

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

**For the year
ended December 31, 2003
and the quarter
ended March 31, 2004**

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Introduction

According to the provisions of the *Cities and Towns Act* (the Act), the general auditor is bound to:

- provide, not later than March 31 of every year, a report to the Conseil municipal on the audit of the financial statements of the municipality and the statement fixing the aggregate taxation rate;
- transmit to the Conseil municipal, not later than August 31 of every year, a report presenting the results of the audit for the fiscal year ending on the previous December 31 and indicate any fact or irregularity the auditor considers expedient to mention.

On March 31, 2004, my audit report on the financial statements of the Ville de Montréal and the statement fixing the aggregate taxation rate was submitted, as required, to the City treasurer.

In this report, I declared that the financial statements were a fair representation of the financial situation of the Ville de Montréal as at December 31, 2003 and the result of its operations for the fiscal year ended as of that date, and that the aggregate taxation rate had been established in compliance with the regulations adopted under section 262 of the *Act respecting Municipal Taxation* (Chapter F-2.1).

Considerable work goes into preparing this report. Last year, for example, it involved roughly half of the personnel at the general auditor's office. The undertaking represents a significant added value, albeit a little-known one, to the City, as it provides assurance to elected officials and managers that the financial reports forwarded to them are complete and trustworthy (i.e., fair, representative, relevant, timely, etc.).

The report I am submitting today covers the entire body of my work, namely the financial, management and value-for-money audits, for the period from April 1, 2003 to March 31, 2004.

In keeping with the approach I adopted last year, I have chosen to favour the search for and implementation of sustainable solutions to the underlying causes of the problems identified during the course of our mandate.

Using an approach based on partnership with elected officials and managers, we sought to:

- identify the significant risks or obstacles that may hinder the achievement of the desired results and/or objectives, and potential solutions to manage these risks and obstacles;
- evaluate the performance of key activities and programs within the Ville de Montréal, in terms of effectiveness, efficiency and the economical use of resources;
- seek out and take advantage of opportunities to improve and/or reduce the cost of services provided to residents.

Accordingly, once again this year, our reports include the action plans proposed by the managers in order to remedy the problems encountered, along with their anticipated timetable. As expected, this made the audit process longer. However, this inconvenience should, in my view, be more than compensated by the fact that the managers have committed to carrying out the action plans included in our reports within a precise time frame.

This approach will no doubt disappoint those on the lookout for “horror stories.” Conversely, it will likely be viewed favourably by those who believe that an organization like the Ville de Montréal can learn from its past experiences—bad and good—and improve its management for the benefit of its residents and tax payers.

Follow-up on the recommendations of the general auditor

If there is one main indicator that is key to determining whether this partnership approach is effective, it is the percentage of recommendations from the general auditor that lead to concrete corrective measures on the part of managers and elected officials.

The existence of a formal follow-up process for the recommendations included in the general auditor's annual report speaks to the importance the City places on these recommendations.

The annual follow-up report, presented by the Direction générale to the Comité exécutif, shows that of the 48 follow-up files, 40 are completed or are underway and 8 have been deferred. The latter refer to situations where favourable conditions are not present to enable adequate actions to be taken on the auditor's recommendations. The files completed or underway represent 83% of the cases, as compared to the established objective of 80%.

We have reviewed the synopses relating to these files and agree with the conclusions that the Direction générale have presented to the Comité exécutif.

In addition, the general auditor in his report last year expressed certain major concerns that did not stem directly from the management and value-for-money audits. These concerns dealt with the following issues:

- absence of an integrated management system;
- deficiencies in the "budgetary evolution" process;
- absence of an audit committee;
- impact of the new organizational model on governance.

Integrated management system

I am pleased to report that the Ville de Montréal has made the rapid implementation of an integrated management system one of its priorities for 2004.

This is a major commitment, which will require considerable resources for some years to come. The general auditor intends to work toward the successful implementation of this system by examining the proposed controls as they are developed, in order to ensure they respond adequately to the management needs of the Ville de Montréal.

I would have expected, however, that the implementation of the integrated management system be presented as one of the key elements in the setup of the new organizational model, especially as it pertains to financial governance. Unfortunately, in all the internal documents related to the new organizational model that I was able to consult, there is no reference made to the integrated management system.

I therefore invite the municipal administration to take the necessary measures to increase the visibility of the integrated management system implementation project and thus ensure that it is recognized by all parties concerned as a priority for the Ville de Montréal in 2004, as well as facilitate its linking to the new organizational model's orientations and operational imperatives.

Budgetary evolution

Pursuant to section 105.4 of the *Cities and Towns Act*, the municipal treasurer must transmit quarterly statements of the revenues and expenditures of the municipality to the Conseil municipal from the beginning of the fiscal year. Accordingly, a statement of revenues and expenditures as at March 31, 2003 was submitted to the Conseil municipal at its August 25, 2003 meeting and the June 30, 2003 statement was submitted at the meeting on October 27, 2003.

These statements reported on expenditures incurred or committed as of these dates, but without adjustments. That said, it would be fitting to adjust estimated expenses for such things as bad debt, contingencies, pension plans and other future employee benefits. Adjustments of this nature are, nevertheless, recorded at year-end.

There has been a clear improvement in the situation since 2002. However, the time frame involved in producing these reports is still much too lengthy.

I urge the municipal administration to pursue its efforts in this regard in order to complete the implementation of a rigorous process for the preparation and presentation of quarterly financial statements to the Conseil municipal so that, in 2004, they will be generated within a reasonable amount of time.

Audit committee

In last year's annual report, I made the following recommendation:

“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 the management of financial risks and on internal control of the municipality, on 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 professional accounting titles of CA, CGA or CMA.”

At the September 22, 2003 meeting of the Conseil municipal, a resolution was adopted to create such an audit committee. To date, the committee has met three times. Its work has revolved primarily around the audit of the Ville de Montréal financial statements by the general auditor and the City's two external auditors.

Organizational and governance

During a special meeting of the Conseil municipal on September 5, 2003, a new organizational model was adopted, based on the “increased decentralization of local services, the respect of the specific character of each borough, the clarification of roles and responsibilities of departments and the elimination of overlapping services.”

On December 18, 2003, the Québec National Assembly adopted Bill 33 modifying the Charter of the Ville de Montréal, which, according to the municipal administration, “translates the commitment expressed by municipal elected officials into a legally enforceable statutory statement.”

The new organizational model is based on certain rules of governance, specifically as they pertain to strategic orientations, the allocation of resources, budgetary appropriation and decision making. Its accountability and performance assessment components, however, need to be more clearly defined and more systematic.

In this respect, as I pointed out in my report last year, the *Public Administration Act*, if effectively applied and adapted to the municipal framework, contains the parameters essential for this purpose.

Without going into all the details, the Act calls for a logical approach, wherein all government ministries and other organizations that offer services directly to the public are required to prepare:

- a public service statement;
- a strategic plan;
- a performance and accountability agreement;
- accountability reports;
- a human resources management framework;
- expenditure and investment plans;
- certain budget management rules.

At the Ville de Montréal, these concepts should be put forward in such a way as to be applied to the boroughs, central departments and organizations under municipal jurisdiction. This would make it possible to establish a clear relationship between objectives, the use of resources and outcomes.

The administrative units will ultimately have to commit themselves to what could be termed a performance-based contract that takes all the aforementioned aspects into consideration, and thus facilitates accountability and further enhances the transparency of the administration's actions.

As I noted in my report last year, certain management principles are crucial to guaranteeing the success of such an approach. I recommended, in concrete terms, that the following elements be integrated into the organization model:

- 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) made by all municipal entities;
- implementation of a mechanism enabling:
 - the consistency and soundness of by-laws;
 - a co-ordinated defence in case of disputes or lawsuits;
- the unambiguous definition of the roles and responsibilities of corporate departments that are essential to sound governance, more particularly: Finance, Legal Affairs, City Clerk, Human Resources.

I must therefore reiterate the recommendation I made last year.

Information technology environment

In its organization plan for the new city, the Comité de transition de Montréal established certain essential benchmarks in terms of the management of information technology (IT).

The following elements of the proposed mission for the administrative unit responsible for IT management are worth highlighting here:

- to constitute a centre of expertise in terms of providing management services pertaining to information systems and technologies;
- to manage the operational needs of boroughs and departments efficiently and effectively, through its grounding in a philosophy of quality customer service;
- to oversee the planning and development of IT functions within the Ville de Montréal;
- to play the role of chief advisor for the Direction générale and take the necessary measures to closely track technological development within the organization.

As far as the unit's activities are concerned, they range from managing the existing infrastructure to supporting process re-engineering as it applies to the systems shared by the boroughs, mission-specific systems and corporate systems.

In organizational terms, the Comité de transition suggested the following:

- the centralization of human resources under the responsibility of the central unit in order to optimize the management of all IT functions, including:
 - planning and budgeting (overall and integrated) that enables the definition and implementation of corporate priorities;
 - follow-up and control functions that allow adjustments as performances and projects develop;
 - the standardization of technologies;
 - the implementation of best management practices;
 - the strategic management of information with a focus on comprehension, consistency, integration, integrity, security and distribution.
- the devolution of these same resources to the boroughs and user services with an objective to ensure:
 - an in-depth understanding of local needs;

- a clear definition of the expectations of all the parties, as defined in the annual service agreements;
 - faster delivery of systems to clients;
 - operational support of a greater quality;
 - continuous improvement of applications.
- an operational approach based on an internal outsourcing model and a services agreement. According to this model, the units served (departments and boroughs) remain responsible for their own systems and must prepare and defend their annual budgets for their IT-related needs. The approved budgets are then transferred to and managed by the central unit.

Lastly, a standing committee at the senior management level was proposed to define strategic orientations, overall planning and investment priorities.

Only in November 2002 did the Comité exécutif authorize the implementation of the new Direction des technologies de l'information (DTI), within the Service des ressources matérielles et informatiques, which is now known as Services administratifs. Unfortunately, it specifically excludes the boroughs created from the former suburban municipalities.

This authorization was intended to cover:

- the implementation of an IT governance model in order to promote across-the-board consistency and the prioritization of investments;
- the creation of a strategic information steering committee, the integration of IT resources from all the departments of the former Ville de Montréal and the former CUM, managed in a consolidated and devolved manner, according to an internal outsourcing model based on service agreements of the same type as those in effect at the former CUM;
- the launch of a call for tenders to establish a master IT plan and develop the consequent business plan.

However, despite the efforts made thus far, the master plan for the DTI has yet to be developed. It is currently slated to be completed in 2004.

I must express my concern with the delay, which has hindered the harmonization of information technology within the Ville de Montréal. In strategic terms, this has meant that very few projects designed to pool IT infrastructures or applications have been developed. This has deprived the city of opportunities to cut costs and/or improve the quality of services provided to residents. From a tactical

perspective, the absence of policies, standards and guidelines on technological choices, deployment and configuration perpetuates the equipment and software disparity, leading to higher maintenance and management costs.

As an example, the computer system networks of the boroughs created from the former suburban municipalities have not been completely integrated. Consequently, these networks often attempt to protect themselves against one another, as if they are “hostile” outside systems. The costs related to maintaining these structures are therefore high and only increase with each different set of equipment and interfaces.

Moreover, I am concerned about overall computer security at the Ville de Montréal. There has not been a formal municipality-wide framework since the amalgamation. The security directives and policies that were in place in some of the former municipalities are no longer up to date and, obviously, have not been adapted to the existing IT environment.

As a result, we have observed numerous weaknesses in terms of security rules as they apply to equipment, software and applications. Moreover, we have noted that very few efforts have been made in terms of backup and operational continuity plans.

Consequently, I recommend that the municipal administration begin work on completing, as soon as possible and by the end of 2004 at the latest, a strategic IT plan, including an inventory of needs and available IT resources, an analysis of the performance of IT systems and their ability to fulfill the needs of the boroughs and corporate departments, and a risk analysis focussing on information (availability, comprehensiveness, integrity, data reliability), protection (confidentiality, comprehensiveness, integrity), backup/disaster recovery and operational continuity.

In addition, this strategic plan should identify and prioritize the main opportunities to cut costs and improve services provided to residents that the increased use of information technology would represent for the Ville de Montréal. This could include, for example, the possibilities of rationalizing computer equipment, operating systems and communications protocols, improving co-operation among the various IT groups in terms of both workload and sharing available expertise, and undertaking various initiatives to enhance the efficiency and effectiveness of the City’s overall operations through the re-engineering of processes.

Best practices

It is difficult to identify a best management practice. Often, it all depends on the context, the targeted objectives or the needs one seeks to satisfy. We nevertheless consider it important to highlight the practices that we have observed during the course of our work that appear to us to be promising in terms of reducing costs and improving the quality of public services.

One example of a best practice that we pointed out to the Direction des finances et des services administratifs is the use of the services of an external firm specializing in the analysis of non-payroll expenditures. Many of these firms work on commission, which is to say that they receive only a fixed, pre-negotiated percentage of the amounts they enable to be recovered. The rate of recovery for one of these firms would generally be around 0.1%, which for the Ville de Montréal represents a few million dollars per year. Certain large corporations in Canada and the United States have worked with such organizations to successfully detect and recover excess expenditures.

A year later, I have yet to see a call for tenders designed to conduct an analysis in this respect.

AUDIT RESULTS: VILLE DE MONTRÉAL
FINANCIAL AUDITING

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VILLE DE MONTRÉAL

As required by law, on March 31, 2004, I delivered to the treasurer of the Ville de Montréal, for submission to the Conseil municipal, a report on my audit of the financial statements of the Ville de Montréal for the fiscal year ended December 31, 2003. In this report, I stated that I believed that “these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2003 and the results of its operations and the changes in its financial position for the year then ended, in accordance with the accounting principles described in Note 2 to the financial statements.”

It is nevertheless important to emphasize that the accounting principles generally accepted in municipal accounting in Québec, on which the underlying principles set out in Note 2 are based, differ from those accounting principles generally accepted in the public sector, mainly in regard to:

- the consolidation of organizations included in the reporting entity;
- the recognition of the expenditure related to pension plans.

The Comité sur les administrations municipales of the Ordre des comptables agréés du Québec recently examined the impact on the auditor report's caused by this situation.

“We are aware that some differences remain between the public sector recommendations and the ministère des Affaires municipales, du Sport et du Loisir (MAMSL) accounting standards. However, in the last few years, major amendments have been made to municipal accounting in Quebec and the standards are now closer to the public sector accounting recommendations. In addition, through its municipal finance advisory committee, on which two Ordre members sit, the MAMSL has established a subcommittee representing the major municipal manager associations and the main accounting orders. The subcommittee's mandate is to review current accounting practices in Quebec's municipal environment and to adapt them to the recommendations of the Public Sector Accounting Board (PSAB).

In our opinion, given the accounting principles currently applied by Quebec municipalities and the efforts made to comply with the PSAB recommendations, the financial statements of Quebec municipalities are not misleading and members should therefore use the audit report model provided in the Programme de vérification municipale.”

Eventually, we can expect major changes to the presentation of the Ville de Montréal's financial statements.

Aggregate taxation rate

I also submitted to the Conseil municipal a report on my audit of the aggregate taxation rate for the Ville de Montréal for the year ended December 31, 2003. This rate is used as a basis for the establishment of a number of amounts paid to the Ville de Montréal by the Gouvernement du Québec. In my opinion, this rate has been established, in all material respects, in compliance with the regulations adopted pursuant to section 262 of the *Act respecting Municipal Taxation*.

OTHER MUNICIPAL ORGANIZATIONS

I also audited the financial statements for the year ended December 31, 2003 for a number of organizations under the control of the Ville, including the Société de transport de Montréal, the Société de développement de Montréal and the Société d'habitation et de développement de Montréal.

In addition, I audited the pension funds for the former Ville de Montréal, the former Communauté urbaine de Montréal and the former Ville de Montréal-Est.

In all of these instances, I issued an unqualified report, except in the case of the Société de gestion Nauberges de Lachine, for which the ownership of the revenues between the organization and the borough of Lachine has not been established.

A list of all audited organizations can be found in the appendices.

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INTEGRATED TECHNOLOGY MANAGEMENT

CONTEXT

In January 2001, the Conseil municipal adopted a resolution to approve the acquisition and maintenance of a set of software programs and the services of the corresponding specialized resources needed to implement an integrated technology management (ITM) system.

The Comité de transition ratified the resolution (in compliance with section 158, Appendix I, of the Act to Reform the Municipal Territorial Organization of the Metropolitan Regions of Montréal, Québec and the *Outaouais*, Bill 170) and authorized the ITM project to be implemented throughout the Island of Montréal.

Under the authority of the Direction des technologies de l'information of the Service des services administratifs, the project is composed of two phases and is valued at \$4.45 million. The first phase of the project began in September 2001 and comprised three modules:

- *work station management;*
- *helpdesk management;*
- *network management.*

The second phase was intended to focus more on the following aspects:

- *server management;*
- *security management.*

METHODOLOGY AND SCOPE

The purpose of the audit was to examine the management of this project. Accordingly, we proceeded with a review of the quality of the support implemented to encourage the realization of the project and its application throughout its duration. We also ensured that the expected deliverables were rolled out according to the anticipated timetable and that the authorized budgets were respected.

Audit evidence was gathered through the review of documents and the information obtained from interviews conducted with the parties involved in the project.

Finally, our work focussed exclusively on the first phase of the project. The technological aspect of the solutions installed was not covered by the audit.

OBSERVATIONS AND RECOMMENDATIONS

Scope and support for the project

The scope of the ITM project, as defined in the initial call for tenders, was modified without re-evaluating the bid submitted by the supplier. Consequently, the following aspects were not taken into consideration:

- anticipated effort and costs to accommodate the new scope of the project;
- increase in the risk related to the larger size of the computer infrastructure;
- twofold increase in the number of users;
- application of the solution throughout the entire Island.

The Direction des technologies de l'information did not have functional authority throughout most of the project. The new organizational structure of the Direction des technologies de l'information was not approved by the Comité exécutif until November 2002. As a result, the boroughs created from the former suburban municipalities were not required to participate in the project, and several central departments refused to be involved.

The major cultural and procedural changes that this project would generate were not taken into consideration in the project plan, given that only the technological aspect of the solution was contemplated. This had an impact on project implementation.

Recommendation

The Direction des technologies de l'information must obtain the unconditional support of the proper authorities (senior officials with the Service des services administratifs and the administration of the Ville de Montréal) to complete the first phase and initiate the second phase of the ITM project. Concurrence on the part of the heads of the various departments of the Ville and the borough directors is also required.

Actions proposed by Direction des technologies de l'information

“The Direction confirmed to us that the steering committee for the project, the Direction des technologies de l'information, management of the Service des services administratifs, the Directeur général and the Comité exécutif all approved the project proposal at the end of 2003. The project has maintained a very high level of visibility and continues to be a top priority within the organization. It is identified as being one of the 13 priority initiatives of the optimization program, piloted by management of the Service des services administratifs. The budget was modified to take into account the additional resources involved.

*The Direction also mentioned that the project plan allows for a gradual deployment of the new processes in the departments and boroughs according to a set schedule. The objective of the change management activities is to adequately prepare the individuals in these departments concerned for the new work processes and tools by having them take part throughout the project in the review and approval of deliverables. Efforts to implement all these mechanisms have been underway since the project relaunch. **(Planned completion: December 2005)***

*Furthermore, as defined in the project scope, the boroughs created from the former suburban municipalities are excluded. There are no mechanisms currently in place to foster their involvement or support of the project. However, the ITM project steering committee has maintained responsibility for integrating the boroughs into the project when it is deemed appropriate. In this respect, the steering committee expects to start working on this as early as the second quarter of 2004. This initiative would have to correspond to any decisions made as part of the set-up of the new organizational model.” **(Planned completion: June 2005)***

Project feasibility

There was no real feasibility study carried out prior to the approval and implementation of the project. Such a study, even if it was nothing more than a preliminary product analysis, might have made it possible to:

- highlight the potential difficulties that might arise during project execution;
- assess the cost-effectiveness of the project;
- implement the necessary preventive and corrective measures.

