. It thus principally negotiated with the buyer in order to arrive at the signing of an offer of purchase, assigned expertise mandates concerning land survey work and property assessment, saw to preparing the deed of sale by the notary, prepared the executive summary required for approval by the municipal decision – making entities , and obtained the opinion of the various municipal intervening parties (e.g. boroughs, Service des finances, Service des parcs, des espaces verts, des sports et des loisirs, etc.);
- in 29% of files examined, the Division de la gestion des immeubles externes intervened during the course of the process or solely at the end of the process by issuing an opinion for the executive summary presented to conseil municipal. In these cases, the boroughs involved (emanating from former suburban municipalities) acted as the responsible administrative unit, and chiefly assumed the responsibility for negotiating with the buyers, attribution of mandates to external assessors or surveyors, analysis of the reports produced by such firms, signing of the purchase offer and preparation of the executive summary.

This sort of procedure, where the Division de la gestion des immeubles externes intervenes during the course, or at the end, of the process, meant that the division was not satisfied with how elements in certain files were handled. This required supplementary work and provoked delays. In certain files, for example, borough councils had approved the conditions of the sale as well as the sale price, which had to be renegotiated following supplementary analyses requested by the Division de la gestion des immeubles externes. In other files, the sale price negotiated by the borough was not supported by an assessment of the value produced by an expert in the matter. The Division de la gestion des immeubles externes consequently asked for these assessments. Finally, in another file, changes were requested in the report produced by a firm of external surveyors mandated by a borough.

Furthermore, during the course of our audit we saw that some of the transactions coming from boroughs emanating from former suburbs, had not been referred to the Division de la gestion des immeubles externes. The latter was consequently not asked to intervene, nor to give an opinion

about these files at the time of preparing the executive summary. In this case, the boroughs performed all stages starting from negotiation of sales conditions and sale price with the buyer, up to preparation of the executive summary recommending that the conseil municipal authorize the transaction.

We can thus see that, in the boroughs emanating from former suburbs, the degree of intervention of the Division de la gestion des immeubles externes was, in most cases, less than in the boroughs issued from the former Ville de Montréal. The autonomy that the boroughs coming from former suburban municipalities had prior to January 1, 2002, associated with the fact that the operating budgets for the boroughs in 2002 were prepared starting from the budgets of previous years, no doubt contributes to seeing these boroughs perform more of the different stages of the process surrounding the transfer of properties.

Thus, although real estate brokerage activities appear in the mission of the Direction des immeubles we believe that, considering the responsibilities of the boroughs in terms of local development, these should be implicated when the time comes to transfer real estate for projects having a residential, commercial, or industrial character. The municipal administration must consequently define to what degree the different intervening parties have to be implicated, while ensuring respect for the responsibilities of each one of these.

Of course, considering the city's objectives and strategies, this analysis should take the responsibilities of the Service du développement économique et urbain into consideration, relative to the selection of residential, commercial, or industrial development projects.

Finally, once the responsibilities relative to brokerage operations are clearly defined, it would be pertinent to assess if the current sharing of resources by the 27 boroughs with the Division de la gestion des immeubles externes remains appropriate.

Determining market value

The market value is an important element to be considered when real estate is transferred. It must be established and justified according to the standards and principles recognized in property assessment matters.

Thus, when the real estate counsellors at the Division de la gestion des immeubles externes negotiate the transaction of a real estate transfer, they resort to the services of their division's expertise and real estate assessment section, in order to obtain the market value assessment. The average response time by this section respecting transfer files is roughly six months, thereby resulting in an important delay in closing the sale.

According to the information obtained from the section manager, the principal reasons explaining these delays would be attributed partly to determination of section priorities and partly to a supplementary workload.

Let us first specify that the nature of the work in the section does not only consist of giving opinions about the market value of immoveables within the framework of real estate transactions (acquisitions, sales and exchanges). It also consists of determining the amount of the rent for occupancy of the public domain, potential costs and, finally, of intervening in expropriation files.

Priority is given to expropriation files since representatives of the expertise and property evaluation section are called on to testify in court as the city's real estate experts. Realization of this type of file thus delays work on other files in real estate transactions.

Also, since January 1, 2002, the section has witnessed growth in its workload due to the addition of files concerning certain boroughs emanating from the former suburban municipalities. Although the allocation of resources was not adjusted to serve this new clientele in 2002, the expertise section nevertheless gave priority to these files. However, the fact of granting such a priority, while having the same resources, produces a greater delay in the realization of the files emanating from the former Ville de Montréal.