Consequently,

- the evaluation criteria focussed primarily on cost, to the detriment of product functionalities;
- the deliverables for one module were revised downward several times during the course of the project following a number of delays, although the original price for the chosen proposal was never readjusted;
- the assessment of the preliminary work involved in the deployment was performed without a complete, updated inventory of the sites (number of locations, type of equipment and configuration);
- the standardization of such elements as the classification system used to identify the work stations and their minimum required configuration was not defined as a determining factor in the supplier's bid.

Recommendation

We recommend that a detailed project statement be written to include such elements as:

- **the notion of change management (culture and impacts on those involved);**
- **site inventories;**
- **the standardization of work station identification and configuration;**
- **the use of an individual identification code based on a standardized Island-wide system.**

Actions proposed by the Direction des technologies de l'information

"When the project was launched, a complete statement was prepared and integrated into the project organization manual on the follow-up work to be done. Given the time allotted for the approval and appeal processes, the project was eventually relaunched in January 2004 and the project management team then completed the organizational structure.

For the Direction des technologies de l'information, the project statement provides a comprehensive framework for the undertaking. All the elements of the project statement are now complete. As a result, the project overview, cost estimate breakdown and rationale, planning and organizational components have all been completed as part of the project realignment process and are now available. The project continued its start-up activities at the beginning of 2004 and is currently behind schedule by a month and a half, given that the decision was not approved until December, rather than November, 2003.

As far as change management is concerned, the project plan integrated a portion of these activities. They will all be carried out subsequently to the modifications provided by the implementation of the processes designated in the ITM project and the operational reorganization carried out in early 2004. These activities primarily deal with four aspects: the evaluation of the impacts of the proposed changes, the assessment of the level of preparedness of the organization, training and communication. (Planned completion: December 2005)

Resources outside the Ville de Montréal have supported us in our initiatives. An external firm contributed to the development of a project organization manual and a quality assurance manual. The composition of the steering committee was reviewed accordingly. A second firm developed a detailed plan for the first six months of the project. Finally, another company worked with us in January on setting up the various tools (methods and templates) to support the project management processes outlined in the project organization manual. These tools will be compliant with the selected project framework, namely that of the “Project Management Institute”.

The scope of the project is now well defined. The number of work stations that will be standardized by the end of project has been determined and the target clients identified. It is important to bear in mind two main points in this respect:

- *the scope of the current project excludes the work stations for the boroughs created from the former suburban municipalities; and*
- *“standardization,” for the purpose of this project, signifies the standardized, distinct identification code used for each work station and the deployment of tools (remote management, inventory, control) for each of these stations.”*

Organization and structure of the ITM project team

Although the structure of the project was adequate, its execution and the allocation of resources during the project were not. The problems encountered during project execution did not receive sufficient attention to ensure they were resolved. The Ville de Montréal project team was comprised of operational personnel who either were not exclusively assigned to the project or had multiple responsibilities. The supplier’s project manager also held a number of positions simultaneously. Among other duties, he was obligated to spend three months co-ordinating the deployment operation, in lieu of the in-house project manager, and oversaw the day-to-day management of the project, albeit with no authority over the Ville de Montréal staff under his supervision.

The Ville de Montréal team felt that some of the supplier's representatives lacked the necessary technical skills and knowledge of the products and services to be installed and the operating systems used by the in-house computer network. This situation is a reflection of the supplier's organizational structure, since its product technical experts are based in the United States.

There was never an adequate training plan or project schedule established for the project. In addition, the critical activity of "knowledge transfer," defined from the outset as an undertaking that would take five days, was cut down to two days in the work plan for the helpdesk management module. As for the recovery plan in the work station management module, it was reduced from the originally planned four days to two, and then from two days to zero. Overall, the knowledge transfer process was informal and incomplete, and contingent upon the availability of personnel and the status of the project.

Recommendation

Before authorizing the launch of the second phase of the ITM project, we recommend that the Direction des technologies de l'information form a work team assigned to the project and take into consideration the following elements:

- **definition of roles and responsibilities;**
- **specialized resources;**
- **location of work and equipment;**
- **training plan.**

Actions proposed by the Direction des technologies de l'information

"The Direction des technologies de l'information would like to point out that various elements of this recommendation have been put into place, including:

- *the organization necessary to pursue the project has been defined and is being progressively implemented;*
- *an in-house project manager, dedicated exclusively to the project, has been assigned;*
- *the documentation of the roles and responsibilities of the members of this organization began in January 2004 to take into account the separation of operational and project-related tasks;*
- *the team responsible for the City's IT infrastructure has been invited to take part in the project;*

- *offices have been made available to accommodate the entire team, a complete testing environment has been set aside and the necessary security measures have been implemented to enhance the quality of the deliverables;*
- *the training of the project team plays a vital part in the project plan and is integrated into the project statement. Provision has been made for over a hundred training units. In early 2004, a training session on the NSM system was offered to the office technology and infrastructure groups of the Ville de Montréal, the former Communauté urbaine de Montréal and the Service de police de la Ville de Montréal.” (Planned completion: December 2005)*

Project management and quality assurance

The inadequate management of the project made it impossible to achieve the original objectives. The head of the steering committee was informed seven months after project inception that there would be a major delay and that nothing was functioning properly in the work station management module. The implementation of another module (helpdesk management), like the recovery plan, was also postponed several times.

The project administration standards advocated by the supplier were not respected. Documentation on the quality of the deliverables (proof that work station management and helpdesk management modules were operational within the IT environment of the Ville de Montréal; results of acceptance and quality assurance tests) was not available. Progress reports indicated a level of advancement or status of the project that did not correspond to the actual situation. Unsolicited modifications were made by the supplier to the architecture of the work station management module without the approval of the steering committee. The problems that arose were poorly identified, poorly classified, and subjected to an ineffective escalation process. As a result, issues remained unresolved for months before anything was done to rectify the situation.

In the absence of independent spot checks regarding quality assurance, it was impossible to determine whether:

- the project respected the specifications of the Ville de Montréal, as stipulated in the call for tenders;
- the products delivered would perform satisfactorily;
- the bugs in the ITM project would be detected in time.

Recommendation

We recommend that the Direction des technologies de l'information:

- define and document the management and administration processes and procedures, including the role of the steering committee, the procedures used to track escalating problems and the measures used to determine how the project is progressing;
- perform quality assessment reviews.

Actions proposed by the Direction des technologies de l'information

“The work carried out made it possible to determine the processes to be implemented and define the main components involved in each. The following provides an overview:

<i>Process</i>	<i>Objectives</i>
Planning	Implementation and maintenance of plans
Follow-up	Monitoring of progress and adjustments to plans
Budget	Estimation of resources and budget status
Change management	Control of project scope
Management of pending issues	Management of obstacles to the smooth execution of the project
Management of suppliers	Relationships with suppliers of goods and services
Quality assurance	Planning and quality control
Risks	Management of risks and their potential impacts

Moreover, a great many management indicators that will make it possible to measure the actual progress of the project have been integrated into these processes.

All these processes are based on best project management practices, as advocated by such authorities as the Project Management Institute. Furthermore, the project plan makes provision for an external project management consultant to be hired to coach the City's project manager.”

Users' work processes

During the course of the audit, we noted that not all the anticipated functionalities had been delivered. We therefore made the following observations:

- as regards the work station management module, the deployment of the work stations by the supplier was carried out without first ensuring that the work stations were identified using a standardized system and without implementing any quality assurance measures. The result was that certain work stations were overlooked, even though they were located in the target sites;
- the standardized individual identification code was not used by all central departments, despite the existence of a standard on access codes issued by the former Ville de Montréal;
- management reports and the report generator do not reflect user needs;
- no standardized processes were established to carry out tasks in a consistent manner;
- because of a lack of detailed documentation on the procedures to follow when the servers are making backup copies, a recovery operation that needed to be performed on one of the project servers was jeopardized;
- there is no knowledge base with solutions to various problems available to helpdesk agents, and the helpdesk cannot remotely access user work stations;
- numerous settings have yet to be configured in the network management module, which triggers, on a daily basis, nearly 10,000 unprioritized alarms at the system control desk.

Recommendation

We recommend that, for each of the first phase's three modules, a retrospective analysis be carried out, the missing functionalities determined, the installations completed and the follow-up recommendations developed and taken into consideration.

In order to identify the roles and responsibilities for the tasks to be carried out and to settle these problems and others, we recommend that the Direction des technologies de l'information establish work processes describing the tasks to be executed by:

- **technicians (for standardized and non-standardized work stations);**
- **helpdesk agents;**
- **employees assigned to the use of the product:**
 - **product/server administrator;**
 - **security administrator (user and access privilege);**

- **software administrator;**
- **zone administrator.**

Actions proposed by the Direction des technologies de l'information

"An analysis conducted in this regard showed that:

- *work stations were standardized and installed;*
- *tools were deployed at the helpdesk, which today provides one-stop support to all Ville de Montréal users for problems related to corporate tools and systems;*
- *the helpdesk supports all problems reported by Ville de Montréal and SPVM users; and*
- *the entire focus of the next stage of the project will be on the deployment of the entire set of tools and processes required to manage the user services function.*

This recommendation represents the core of the ITM realignment project. The main goal of this next step is to define and implement the work processes involved in the IT user services sector. The specific processes included in the scope of the project are:

- *incident management;*
- *change management;*
- *configuration management;*
- *update management;*
- *problem management; and*
- *service level management. (Planned completion: December 2005)*

It is also important to note that all these processes will be adapted on the basis of the best practices outlined in the ITIL (Information Technology Infrastructure Library) guidelines.

The details of these processes will become available as the project definition and implementation progress. We plan on completing the project by December 31, 2005."

Recovery plan

Contrary to one of the requirements in the call for tenders, no recovery plan has been developed to ensure operational continuity in the event of an extended breakdown or other emergency. Consequently, a swift and orderly recovery of operations following such a disaster could be difficult.

Recommendation

We recommend that the Direction des technologies de l'information develop a recovery plan for all material, software and data components required to operate the ITM system.

Actions proposed by the Direction des technologies de l'information

"The project plan acknowledges the responsibility of the project team as regards the implementation of a recovery plan and includes the activities required to put this plan into place for the ITM system. The involvement of the security group in these activities will include the assessment of the critical elements of each process and the backup elements required to mitigate risk. We have divided this work into three components:

- *the immediate protection of data via regular backup procedures;*
- *the immediate availability of technological infrastructure via equipment maintenance agreements and procedures; and*
- *the recovery process in the event of a major disaster will be evaluated as constituting part of the project (phase 2) and implemented with the system. A document will be prepared with recommendations on how to initiate system recovery in the event of a major disaster; this document will serve as input for the backup plan project for all infrastructure systems under the control of the Direction des technologies de l'information." (Planned completion: September 2005)*

Utilization of computer assets

Because of the absence of a directive on the utilization of computer assets, many users work under the assumption that the work station assigned to them actually belongs to them. As a result of this widespread notion, the work station administrator code is held by the user. This means that users have the power to delete any components deployed under the ITM project.

Recommendation

We recommend that the Direction des technologies de l'information establish a directive on the utilization of computer assets.

Actions proposed by the Direction des technologies de l'information

“The Direction des technologies de l'information is responsible for defining and implementing policies governing information technology within the Ville de Montréal. It has acknowledged this problem and is working to develop a policy on the utilization of computer assets. An initial draft of this policy should be available in the second quarter of 2004.” (Planned completion: June 2004)

Management of project budget

The supplier has not fulfilled the requirements stipulated in the call for tenders with respect to providing a price list and pricing structure. Without this structure, it is impossible for us to establish how pricing is being determined. This structure would allow us, first, to validate that the Ville de Montréal obtained the best price for the deliverables in the first phase and, second, to approve the proposal for the second phase.

Following the re-evaluation of the scope of the project, the project manager signed a purchase order for more than \$3 million worth of software. However, we were unable to obtain a detailed breakdown of the costs of the products purchased from either the project manager or the supplier's representative. Taking into account the elements mentioned in the preceding points, we are not in a position to corroborate whether the prices charged were as low as those quoted in the bid.

In terms of the licenses for the products to be installed, the project manager indicated to us that the budget management rule in this regard is “a licence installed is a licence paid.” At the time of our audit, 89% of the licence acquisition costs, including a three-year maintenance agreement, had been paid by the Ville de Montréal, but:

- *only 2,909 work stations were under the project's control, whereas the City had acquired 10,010 licences;*
- *39 site servers had been installed, although 56 licences had been acquired;*
- *5 agents in the network management module had been assigned to servers, even though the Ville de Montréal had acquired 10 licenses.*

Consequently, as we were not able to obtain the detailed breakdown of the cost of the licences in question, we believe that the Ville de Montréal spent over \$1 million for licences that were acquired but not installed.

Recommendation

We recommend that the Direction des technologies de l'information:

- **review the management of the project's budget in order to ensure that expenditures correspond to the degree of advancement of the project, are charged against the proper budgets and do not exceed the amounts approved without the appropriate consent, and that any overruns not covered by a contract or agreement are recovered;**
- **obtain a legal opinion as to stopping payment on the last instalment due to the supplier for the licences;**
- **undertake the steps necessary to obtain a reimbursement for overpayments for licences acquired but not yet installed.**

Actions proposed by the Direction des technologies de l'information

“As previously mentioned in the table on the main components of the processes to be implemented, an estimate of the budget status will be carried out.

First, the Service du contentieux was called on to provide a legal opinion on the position of the Ville de Montréal in this matter. An agreement to extend the contract was approved by the Comité exécutif and the corresponding provisions (vis-à-vis deliverables, timetable and material) of the contract were signed with the supplier.

Second, it is impossible (again, from a legal point of view) to be reimbursed for the amounts paid for licences that, to date, have not been used. The best the administration could do would be to exchange them for other products from the supplier. As there was already a significant discount, given the number of licenses purchased, the Ville de Montréal prefers to keep them, knowing full well that they will eventually all be used in the years to come. However, the negotiation team did manage to get the annual maintenance fees reduced for the fourth and fifth years of the agreement, based on the project deployment plan.”

FINANCIAL CONTRIBUTIONS IN SPORTS AND RECREATION

CONTEXT

According to the Charter of the Ville de Montréal, the borough council is responsible for organizing sports, social and cultural recreational activities. The council may, for this purpose, provide financial support to organizations whose goal is to organize and promote sports and physical activity.

As concerns the boroughs of the former Ville de Montréal, for many years now most sports and recreational activities have been carried out in partnership with non-profit organizations, rather than on an in-house basis.

Under these partnerships, financial contributions are allocated to the various partner organizations in question via different programs. These programs aim to produce concrete results in specific areas of activity.

In terms of the boroughs created from the former suburban municipalities, the proportion of activities carried out with external partners varies, based on the approach adopted by each.

In 2003, the combined financial support budgeted by all boroughs for various sports and recreation organizations amounts to roughly \$13,800,000. Of this amount, \$11,190,000 will be paid by the boroughs of the former Ville de Montréal and \$2,610,000 by those boroughs created from the former suburban municipalities.

METHODOLOGY AND SCOPE

The audit consisted primarily in assessing to what extent the financial contributions paid to the sports and recreational partner organizations complied with the terms of the signed agreements. We also examined the means developed to determine residents' needs, the process used to select partner organizations, the controls in place to ensure that the anticipated services have been delivered and the existence of an accountability framework to keep the borough director's office abreast of the outcomes achieved in both quantitative and qualitative terms.

Although the payment of financial contributions is a point of interest for many boroughs, we limited the extent of our investigation to two boroughs of the former Ville de Montréal and one borough created from the former suburban municipalities, namely Villeray/Saint-Michel/Parc-Extension, Ahuntsic/Cartierville and Verdun.

OBSERVATIONS AND RECOMMENDATIONS

When determining how to allocate financial contributions, it is vital to make provision for the implementation of measures designed to provide sports and recreational activities that fulfil the needs and expectations of residents, that contribute to an improved quality of life and that take into account the limited resources available to the borough to carry out its responsibilities regarding the sound management of public funds.

As a result, we are of the opinion that the allocation of financial contributions to the various partner organizations must be part of a process that comprises the following major steps:

- knowledge of the milieu, determination of residents' needs and priorities for action based on established requirements and available resources;
- evaluation of existing programs, approval of the partner organization's action plan and allocation of the available budget;
- assessment of results as compared to the established objectives;
- accountability.

Knowledge of the milieu and determination of residents' needs

The determination and evaluation of the needs of borough residents incontestably represent critical stages in the process of allocating financial contributions. This knowledge must allow priorities for action to be established in order to optimize the balance between the available resources and the needs expressed by residents.

A) BOROUGH OF VILLERAY/SAINT-MICHEL/PARC-EXTENSION

In this borough, this knowledge is acquired in various ways. In particular, not a negligible portion of it comes from development officers attached to the borough who work closely with various entities within the milieu (board of directors of the non-profit organization, forums, working committees, CLSCs, Commission scolaire de Montréal, etc.). Among other things, these officers gather and analyse data required to assess needs and determine the characteristics, trends and requirements within the milieu that will help improve the overall service offering.

In addition, more exhaustive studies of public recreational needs may also be conducted. Accordingly, a study was carried out in 1999 on the Parc-Extension district. First, a survey and analysis of the service

offering within the sector in terms of leisure and recreational activities were performed. Following this, local residents and stakeholders involved in the community were polled to gather information on their needs and the adequacy of existing services. One of the key outcomes of this study was that it revealed many interesting potential areas for improvement (e.g., providing better access to existing services or developing more effective means of publicizing services).

Furthermore, in 2000, the recreational needs of the residents of the Saint-Michel district were examined in a study that paid particular attention to recreational facilities and programs offered at the local level and that drew observations on the potential of the service offering of the former Service des sports, des loisirs et du développement social and its partner organizations. The results revealed a certain gap between the service offering and residents' needs. The study also highlighted that there was a disparity between local demographics and user profiles, that the majority of activities offered were athletic in nature, whereas residents preferred cultural and educational pursuits, and that the facilities housing the recreational activities, specifically recreational centres, were largely underused.

For the Villeray district, no studies of this kind were undertaken.

In May 2003, a report on the satisfaction of Montréal residents with respect to the municipal sports and recreational service offering was produced by an external firm, under the auspices of the Direction des sports et des loisirs of the Service des parcs, des espaces verts, des sports et des loisirs. For the purposes of this survey, the city was divided into six sectors, each of which included between three and eight boroughs.

Based on the findings of this study, it was observed that services are used frequently by residents and that the satisfaction with the service offering is high (satisfaction rate of 80% to 90%), especially in the case of more structured services (satisfaction rate of over 95%). However, the report also demonstrates that the percentage of residents dissatisfied with the service offering cannot be overlooked (between 10% and 20%).

As we can see, certain measures have already been launched to determine public needs in certain parts of the borough and to concurrently evaluate the existing service offering.

We feel that the studies conducted for the purpose of determining residents' needs in the Saint-Michel and Parc-Extension districts are in keeping with good management practices. They should therefore also be carried out in Villeray.

In addition, it would be beneficial for these assessment and consultation mechanisms to be renewed regularly, at a frequency that will be determined at a later date, in order to promote an up-to-date service offering attuned to the changing needs of residents.

Once needs have been determined and assessed, a summary of the results obtained must be integrated into a plan to establish which priorities for action should be favoured, in order to resolve and follow up on the problems identified.

The managers we met mentioned having considered the observations made in the various studies of needs carried out in the past, as well as the comments from development officers. They asserted that certain corrective actions were implemented as a result.

Regardless, we observed that, based on the information gathered, a structured, documented action plan outlining the guiding principles set out by the borough director's office, taking the analyses conducted into account, still remains to be developed. In our view, this management tool is essential to clearly define priorities and facilitate the follow-up and assessment of decisions.

B) BOROUGH OF AHUNTSIC/CARTIERVILLE

In this borough, this knowledge is acquired mainly by way of the development officers attached to the borough who work closely with the various entities within the milieu (board of directors of the non-profit organization, forums, working committees, CLSCs, Commission scolaire de Montréal, etc.).

More exhaustive studies of public recreational needs have also been conducted. In 2003, the Direction de la culture, des sports et du développement social of the borough set out to analyse the borough's service offering in terms of sports and recreational activities, among others. The purpose of this exercise was to determine if the existing offering met the needs of borough residents. The ultimate goal of the manager in charge was to use the results obtained to establish the priorities for action required to solve the identified problems, integrate them into an action plan and follow up on the situation. In our view, the development of an action plan is a tool that is essential to clearly define priorities and facilitate the follow-up and assessment of decisions.

Prior to undertaking this service offering analysis process, it was specified that results would be determined on the basis of the four following aspects:

- identification and analysis of the needs of borough residents;

- assessment of the level of client satisfaction in regard to the services offered by partner organizations;
- assessment of the situation of the service offering, an evaluation of the needs of the public and a determination of the extent of the gap between the two;
- evaluation of the quality of the partnership with the organizations in order to determine if this approach is adapted to the growing diversity of the client base.

According to the people interviewed, the results of the analyses to be conducted are scheduled to be made available in fall 2003.

Concurrently, the Direction des sports et des loisirs of the Service des parcs, des espaces verts, des sports et des loisirs also mandated an external firm to conduct a poll on the satisfaction of Montréal residents with respect to the municipal service offering of sports and recreational activities.

The borough has clearly already started implementing various measures designed to further its knowledge of public needs and determine residents' level of satisfaction as to the existing service offering.

C) BOROUGH OF VERDUN

In this borough, this knowledge is acquired primarily by way of the borough's division heads, who work closely with the various entities within the milieu (non-profit organizations, forums, sports and recreation committee, etc.). It is the division heads' function to gather and analyse the data required to assess needs and determine, in conjunction with the borough director's office, what guiding principles to adopt with respect to the service offering.

According to the managers interviewed, various surveys have been conducted to ensure the service offering corresponds to public needs. In particular, in 1998 and 2002, the borough director's office carried out surveys on the extent of public satisfaction with the entire range of services offered by the borough, in which there apparently were some questions asked about the service offering. However, we were informed that the studies were never used as anything more than internal working documents. As a result, they were not available for consultation.

In addition, in May 2003, a report concerning a survey on the satisfaction of Montréal residents with respect to the sports and recreation service offering was conducted by a firm under the supervision of

the Direction des sports et des loisirs of the Service des parcs, des espaces verts, des sports et des loisirs.

The involvement of division heads and support officers in various local organizations has clearly made it possible for them to acquire a certain level of knowledge of public needs. In addition, surveys have been initiated to determine residents' level of satisfaction. However, in our view, the borough must now finalize the working documents pertaining to public satisfaction with the entire range of services offered and distribute them to the appropriate managers, so that any necessary corrective measures can be taken.

Recommendation

- A) Borough of Villeray/Saint-Michel/Parc-Extension**
- B) Borough of Ahuntsic/Cartierville**
- C) Borough of Verdun**

We encourage the Direction de la culture, des sports, des loisirs et du développement social of the borough to pursue the efforts they have initiated, so that the mechanisms necessary to determine and evaluate the needs of residents from various districts served by the borough be implemented and updated periodically, in order to ensure that sound decisions are made with regard to the sports and recreational services offered to the public.

- A) Borough of Villeray/Saint-Michel/Parc-Extension**
- B) Borough of Ahuntsic/Cartierville**

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the borough develop an action plan to define its objectives once residents' needs have been determined and evaluated.

- C) Borough of Verdun**

We recommend that the borough director's office finalize the 2002 working documents concerning public satisfaction with all the services offered and distribute them to the appropriate managers, so that any necessary corrective measures can be taken.

Actions proposed by the borough of Villeray/Saint-Michel/Parc-Extension

*“In **January 2004**, the borough maintained assistant division manager positions, enabling development officers to be freed of certain operational tasks and to devote more time to their relationship with partner organizations.*

*Neighbourhood profiles were finalized in **April 2004**.*

The implementation of the intersectoral and interdistrict collaboration process, designed to facilitate prioritization of the initiatives of various departments and partners, is currently under way.

*The Division expertise et soutien of the Service de la culture, des sports, des loisirs et du développement social will proceed with the systematization of the information collection process designed to identify and evaluate residents’ needs as part of the neighbourhood profiles and will issue examples of the quarterly summary that development officers will prepare, beginning in **June 2004**.*

*In **September 2004**, the Direction will present its action plan integrating the neighbourhood profiles, the development officers’ quarterly reports and its analysis of the service offering to the borough council, thereby making it possible to identify its priorities for action.”*

Actions proposed by the borough of Ahuntsic/Cartierville

“At the conclusion of each activity session, the development officers and organizations will pursue their analysis of the available programming.

*In **summer 2004**, following that season’s activities, in-house surveys will be used to assess client satisfaction.*

***May 2004:** the Direction will present the borough council with the results of the analysis of the existing service offering in comparison with the profile and needs of borough residents, as identified in the surveys.*

***May 2004:** the Direction will integrate the action plans of the partner organizations and the decisions of the borough council to ensure the fall program is adjusted accordingly.*

In 2004: the Direction will assess the feasibility of creating a permanent local development officer position and filling it using existing resources.”

Actions proposed by the borough of Verdun

“As a management tool that makes it possible to define the service offering in terms of culture, sports, recreation and social development, the surveys initiated by the borough will be sent to the head of the Direction de la culture, des sports, des loisirs et du développement social.”

Evaluation of the programs, the partner organization’s action plan and the allocation of financial contributions

- A) BOROUGH OF VILLERAY/SAINT-MICHEL/PARC-EXTENSION
- B) BOROUGH OF AHUNTISC/CARTIERVILLE

In 2002, the Service des parcs, des espaces verts, des sports et des loisirs submitted to the boroughs of the former Ville de Montréal a working document entitled *Programme en partenariat avec des organismes sans but lucratif*. The main purpose of this document, the culmination of a widespread consultation process involving the boroughs and partner organizations, was to update partnership agreements with non-profit organizations. It was also designed to pinpoint the objectives and specific features of the various programs already in existence. The borough is contemplating using this working document as a basis to renew agreements in 2004.

In the borough of Villeray/Saint-Michel/Parc-Extension, the programs offered in partnership with non-profit organizations are structured around five key thrusts, namely “elite” athletic clubs, sports clubs, youth, summer day camps and recreational activities. In the borough of Ahuntsic/Cartierville, programs are structured around four key thrusts.

In examining each of these programs, we observed that they are primarily defined by one general objective and various more specific goals outlining the benefits for participants.

Although the use of partnerships has greatly increased since 1996, in some cases these programs date back to the early 1990s. Many were designed to accommodate the conditions at the time and with the goal of developing an approach covering all the boroughs of the former Ville de Montréal.

We therefore examined the steps taken to reassess these partnerships. After a few years of activity, re-evaluation is an essential tool to determine to what extent the programs effectively meet their targeted goals and fulfil residents' needs.

The managers we met indicated to us that in fall 1998, following a mandate received from the Comité exécutif of the Ville de Montréal, the former Service des sports, des loisirs et du développement social began a study aimed at updating the guiding principles of the Programme Jeunesse, which comprised the "Jeunesse 2000", "Soutien financier aux maisons de jeunes" and "Intervention jeunesse en HLM" programs.

Apparently no other program for the borough of Villeray/Saint-Michel/Parc-Extension has since been given such an exhaustive and documented evaluation, designed to compare the results obtained with the program objectives.

As for the borough of Ahuntsic/Cartierville, as mentioned earlier, it launched an initiative to evaluate the satisfaction of clients and identify their needs. This initiative will also comprise a component to develop a portrait of all the programs offered, in order to ensure that they effectively correspond to residents' needs and, as necessary, take the requisite corrective action.

In our view, the programs under which the borough allocates its financial contributions to the various non-profit organizations must be formally evaluated and re-examined in order to reconsider their relevance, study their impacts and determine how well they achieve their target results. In the end, these assessments must provide managers with sufficient information to evaluate the advisability of continuing, enhancing or discontinuing the program.

In addition, in the current context, where boroughs have had to manage the offering of public services since amalgamation, it is even more fitting to review existing programs to ensure that they correspond to the priorities and objectives set by the Direction and that they focus more than ever on the needs of borough residents.

Evaluation of the policy to support partner organizations and allocate financial contributions

C) BOROUGH OF VERDUN

In the borough of Verdun, financial contributions paid to organizations are allocated based on a partner organization support policy. This policy is approved yearly by the borough council during the adoption of budget for this sector of activity.

This policy outlines, among other things, eligibility criteria and the documents required to be recognized as a partner organization, the resources available to partner organizations and the financial assistance program offered. Under this policy, all the organizations that operate in the borough of Verdun whose mission is consistent with the borough's overall strategies are eligible for recognition and the corresponding support from the Ville de Montréal. This support can take the form of human resources (the expertise of the borough's personnel), material resources (indoor/outdoor facilities, equipment, transportation of material, etc.) or financial resources (financial assistance program for organizations working with youths 17 and under).

Our work allowed us to observe that recognized partner organizations did effectively respect eligibility criteria established in the partner organization support policy and had submitted the required documentation.

In order for a partner organization to benefit from the financial assistance program, it must also satisfy other criteria. Accordingly, it must promote the involvement of youths 17 and under in recreational, cultural or athletic pursuits, ensure that these activities are led by qualified instructors and carry out its projects during the year in question.

During the course of our audit, we noted that these criteria are all examined by the division head, with the exception of the qualifications (diplomas, experience, etc.) of the instructors hired by the organization to carry out the activities. In this case, the division head relies on the partner organization to recruit qualified instructors. In our view, given that this is one of the eligibility criteria for the financial assistance program, the borough should take the necessary steps to ensure that it is respected.

We also observed that the financial assistance program does not include criteria related to the required instructor/participant ratio.

We are of the opinion that establishing criteria in this regard is important in order to ensure that young

participants receive adequate supervision during the activities offered by the organization.

Recommendation

A) Borough of Villeray/Saint-Michel/Parc-Extension

B) Borough of Ahuntsic/Cartierville

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the borough proceed with or pursue, as the case may be, the evaluation of its sports and recreation programs in order to determine their relevance and subsequently obtain approval from the borough council in this regard.

Actions proposed by the borough of Villeray/Saint-Michel/Parc-Extension

*“In **December 2003**, the Direction de la culture, des sports, des loisirs et du développement social presented the borough council with decision summaries, according to program (youth initiatives, sports clubs, recreational and elite athletic activities), including a brief assessment of each. The decision summary to extend the summer day camp program was submitted to the borough council in **April 2004**.*

The Direction de la culture, des sports, des loisirs et du développement social began its analysis, in conjunction with its counterparts in the other boroughs of the former Ville de Montréal, of the advisability of conducting joint assessments or co-developing program management tools in order to maximize the efficiency of the expert resources available.

*More specifically, the Direction presented its assessment of local youth programs to the borough council in **December 2003** for the purpose of renewing the programs in 2004. In **June 2004**, the Direction will proceed with the implementation of a new generation of youth programs to be launched in 2005.*

*In **September 2004**, the Direction will work with its partners to examine the support program for sports development, in particular by reviewing the criteria for allocating financial contributions.*

In addition, the Division de l'expertise et du soutien administratif has produced measurement tools to assess these organizations. Development officers began using these tools last October. Obviously, given that the notion of assessment is apt to change over time, we will have to continue our efforts in this direction.”

Actions proposed by the borough of Ahuntsic/Cartierville

“In December 2003, the Direction submitted the programs, parameters and suggested financial contributions for each organization to the borough council for approval.

In January 2004, the borough implemented the new recreational activities program, which will comprise both physical and cultural activities.

In June 2004, when the agreements are being negotiated, the borough will introduce the new generation of youth programs and integrate the recommendations issued during the 2001 youth program update into the action plans.”

Recommendation

C) Borough of Verdun

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the borough obtain from its partner organizations the information necessary to ensure that the organization’s instructors are duly qualified to carry out the activities assigned to them. In addition, the borough should ensure that the relevant criteria are included in the financial assistance program.

Actions proposed by the borough of Verdun

“The partner organization support program was modified in that, as of January 2004, we will require a guarantee from organizations that the instructors they hire are qualified to carry out the activities assigned to them.

Since January 2004, the list of criteria used to allocate financial contributions has been included in the publication of the partner organization support program.”

A) BOROUGH OF VILLERAY/SAINT-MICHEL/PARC-EXTENSION

B) BOROUGH OF AHUNTSIC/CARTIERVILLE

In order to ensure the overall objective and various specific goals of a program will be satisfied, the partner organization must submit an action plan for approval to the Direction de la culture, des sports, des loisirs et du développement social of the borough.

The action plan agreed upon with the partner organization must not only describe the nature, quality and quantity of goods and services to be delivered to residents and take into account the prevailing difficulties and available resources, but also restate the overall objective and specific goals of the program, stipulate operational targets and outline the anticipated follow-up.

Our audit confirmed that the selected organizations complied with the terms set forth in the signed agreements.

Although these action plans are not presented in a uniform manner, they all essentially specify the operational objectives and the means used to achieve these objectives. However, we did note that, in several cases, these action plans could be improved.

Currently, some of the operational objectives indicated in the action plans are difficult to measure, for example:

- developing communication tools adapted to clients;
- strengthening the advertising directed at youths to encourage them to join the program;
- providing instructors for the activities;
- ensuring ongoing quality when dealing with the public.

The fact that the operational objectives of the organization are difficult to measure may explain why hardly any corresponding performance indicators have been developed, which makes it even more challenging to assess the resulting outcomes in relation to the established objectives. Consequently, it also becomes even more difficult to carry out an objective evaluation of the performance of the partner organization and the extent to which the program objectives are achieved, so that the necessary corrective measures may be taken.

We are aware that certain objectives must be qualitative and that not everything can be expressed in measurable terms. Nevertheless, we feel that efforts must be made to stay as close as possible to the original objectives so that, in future, it will be easier to evaluate the resulting outcomes.

We also observed that, generally speaking, action plans do not include operational objectives with respect to aspects that might allow borough managers to better assess the performance of partner organizations and that would also provide them with information regarding the advisability of continuing certain programs. These operational objectives may cover such issues as the rate of registration among target clients, the rate of attendance at activities offered by the partner organization during the period covered, users' level of satisfaction and the percentage of programming completed as of a specific date.

Based on the information gathered from the people we met, the development officers have already taken certain steps designed to help partner organizations produce action plans that are more appropriate and, above all, more useful in terms of follow-up and the assessment of results achieved in respect to established objectives. Nevertheless, we feel that these efforts will have to be continued to implement and improve the management tools (measurable objectives, performance indicators, assessment/follow-up mechanisms, etc.) that will facilitate the overall assessment of the performance of partner organizations and the achievement of the objectives of the programs currently in place.

Recommendation

We recommend that, with the view to improving the content of the action plans and facilitating their follow-up, the Direction de la culture, des sports, des loisirs et du développement social of the borough:

- **assist the partner organization in developing, whenever possible, measurable operational objectives and the corresponding performance indicators.**

Actions proposed by the borough of Villeray/Saint-Michel/Parc-Extension

“The director visited all of the partner organizations having an agreement with the borough to explain the administration’s expectations in respect to them and to once again place these within a partnership context

In keeping with the review of agreements in 2005, the Direction provided special training and/or

customized support to development officers and partner organizations in **spring 2004** with the goal of improving the action plan development process.

Beginning in **December 2004**, the Direction will analyse the results of the study of the Association québécoise du loisir municipal and integrate, in collaboration with its partners, the use of performance indices and indicators in its program requirements, in the negotiation of action plans and in its implementation plan.”

Actions proposed by the borough of Ahuntsic/Cartierville

“During the preparation of the organizations’ 2004 action plans, the borough included operational objectives for each program, as proposed by the 2001 Comité des conventions.

In conjunction with the partner organizations, the borough selected the most appropriate management tools among those recommended by the 2001 Comité des conventions.

In **March 2004**, in the summer day camp program, the terms of reference will be integrated into the features of the program, in compliance with the summer day camp forum (in progress).

In **May 2004**, the Direction will prepare a checklist to ensure requirements are respected.

In **November 2004**, the Direction will analyse the findings of the AQLM (Association québécoise du loisir municipal) and include, in the 2005 action plans, the performance indicators that best suit the Ville de Montréal and its partner organizations.”

Evaluation of results and documentation

A) BOROUGH OF VILLERAY/SAINT-MICHEL/PARC-EXTENSION

B) BOROUGH OF AHUNTSIC/CARTIERVILLE

If one takes into consideration the significant amounts paid to non-profit organizations in the form of financial contributions to carry out various programs and their impact on the services provided to the public, the borough must implement mechanisms to evaluate the results achieved in relation to the terms outlined in the agreements signed between the parties.

This evaluation is one of the tasks entrusted to the development officers, who share the responsibility of

providing follow-up on a certain number of partner organizations according to the territory assigned to each officer. Development officers must therefore ensure that the operating parameters established in the signed agreement between the organization and the borough are carried out, and that the action plan developed by the organization (in conjunction with the development officer) and approved by the borough is followed.

In particular, the follow-up, analysis and evaluation of the results must make it possible to establish a diagnosis of the state of the situation, the accomplishments realized and the problems encountered so that, ultimately, it can serve to orient the appropriate adjustments. In future, the synthesis of all this information should make it possible to assess the performance of organizations, based on the program to which a financial contribution has been granted.

It would be advantageous to place the results of these evaluations in the files on each partner organization in order to ensure that all relevant information is kept and can be used in the preparation of analyses and reports in order to ensure properly informed decisions. Moreover, the putting together of files that are well documented with regard to the information obtained by the development officers or through the various initiatives involving the organization favours an appropriate transfer of knowledge, should there be a change in the personnel assigned to the file. Finally, it may also contribute to facilitating the orientation of directives to convey to the partner organization for the preparation of the following year's action plan.

As a result of the interviews conducted as part of our audit, we ascertained that the development officers monitor the agreements signed between the organization and the borough by making regular visits to the sites where the activities are held. They also meet with the staff of the organization, examine the various documents produced (attendance reports, annual report, etc.) and take part in the organization's board meetings.

However, we do maintain that, for all the files studied, it would be beneficial to better document these follow-up procedures vis-à-vis the organizations. Although numerous efforts are made by development officers to monitor the funded organizations and assess the results, we observed that the files do not necessarily reflect the information thus obtained, the observations resulting from the analysis of the documents produced by the organization, the decisions made or the approaches favoured.