Considering this additional workload and the priorities established, certain assessment files about market value were referred to external assessment counsellors in 2002 in order not to delay the sale process. According to the information obtained, it was possible to produce assessment reports requested by the real estate counsellors with an average response time of about two months. However, the time required to perform an assessment report on market value internally is about one week, whereas the time spent by section personnel would appear to be greater than a week in cases where the files are referred to external firms.

With this end in view, a cost/benefit analysis justifying the awarding of professional services contracts to external firms of expert assessors for market assessments, should be done in order to justify the use of such a practice.

Finally, an analysis of the workload and the way of doing things should be made, so as to make sure about meeting the objective in terms of delays in performing assessment mandates for transactions of real estate transfers. In addition, it would be pertinent to evaluate if the allocation of resources assigned to the expertise and real estate assessment section, and to the 27 boroughs, is still appropriate.

Surveying

In real estate transaction matters, when maps and technical descriptions are required the Division de la gestion des immeubles externes mandates the Division de la géomatique of the Service de l'environnement, de la voirie et des réseaux.

The Division de la géomatique annually receives some 100 requests from the Division de la gestion des immeubles externes in real estate transaction matters (purchases, sales, exchanges, expropriations). The average delay in producing final maps and technical descriptions for sale files is about six months. Let it be specified that the average delay is simultaneously noted with the request for an assessment report about market value, concerning which there was question in the previous point. Too long a delay, at this stage, could have an impact on the global sale process, because maps are required in negotiations about the sale price and conditions, to sign the purchase offer and finally to write the deed of sale.

The time required to produce the maps and technical descriptions is about two weeks. For files requiring the production of cadastral operations however, the approval process by the Québec government prompts delays of as long as three months. It should be specified that preliminary maps are forwarded to the Division de la gestion des immeubles externes to enable discussions to continue with the various intervening bodies involved.

In addition, since January 1, 2002, the Division has seen its workload increased because of the reception of mandates concerning the boroughs emanating from the former suburban municipalities. The ex-Ville de Montréal was effectively the only one to have an internal surveying service. In the boroughs emanating from the ex-suburbs, all surveying mandates were awarded to private surveying firms. Although the Division de la géomatique did not receive a clear mandate to offer its services to the boroughs emanating from the former suburbs, requests concerning these boroughs have nevertheless been received since January 1, 2002 and were given priority treatment, although no adjustment was made in the level of allocated resources. It nevertheless remains that the ex-suburban boroughs acted as parties responsible for the files and mandated surveyors without their files being referred to the Division de la géomatique.

The municipal administration should therefore rule on the role of the Division de la géomatique concerning the 27 boroughs. In addition, an analysis of the workload and of the way of doing things should be performed to make sure to meet the delay objectives in file processing. It will next be opportune to evaluate if the sharing of resources allocated to the Division de la géomatique and to the 27 boroughs is still appropriate.

Deeds of sale

Since January 1, 2002, all notarized deeds (including deeds of sale) were to have been drawn up by the city notaries, as was the case in the former Ville de Montréal. With the arrival of the suburban boroughs, however, the workload for the notaries has grown without the allocation of resources being revised. The number of notaries effectively assigned to the division has remained unchanged and no supplementary budget for professional fees was given to compensate for this extra amount of work. According to the information obtained, this stage in the sale process has been identified as a source of delay.

Considering the greater volume of work, and unable to suffice to the task, the contractual law team, during 2002, considered the possibility that private practice notaries could prepare the deeds of sale. The introduction of this new process, at the end of the summer of 2002, has had the consequence of changing the role played by the notaries in sale transactions. The notarial law team thus presently acts more as counsellors watching over the interests of the city. According to this new process, the deed of sale is prepared by the buyer's notary and must then be validated by a representative of the contractual law section.

Although recent, the information we received is that the experience is not conclusive and has not, until now, produced a reduction in processing delays in a significant fashion, except for examination of titles.

It would be pertinent to perform a costs/benefits analysis in order to evaluate the profitability of the decision taken to change the process at the level of preparation of deeds of sale. Moreover, an analysis of the workload and the ways of doing things should be done, to ensure respecting the objective relative to delays in handling files. After that it would be advisable to appraise if the sharing of resources allocated to the contractual law section and to the 27 boroughs is still appropriate.

Administrative framework

The administrative frameworks must foresee elements such as the responsibilities of each of the administrative units, the expertise reports to be obtained, the sale conditions, etc. These frameworks have to be communicated to the managers involved so that they can assume the role and responsibilities devolving upon them. Finally, these administrative frameworks must take into consideration the best ways of doing things, and aim at reaching a certain level of uniformity in the practices and methods used.