Periodically, a brief assessment of the services rendered by the organization must be prepared by the development officer. This assessment could encompass the officer's personal opinion as to the progress made in comparison to established objectives, the follow-up measures carried out, the

difficulties encountered, the adjustments requested, the processing of complaints received, the approaches favoured and, finally, as required, recommendations as to the advisability of renewing the agreement with the organization.

Accordingly, in the borough of Villeray/Saint-Michel/Parc-Extension, we noted that, at the end of the agreement, the development officer prepares a decision summary document with regard to the renewal of the agreement. However, although this document contains a variety of useful information about the partner organization (description of activities, justification of the financial aid requested, etc.), it does not constitute an evaluation per se of the services provided.

In regard to some of the files examined in the borough of Ahuntsic/Cartierville, we noted that the development officer prepared a grid to assess the agreement, indicating if the provisions of the agreement had been respected or not. Even though this grid may be useful in providing certain follow-up information, we found very few comments related to the development officer's analysis of the situation.

C) BOROUGH OF VERDUN

This evaluation of results is one of the tasks entrusted to the division heads, who share the responsibility for providing follow-up on a certain number of partner organizations. The organizations must ensure the agreement is adhered to and that the organization's activity report presents accurate data about attendance at their activities (hours and participation). This report is important because, as we mentioned earlier, it is on the basis of this document that the amount of the contribution that will be paid to the organization is determined.

We noticed, however, that for all the files examined it would be beneficial to better document the follow-up on the organizations. Although numerous efforts have been made by the division head to monitor the funded organizations and evaluate the results, we have observed that the files do not necessarily reflect the information thus obtained or the assessment of whether the organization is respecting its obligations with regard to the execution of the activities or the decisions made. Only a checklist, indicating whether certain information or documentation has been provided by the organization, is kept.

In addition, as regards the determination of the financial contribution to be extended to an organization, audits are carried out to ensure the accuracy of the activity report submitted by the organization (verification of calculations and access card numbers).

However, although the report indicating the number of hours of attendance is in the file, we could not find any explanatory notes on the analyses conducted in order to ensure the accuracy of the data submitted by the organization.

Finally, in our view, a summary evaluation of the services rendered by the organization should be prepared by the division head. This assessment could include his or her personal opinion on whether the activity ran smoothly, the results of analyses carried out to ensure the accuracy of information in the activity report submitted by the organization, a description of the difficulties encountered, requested changes, information on how complaints were handled and, finally, his or her recommendation as to the advisability of entering into a new agreement with the organization.

Recommendation

A) Borough of Villeray/Saint-Michel/Parc-Extension

B) Borough of Ahuntsic/Cartierville

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the borough:

- **ensure that all relevant information be placed in the file of organizations that have received a financial contribution, in order to have sufficient and complete details about their achievements;**
- **take the necessary measures to have development officers prepare, at an opportune time, a brief assessment of their personal opinion as to the organization's achievements, in order to have all the relevant information on the organization's performance in place and thus facilitate the decision-making process.**

Actions proposed by the borough of Villeray/Saint-Michel/Parc-Extension

*"In **May 2004**, the borough will revalidate the follow-up and assessment tools implemented in the fall of 2003.*

*In **June 2004**, the borough will re-evaluate the report sheet used by development officers to record their overall opinions.*

Before receiving your report in September, we had started entering information into our records in June

and July 2003. Given that our reply had been prepared in November, we feel that, as the situation currently stands, we have the necessary tools at our disposal. We will continue our efforts in terms of producing tools to measure the achievements of organizations to the extent that it is possible for us to do so.”

Actions proposed by the borough of Ahuntsic/Cartierville

*“By **April 2004**, the borough will be developing its own tools and forms based on documents developed by the borough of Villeray/Saint-Michel/Parc-Extension (in progress).*

*In **May and November of every year**, development officers will draft summary assessments for each organization.”*

Recommendation

C) Borough of Verdun

We recommend that the Direction de la culture, des sports, des loisirs et du développement social of the borough:

- **see to it that all relevant information is placed in the files on organizations that have received financial contributions in order to ensure that sufficient and complete details are available to justify the amounts paid;**
- **adopt the necessary measures to ensure that the division heads draft, at an opportune time, a summary assessment of the services provided by the organization, in order to be able to present all the information needed to make a well-informed decision.**

Actions proposed by the borough of Verdun

“Some minor changes will be made in the current filing system to ensure all the relevant information on an organization can be found in a single file. In addition, division heads will draft a summary assessment of the services provided by the organizations.”

Accountability

- A) BOROUGH OF VILLERAY/SAINT-MICHEL/PARC-EXTENSION
- B) BOROUGH OF AHUNTSIC/CARTIERVILLE
- C) BOROUGH OF VERDUN

In order for the borough director's office and the managers to be able to determine to what extent financial contributions make it possible to achieve the objectives of various programs (or the terms of the financial assistance program) under which payments are made and to ensure that the action plans presented by partner organizations are executed, certain systematic and permanent accountability mechanisms must be in place.

To achieve this objective, management reports must be prepared periodically and include relevant information on the assessment of results achieved during the period in question. The various management levels concerned must therefore first define their needs regarding the information they wish to receive. The information thus compiled should be presented in a manner that facilitates the evaluation of activities and the decision-making process.

Currently, accountability at the level of the head of the Direction de la culture, des sports, des loisirs et du développement social and the borough director is primarily verbal in nature. Managers indicated that meetings are held regularly to discuss various problems and the level of advancement of projects. There are, however, no written reports on such topics as the major difficulties encountered during the program, the corrective measures to be taken and, ultimately, an evaluation of how well the objectives of the various programs have been achieved.

As for the decision summary, it is developed for the sole purpose of supporting the decision to sign a new agreement for a period of time that can range from one to several years, or to renew the partner organization support policy. Although this document does indeed present certain information about the organization seeking to receive a financial contribution, we did not find any elements indicating its record of achieving results or on the key problems it encountered.

In our view, the absence of written reports makes it more difficult for borough managers to develop a comprehensive view of the information necessary to monitor operations related to the payment of financial contributions so that they can more easily target problem situations and make the necessary decisions. Consequently, given this lack of management reports, it becomes more difficult to evaluate to

what extent target results are achieved, how significant any gaps in this respect are and what measures have been adopted to remedy the situation.

Recommendation

With a view to fostering enlightened decision making, we recommend that the appropriate individuals from the various hierarchical levels within the borough define their needs in terms of management information in order to assess the performance of partner organizations (or assess the activities carried out) and the rationale for the programs in place, so that the corresponding reports can be prepared.

Actions proposed by the borough of Villeray/Saint-Michel/Parc-Extension

*“The Direction has continued its systematic approach to meeting with elected officials as part of the agreement renewal process since **November 2003**.*

*In **May 2004**, the Direction will present the annual report, including an assessment of the service offering, to the borough director’s office and the borough council.”*

Actions proposed by the borough of Ahuntsic/Cartierville

*“Starting **December 2004**, the borough will include performance indicators in the accountability process for organizations, based on the findings of the study of the Association québécoise du loisir municipal. The borough will then evaluate the mechanisms to be implemented.”*

Actions proposed by the borough of Verdun

“The head of the Direction de la culture, des sports, des loisirs et du développement social will draft a yearly summary report on the financial assistance program for partner organizations.”

FOOD INSPECTION

CONTEXT

One of the responsibilities of the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec (MAPAQ) is to enforce the *Food Products Act* in Québec. However, in respect to the City's commercial sector, the MAPAQ has entrusted this task to the Ville de Montréal, pursuant to an agreement between the two parties. This agreement expires in December 2003, but discussions are already underway to renew it.

Under this agreement, the Ville de Montréal agrees to apply the food inspection provisions of the *Food Products Act*, under certain conditions. It must, among other things, implement the MAPAQ's inspection programs in compliance with a risk-based inspection method, carry out a set number of inspections, respect the priorities established in the development of the inspection programs and collect the necessary samples. In exchange, in 2003, the Ville de Montréal received a subsidy of \$3,677,995 from the Gouvernement du Québec.

The Direction de l'environnement of the Service de l'environnement, de la voirie et des réseaux is the municipal entity responsible for applying the terms of the MAPAQ agreement. Accordingly, the Division de l'inspection des aliments (the Division) is bound to inspect food and operations related to the preparation, processing and handling of food in terms of health risks.

The core function of the Division is to visit food-related establishments. In so doing, the 35 Division inspectors are ensuring that the some 12,000 restaurants, retail outlets and other types of establishments in the service sector that are located in Montréal are abiding by the provisions set forth in the *Food Products Act* and its associated regulations.

METHODOLOGY AND SCOPE

The audit involved conducting interviews and analysing key processes in order to gather information on the activities carried out by the Division. This allowed us to assess the level of risk of these activities, based on assessment criteria that we had previously established. These criteria addressed the existence of appropriate objectives and indicators, the reliability of information justifying the level of risk, the fulfillment of the sampling program established in conjunction with the MAPAQ, the performance of inspections, the issue of and follow-up on violations, the execution of preventive activities and the production of relevant reports on the activities carried out.

Further to the information obtained on the controls in place and the analysis of certain documents, we narrowed our focus to concentrate on the follow-up procedures for notices of violation issued during the inspection process. However, as the project progressed and other risks were detected, we broadened the scope of our audit to include the application of certain provisions of the MAPAQ agreement and compliance with the expected frequency of inspections.

OBSERVATIONS AND RECOMMENDATIONS

Agreement on food inspection programs

Pursuant to the agreement on the operation and funding of food inspection programs between the MAPAQ and the Ville de Montréal for 2003, within the city the Division is responsible for ensuring compliance with the *Food Products Act* as it applies to consumer goods.

This agreement comprises various requirements that the Division must respect. It must carry out a set number of inspections, i.e. 21,596 per year (7,996 visits planned according to the evaluation of the level of risk and 13,600 planned visits), conduct an analysis of the samples required to evaluate the quality of food products and perform any additional inspections or related activities necessary to allow it to provide the follow-up and presence vis-à-vis the condition of the premises and the nature of the problems specific to each establishment (e.g., complaints, follow-up on violation notices, training).

Following the examination of these requirements and meetings with Division managers, we came to the conclusion that there was a certain degree of ambiguity in the execution of the 13,600 planned visits, listed in Block A of Appendix II of the agreement under the heading “Coût de base par établissement.” The Division managers interviewed indicated that the term “visites planifiées” was open to interpretation in terms of the nature of the required tasks to be carried out during these visits. As a result, these Division managers are uncertain whether the work carried out under these “planned visits” corresponds to MAPAQ requirements. The managers surmise that the amount of the subsidy received is more closely related to the total number of establishments than it is to the 13,600 planned visits.

The clarifications that need to be made as to these 13,600 visits are all the more necessary considering that a clause in the agreement stipulates that if the Ville de Montréal does not carry out the required inspection work, it is bound to repay the MAPAQ the portion of the subsidy corresponding to the unperformed tasks, based on the requirements specified in the provisions of the agreement.

However, it is important to point out that the Division reports on the activities it carries out under the terms of the agreement. In fact, the agreement requires the preparation of a quarterly report indicating

the number of its inspections, notices, criminal proceedings, food seizures and the collection of food samples, as well as a breakdown of the risks assessed during the inspection. It would seem that the MAPAQ has always accepted the reports submitted by the Division, without requesting any further explanation.

In our view, although the Division reports on the activities it carries out to the MAPAQ, it would be beneficial to ask the MAPAQ to clarify the type of work that should be undertaken during the “planned visits.” This would enable the Division to avoid any erroneous interpretations of the nature of the activities to be conducted and ensure that it respects the terms of the subsidy, based on workload, as stipulated in Appendix II of the agreement.

Recommendation

We recommend that, during the agreement renewal process, the MAPAQ be asked for clarification with respect to the provisions in the agreement relating to the responsibilities of the Ville de Montréal in order to ensure that the work performed corresponds to the expected requirements.

Actions proposed by the Direction de l'environnement of the Service des infrastructures et de l'environnement

“The MAPAQ recently informed the head of the Direction de l'environnement of its intent to renew the agreement for 2004 according to the same terms and conditions as those in the 2003 agreement. However, in 2004, the MAPAQ would be willing to renegotiate a longer-term agreement with the Ville de Montréal. A long-term agreement would most likely involve a review of the amount of the subsidy and the workload. This would make it possible to discuss the “planned visit” aspect of the agreement with the MAPAQ.” (Planned completion: 2004)

Frequency of inspections

In order to enable it to plan its approach for establishments at the highest risk, the Division must assess the level of risk for each establishment on the basis of the parameters set forth by the MAPAQ. This level of risk is calculated using information from a variety of sources. Accordingly, certain information (e.g., cleanliness of the premises, cooking methods, employee dress) is recorded by inspectors on an inspection sheet and/or report during a visit while others (e.g., past violations and complaints) are already entered in the food inspection management system. Based on this information, the inspection management system calculates the level of risk using a formula established by the MAPAQ. Once the

level of risk has been established, the Division determines a time frame for the subsequent follow-up, whose frequency can be set at 3, 6, 9, 18 or 24 months.

Following this, the establishment's level of risk is reviewed monthly and updated to take into account any changes. Along with its quarterly report filed with the MAPAQ, the Division returns a breakdown of establishments according to level of risk.

During our audit, we observed that the anticipated frequency for inspecting the various establishments was not always respected. In fact, in the 23 files examined, the frequency was respected in only 9 cases, with variations noted in the 14 others. These variations included inspections for which the interval was too short (44–168 days) in 4 cases and, for the 10 others, too long (47–207 days).

Given these results, we examined the report on the inspections to be carried out, based on the assessment of the level of risk for six districts, selected at random in the three Division sectors. This report lists, according to date, the establishments for which the inspection deadline has expired and by how many days. This exercise revealed that, as of November 20, 2003, inspection deadlines had been exceeded by 30 or more days in the case of 305 establishments. Some were late by as many as 728 days. The average delay stood at 139 days.

It is important to stress, however, that these reports included establishments that had temporarily ceased operations and for which the inspection date had been postponed.

The primary means used by the Division to check that inspections are being carried out according to the established frequency is the report on inspections to be performed, based on the assessment of the level of risk. This report is produced regularly by inspectors and their respective supervisors. Using this report, the inspector can learn about the situation and plan his or her inspection accordingly. The supervisor assesses the situation for all the districts under his or her responsibility, asks inspectors to explain late inspections and, as required, discusses the measures to be taken to reduce time frames with the division head.

We noticed, however, that the supervisors do not prepare summary reports for the districts under their responsibility. These reports could take into consideration the establishments that have temporarily ceased operations, provide explanations for the longest inspection delays, present an analysis of the situation and make suggestions on how to proceed. The preparation of reports of this nature would make it possible to keep closer track of the situation and ensure that establishments are visited according to the predetermined frequency. If these changes prove insufficient to improve the situation,

the Division could review the relationship between the level of risk and the frequency of inspections, or the method used by the inspectors to plan their workload.

Recommendation

We recommend that the Division de l'inspection put the necessary mechanisms in place to ensure that inspections of establishments are carried out according to the determined frequencies and that all deviations beyond a certain prefixed limit be justified in writing in order to promote establishments' adherence to the *Food Products Act*.

Actions proposed by the Direction de l'environnement of the Service des infrastructures et de l'environnement

"In order to more quickly address the delays in the planned inspections, the Division developed a monthly follow-up report at the end of 2003. This report displays, for each district, the total number of days' lateness for visits planned according to established frequencies. This report makes it possible to more quickly identify the districts where there is a delay and allocate the work surplus to inspectors in districts where there is less of a delay—thereby improving overall planning for the various sectors."

Follow-up on notices of violation

Following the inspection of an establishment, the inspector may record violations of regulations. If such is the case, the inspector drafts a notice indicating which violations are involved and how long the establishment has to remedy the situation. A copy of this notice is remitted to the owner; the other copies are kept by the inspector for follow-up purposes. When the indicated number of days is up, the inspector should return to the premises to ensure the required corrective measures have been taken.

We have examined whether violations have been followed up on in the time frames given. Following this exercise, we observed that inspectors had followed up on notices of violation within the required time frames.

Accountability

To assess to what extent the operations related to food inspection make it possible to meet the operational objectives of the Division and the requirements of the MAPAQ, as stipulated in the agreement on the operation and funding of food inspection programs, certain systematic and permanent accountability mechanisms must be in place.

For this to occur, periodic management reports, with relevant information on the assessment of the results achieved during the period involved, must be produced. The information thus gathered must be presented in a manner that facilitates the assessment of activities and the decision-making process.

Currently, accountability comes into play principally after meetings between managers to discuss various issues and obtain updates on projects, as well as when quarterly reports are filed with the MAPAQ, pursuant to section 9.1 of the agreement. This report is also submitted to the head of the Direction de l'environnement.

The report remitted to the MAPAQ covers such elements as the number of establishments in operation, inspection visits, notices of violation, criminal proceedings, food seizures, collection of food samples and the percentage breakdown of establishments according to level of risk.

It is also important to highlight that up to and including 2001, the Division held annual information meetings for management and inspection staff on the operations carried out during the year. The minutes of these meetings provided such information as the number of inspections, number of complaints, number of samples taken, number of violations and the breakdown of hours worked. In 2004, the Division anticipates holding another meeting of this nature covering 2003.

Although the report submitted to the MAPAQ does include some key information on the operations carried out and although an annual meeting is planned for 2004 to examine activities in 2003, we believe that, for internal management purposes, periodic reports should be prepared with regard to operational objectives and sent to the Direction de l'environnement in order to ensure the decision-making process is better informed. These reports could include such details as the level of completion of planned inspections, the length of time involved in processing complaints, the percentage of follow-up activities carried out within the anticipated time frames, the percentage of completion of the sampling program and the training activities carried out within the establishments. Furthermore, this information is, for the most part, already available in the inspection management system.

In our opinion, the addition of this information would enable managers to have a better overview of the activities undertaken; this would, as a result, enable them to more easily zero in on problem situations and make the necessary decisions. Without a periodic management report on all operations, it is more time-consuming and difficult to assess to what extent the anticipated results were achieved, how significant the discrepancies are and what measures have been taken to remedy the situation.

Recommendation

We recommend that the Division de l'inspection prepare periodic management reports on its core activities and relay this information to the Direction de l'environnement in order to better evaluate the success of its operations and promote a better-informed decision-making process.

Actions proposed by the Direction de l'environnement of the Service des infrastructures et de l'environnement

"The Direction de l'environnement plans to develop an environmental operating report in 2004. Some indicators concerning food inspection could be added to this table." (Deadline: December 2004)

SOLIDARITÉ 5 000 LOGEMENTS PROGRAM

CONTEXT

During the Sommet de Montréal, municipal political authorities made a commitment, along with their provincial and federal government partners and social housing stakeholders, to improve the accessibility and availability of community housing in Montréal.

As a result, in February 2002, the Ville de Montréal launched the three-year Solidarité 5 000 logements action plan, which was designed to respond to housing needs from 2002 to 2004 and thereby alleviate the shortage of housing units by making 5,000 new units available to specific groups.

In July 2003, following an analysis of the results obtained by the Solidarité 5 000 logements operation, and with the objective of accelerating the delivery of units, as planned, the Bureau Solidarité 5 000 logements was created, under the responsibility of a new director, reporting directly to the assistant director general. The delivery date has been postponed to the end of 2005; however, the objective of 5,000 units has been maintained.

METHODOLOGY AND SCOPE

The value-for-money assessment consisted in determining to what extent the existing organization, its resources and its approaches contributed to achieving the objective of delivering 5,000 housing units, as originally planned in 2002. To accomplish this, we proceeded with the development of an evaluation framework that allowed us to:

- establish the objectives of the evaluation process, namely to:
 - ensure that sufficient measures had been taken to enable the projects to be carried out and achieve the objectives set forth in the implementation plan for the Solidarité 5 000 logements program;
 - determine to what extent the proper controls are in place in order to ensure that the subsidies comply with the terms stipulated in the program;
 - determine to what extent the programs are being monitored in order to ensure that targets are achieved and that there is a regular review of accountability.

- formulate and select assessment criteria that make it possible to verify that:
 - measurable program objectives have been established;
 - contractors' subsidy applications are processed within the required time frames;

- a regular review of the program's progress is conducted and, as necessary, corrective measures implemented in order to ensure the program objectives are achieved;
- agreements with the government are being respected;
- expenses declared by subsidy recipients are being checked;
- program accountability is being reviewed at an opportune time.

OBSERVATIONS AND RECOMMENDATIONS

Solidarité 5 000 logements

The purpose of the Solidarité 5 000 logements program or operation is to alleviate the shortage of social and community housing in Montréal, by making 5,000 units accessible and available to target groups, among them:

- families, individuals living alone and independent seniors;
- senior citizens with a slight loss of independence;
- people with special needs: abused women, the homeless, troubled youths, etc.

The co-ordination of the Solidarité 5 000 logements operation and the management of the corresponding assistance programs, namely the AccèsLogis (ACL) and Affordable Housing Québec (AHQ) initiatives, have been entrusted to an organization that was created specifically for this purpose: the Bureau Solidarité 5 000 logements.

The Bureau Solidarité 5 000 logements, with a staff of 5 permanent and 11 temporary employees, was granted an operating budget of \$1,722,000 in 2003.

In 2004, the Bureau de Solidarité 5 000 logements will increase its work force to 13 permanent and 12 temporary employees, for a total of 25 people. Its budget will amount to \$2,553,000. The Bureau will also rely on help from external and internal partners to carry out its action plan. These partners are:

- External partners:
 - Société d'habitation du Québec (SHQ);
 - Ministère des Affaires municipales, du Sport et du Loisir;
 - Technical resource groups (GRTs), certified by the SHQ;
 - housing co-operatives;
 - non-profit organizations;

- Régie régionale de la santé et des services sociaux de Montréal-Centre;
 - private developers.
- Internal partners:
- all boroughs;
 - the Direction du développement social;
 - central or other departments:
 - Service de l'environnement, de la voirie et des réseaux;
 - Direction des affaires juridiques du secrétariat général;
 - Service des ressources matérielles et informatiques;
 - Direction du développement urbain;
 - Direction de l'aménagement urbain et services aux entreprises (boroughs).
- Paramunicipal organizations:
- Office municipal d'habitation de Montréal (OMHM);
 - Société de développement de Montréal (SDM);
 - Société d'habitation et de développement de Montréal (SHDM).

Objectives of the Solidarité 5 000 logements program

All public-sector programs must be documented using measurable objectives over a specific time horizon. The Solidarité 5 000 logements program is no exception to this rule.

In early 2002, the Ville de Montréal signed an agreement with the Société d'habitation du Québec as part of the "Agir en habitation" operation, launched by the Gouvernement du Québec, to carry out a program to provide 5,000 social and community housing units, funded mainly by the AccèsLogis and Affordable Housing Québec programs. The government thus allocated 5,000 housing units to the Ville de Montréal in its 2002, 2003 and 2004 programming.

As part of the Solidarité 5 000 logements operation, the Conseil municipal adopted an implementation plan in February 2002 that was designed to provide Montréal with 5,000 housing units over the 2002–2004 horizon. After an evaluation of the results achieved, and faced with the imminent reality that this objective would not be attained by 2004, the Conseil municipal decided to extend the deadline to 2005.

This implementation plan establishes the objectives or rather the operational indicators specific to each of the following categories:

- by program administered: AccèsLogis and Affordable Housing Québec;
- by target group;
- by type of approach;
- by type of developer.

This implementation plan also follows a set sequence of events in the development of a housing project, as follows:

“Occupied” : stage at which the housing project is complete and the units are occupied.

“Formal Commitment” : stage that generally corresponds to the construction phase of the housing project.

“Conditional Commitment” : stage at which the housing project is eligible for assistance programs insofar as it satisfies certain specific conditions (in terms of zoning changes or ground decontamination, for example).

“Processing” : stage during which the housing project is submitted and a preliminary analysis carried out.

“In Development” : stage where a piece of land with the potential to become a housing project is determined or located.

According to the comments received, although the last item comprises specific indicators, the main measurable objective upon which all parties agree is the delivery of 5,000 units by the end of 2005.

Subsequent to an increase in project costs, the SHQ adjusted its 2004 program downward. The impact of this reduction for the Ville de Montréal has translated into a loss of 700 housing units. However, this does not, for the moment, compromise the 5,000-unit objective, given that, based on the negotiations under way with the SHQ, the Quebec agency expects to compensate for this loss with an equivalent number of units in 2005.

Recommendation

The cost of carrying out these projects represents a risk factor that has a significant influence on the number of units to be built in the future. To counter the impact of the increase in costs, and in order to avoid compromising the Solidarité 5 000 logements operation, the Bureau should systematically review the 2004 and 2005 program, in conjunction with the SHQ. This review should take into account the adjustments in real project costs and the impact of these costs on the number of projects to be developed in 2004 and 2005.

Actions proposed by the Bureau Solidarité 5 000 logements

*“We met with SHQ officials in **January 2004** to obtain final confirmation for the 2004 and 2005 program. Their response: no units for the time being.*

Since there are no more units available to allocate, the stakeholders (organizations and GRTs) were notified that their project was acknowledged by the Bureau and classified as “on hold.”

An announcement by Minister Jean-Marc Fournier, confirming an additional number of units under the 2005 program, is imminent.

For the moment, the programs continue to be allocated by the SHQ based on the “number of units.” The SHQ has expressed its desire to shift to a budget-based, rather than a unit-based, system.”

Our key comments on the target objectives are:

Regarding the objective of 5,000 housing units:

- as of November 2003, 437, or roughly 8.7%, of the anticipated units had been delivered;
- considering the projects that are at the conditional or formal commitment stage, and based on the assumption that the processing schedules will be respected, 3,167, or 63.3%, of the units will be delivered around early to mid 2005;
- taking into account the projects currently in the processing stage, roughly 94% of the objective should be met in 2005, which translates into the delivery of 4,706 units.

Regarding the program-related objective (ACL – 1,850 units and AHQ – 3,150 units):

- as of November 2003, of the 437 units delivered, 66, or 15%, were developed via the AHQ program and 371, or 85%, were developed via the ACL program;
- taking into account the upcoming projects currently in the “processing” stage, the proportions for the two assistance programs will be 42% for the AHQ program (1,994 housing units) and 58% for the ACL program (2,712 housing units), which exceeds the 1,850 limit.

Recommendation

The Bureau Solidarité 5 000 logements should comply with the number of housing units to be delivered under each assistance program based on the quotas allocated in the agreements signed with the SHQ or renegotiate these terms with the SHQ in the event that the quotas are exceeded or under-utilized.

Actions proposed by the Bureau Solidarité 5 000 logements

“The allocation of 5,000 units according to quotas attributed by the SHQ in January 2002 no longer reflects the objectives set at the end of 2003.

ACL: Instead of the 1,850 units originally anticipated, only 1,667 have been confirmed by the SHQ for 2001, 2002 and 2003.

In addition to these 1,667 units, there are 700 confirmed units dating back prior to 2001 (1997, 1998, 1999 and 2000). Also, 269 units have been confirmed for 2004, for a total of 2,636 units.

AHQ: Instead of the 3,150 units originally anticipated, 2,400 have been confirmed. This represents a deficit of 700 units.

The combined total of ACL and AHQ units therefore amounts to 5,036.

Further to these objectives, our records show that there are 2,684 ACL units and 2,853 AHQ units registered, for a total of 5,537 units.

*The Bureau has no more units available to allocate. Also, since **January 2004**, all organizations have been informed that their projects have been received by the Bureau and that all new projects would be classified as 'on hold.'*

The Bureau Solidarité 5 000 logements assigned a risk factor to each of the projects. Based on this value, the results and development projections for 2005 can be summarized as follows:

Regarding the objective of 5,000 units:

- If the "In development" stage is excluded, projections indicate that roughly 4,149 units will be delivered (83%).

Regarding assistance programs:

- If the "In Development" stage is excluded, projections indicate that the ACL program will comprise 2,472 units, exceeding its 1,850 limit, whereas the AHQ program will be under-utilized at 1,677 units, rather than the 3,150 units anticipated in the SHQ program.

The creation of a bank of projects in development would seem to be a solution to offset the shortage of projects in relation to the target categories. However, if the risk factors are taken into consideration, only 55% of the projects still at this stage have the potential of being executed.

In comparison, projects at the "Processing" stage have a 70% chance of being brought to fruition. As for those at the "Conditional Commitment" and "Formal Commitment" stages, their potential is 96% and 99%, respectively.

In our view, achieving the objective of 5,000 housing units before December 31, 2005 remains a considerable challenge to be met.

Recommendations

The Bureau Solidarité 5 000 logements should develop an operating report designed specifically to track objectives on a weekly basis.

Special measures must be devised by the Bureau Solidarité 5 000 logements in order to ensure that the objective of 5,000 housing units is achieved. These measures must focus on the means

necessary to accelerate the processing of projects that are on hold, awaiting “Formal Commitment” status, and to expand the bank of projects in development while improving their potential for execution.

Actions proposed by the Bureau Solidarité 5 000 logements

*“Since **fall 2003**, a table (spreadsheet) has been kept updated to track the status of the projects.*

This table presents the relationship between project status and the objective of the Bureau Solidarité 5 000 logements, i.e., the delivery of 5,000 housing units.

In an attempt to maximize collaborative efforts, subsidy co-ordinators (CSRs) and project co-ordinators (PCs) have been matched up since January 2004.

Work was redistributed with the help of the human resources group, with the goal of reducing the number of internal stages and procedures.

This redistribution will cut down on the processing time for the projects between the “Conditional Commitment” and “Formal Commitment” stages.

*Objective: 35 files must have completed the “Conditional Commitment” stage before **May 2004** and 75 files must have completed the “Formal Commitment” stage before **December 2004**.”*

Follow-up on program progress and accountability

There are three fundamental activities involved in optimizing resources, namely: determining target results using measurable objectives, organizing and executing activities whose ultimate goal is to produce the anticipated results and periodically evaluating the outcomes. In order to accomplish this:

The Bureau Solidarité 5 000 logements has adopted a computer system to track the status of projects. This system, which compiles various information about the projects, is updated daily to keep pace with the arrival of new information.

This tool makes it possible to produce follow-up reports on the following elements:

- project schedules;

- various indicators or quantifiable statistics using such parameters as project status, assistance programs, target groups, etc.

We observed, however, that this database does not contain any information on project costs. These details are kept in another database run by the Bureau. Unfortunately, the two databases are not linked.

Recommendation

The Bureau Solidarité 5 000 logements should introduce the notion of project execution costs in a single database, which would enable it to access an overview of costs, subsidies and overruns linked to specific projects, as well as allow the SHQ to track funding.

Actions proposed by the Bureau Solidarité 5 000 logements

“The implementation of a dynamic database containing information from viability studies on projects that have completed the formal commitment stage makes it possible to assess projects in development based a series of key indicators. (Completed)

This information, sorted and analysed by component and type, . . . makes it possible to rapidly determine the strengths and weaknesses of projects.

Reference tables are available to compare projects in development or under way and measure the quality of the key ratios.”

The Bureau Solidarité 5 000 logements team monitors the projects on a weekly or more frequent basis, as required. The team is in charge of handling problem cases, as well as overseeing ongoing projects and settling difficulties involved in specific projects.

A monthly information report is presented to the member of the Comité exécutif responsible for housing and includes the following information:

- the progress to date of projects, based on their status and compared with results from the previous month;
- a list of projects in the “Occupied” stage;
- a list of projects in the “Formal Commitment” stage;
- a list of projects where a “Conditional Commitment” has recently been approved;

- various statistics concerning project projections and distributions according to component, assistance programs, target groups, geographical location, etc.

We observed that this report does not address project costs.

Recommendation

The Bureau Solidarité 5 000 logements should improve the content of this report by including, for example, such elements as execution costs and subsidy amounts granted mainly for projects designated as being at the “Occupied” or “Formal Commitment” stage.

Actions proposed by the Bureau Solidarité 5 000 logements

*“A tool is **currently** in development to extract financial information from viability studies concerning subsidies granted to projects having completed the Formal Commitment stage and the Interest Adjustment Date. **(Completed)**”*

*This information will be placed in the report on the Solidarité 5 000 logements operation, which will be issued in **spring 2004.**”*

Twice a year, a comprehensive report is filed, accompanied by a commentary. The most recent report, issued in October 2003, discussed the progress of the Solidarité 5 000 logements program, proposed an accelerated execution schedule and presented the plan to promote the Solidarité 5 000 logements operation.

The risk factors that will play a decisive role in whether the objective of 5,000 housing units will be achieved are execution costs and processing times, specifically those involved at the Conditional Commitment stage. While the execution costs primarily influence the anticipated results in the upcoming year, the impacts of the processing time have a more immediate effect.

Recommendation

In order to effectively manage processing times and determine the impacts of increases in execution costs, the Bureau Solidarité 5 000 logements should prepare comprehensive quarterly reports on the Solidarité 5 000 logements operation in 2004, complete with any corrective measures that may be necessary.

Actions proposed by the Bureau Solidarité 5 000 logements

*“A report has been produced every quarter since **October 2003**, as recommended.”*

Processing of subsidy applications within the required time frames

All organizations committed to ensuring the satisfaction of their clients must develop and implement effective processes and service standards that enable them to achieve this goal.

Accordingly, the Bureau Solidarité 5 000 logements has implemented an application processing procedure structured around the following four stages:

- preliminary study or examination of the feasibility of a project;
- conditional commitment;
- formal commitment;
- completed project—date for interest adjustments.

In order to process applications in a proper manner and avoid any omissions, project managers use a checklist to verify eligibility and documentation requirements, based on the stages and instructions or information to be communicated specifically to each project.

The Bureau Solidarité 5 000 logements has adopted standard processing times that are based on past experience in handling applications related to residential renovation and remodelling projects. For illustrative purposes, following is an indication of the time frames involved:

- preliminary study, i.e., the period preceding the conditional commitment: two months;
- conditional commitment, i.e., the period preceding the formal commitment: four to nine months;
- formal commitment, i.e., the period preceding occupation: four to eight months.

Depending on the complexity of the project, the average amount of time between the submission of an application for eligibility of a housing project and occupation is 10 to 19 months.

An analysis of the actual lead times for the projects delivered to date (22 projects for a total of 437 units) indicates the following:

- average length of time between conditional commitment and formal commitment: 5.5 months, (vs. standard of 4 to 9 months);
- average length of time between formal commitment and occupation: 8.7 months (vs. standard of 4 to 8 months).

An analysis of the time frames anticipated for the projects in the final or conditional commitment stages in 2003 indicates the following:

- average length of time between conditional commitment and formal commitment: 9.8 months, an increase compared to the standards;
- average length of time between formal commitment and occupation: 9.5 months.

Based on these results, the number of units expected to be delivered in 2004 is as follows:

- first quarter of 2004: anticipated delivery of 519 units;
- second quarter of 2004: anticipated delivery of 1,365 units.

The cumulative total for 2004 would therefore be 2,321 units, or 46% of the 5,000-unit target.

Based on the comments received, the conditional commitment stage is critical and may stretch out over several months, especially if the project is located on a contaminated lot or a change in zoning is required. The project execution schedule is not under the full control of the Bureau Solidarité 5 000 logements—it is managed by the GRTs and, in the event a change of zoning is required, by the borough.

Recommendation

Same recommendation as that which appears on page 50 concerning processing times.

Actions proposed by the Bureau Solidarité 5 000 logements

“In an attempt to maximize collaborative efforts, subsidy co-ordinators (CSRs) and project co-ordinators (PCs) have been matched up since January 2004.

Work was redistributed with the help of the human resources group, with the goal of reducing the number of internal stages and procedures.

This redistribution will cut down on the processing time for the projects between the ‘Conditional Commitment’ and ‘Formal Commitment’ stages.”

*Objective: 35 files must have completed the “Conditional Commitment” stage before **May 2004** and 75 files must have completed the “Formal Commitment” stage before **December 2004.**”*

Compliance with terms of government agreements

The Bureau Solidarité 5 000 logements, via the activities carried out in the processing of applications and the tracking of disbursements, adequately fulfils the majority of the responsibilities mandated to it in the government agreements, namely to:

- respond to requests for information;
- examine the eligibility of projects;
- authorize start-up loans;
- confirm formal commitment;
- approve staggered disbursements;
- monitor the progress of construction work;
- track mortgage reserves during a project's first year of operation.

The procedures in place also make it possible, depending on the circumstances, to produce the documents required by the SHQ or obtain these documents from developers prior to formal project authorization.

Using an analysis grid to determine compliance with the agreements in place, we examined the procedures and documentation related to fulfilling core responsibilities.

Following the verification of the actual existence of the documentation required by the SHQ for seven projects, we concluded that the Bureau Solidarité 5 000 logements is adequately fulfilling its responsibilities by producing or procuring the required documents during the authorization process, especially at the conditional and formal commitment stages.

Verification of expenses presented by program beneficiaries

The Bureau Solidarité 5 000 logements has implemented a process that enables it to verify requests for reimbursement as compared to the budget authorized during the formal commitment period.

This process enables the Bureau to fulfil its responsibilities, notably those defined in item 5.5 of the agreements concerning the assistance programs administered, which states that ***the Ville de Montréal is also responsible for authorizing, on behalf of the Société, the disbursements for the mortgage granted by the lender approved by the Société. To this end, the Société requires proof of the claims or invoices related to the requested disbursements, makes the checks deemed***

necessary, ensures the compliance of these disbursements with respect to the costs identified in the viability study, and notifies the approved lender of its authorization. It also enables the Société to produce the required documentation based on the steps involved in the project.

The activities designed to check disbursements are launched at the beginning of the conditional commitment stage and are ongoing for approximately six months to one year after the construction project has been completed.

The Bureau Solidarité 5 000 logements has developed tools (computerized spreadsheets) that allow it to process requests for reimbursement quickly and accurately.

Following a formal audit of the reimbursements authorized by the subsidy co-ordinators with the Bureau Solidarité 5 000 logements, we have concluded that, in the case of the seven projects examined:

- **all the authorized disbursements were justified by supporting documents (i.e. invoices);**
- **the authorized amounts respected the budget allocated at the formal commitment stage.**

EMERGENCY MEASURES PLAN—PRODUCTION OF DRINKING WATER

CONTEXT

The Ville de Montréal supplies drinking water to the 1.8 million Montrealers living in the 27 boroughs on the Island, in addition to the roughly 6,000 residents of the Municipality of Charlemagne. The responsibility of the Ville de Montréal is therefore to provide quality water in sufficient quantities.

Accordingly, it operates seven drinking water production facilities, namely the Atwater plant (in the borough of Verdun), the Charles-J. Des Bailleurs plant (in the borough of LaSalle), and plants located in Pointe-Claire, Pierrefonds, Lachine, Dorval and Sainte-Anne-de-Bellevue.

During the creation of the new Ville de Montréal, the Conseil municipal adopted a number of internal by-laws designed to delegate specific powers to certain borough councils. As a result, since January 1, 2002, the responsibility for supplying drinking water has been delegated to the boroughs where there were drinking water production facilities, i.e., Pointe-Claire, Pierrefonds, Lachine, Dorval and Sainte-Anne-de-Bellevue. As for the Atwater and Charles-J. Des Bailleurs plants, they are overseen by the Direction de la production de l'eau potable of the Service de l'environnement, de la voirie et des réseaux.