Once the division of responsibilities is clarified respecting brokerage activities, administrative frameworks should be established, without delay, to encourage uniformization of rules and practices. These frameworks should, of course, take the different situations into account. With this end in view, a more flexible administration could be required in certain files of smaller value or whose nature or complexity justify it, while at the same time ensuring the exercise of adequate controls in a context of sound management of public funds.

Recommendations

In order to ensure transferring real estate for residential, industrial and commercial purposes with the briefest delays, considering the overall objective established, we recommend that the Direction générale take the measures necessary to review the entire transfer process for real estate.

This analysis should at least enable ruling on the following elements:

- **division of responsibilities between the Division de la gestion des immeubles externes and the boroughs respecting brokerage activities, while considering the responsibilities of the Service du développement économique et urbain;**
- **the role of the corporate departments in matters of assessment of real estate, surveying, and contractual law on behalf of the 27 boroughs.**

When the roles and responsibilities of the administrative units involved in the real estate transfer process have been specified, we recommend that each one of these analyze its workload and review its ways of doing things so as to respect the global objectives established in terms of delays. At this stage, it would be opportune to evaluate if the resources of the corporate departments and of the 27 boroughs involved in this process are still appropriate.

Action proposed by the Direction générale

"The administrative context in place at the time of your audit corresponded, for all practical purposes, with keeping the ways of doing things which prevailed on January 1, 2002 in the former municipalities which presently make up the new Ville de Montréal. The realization of real estate transfer files in 2002 enabled shedding light on these different methods. It is now necessary to agree on an adequate and optimum sharing of responsibilities between the different intervening parties in this type of file in future.

The eventual completion of a global study on revision of the organizational model for the city will integrate the real estate transfer process. This will thus be the occasion to agree on sharing of responsibilities between the units so as to allow the administration to meet its development objectives and to next round off the sharing of resources available for the realization of this type of file. A certain number of prerequisite mandates are given to the units which are presently involved so as to be able to quickly supply the thinking that will be made during this study.

I wish to underline that, since the performance of your study, certain steps have been made to ensure a minimum standardization of the process. The head of the Division de la gestion des immeubles externes should moreover meet all of the borough managers soon, in order to discuss procedural practices while awaiting a decision on a definitive process, and setting it up.

In this context, I require, from the following departments, the performance of prerequisite analysis work. More specifically, the minimal information expected on their part is the following:

(Service des ressources matérielles et informatiques (Division de la gestion des immeubles externes)

Service de l'environnement, de la voirie et des réseaux (Division de la géomatique)

- *Identification, for a comparable file, of the total cost of processing if the file is entirely handled internally with their own unit's human resources, and the total cost of processing (internal and external) if the file is partly or entirely done by external resources. Their analysis should specify the portion of the work assigned externally;*
- *Identification of the advantages, inconveniences and application limits linked to the introduction of an administrative framework enabling to set up a totally or partially decentralized process. Their analysis should specify the role which could, or should, then be assigned to their unit and the potential impact of this measure on processing delays;*
- *Identification of the average overall processing delays for files dealing with real estate transfers in each of the last two years. The picture they are asked to draw should minimally take into account the value and purpose of the transaction. They are invited to include any other information judged pertinent.*

Direction des affaires juridiques

- *Identification of the organization alternatives, as well as their impacts.*

Considering that the overall study on the organizational model should start in the coming weeks, the deadline set for the performance of this preliminary work is next May 2."

Finally, following this process revision, the Direction des immeubles should undertake the steps necessary to draw up and obtain approval, in the briefest delays, of the corporate administrative frameworks which will enable uniformizing practices in real estate transfer matters.

Action proposed by the Service des ressources matérielles et informatiques

"With respect to the recommendation on the drawing up and approval of corporate administrative frameworks aimed at uniformizing real estate transfer matters, our department only awaits finalization of the sharing of responsibilities before going into action."

Budgeting

The revenue budget relative to real estate transfers should be established according to an economic and urban development strategy foreseen for the year, and also according to a site development strategy.

According to information obtained from the Direction du plan d'affaires, du budget et du suivi de la performance, budgeting revenues relative to the transfer of real estate situated on the territory of the former Ville de Montréal, for 2002 and 2003, rather corresponded to a target set by the municipal administration.

In other respects, determination of an economic and urban development strategy is based on knowledge of the real estate stock and its vocation. To this day, however, the consolidated real estate stock for the entire new territory is not known. The latest stock tabled with the conseil municipal dates back to December 31, 2000 and only concerned the former Ville de Montréal. It is thus presently difficult to know the nature of the lands as well as their calling.