In 2001, the Gouvernement du Québec passed the *Civil Protection Act* (Bill 173). This piece of legislation, whose goal is to protect people and property against disaster through preventive measures and response operations, as well as recovery operations after the event, reinforces the critical role played by municipalities in this area.

The drinking water production facilities located in Montréal are directly concerned by the application of this new act. They offer an essential service in terms of residents' lives, health and safety and one that is vital to protect. Also, considering the unique nature of the activities inherent in these types of facilities (supply, treatment of water using hazardous materials, etc.) and their vulnerability, given the various risks that could affect them, the employees who work there and the surrounding population, it is important that adequate emergency measures be planned and put into place.

METHODOLOGY AND SCOPE

The audit consisted in examining the preparedness and compliance of the emergency measures plans involving the drinking water production facilities operating in Montréal, namely the Atwater, Charles-J.

Des Bailleurs, Pointe-Claire, Pierrefonds, Lachine, Dorval and Sainte-Anne-de-Bellevue plants. Assessment criteria were developed to allow us to ascertain the existence of an emergency measures plan, the designation of an authority responsible for ensuring the development and implementation of plans, the choice of standards, laws and regulations governing the development of plans, the determination and assessment of risk and vulnerability in relation to the production of drinking water and the relevance of the planned emergency measures and the means used to update the plan and ensure that it functions smoothly in a disaster situation.

To this end, we based our work on various existing sets of standards used in emergency measures planning. The examination of these standards enabled us to establish the main stages involved in developing and administering an emergency measures plan.

OBSERVATIONS AND RECOMMENDATIONS

Inventory of existing emergency measures plans

From the outset, we would like to stress that an emergency measures plan is the result of a research, planning and analysis process for the purpose of determining the procedures to follow in an emergency situation to minimize the impacts of a disaster.

Disasters arise as the result of natural (ice storm, earthquake, flood, etc.), technological (explosion, chlorine leak, electrical outage, etc.) or human (terrorism, sabotage, arson, etc.) causes. The effects of a disaster can cause injury or damage to people, property and/or the environment, and create social and economic repercussions of such magnitude that they require resources or actions beyond those that are normally used in more common emergency situations. When a disaster strikes, there must be an immediate response to safeguard public health, safety and well-being and/or limit the damage caused to material goods and the environment.

The *Civil Protection Act*, adopted in December 2001, stipulates municipalities' responsibilities in terms of public security. Among other things, the Act requires the Ville de Montréal to prepare an inventory of the major disaster-related risks, to assess the vulnerability of the population with respect to these risks, to determine civil protection objectives and to establish the measures that must be taken to achieve these objectives.

In order to comply with this new piece of legislation, the Ville de Montréal adopted a municipal civil security policy in November 2002. This policy is designed to serve as a commitment to the public, a reference for the management of civil protection and a foundation for the decision-making and coordination processes between the Ville de Montréal and its partners.

The drinking water production plants can easily be considered as facilities at major risk, as defined in the act and municipal policy on civil protection. Among other things, the processing of water requires that hazardous materials (e.g., chlorine and ozone) be used and stored on site.

Moreover, given that the supply of water represents a service essential to life, fire protection and the production of goods and services, it is important that the preventive measures and response operations be instituted in order to minimize the vulnerability of these facilities and ensure that they are running smoothly.

The development of an emergency measures plan for this type of facility is therefore vital in order for the Ville de Montréal to be able to fully assume its responsibilities with respect to public security. This plan must, among other things, protect the safety of workers, stakeholders and the surrounding population, reduce the risk of plant destruction or serious environmental impacts and, above all, act as a useful tool in taking swift and appropriate action should a disaster strike.

Our audit of the Ville de Montréal's seven drinking water production plants revealed that only the Atwater and Charles-J. Des Bailleurs plants have adopted an emergency measures plan. However, the two facilities share the same plan. For the five other plants, there is no comprehensive plan in place designed specifically for this type of facility.

In our view, although certain emergency measures may be very similar from one plant to the next, each facility must have its own emergency measures plan. The nature of the risks that could affect the plant and the nature of the efforts required should a disaster occur may vary if other factors are taken into account, such as the geographical location of the facility (located near highways, residential neighbourhoods, etc.), the complexity and diversity of the equipment used or the nature of the hazardous materials found on site.

Recommendations

In order to implement emergency measures that take into account the risk and vulnerability specific to each of the plants and to ensure the appropriate level of protection for people, property and the environment, we recommend:

- **that the Service de l'environnement, de la voirie et des réseaux prepare a separate emergency measures plan for the Atwater and Charles-J. Des Bailleurs facilities;**
- **that the boroughs concerned develop, as quickly as possible, a complete emergency measures plan for the drinking water production plants under their control.**

Development of an emergency measures plan

Organization and data gathering

Designation of a co-ordinator and availability of resources

Certain aspects of the process involved in developing an emergency measures plan for each of the water production plants on the Island must be prioritized in advance in order to ensure that the plan is effective in a disaster situation.

Also, the entity with the authority required to invoke the appropriate emergency measures in all the plants on the Island must be clearly identified and made known to all.

Furthermore, the individuals required to put this process into motion must be available at each of the plants and possess the necessary expertise. The resources devoted to these elements will help ensure that each plant is capable of effectively managing an emergency situation, restoring operations as quickly as possible and, above all, limiting the loss of human life and equipment and mitigating environmental damage.

The information obtained during our audit allowed us to conclude that the entity responsible for overseeing the preparation of emergency measures plans for the water production plants had not been clearly designated.

In fact, although the Conseil municipal delegated five boroughs to manage the water supply for their respective areas, some uncertainties remain as to who in the boroughs and/or the central Service de l'environnement, de la voirie et des réseaux is to be assigned the responsibility of initiating emergency

measures. Several of the managers we met from the five plants put forward that this is the duty of the Direction de la production de l'eau potable, whereas the Direction considered that such responsibilities fall among those that were delegated to the concerned boroughs. This situation may help explain, at least partially, why procedures to provide these plants with a consistent and updated emergency measures plan have not yet been initiated.

In our view, all the parties involved have a share in the responsibility. The managers of each plant must, as part of their routine management operations, assume the responsibilities associated with initiating emergency measures specific to their facility in order to be able to react swiftly and appropriately in a disaster situation and thereby protect the health and safety of plant employees and the local community.

In addition, as mentioned earlier, the *Civil Protection Act* bestows on every Québec municipality the obligation to initiate and co-ordinate emergency measures. At the centralized level, as the entity responsible for water supply management, the Service de l'environnement, de la voirie et des réseaux also has a role to play in protection and safety by putting into place the appropriate emergency measures for all the drinking water production facilities located in Montréal.

In order to help them in this task, the various stakeholders involved in preparing the appropriate emergency measures for a disaster situation may solicit the support of specialized resources at the Direction de la sécurité civile of the Service de sécurité incendie de Montréal. These resources can play a support role in planning emergency measures.

As a result, to avoid any ambiguity, promote consistency in the various approaches and, above all, foster disaster preparedness, the roles and responsibilities in this regard should be clarified.

Furthermore, to ensure that these emergency plans are adequately prepared, it is necessary to first make certain that the required resources and expertise are available. Most of the stakeholders interviewed affirmed that they had neither sufficient resources nor the expertise required to proceed with the development of an emergency measures plan adapted to their particular plant. To this end, we believe that it would be fitting to promote pooling the resources and the expertise of designated individuals at each of these facilities and to solicit the support of specialized resources from the Direction de la sécurité civile of the Service de sécurité incendie de Montréal.

Recommendations

For the purpose of clarifying the roles and responsibilities of the parties involved in the production of drinking water, we recommend that the Direction générale designate or confirm the entity responsible for overseeing the development and implementation of emergency measures plans for all the drinking water production facilities located in Montréal.

We also recommend that the Service de l'environnement, de la voirie et des réseaux and the boroughs concerned:

- **designate the individual in their administrative unit responsible for participating in the development process;**
- **pool together the required resources and expertise to develop an emergency measures plan.**

Standards, laws and regulations

Various standards governing the planning and development of emergency measures exist, including the *CSA Standard—Emergency Planning for Industry*, the U.S. standards *Emergency Planning for Water Utilities* and *Security Analysis and Response for Water Utilities*, published by the American Water Works Association, and the *Standard on Disaster/Emergency Management and Business—NFPA 1600*, issued by the National Fire Protection Association Inc.

These standards can serve as a foundation in determining the elements to be considered in the development of an emergency measures plan and thus serve as a guideline to determine a common approach for all the drinking water production facilities located in Montréal.

Based on the interviews we conducted, we observed that, as it currently stands, the various players had not agreed upon which standard or standards to follow in the development of an emergency measures plan. The Direction de l'eau potable used U.S. norms to come up with an emergency measures plan for the Atwater and Charles-J. Des Bailleurs facilities, while managers from the Direction de la sécurité civile advocated the CSA and the NFPA 1600 standards. Moreover, several of the individuals we met within the five other plants were not even aware of the existence of any of these standards.

Although these various standards have certain similarities, the adoption of a common set of norms for all the facilities would contribute to establishing guidelines for the development of emergency measures plans that comply with the expectations of the Ville de Montréal, promote consistency in the various approaches and facilitate the co-ordination of centralized emergency efforts.

Recommendation

We recommend that the Service de l'environnement, de la voirie et des réseaux and the boroughs concerned, in conjunction with the Direction de la sécurité civile, agree upon the standard or standards to be used as a guide for the development of emergency measures plans for their respective drinking water production facilities.

The development of an emergency measures plan also requires that the applicable laws and regulations that drinking water production plants may have to abide by be taken into consideration.

Some examples of this legislation would be the *Environmental Protection Act*, the *Public Health Protection Act*, the *Fire Safety Act*, the *Act respecting Occupational Health and Safety*, the *Regulation respecting the Quality of Drinking Water* or the *Regulation respecting Hazardous Materials*.

The inventory and study of these laws and regulations should make it possible, among other things, to guide the planning of the measures or directives to be implemented in order to ensure legislative compliance.

In this respect, the emergency measures plan for the Atwater and Charles-J. Des Bailleurs plants refers to the *Regulation respecting the Quality of Drinking Water* and the *Act respecting Occupational Health and Safety*. The plan also includes the measures to follow should the parameters regarding water quality not be respected or should a chlorine or ozone leak occur.

However, we maintain that a more exhaustive analysis of all applicable laws and regulations for this type of facility should be undertaken to ensure the compliance of the emergency measures plans.

Recommendation

We recommend that the Service de l'environnement, de la voirie et des réseaux, and the boroughs concerned, in conjunction with the Direction de la sécurité civile, identify the laws and regulations to be considered for the purpose of guiding the development of emergency measures plans for the drinking water production facilities in Montréal.

Determining and assessing risk and vulnerability

Determining and assessing potential risks constitutes one of the first key steps in the development of an emergency measures plan. This stage consists mainly in targeting the most probable risks that might lead to a disaster (be it natural, technological or human). The underlying analytical process will take into account the vulnerability and impacts that these risks represent in terms of the possibilities of loss and damage vis-à-vis the plant itself, the environment and/or the health and well-being of residents and employees.

Assessing these risks makes it easier to prioritize the actions needed to be taken, foresee the various measures to put into place and plan the resources required before an emergency (in a preventive capacity), during an emergency and after an emergency (restoration of normal operations).

Ultimately, this approach makes it possible to review existing security measures and prepare a list of those that need to be implemented to reduce or eliminate some of the risks that were initially identified (e.g., controlling access to the facilities by using a security guard, fences or cameras to reduce the risk of vandalism).

Through an analysis of the emergency measures plan for the Atwater and Charles-J. Des Bailleurs facilities, we were able to identify three broad categories associated with specific risks and the corresponding emergency measures. There were risks concerning the quality of the treated water (failure to meet minimum quality standards), risks concerning water supply (power outage, contamination of raw water, production equipment downtime, etc.) and risks concerning facility operations (plant protection, fires, chlorine/ozone leaks, vandalism, bomb threats, computer system breakdowns, etc.).

We therefore observed that many risks are taken into account in this plan. However, in the interest of improving it further, we believe that it would be beneficial to pursue these efforts for the purpose of

assessing the value of integrating the risks and vulnerabilities associated with other potential disasters (e.g., earthquakes and floods).

In addition, we are also of the opinion that it would be worthwhile to document the process underlying the assessment of risk and vulnerability in a separate register. This process primarily entails identifying and listing the potential risks and obtaining information to estimate the likelihood that they could occur, as well as the frequency, corresponding dangers and consequences involved, in order to determine what should be prioritized in terms of developing emergency measures. The documentation of this aspect would help justify decisions in this regard and constitute a baseline for ongoing risk management operations.

This entire exercise must also be applied to the five other drinking water production plants in the boroughs. It may therefore be necessary to have access to support from specialized resources at the Direction de la production de l'eau potable and the Direction de la sécurité civile.

Recommendations

We recommend that, in order to prepare an emergency measures plan that covers all the risks inherent in a drinking water production facility, the Service de l'environnement, de la voirie et des réseaux, the Direction de la sécurité civile and the boroughs concerned pool their efforts and expertise in order to:

- **determine and assess risks and vulnerabilities;**
- **keep the information and conclusions underlying the assessment in a separate register in order to support the decisions made in this regard.**

Development of emergency measures

Once risks and vulnerabilities have been determined and assessed and the means to mitigate or eliminate them implemented, it is important to develop emergency measures to deal with residual risks. The nature of these risks and their potential impacts on public health, safety and well-being, as well as operational continuity, will dictate which types of emergency measures are required.

As far as the risks addressed in the emergency measures plan for the Atwater and Charles-J. Des Bailleurs facilities are concerned, we observed that standards, directives and procedures to follow in an emergency had been developed.

However, in order to reinforce the effectiveness of emergency efforts, certain aspects could be added to the existing measures. For instance, additional measures would be necessary in a power outage to ensure the electrical self-sufficiency of plants (i.e. via generators) should the power supply from Hydro-Québec be interrupted for a prolonged period of time. Other useful improvements would include identifying the population likely to be affected in the event of a major chlorine leak, establishing security perimeters and determining a minimum time frame to respect in the event of staff evacuation. Also, it may prove necessary to add other measures in regard to the risks involved in certain disasters that have not yet been addressed in the existing plan (e.g., earthquakes and floods).

For the five other plants, the development of emergency measures will be based on the initially established residual risks. However, we must point out that some actions have already been undertaken in this respect. In fact, further to requests from the Commission de la santé et de la sécurité au travail, considerable efforts have been deployed to equip each of the plants on the Island with specific emergency measures to address the risks related to the use of chlorine and ozone in the treatment of drinking water.

Recommendations

We recommend, for the purpose of optimizing the effectiveness of operations in the event of an emergency:

- **that the Service de l'environnement, de la voirie et des réseaux review the emergency measures currently in place at the Atwater and Charles-J. Des Bailleurs plants and enhance them by making the appropriate additions with respect to their own specific features;**
- **that the boroughs concerned ensure that their drinking water production facilities adopt emergency measures adapted to the initially established residual risks and incorporate the measures already proposed in this respect.**

Administration of the emergency measures plan

Testing the plan

One of the most important elements in the administration of an emergency measures plan is testing. Although the development of a detailed emergency measures plan plays a major role in disaster protection, many possibilities will only come to light if the plan is tested. Accordingly, practical exercises and simulations must be carried out in order to assess the overall effectiveness of the plan as a whole, as well as certain of its critical aspects, such as evacuation procedures.

These exercises and simulations should make it possible to identify deficiencies, assess the appropriateness of the proposed actions and/or determine the training needs of those involved, so that the requisite adjustments can be made.

As these tests may require the deployment of considerable physical, material and financial resources, it is necessary to plan which types of exercises will be carried out and establish a schedule for their execution. This should make it possible to ensure that all the residual risks identified within the plan are tested on a rotating basis.

Based on the information obtained during our audit and our meetings with various representatives, we concluded that the managers of the Atwater and Charles-J. Des Bailleurs plants had tested certain components of their emergency measures plan. Evacuation drills are conducted yearly, as part of a fire-alarm scenario. The emergency measures plan incorporates a clear set of procedures for this purpose. Moreover, other exercises are also outlined in the plan and carried out in order to test the operability of certain emergency equipment (e.g., self-contained breathing apparatuses, extinguishers) and backup power systems (e.g., small generators). Beyond these exercises, however, there are no other simulations conducted for other disasters (e.g., bomb threats).

The managers of these two plants also mentioned that the dates of these exercises are entered into their personal calendars.

As for the five other plants, once their emergency measures plans are developed, they will have to plan their own exercises and simulations and establish a schedule to test their effectiveness in a disaster situation.

Recommendations

In order to ensure the effectiveness of the emergency measures plans for the Atwater and Charles-J. Des Bailleurs facilities, we recommend that the Service de l'environnement, de la voirie et des réseaux:

- **plan simulations and establish a schedule for their execution, so that all the significant residual risks identified in the emergency measures plans are tested;**
- **keep a separate register for the information related to the exercises and simulations carried out, in order to have an ongoing record and ensure follow-up on any deficiencies identified so that the necessary corrective measures can be made to the emergency measures plan.**

We recommend that the boroughs concerned test the effectiveness of their emergency measures plans, once developed, by establishing a schedule and taking the necessary measures to plan exercises and simulations based on each of the residual risks identified in the plan.

Updating the plan

Regular updates to the emergency measures plan are a necessity and must form part of the routine operational management of each of the drinking water production plants.

This contributes not only to ensuring the effectiveness of the plan in order to limit the serious consequences of a disaster, but also to reinforcing the confidence of the various stakeholders with respect to the importance placed on the implementation of emergency measures.

An update to the emergency measures plan may be called for following events whose occurrence justifies the review of the plan's components. Examples of what could spur the need for an update include the emergence of new threats and vulnerabilities, the adoption of new laws or regulations, technological/operational changes, or changes in the roles, responsibilities or contact information for those involved. Consequently, although the exact frequency may vary somewhat, an update should be conducted at least annually.

In this regard, it is necessary to name an individual authorized to make modifications to the plan. Moreover, mechanisms must be put into place to ensure that those who have a copy of the plan are advised of any changes or new procedures to be followed so that they can adjust their information accordingly.

In examining the emergency measures plan for the Atwater and Charles-J. Des Bailleurs plants, we observed that the plan calls for an annual update to be carried out. We also saw proof that these updates are indeed performed. In addition, according to the discussions we had with the responsible manager, the necessary measures are taken to inform those who hold a copy of the plan of any changes made and to encourage them to replace the modified sections.

For the other plants, the update mechanisms will have to be incorporated into the development of their emergency measures plans.

Recommendations

We recommend, for the purpose of ensuring the effectiveness of the emergency measures plan, that:

- the Service de l'environnement, de la voirie et des réseaux, which is responsible for the Atwater and Charles-J. Des Bailleurs plants, continue the efforts undertaken to ensure that the plan is kept up to date and to communicate any modifications to all those involved;
- the boroughs concerned incorporate update procedures and frequencies into the development of their emergency measures plan.

Actions proposed by the Direction générale

"I would like to inform you that, after reading your audit report, I designated the management of the Service des infrastructures et de l'environnement as the entity responsible for overseeing the development and implementation of emergency measures plans for each of the seven drinking water production plants in Montréal."