Consequently, since knowledge about the real estate stock is not complete for the entire territory and since work on developing an economic and urban development strategy is in progress, we agree that it is premature to establish, for these first two years, a revenue budget relative to real estate transfers based on such strategies. Once the work is completed in economic and urban development strategy matters, however, budgeting for revenues relative to real estate transfers should be inspired by it and should also cover all of the 27 boroughs.

In other respects, during 2002, certain boroughs emanating from the former suburban municipalities made representations to the decision making entities in which they sought to obtain a portion of the product of land sales. Following these representations, the comité exécutif mandated the Service des finances to set up an accounting process for revenues stemming from local initiatives, and to propose, to the administration, a sharing formula for the 2002 surplus. As of December 20, 2002, no decision pertaining to sharing of 2002 revenues had been made in this file.

During the 2003 budgetary process however, the municipal administration adopted a development budgeting and incentive policy. This policy is aimed at providing the boroughs with budgetary conditions which encourage the realization of development projects.

Recommendations

We recommend that the Direction des immeubles, in collaboration with the Service du développement économique et urbain and the boroughs, set up a mechanism enabling to establish a revenue budget bearing on the transfer of real estate based on an economic, urban and housing development strategy, so that it represents local orientations throughout territory.

Action proposed by the Service du développement économique et urbain

"We find it perfectly logical and desirable for the city's real estate transfer strategy to be based on the city's economic, urban and housing development strategy.

We are ready to collaborate with the Direction des immeubles in the elaboration and operation of a mechanism which will allow for the determination of a revenue budget based on this principle.

In this sense, within the framework of Opération 5000 logements, a transfer policy for municipal lands which will be used, was approved (CE02 0095) so that budget estimates will fall in line with specific goals.

Moreover, I however underline that the urban plan is presently being developed and will be completed in 2004. The economic development strategy is also being prepared and will be completed in December 2003."

Action proposed by the Service des ressources matérielles et informatiques

"It is administratively consequent to establish an asset sale budget according to the upstream activities of the property sales, that is to say the corporate economic and urban development orientations from which flow annual planning and a more specific programme of interventions.

Strengthened by this information, which also goes hand in hand with a thorough knowledge of the real estate stock available for sale, our management will be able to present better documented sales estimates.

As for the action plan to stem from this measure, we agree that it is indispensable for our department to foresee the plan's preparation and for as long as the corporate orientation documents, which are already specified, are not available.

However, once these documents are known and approved by the authorities, we could, in all likelihood, plan the following stages:

- *become acquainted with the contents;*
- *anticipate preliminary meetings for launching the action plan with the senior managers of the Service du développement économique, du développement urbain et de l'habitation;*
- *allow for a lapse of time so that each one of the boroughs can also become familiar with these orientation documents;*
- *become familiar with the development programme for the territory of each of the boroughs concerned;*
- *become acquainted with the various corporate management economic and urban development programmes and their anticipated impacts;*
- *coordinate our intervention capacity principally with the programmes expected as having an important potential, which are critical within a budgeting approach;*
- *following these steps, arrive at an asset sale budget."*

We recommend, to the Direction des immeubles, to continue its work so that a complete inventory of available land for sale can be established, so as to permit the creation of a marketing strategy as well as real estate development for the territory.

Action proposed by the Service des ressources matérielles et informatiques

"We can announce that work is now finished in the former Ville de Montréal and that it is about 43% complete in the suburban boroughs, according to the data supplied. However, the latter differ from those supplied by the ex-Montréal Urban Community (Direction de l'évaluation), hence the difficulty, at this stage, of providing a precise time table."

We recommend that the Service des finances, in collaboration with the Service du développement économique et urbain and the boroughs, continue their work in order to establish the application terms and conditions of the budgeting and development incentive policy so as to encourage realization of development projects.

Action proposed by the Service des finances

"The recommendation addressed to our department refers to development incentive measures promised by the municipal administration within the framework of tabling the 2003 budget. This measure addresses the return of 20% of the net product of the sale of municipal lands and buildings to the boroughs, after deduction of the debt and other costs.

The responsibility for providing a framework for this measure is incumbent upon the Direction du plan d'affaires, du budget et du suivi de la performance of my department, which should table the policy and underlying directives between now and the end of May.

In other respects, a framework exercise is required in order to target and mark out the route of the immovable categories which will be subjected, or not, to the return policy. Mechanisms for the use of the sums received by the boroughs and procedures enabling them to dispose of these, will also have to be foreseen."