Actions proposed by the Service des infrastructures et de l'environnement

"Further to the decision of the Director General to designate the Service des infrastructures et de l'environnement as the entity responsible for overseeing the development and implementation of emergency measures plans for each of the seven drinking water production plants on the Island of Montréal, I would like to inform you that the head of drinking water production in our department will supervise the work of the Comité sur l'élaboration et la mise en œuvre du plan des mesures d'urgence (the Comité).

Among the members of this committee are the heads of the seven drinking water production plants. The committee was formed at the beginning of March and has since agreed upon the following major steps:

- *meet with authorities from the Direction de la sécurité civile to determine expectations in terms of overall approach and contributions (completed);*
- *begin developing emergency measures plans (May 2004);*
- *present an initial report to the Comité (mid-June 2004);*
- *present the final report to the Comité (December 2004)."*

Actions proposed by the borough of Dorval/Île Dorval

“After reading your report on the audit of the emergency measures plans, we wish to form a working committee composed of the heads of the drinking water production plant and the various departments involved in order to co-ordinate the preparation of the emergency measures plans with the seven plants in Montréal. This committee would present action plans and schedules and would share budgets and resources in order to implement recommendations and formulate emergency measures plans.”

Actions proposed by the borough of L'Île-Bizard/Sainte-Geneviève/Sainte-Anne-de-Bellevue

“We are aware that we must develop a comprehensive emergency measures plan adapted to the Sainte-Anne-de-Bellevue filtration plant.

As we do not have the internal resources within the borough to produce the plan, or have it produced, we are in touch with the managers of the other filtration plants on the Island to develop an overall emergency measures plan with a separate chapter on the individual features of each production facility. The Service de l'environnement, de la voirie et des réseaux should co-ordinate the development of this plan.

We will keep you informed of our efforts as soon as an action plan is prepared.”

Actions proposed by the borough of Lachine

“After discussing the matter with the head of the Lachine plant, he informed the borough director of the magnitude of this task, which requires specific skills that he does not possess.

The individuals concerned in each of the filtration plants therefore decided to meet to see what efforts need to be taken to respond to your request. This meeting was held March 10, 2004.”

Actions proposed by the borough of Pointe-Claire

“A copy of the emergency measures plan was submitted on February 13, 2004 to the general auditor's office.

We are awaiting meetings with those concerned (Service des infrastructures et de l'environnement, the Direction de la sécurité civile and the five other boroughs) before responding to all the recommendations in the audit report."

Actions proposed by the borough of Pierrefonds/Senneville

"After reviewing the report, we are of the opinion that the work required to develop and implement an emergency measures plan for the drinking water production facility in our borough requires co-operation and co-ordination on the part of all stakeholders in all of Montréal's drinking water production facilities in Montréal."

Actions proposed by the Direction de la sécurité civile of the Service de la sécurité incendie

"Identify all applicable laws and regulations that could provide guidelines for planning emergency measures for drinking water production facilities. (Completed)"

Identify specific operational plans that already exist in each plant. (Completed)

Define the standards and frames of reference that will serve to develop the emergency measures plan model and backup plan. (Completed)

Identify the elements involved in the development of an emergency measures plan model and backup plan for each plant, based on the proposed standards and frames of reference. (Completed)

Identify the sources of risk inherent in the plants and the impact of these risks on the supply, production and distribution of drinking water. (Deadline: September 2004)

Support plant managers in the development of their plans and ensure they are consistent with the plans of the corresponding borough and the Service de l'environnement, de la voirie et des réseaux. (Deadline: December 2004)

Review, from a civil protection standpoint, the impact of the various risks inherent in the plants (earthquakes, floods, power outages, water contamination, etc.), as well as the operational and technical aspects of the plans in terms of these risks.

Provide support to the plants as they review and update plans in order to make them permanent. (Timetable: April 2004–June 2006)

Target the sources of risk related to the storage of chlorine in drinking water production plants [inventory of hazardous materials]. (Deadline: December 2004; Atwater plant: completed)

Proceed with the analysis of the impact of these risks [especially on public health]. (Deadline: December 2004)

Identify sensitive elements in the milieu that are particularly apt to be affected. (Deadline: December 2004)

Support the development of a specific operational plan for each plant and ensure its integration into the plant's emergency measures plan. (Timetable: October 2005–June 2006)

MANAGEMENT OF UNION LEAVE FOR BLUE-COLLAR EMPLOYEES

CONTEXT

Union leave for blue-collar employees is currently governed by 29 separate collective labour agreements in effect throughout the new Ville de Montréal. Until these agreements have been harmonized, each of the former entities that make up the new city must use its own agreement.

However, the union representing all the blue-collar employees in the new Ville de Montréal is the Syndicat des cols bleus regroupés de Montréal—Local 301 of the Canadian Union of Public Employees (the Syndicat), which stems from the union that represented the blue-collar employees of the former Ville de Montréal. In addition, the collective agreement that served as a base for the negotiations to harmonize the 29 collective agreements for blue-collar workers in the new Ville de Montréal is the blue-collar agreement that was in effect for the former Ville de Montréal.

In 2002, union leave granted under the collective agreement for blue-collar employees of the former Ville de Montréal represented roughly \$2 million, some \$1.1 million of which came from city coffers.

METHODOLOGY AND SCOPE

The audit involved assessing to what extent union leave is sufficiently monitored in order to ensure that the Ville de Montréal assumes only those amounts for which it is responsible under the terms of the collective agreement and that all amounts payable by the Syndicat are invoiced and received as quickly as possible.

Our audit focussed mainly on two administrative units responsible for blue-collar workers in the former Ville de Montréal (i.e. the borough of Rosemont/La Petite-Patrie and the Direction du matériel roulant et des ateliers of the Service des ressources matérielles et informatiques) and two boroughs created from the former suburban municipalities (Verdun and Saint-Laurent). We also obtained input from the administrative units of the Service des ressources humaines, the Service des finances and the Service du secrétariat général.

OBSERVATIONS AND RECOMMENDATIONS

Collective agreement for blue-collar employees of the former Ville de Montréal

The collective agreement for blue-collar employees of the former Ville de Montréal contains various provisions on union leave. These provisions stipulate whether the Ville de Montréal or the Syndicat must assume the costs related to union leave. In this respect, there are four possible scenarios:

- Joint committees (costs to be covered by the Ville de Montréal)

The first situation is one in which the Ville de Montréal assumes the full cost of the union leave. This primarily involves section 8.05 of the collective agreement, which specifies that an employee belonging to a joint Ville de Montréal/Syndicat committee or the Commission du régime de retraite may, with prior authorization, be absent without loss of pay. This provision contains no limits as to the amount of union leave that may be granted, provided the leave respects the spirit of the provision.

- Banks of hours allotted for union leave (costs to be covered by the Ville de Montréal)

In the second situation, the Ville de Montréal also assumes the expenses related to the union leave. However, the provisions concerned do stipulate a maximum number of hours, days or person-years that may be used.

Five sections in the collective agreement (8.08, 8.12, 8.13, 16.08, 30.02) address these issues. In 2002, a total of nearly 12 person-years (21,800 hours) of leave was taken for union business.

- Leave on the request of the Syndicat for union business (costs to be covered by the Syndicat)

The third situation is one in which the Syndicat assumes the expenses of the union leave. This primarily applies to leave taken under section 8.06, which provides for occasional leave for union business at the request of the Syndicat. There are no precise limits stipulated in this provision. Absences are granted insofar as they do not have a serious impact on the activities of the Ville de Montréal.

- Union leave granted for an employee to occupy a position within the Syndicat (costs to be covered by the Union)

The fourth situation is one in which, upon the request of the Syndicat, the Ville de Montréal grants unpaid leave, under section 19.20, to an employee to occupy a position with the Syndicat. This privilege is given to a maximum of 10 employees.

The costs related to this type of leave, including employer contributions to the pension fund, employer-paid insurance premiums and other amounts, are invoiced to the Syndicat. In 2002, three employees occupied union positions. In 2003, at the time of the audit, two employees were on leave under this provision.

For union leave whose costs are assumed by the Ville de Montréal or the Syndicat, notifications of absence for union activities are issued by the Syndicat. Each of these completed notifications can comprise several entries covering one or more employees for one or more days. As a result, the various administrative units responsible for blue-collar workers must enter the corresponding hours using the appropriate payroll codes that indicate whether the Ville de Montréal or the Syndicat will assume the related costs.

In addition, many individuals at the Ville de Montréal are involved in managing union leave, which makes it necessary to ensure the communication among them is effective. This requires all parties to fully assume their responsibilities in terms of managing union leave, in order to ensure that the process is adequately monitored.

Those who are the most directly involved are:

- the various municipal departments and boroughs whose blue-collar employees are covered by the collective agreement for the former Ville de Montréal (administrative units responsible for blue-collar workers);
- heads of the various joint committees throughout the City;
- the Direction des relations de travail of the Service des ressources humaines;
- the Division des avantages sociaux of the Service des ressources humaines;
- the Division de l'imposition and the Division de la perception of the Service des finances;
- the Direction des affaires juridiques of the Secrétariat général.

In order to reduce the chances of the Ville de Montréal's paying union leave expenses for which it is not responsible and to ensure that it rapidly recovers all the amounts due to it by the Syndicat, the various parties must act in a way that promotes the rigorous management of union leave.

Union leave costs covered by the Ville de Montréal

The administrative units responsible for blue-collar employees must monitor leave for union activities and ensure that hours are correctly assigned in the payroll system. These entries using the various payroll codes are important because they determine which party (i.e. the Ville de Montréal or the Syndicat) assumes the costs related to the leave.

As it stands, these units cannot effectively keep track of union leave on their own. They need to access specific information on union leave required by the activities of the various joint committees (meetings and other tasks) and on the status of the bank of hours allotted for union leave.

Without this information, the administrative units responsible for blue-collar employees cannot ensure that the Ville de Montréal will not assume expenses that are not incumbent upon it under the collective agreement.

Joint committees

According to the interpretation obtained from representatives of the Direction des relations de travail, section 8.05 of the collective agreement allows employees to take union leave at the expense of the Ville de Montréal to attend meetings with employer representatives as part of the various joint committees or the Commission du régime de retraite.

In addition, other articles in the collective agreement and/or specific letters of understanding related to certain joint committees specifically allow employees to be granted leave for the purpose of doing work, outside of the meetings, pertaining to the activities of these committees. However, in these cases, it is stipulated that the employer representatives sitting on these joint committees must authorize this leave.

In 2002 and 2003 (January–May), according to a database maintained by the Direction des relations de travail, the hours of union leave granted under section 8.05 stood at approximately 15,800 and 6,400 hours, respectively.

Among these committees, we identified, with the help of data kept by the Direction des relations de travail, those for which the most union leave was granted under section 8.05. We then compared the hours granted with those authorized by the various committees.

- Commission du régime de retraite des employés cols bleus

When we sought to obtain details on the hours of leave required to attend meetings, we discovered that this information was inaccurate and difficult to access. We needed to examine various documents and contact the head of the Commission du régime de retraite des employés manuels de la Ville de Montréal (the Commission), the representatives of the Ville de Montréal on the six subcommittees of the Commission and the manager responsible for administering pension plans at the Service des ressources humaines. We also observed a lack of thoroughness in recording information related to the meetings held (date/length of meetings and attendance list).

For the work carried out by blue-collar employees as part of this commission and its subcommittees, a letter of understanding enables members representing the Syndicat to conduct research and carry out the work necessary to follow up on and prepare Commission meetings. However, this work must be performed with the authorization of the proper authorities. In this respect, according to the information obtained, apart from some training sessions or conventions open to union representatives, there were not any authorizations in 2002 or at the beginning of 2003 to carry out research or work of this nature.

As a result, the comparison of our assessment of the hours of authorized union leave for the Commission's activities (meetings and work) with the union leave granted by the administrative units responsible for blue-collar employees shows that, for the period audited, some 7,600 hours (roughly \$230,000) were granted, without the proper justification under section 8.05.

Following this comparison, we contacted representatives from one of the administrative units responsible for blue-collar employees that had granted union leave so that we could obtain explanations as to the reasons that may justify these findings. They confirmed to us that union leave submitted by the Syndicat was accepted at face value, without being checked by the Commission and/or its subcommittees.

Recommendations

In order to enable managers to have access to the information necessary to rigorously monitor union leave granted with respect to the activities of the Commission du régime de retraite, employer representatives of the Commission and the subcommittees must ensure to:

- carefully record information relating to all meetings (date, duration, attendance) and the periods of time authorized for the purpose of carrying out certain tasks as part of their activities or attending training sessions;
- make this information easily accessible, in the shortest time frame possible, in order to enable the administrative units responsible for blue-collar employees to rigorously monitor their leave.

Actions proposed by the Service des finances

*“In this context, the Secrétariat des régimes de retraite will post on the Web site of the Service des finances the dates of the meetings of the Commission de retraite and its subcommittees, as well as all other activities authorized by the Commission, identifying the individuals in attendance. The administrative units responsible for the union leave of a blue-collar employee will have access to this information beginning in **June 2004.**”*

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“We are in favour of this recommendation.

The Direction des relations de travail has agreed to clarify the situation and to get back to the concerned boroughs about the matter as quickly as possible. The associated letters of understanding will also be reviewed as part of the current negotiations.”

- Comité d'éducation et d'action politique

According to the information obtained from the head of the Division recours et arbitrage, the Comité d'éducation et d'action politique is a union committee. Consequently, it is not generally eligible for union leave under section 8.05 of the collective agreement. However, in the case of one blue-collar employee who was dismissed, the Ville de Montréal and the Syndicat agreed in a letter of understanding dated January 28, 1997 to assign the employee to union duties under section 8.05 beginning January 3, 1997, for the duration of the collective agreement.

Considering that the union leave granted under this letter of understanding terminates at the end of the current collective agreement, it will again be a topic for discussion during the current negotiations designed to reach a collective agreement with blue-collar employees.

Recommendation

For the purpose of ensuring that, at the end of the current collective agreement, the Ville de Montréal ceases to assume expenses related to union leave, as authorized under section 8.05 concerning union committees, we recommend that, in the event this employee is not reintegrated into the former position held and the union leave is continued, the Direction des relations de travail negotiates to have the costs for this leave charged to the Syndicat or debited from the bank of hours allocated under the collective agreement.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“To put an end to the current situation, the Direction des relations de travail will review the agreement concerning this employee as part of the re-examination of all the letters of understanding. This review will be carried out with the mediator/arbitrator currently working on the renewal of the collective agreement.”

- Other joint committees

After having examined the joint committees that have tallied up the greatest number of hours of union leave, we wanted to determine whether, on the opposite end of the spectrum, there were any committees for which the union leave hours incurred were not being entered into the payroll system and database.

We therefore attempted to obtain a list of the existing joint committees. Unfortunately, such a list, containing the names and contact information of joint committee and subcommittee members, does not exist. The absence of this information, an up-to-date version of which should be easily accessible, makes it more difficult for the administrative units responsible for blue-collar employees to exercise the required controls. This information is even more important considering that the Syndicat has a structure that comprises nearly 20 committees that, in some cases, are difficult to identify as a joint committee or strictly a union committee.

Recommendation

In order to ensure that the administrative units responsible for blue-collar employees have accurate information on the existence of the various committees and subcommittees, the Service des ressources humaines should request that the representatives of the Ville de Montréal who are on the joint committees transmit the necessary information (e.g., through the human resources network in the Intranet system). This information should include an updated list of members, their contact information and details concerning authorized union leave hours.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“We are in favour of this recommendation, and it is up to the Direction des relations de travail to promptly put it into practice.” (Completed)

As we were working to identify the four joint committees for which the most union leave was granted, we observed that there were barely a hundred hours recorded in 2002 and 2003 for the health and safety committees.

This negligible number of hours can be explained by the fact that the administrative units responsible for blue-collar employees do not record union leave hours granted to employees for meetings or work performed under the auspices of local health and safety committees in the payroll system.

We believe that the administrative units responsible for blue-collar employees should separate hours worked from hours taken in union leave for local health and safety committees. This would make it possible to conduct analyses comparing the amounts invested with the benefits received vis-à-vis occupational health and safety issues. In addition, if the number of union leave hours accounted for as

hours worked becomes large enough, it could potentially distort other analyses focussing on the productivity of a given activity.

Recommendation

In order to ensure that all union leave is recorded in the payroll system, we recommend that the Division des avantages sociaux make the administrative units that are responsible for blue-collar workers from the former Ville de Montréal aware of the importance of inputting union leave hours related to occupational health and safety committees in the payroll system.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“We agree with this recommendation and the Direction de la santé et sécurité au travail has already sent a memorandum (dated January 19, 2004) in this sense to the administrative units concerned.”

Banks of union leave hours

Given that the administrative units responsible for blue-collar employees must monitor the union leave requested for their employees, they must be aware of the status of the collective bank of union leave hours allocated under the terms of the collective agreement in order to ensure that this number of hours is not exceeded. Five sections of the collective agreement address the issue of these banks.

The corporate tool that must be used to check the hours in union leave banks is the payroll system. This system is where the various administrative units responsible for blue-collar employees record, using different codes corresponding to the various sections of the collective agreement, the hours of leave taken for union activities. Consequently, when the maximum number of hours allocated under a given section of the collective agreement has been reached, a mechanism must be in place to inform all the administrative units responsible for blue-collar employees that union leave must no longer be granted under this section. The hours inputted into this system must be as accurate as possible, since the resulting data will be used to check the overall number of hours in the banks.

During the course of our work, we observed that a database on union leave for blue-collar employees was kept by the Direction des relations de travail, independently of the payroll system. The Direction receives a copy of all the notifications of absence for union activities from the Syndicat. It then records all the notifications regarding blue-collar employees of the former Ville de Montréal in its database.

The information entered into this database is comparable to that in the payroll system (name of the employee, administrative unit, number of hours of union leave, section under which the leave is taken, etc.). However, the file numbers for the notification of absence for union activities and the reasons for the leave (e.g., joint evaluation committee) can be found only in the database of the Direction des relations de travail. This additional information makes it possible to produce more accurate reports on the hours of union leave granted by joint committee and, in an audit, to more easily trace back notifications issued by the Syndicat and compare them to employee absences.

Representatives of the Direction des relations de travail informed us that this database was maintained for the purpose of having a more customized tool than the payroll system so that more exact analyses can be carried out in a shorter time frame. That said, very few analyses have actually been conducted to date.

In principle, the information in the database should correspond to that in the payroll system, since both refer to the same union leave. However, a brief comparison of the hours entered led us to the conclusion that there are inputting errors in both the database and the payroll system.

Based on a summary analysis comparing the hours inputted into the payroll system and those recorded in the database in 2002, we concluded that there were significant entry errors in the payroll system, which prevented rigorous monitoring of the various union leave banks.

Furthermore, we also observed that the payroll system makes no distinction in data entry codes with respect to the various sections of the collective agreement.

As a result of these inputting errors, the banks of hours allotted could be exceeded without anyone's knowledge.

It is nevertheless important to note that our analysis did not demonstrate that any of the banks of union leave time had been exceeded under three sections of the collective agreement. According to the information obtained, nobody in the Service des ressources humaines is responsible for monitoring banks of union leave hours.

Recommendations

In order to ensure an appropriate corporate control of the banks of union leave hours, the Division des avantages sociaux should:

- create a separate payroll code for each of the banks of union leave hours;
- make the administrative units responsible for blue-collar employees aware of the importance of accuracy in inputting hours into the various banks;
- develop a rapid notification mechanism for the administrative units responsible for blue-collar employees in order to avoid exceeding the maximum number of hours allotted in the various banks.