Action proposed by the Service du développement économique et urbain

"The Direction de l'habitation has participated in the definition of a new orientation for the sale of municipal real estate having a residential vocation for the production of private housing, with the Service des ressources matérielles et informatiques, (Direction des immeubles). In addition, a responsibility sharing proposal has been drawn up aimed at adopting a procedure for the disposal of these categories of lands throughout the entire territory. We are continuing to work with the departments concerned."

ACCESS TO INFORMATION

We were able to consult all files, documents and records pertaining to the accounts and business of the Ville, of the paramunicipal corporations and municipal organizations. We were able to obtain the reports and explanations deemed necessary from all civil servants and employees.

This report contains comments received from Ville departments, paramunicipal corporations and municipal organizations before March 31, 2003, for the quasi-majority of observations and comments emanating from the auditing.

APPENDIX

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APPENDIX A

CITIES AND TOWNS ACT

IV.1. — Chief auditor

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 in respect of which the municipality or a mandatary of the municipality holds more than 50 % of the outstanding shares or voting shares or appoints more than 50 % of the members of the board of directors.
2001, c. 25, s. 15.

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 ;

Documents and information.	<p>3) any other report summarizing the auditor's findings and recommendations to the board of directors or the officers of the legal person.</p> <p>That auditor shall also, on the request of the chief auditor,</p> <p>1) place at the disposal of the chief auditor any document relating to the auditor's audit and its results ;</p> <p>2) provide all information and explanations the chief auditor considers necessary concerning the auditor's audit and its results.</p>
Additional audit.	<p>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.</p> <p>2001, c. 25, s. 15.</p>
Audit.	<p>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.</p>
Accounts and documents.	<p>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.</p>
Information.	<p>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.</p> <p>2001, c. 25, s. 15.</p>
Audit.	<p>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.</p> <p>2001, c. 25, s. 15.</p>
Duties.	<p>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.</p> <p>2001, c. 25, s. 15.</p>
Report.	<p>107.13. Not later than 31 August each year, the chief auditor shall transmit to the council 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</p> <ol style="list-style-type: none"> 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 ;
Report.	7) implementation of satisfactory procedures to measure and report effectiveness in cases where it is reasonable to do so. The chief auditor may also, at any time, transmit to the council a report of the findings and recommendations that, in the opinion of the chief auditor, warrant being brought to the attention of the council before the filing of the annual report. 2001, c. 25, s. 15.
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 not later than 31 March, 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 aggregate taxation rate has been fixed in accordance with the regulations made under section 262 of the Act respecting municipal taxation (chapter F-2.1). 2001, c. 25, s. 15.
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.	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. 2001, c. 25, s. 15.
Testimony.	107.16. 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.
Immunity.	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.
Immunity.	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.
Immunity.	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.
Annulment.	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.
2001, c. 25, s. 15.

Audit committee.

107.17. The council may establish an audit committee and determine its composition and powers.
2001, c. 25, s. 15.

APPENDIX B

Action plan prepared following the department's self assessment

Purpose:	
<ul style="list-style-type: none"> ▪ objectives (including mission, vision and strategy); 	<p>A Mission and Vision draft project was prepared in January 2003 and will be presented to all department members for endorsement at a meeting foreseen for June 2003.</p> <p>Strategic objectives were established by the department in January 2003.</p> <p>Annual objectives were drawn up for all auditing activities (except financial) in March 2003.</p> <p>Objectives in financial auditing matters will be established in June, once the current audit cycle (year 2002) is completed.</p>
<ul style="list-style-type: none"> ▪ risks (and opportunities); 	<p>The mission risks raised during the interviews were analyzed and classified by department management committee. A document summarizing these analyses and classifications was distributed to all department members. The means of managing these risks will be discussed at the June meeting.</p>
<ul style="list-style-type: none"> ▪ policies; 	<p>No specific action foreseen.</p>
<ul style="list-style-type: none"> ▪ planning; 	<p>A summary analysis of the risks inherent to the main municipal functions was completed in January 2003. This analysis will be the subject to validation with the managers between now and the end of June 2003. The time allocated to audits other than financial, in 2003, will depend on the level of perceived risk.</p>
<ul style="list-style-type: none"> ▪ targets and performance indicators. 	<p>The broad parameters to be measured, as well as possible measurement tools, were defined by the department's management committee in January 2003.</p> <p>The question of measuring the performance of agents will be specifically broached at the June meeting.</p>

Commitment:	
<ul style="list-style-type: none"> ▪ ethical values, including integrity; 	A copy of the code of ethics of the auditor of the former Ville de Montréal was distributed to all department members.
<ul style="list-style-type: none"> ▪ human resources policies; 	Article 107.6 of the cities and towns Act specifies that the general auditor is responsible for the application of city policies and standards relative to the management of human, material and financial resources allotted to auditing.
<ul style="list-style-type: none"> ▪ authority, responsibility and accountability; 	No specific action foreseen since well defined in the cities and towns Act.
<ul style="list-style-type: none"> ▪ mutual trust. 	<p>It is of the utmost importance for the general's auditor department to form a united team, all of whose elements stick together and where information travels freely both for decisions taken and the operations performed as well as for what goes on at the level of the city and its departments.</p> <p>Means:</p> <ul style="list-style-type: none"> • reports given by the department management to its members on the degree of progress of the present action plan; • information forwarded by the department management about the city and decisions taken, and this: by E-mail, management meetings, meetings of the department and divisions; • the use of feedback mechanisms to learn about the communications climate; • other means to be identified at the June meeting.

Capability:	
<ul style="list-style-type: none"> ▪ knowledge, skills, and tools; 	<p>At the knowledge level: continue the training plan developed in September 2002 and, during planning for 2003, plan for multidisciplinary projects as well as a rotation of files and the twinning of employees between divisions.</p> <p>At the skills level: assess the employees on the quality of files, starting in January 2003.</p> <p>At the tool level: complete the upgrading project for the information systems environment between now and June 2003.</p>
<ul style="list-style-type: none"> ▪ communications process; 	<p>Develop a communications plan before April 30, 2003.</p> <p>Foresee two or three departmental meetings per year.</p> <p>Next meeting expected in June 2003.</p>
<ul style="list-style-type: none"> ▪ information; 	<p>Accentuate exchange meetings, set up a formal information network.</p> <p>(Details to be defined when the information systems environment upgrade is completed).</p>
<ul style="list-style-type: none"> ▪ coordination; 	<p>Joint planning of work for the entire department.</p> <p>Publishing the plan for all employees.</p> <p>Foreseeing two or three department meetings per year.</p>
<ul style="list-style-type: none"> ▪ control activities. 	<p>No specific action foreseen, with the exception of elements linked to the quality of files and the previously discussed performance of agents.</p>

Monitoring and learning:	
<ul style="list-style-type: none"> ▪ monitoring of the external and internal environments; 	<p>Establishing and keeping up a network of contacts with the city managers at all levels of our department.</p> <p>Sharing responsibilities within the department, to be defined between now and April 2003.</p>
<ul style="list-style-type: none"> ▪ performance monitoring; 	<p>Targets and performance indicators were established in January 2003, including possible measuring tools. The question of performance for audit agents will be discussed at the June 2003 meeting.</p>
<ul style="list-style-type: none"> ▪ challenging assumptions; 	<p>Periodically, at meetings of the department management committee.</p>
<ul style="list-style-type: none"> ▪ re-assessment of information needs and related systems; 	<p>An assessment of the reports produced, by the department's time management system, is presently underway.</p> <p>Deployment of software enabling computerizing of financial audit files started in 2003 and should be finished in 2004.</p>
<ul style="list-style-type: none"> ▪ follow-up procedures; 	<p>Except for the budgetary evolution and business plan follow-up, a periodic account of progress made in completing the present action plan will be presented to all department employees.</p>
<ul style="list-style-type: none"> ▪ assessing control effectiveness. 	<p>Subject of the present report.</p>

FINANCIAL AUDITING

Audit work on the financial statements of the Ville de Montréal at December 31, 2002, allowed us, as well as the external auditors, to issue an unqualified report in their respect.

At press time for the present report, we had also issued unqualified reports on the following financial statements or financial information:

- Fonds des conduits souterrains;
- Institut de recherche en biologie végétale de Montréal (31 mai 2002);
- Société de développement de Montréal;
- Société d'habitation et de développement de Montréal;
- Société du parc des Îles;
- La Corporation d'habitations Jeanne-Mance;
- La Société de transport de Montréal (co-vérificateur);
- Centre d'excellence de Montréal en réhabilitation de sites (31 mars 2001);
- CLD de Montréal (31 mars 2002);
- Société de gestion Marie-Victorin;
- Fiducie La Galerie;
- Anjou 80;
- Anjou 80 – Administration générale;
- Anjou 80 – Résidences Neuville;
- Cité du commerce électronique (31 décembre 2001);
- Caisse commune des commissions des régimes de retraite des employés de la Ville de Montréal;
- Régime de retraite des cadres de la Ville de Montréal;
- Régime de retraite des contremaîtres de la Ville de Montréal;
- Régime de retraite des employés manuels de la Ville de Montréal;
- Régime de retraite des fonctionnaires de la Ville de Montréal;
- Régime de retraite des pompiers de la Ville de Montréal;
- Régime de retraite des professionnels de la Ville de Montréal;
- Régime de prestations surcomplémentaires de retraite pour les cadres de la Ville de Montréal;
- Régime de prestations surcomplémentaires de retraite pour les fonctionnaires de la Ville de Montréal;
- Régime de prestations surcomplémentaires de retraite pour les professionnels de la Ville de Montréal;
- Régime de prestations surcomplémentaires de retraite pour les contremaîtres de la Ville de Montréal;
- Régime de prestations surcomplémentaires de retraite pour les employés manuels de la Ville de Montréal;
- Régime de rentes pour le personnel de la Commission des services électriques de la Ville de Montréal (31 décembre 2001);
- Régime complémentaire de retraite des employés non syndiqués de l'Office municipal d'habitation de Montréal (31 décembre 2001);
- Régime complémentaire de retraite des employés cols blancs de l'Office municipal d'habitation de Montréal (31 décembre 2001);
- Régime complémentaire de retraite des employés cols bleus de l'Office municipal d'habitation de Montréal (31 décembre 2001);
- Dépenses par catégorie des programmes de santé communautaire (8 rapports distincts au 31 décembre 2001);
- Bibliothèques de la Ville (31 décembre 2001);

- Programme de rénovation d'immeubles locatifs;
- Programme d'adaptation de domicile;
- Programmes de revitalisation des vieux quartiers phases I, II, III, IV, V et VI;
- Programme AccèsLogis pour la réalisation de logements coopératifs et sans but lucratif;
- Dépenses par catégories - Programme de sécurité du revenu et pour l'organisation des services publics d'emploi;
- Programme de logements adaptés pour aînés autonomes;
- Dépenses pour la rémunération et les avantages sociaux des anciens employés (31 décembre 2001);
- Taux global de taxation de la Ville de Montréal;
- Coût du service de la dette pour le programme d'assainissement des eaux usées;
- Coût du service de la dette pour la construction du réseau initial du métro et de ses prolongements;
- Résultats du Marché Bonsecours;
- Dépenses d'exploitation des lieux loués par la Ville de Montréal dans l'immeuble Complexe Chaussegros-De-Léry.

The following files were pending:

- Office municipal d'habitation de Montréal;
- Renseignements complémentaires par ensemble immobilier – Office municipal d'habitation de Montréal;
- La Société de gestion Nauberges de Lachine;
- Conseil des Arts de Montréal;
- Office de consultation publique de Montréal;
- Cité du commerce électronique.

**EMPLOYEES OF THE GENERAL AUDITOR DEPARTMENT
YEAR 2002**

General Auditor Michel, Doyon, CA, MBA, CIA	Management secretary Hélène Girard *
Management agent – general support Jean Roy, CGA *	Programmer Yolaine Levasseur *
Division chiefs Denis Blouin, CA Robert Duquette, CA Serge Vigneault	Fernande Désormeaux, CGA ** Denis Tremblay, CGA **
Audit agents	
Régent Bilodeau, CGA Johanne Boudreau, BAA Jacques Brisson, CA Maryse Brunetta, CGA Li-Chu Chen, BAA Luc Chevalier, CGA Marie Cormier, CA Roland Dansereau, CGA Caroline Dupras, CA Julien Faucher André Gagnon, CMA Bernard Goyette, CGA, CMA Gilles Grimard, CGA Jocelyne Laperrière, CGA, CA Marcel Laplante Nicole Larivière, BAA	Francine Leboeuf, CA André Leclerc, CA Ha Le Phan, CGA Ngoc Le Quang, MMS Chantal L'Heureux, CGA Joanne Major, CA Victor Marchand, CGA, CISA Claude Mongelard, CA, CIA Clément Poirier, CGA Michel Proulx, CGA Ronel Rocher, CGA * André St-Pierre, CGA André Sergerie, CA Isabelle Tremblay, CA Roch Tremblay Michelle Vaillancourt, CGA

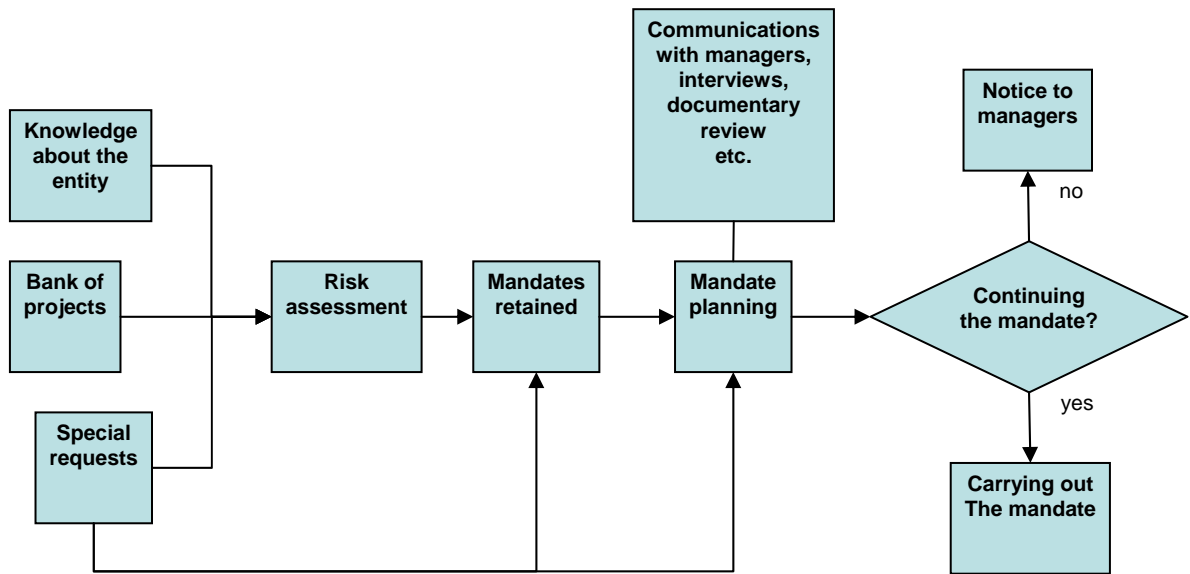
* Temporary appointment

** Disponibility

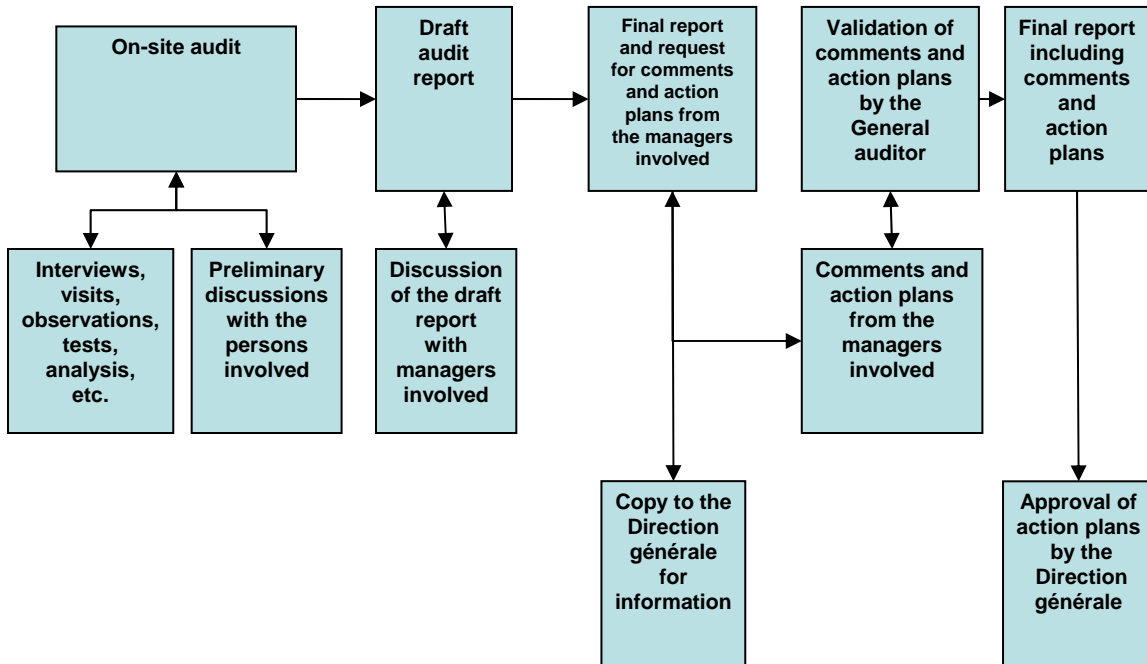
**VALUE FOR MONEY AUDITS
FLOW CHART**

Planning

Annual Mandates



Auditing and Report



Annual report and follow-up