In addition, to avoid having the same union leave information entered twice, the Service des ressources humaines should:

- ensure that the payroll system contains the necessary management information concerning union leave;
- assess the advisability of maintaining a union leave database given the responsibilities of the Direction des relations de travail. Should the database be maintained, certain quality controls would have to be exercised.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“The Division des avantages sociaux of the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle will create a separate payroll code for each of the banks by October 2004.

Bearing in mind the above comments, the Direction des relations de travail will keep its database updated at least until the IMS is launched, but will re-evaluate the situation in light of the terms of the first harmonized collective agreement and the abovementioned alternative.”

More specifically, as it regards the bank of hours allotted under section 8.12, the Ville de Montréal grants paid leave to two employees (3,640 hours) exclusively for union work performed as part of the mandate of the joint committees on work organization and productivity (section 39), the Comité sur le partenariat (section 40) or the Comité sur les contrats forfaitaires (section 27).

In accordance with section 8.12, the database of the Direction des relations de travail and the notifications of union leave issued by the Syndicat show that in 2002 and 2003 (January–May), there were respectively 3,452 and 1,286 hours of union leave granted. This total of 4,738 hours represents roughly \$145,000 in wages and benefits for the audited period alone.

Nevertheless, according to the information gathered from the Direction des relations de travail, although in the collective agreement, the Ville de Montréal and the Syndicat agreed to create the committees mentioned in section 8.12, none of these committees actually met in 2002 and 2003. Moreover, the notifications of absence received from the Syndicat indicate that the activities related to the Comité pro-régi as the reason for union leave. This is a union committee, not a joint committee. Consequently, we believe that the union leave thus granted was not justified.

According to the information we received, it seems that the wording of the sections (27, 39, 40 and 8.12) makes it difficult to refuse union leave. Under the collective agreement, the Ville de Montréal and the Syndicat did indeed agree to create these committees; however, section 8.12 makes no reference as to the possibility that these committees do not meet.

Recommendations

In order for the Ville de Montréal to cease assuming the costs of unjustified union leave pursuant to section 8.12, the Service des ressources humaines should communicate directly with the concerned municipal departments and boroughs so that union leave under this section is no longer accepted when the specified committees have not actually met.

In addition, as part of the current negotiations, we encourage the Direction des relations de travail to pursue its efforts in order to negotiate provisions designed to make the various sections concerning union leave more consistent.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“The current provisions of section 8.12 do not allow union leave requested under this section to be refused—even if, somewhat ironically, the committees in question are not meeting.

Pursuant to the proposals put forward by the employer, we have changed the wording of the articles on union leave in the new collective agreement so that union leave requested for committee activities is accepted only if the committee in question is actually meeting.

In addition, we have simplified all the sections on union leave by dividing them into two categories (leave taken at the expense of the Ville de Montréal and leave taken at the expense of the Syndicat) and by making their provisions clearer. These texts, provided they are accepted by the arbitrator, would significantly limit the number of payroll codes to be used.”

Monitoring by the administrative units responsible for blue-collar employees

When notifications of absence for union activities are received, the administrative units responsible for blue-collar employees must, before authorizing the absence, ensure that the notifications respect the collective agreement. Such a control is critical in that this is the stage at which the administrative unit must check that the right section of the collective agreement is stated on the notification in order to ensure that the proper entity, i.e. the Ville de Montréal or the Syndicat, assumes the corresponding costs. The individuals responsible for overseeing this process must therefore have a solid knowledge of the corresponding sections in the agreement, as well as access to comprehensive information on the notifications of absence for union activities received from the Syndicat.

Once this information has been checked, the administrative unit responsible for blue-collar employees must ensure that the union leave hours thus granted are inputted using the appropriate payroll code that refers to the corresponding section of the collective agreement. This verification is also important because the hours inputted into the payroll system via the various codes are what are used to invoice union leave costs to the Syndicat and keep track of the banks of hours allotted for union leave.

In order to assess these control processes, we focussed on two administrative units responsible for blue-collar employees for which the largest number of hours of union leave were granted.

The notifications of absence for union activities in 2002 received from the Syndicat by these two units totalled nearly 10,250 and 9,100 hours. In comparison, for the first five months in 2003, the notifications received represented close to 4,000 and 3,500 hours for the two units.

With respect to these notifications, our audit allowed us to determine that the controls exercised to ensure compliance with the collective agreement were insufficient or that there were errors in the interpretation of the collective agreement that made these controls less effective.

In one of the administrative units, supervisors accepted absences for union business upon presentation of completed timesheets. However, they admitted to us that they made no attempt to verify whether these absences respected the collective agreement. Essentially, these supervisors tend to accept all notifications as submitted by the Syndicat.

A more in-depth analysis in this regard showed that some union leave notifications accepted under section 8.05 on joint committees (e.g., joint evaluation committee) and thus charged to the Ville de Montréal should have been charged to the Syndicat or some of the union leave banks.

In the case of the other administrative unit, a personnel officer verifies if the notification complies with the collective agreement before forwarding it to the supervisor concerned. However, based on our analyses, we observed that errors in the interpretation of the collective agreement translated into the acceptance of union leave expenses by the Ville de Montréal under section 8.05 on joint committees (e.g., pension plan committee) when, in actual fact, they should have been charged to the Syndicat or some of the union leave banks.

In terms of the interpretation of the collective agreement, there are several provisions in the agreement and various letters of understanding that can be applied to union leave. In addition, the very wording of these provisions can lead to varying interpretations for those who are unfamiliar with the collective agreements. Consequently, it is important that the Direction des relations de travail provide the necessary support to the administrative units responsible for blue-collar employees and that, within these units, employees from human resources deliver the required assistance to the supervisors and managers responsible for authorizing union leave.

In terms of after-the-fact checks regarding union leave expenses assumed by the Ville de Montréal, our audit confirmed that the two administrative units do not prevail themselves of such controls, and thereby do not verify the length of the absence or the reasons given for the leave. Considering that the reason given for the leave often changes or ceases to apply, it is even more important that after-the-fact checks be carried out, even if only randomly.

Moreover, we observed that in roughly 20% of all cases, notifications of absence for union activities issued by the Syndicat in 2002 were modified (e.g., cancelled meetings, change in the section of the agreement cited).

In addition, many of these modified notifications of absence are relayed by the Syndicat after the actual date of absence. Even when these notifications are received several weeks following the absence, it is still important to keep track of them, as many are attributed to section 8.05 on joint committees and assumed by the Ville de Montréal. It is worth noting that these after-the-fact checks may require changes to be made to the assignments of the hours in the payroll system, since it is what is used to verify the data in the union leave banks and to invoice the Syndicat. For the two administrative units we audited, we observed that these modified notifications were recorded in the payroll file without there being any validation as to their compliance with the collective agreement.

Recommendations

We recommend that the Direction des relations de travail send a written reminder to the administrative units responsible for blue-collar employees on the interpretation of the key sections in the collective agreement and the letters of understanding concerning union leave in order to ensure the interpretation of these provisions is consistent and to increase awareness among those in these administrative units as to the importance of exercising adequate control of this process.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

*“We are in favour of this recommendation and a memorandum was forwarded to the administrative units responsible for blue-collar employees on **February 11, 2004.**”*

Moreover, in order to ensure that the Ville de Montréal assumes only those union leave expenses for which it is responsible, we recommend that the administrative units responsible

for blue-collar employees carry out sufficient before- and after-the-fact checks on union leave. During these checks, the administrative units should, among other things, use the information related to the hours authorized by the heads of the joint committees. Once these checks have been performed, the administrative units will also have to ensure that the assignment of these hours in the payroll system is adjusted accordingly.

Actions proposed by the borough of Rosemont/Petite-Patrie

“It is very important to check the hours authorized by the heads of the joint committees, provided this information is systematically conveyed to us. It would therefore be necessary to establish an efficient communication mechanism so that the boroughs and central departments obtain in advance the authorized hours from the heads of these committees. The corrections to the payroll absence codes of the employee would then be made promptly.

To this end, we firmly believe that a comprehensive approach on the part of the Service des ressources humaines would be more effective than a borough-by-borough or department-by-department approach.”

Actions proposed by the Service des services administratifs

“In conjunction with the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle, the Service des services administratifs proposes the following action plan:

- A. Ensure that the union leave provisions in the collective agreement are fully understood and organize information sessions with the personnel involved. **(Completed)***
- B. Initiate, in the short term, in conjunction with managers, a framework and internal procedure involving all those involved in managing union leave at the blue-collar level. **(Completed)***
- C. Analyse union leave notifications and the advisability of integrating additional relevant information. **(Completed)***
- D. In the context of the implementation of the integrated management system, obtain effective tools to manage union leave. **(Deadline: 2006)***
- E. Execute a pilot project to remit the notification from the various joint committees to the manager via Lotus Notes. **(Completed)**”*

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“A representative of the borough of Rosemont/Petite-Patrie recently contacted us to inform us of her intention to stop accepting union leave that is not authorized by the Commission. Furthermore, as she was aware that the problem was not isolated to her borough, she proposed, and rightly so, a concerted approach involving the nine boroughs of the former Ville de Montréal.

Considering the uncertainty of the situation and the potential pitfalls of making an uninformed decision, it was agreed not to take immediate action. The Direction des relations de travail has committed to clarifying the situation and to following up promptly with the concerned boroughs. The associated letters of understanding will be reviewed as part of the current negotiations.”

Union leave paid by the Syndicat

Union leave granted under section 8.06

As mentioned earlier, the collective agreement makes provisions for the Ville de Montréal to be reimbursed for occasional union leave expenses requested under section 8.06. As a result, the Ville de Montréal must invoice the Syndicat for the wages and benefits of the employees taking union leave.

The estimation of the amounts to be paid is based on the information recorded on the notifications of absence for union activities in the payroll system for each of the administrative units responsible for blue-collar employees. As a result, based on the information entered into the payroll system, the Division des avantages sociaux of the Service des ressources humaines must periodically establish the amounts to be paid by the Syndicat, i.e. the hours inputted under section 8.06, plus an upward adjustment of 30%, as stipulated in the collective agreement, to cover the related benefits. According to the information obtained from the payroll system, union leave charged to the Syndicat totalled \$835,372 in 2002 and \$354,313 for the first five months of 2003.

Using the information obtained from the Division des avantages sociaux, the Service des finances must produce an invoice stipulating a due date, after which time interest will be charged on all outstanding amounts. In this respect, our audit showed that for the period of January 2002 to April 2003, monthly invoicing in this respect featured an average delay of five weeks. Moreover, the invoicing of union leave costs from May to September 2003 had not yet been done. If one considers that the total of the union

leave to invoice for these months is \$330,000, it becomes apparent that billing should be carried out as quickly as possible.

In terms of the payment of invoices, our work showed that the accounts receivable balance for the Syndicat des employés cols bleus regroupés de Montréal was, at the time of the audit, about \$1.2 million, or nearly \$1 million in principal and \$0.2 million in interests. A breakdown of this total revealed that the amounts due by the Syndicat since January 1, 2002 amounted to \$277,375, or close to 24% of the amounts invoiced for this period. We also observed that more than 70% of accounts receivable were for union leave for years prior to 2002.

When invoices are not paid in full, the Service des finances does not take any administrative measures to obtain the outstanding amounts as quickly as possible. In fact, invoices challenged by the Syndicat are never analysed as to the reasons for the dispute, in order to take the appropriate corrective measures and then issue a new invoice.

Our audit did show, however, that the Service des finances does systematically send a copy of all invoices related to union leave to the Direction des affaires juridiques so that the appropriate legal action can be pursued if payments are not received. Under the collective agreement, this procedure involves submitting an employer grievance to the Syndicat within 40 business days following the due date on the invoice.

In this regard, our work revealed that a number of employer grievances were forwarded to the Syndicat when the Ville de Montréal had not received full payment by the due date. For the audited period, however, we observed that three of these employer grievances, the unpaid balance for which stood at some \$71,600, were not sent within the 40-day period following the due date. Given that these time periods are binding, there is a risk that these amounts will not be recovered.

Once the employer grievances are sent to the Direction des affaires juridiques, the files are turned over to the Division recours et arbitrage of the Direction des relations de travail, which is responsible for managing all the grievances involving the Ville de Montréal. According to the list of active employer grievances being handled by this Division, a total of \$1.9 million remains unpaid by the Syndicat. This does not correspond to the accounts receivable balance, which stands at \$1.2 million.

According to the head of the Division recours et arbitrage, this situation might be explained by the fact that certain invoices were collected after grievances were filed and therefore not included in the Division's list. Although the time allotted in the collective agreement to settle grievances was suspended

in 1996 until early September 2003, via several letters of understanding between the Ville de Montréal and the Syndicat, we are of the opinion that the Service des finances and the Division recours et arbitrage have not sent one another all the information concerning the status of the sums receivable from the Syndicat. Consequently, the Division recours et arbitrage does not have, to date, complete and relevant information on the status of unsettled grievances. This situation will undoubtedly lead to an extra workload when comes the time to determine the advisability of referring these files to arbitration.

Despite this variance between the balance of accounts receivable and the list of active employer grievances, we attempted to seek out the explanations for the reasons justifying the amount of the accounts receivable from the Syndicat. Although legal proceedings have been initiated to avoid losing the unpaid sums, our audit indicated that there has not been any detailed study done on any of the pending employer grievance cases.

Moreover, according to the head of the Division recours et arbitrage, a summary analysis of some of the notices of dispute received from the Syndicat reveals that the Syndicat challenges certain union leave charges, claiming primarily that modified notifications of absence for union activities had been transmitted to the Ville de Montréal after the dates granted for the leave, but that no changes had been made in the invoice. The purpose of these changes is to request that the union leave be designated as an expense of the Ville de Montréal instead of the Syndicat. The Syndicat is also challenging the interest charges that have been invoiced.

In terms of notices of modification, our audit showed that, in reality, notifications of absence received from the Syndicat did not result in changes to invoices. In fact, of a total of nearly 2,500 notifications sent in 2002, the Syndicat requested modifications in nearly 20% of cases. During the course of our audit, we closely examined a sample of 68 modified notifications of absence for union activities, many of which stipulated a change in section from section 8.06 (leave charged to the Syndicat) to 8.05 (leave charged to the Ville de Montréal). Among these modified notifications, which were received anywhere up to 60 days after the date of absence, we found that 31 (or close to 46%) had not been properly recorded in the payroll system, even several months after the date of the modified notification.

Considering that a significant number of modifications are made after the date of absence and that many of these are not recorded properly in the payroll system, it is likely that these modifications account for a significant proportion of the disputes filed by the Syndicat.

Given that the modified notifications of absence for union business are accepted at face value by the administrative units, the Division recours et arbitrage has no other choice but to also accept the modified notifications received from the Syndicat for which the invoices issued were not modified. As a result, the Ville de Montréal is not in a position to dispute the notifications received from the Syndicat. This is the very reason it is important that the administrative units responsible for blue-collar employees exercise sufficient control, as we have recommended, in order to ensure that the modifications requested are justified. Moreover, we believe that there should be a deadline for the presentation of modified notifications.

Recommendations

We recommend that the Service des ressources humaines and the Service des finances undertake the steps necessary to pursue the invoicing of union leave granted under section 8.06 as quickly as possible so that the Ville de Montréal avoids unduly assuming costs that are attributable to the Syndicat.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“With respect to the first part of the recommendation, the problem stems from the impact of sharing human resources between the Division des avantages sociaux of the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle and the Division de la paie institutionnelle of the Service des finances. Discussions and recent meetings have enabled us to conclude that four of the employees at the Division de la paie institutionnelle would be, and have been, returned to the Division des avantages sociaux in order to, among other duties, revisit and pursue the issue of invoicing union leave.”

Actions proposed by the Service des finances

“On February 2, 2004, four person-years of the Service des finances were transferred to the Direction des ressources humaines in order to combine the activities related to requests for invoices.

The Division de l'imposition of the Direction des revenus et de la planification fiscale are as committed as always to handling requests for invoices received within a maximum time frame of two weeks following the date of reception.”

Moreover, in order to promptly recover the amounts due, we recommend that the Service des finances, in conjunction with the Service des ressources humaines, the Direction des affaires juridiques and the administrative units, undertake the steps necessary to review the collection process for overdue union leave expenses. This process should include:

- the systematic analysis of the reasons underlying the disputes submitted by the Syndicat in order to ensure that corrective measures be implemented, if appropriate;
- measures so that employer grievances are handled within the time frames stipulated in the collective agreement;
- a reconciliation of the total amount of active employer grievances with the balance of the accounts receivable related to these sums, so that efforts can be focused exclusively on active grievances.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“The Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle is in favour of the second part of the recommendation and will approach other stakeholders to propose the creation of a special committee whose mandate will be to review the collection process for costs related to union leave. The three elements proposed by the authors of the audit report will be integrated into the analysis process. This should be completed in May 2004. A copy of the committee minutes, a synopsis of the conclusions of the work and an execution schedule will be forwarded to the auditor.”

Actions proposed by the Service des finances

“The second point involves measures to ensure that employer grievances are transmitted within the time frame stipulated in the collective agreement. To accomplish this objective, the Service des finances has already held discussions with the Direction des ressources humaines and the Direction des affaires juridiques and will shortly be meeting with the Direction des relations de travail, in order to review the collection process for union leave expenses.

The Service des finances is already planning to systematically send copies of invoices regarding union leave for blue-collar employees to the Direction des affaires juridiques so that legal procedures can be undertaken within days after the due date of an invoice has been exceeded. However, it is recommended that, from now on, the Service des finances issue a notification of recovery (a legal notice) for each of the unpaid invoices. Following this, an amount of time will be determined to transmit

to the Direction des relations de travail a request to submit an employer grievance to the Syndicat within the time frame stipulated in the collective agreement for blue-collar workers.

Finally, the last recommendation is to reconcile the total amount of the active employer grievances with the balance of the accounts receivable related to these sums. The Service des finances is in complete agreement with the idea of matching the employer grievances with overdue invoices in order to tighten control over the process. A quarterly follow-up procedure will be implemented shortly, in conjunction with the Direction des relations de travail. (Deadline: **June 2004**)

Actions proposed by the Direction des affaires juridiques

“In your report, you reviewed three files whose grievances were submitted after the 40-business-day period set forth in the collective agreement. This is due to the fact that files submitted to the Comité exécutif are processed indiscriminately. Our practice was to wait for the resolution before pursuing the mandate entrusted to us. As the time given to us to submit a grievance is rather short, we have since modified this procedure. We now submit it before we receive an official resolution, which is always subsequently adopted.

In terms of the recommendations you have made with respect to the recovery of outstanding amounts, we would like to add that it would be possible, from a legal perspective, to recover future sums by deducting them from the union payments that the Ville de Montréal makes periodically to the Syndicat. The benefit would be the immediate reimbursement of the sums due to the Ville de Montréal and the savings that circumventing the grievance procedure would afford. If this potential solution is considered, we could work with the departments involved to develop the conditions so that this compensation can be carried out in compliance with the law and the collective agreement.”

Comments of the borough of Rosemont/Petite-Patrie

“We agree with this recommendation; it is unacceptable for the Ville de Montréal to not receive the sums due to it from the unions. The administrative units should use the recovered funds to obtain replacements for those employees on union leave.

This element was brought to the attention of authorities at the Service des finances, who clearly indicated to us that it would be out of the question for 2004, but that the situation would be analysed for 2005.

We would like to clarify that these comments are obviously not backed by an action plan or schedule from us, since the resulting implementation would seem to fall more under the purview of the Service des finances and the Service des ressources humaines. Rest assured, however, that we will do everything in our power to obtain the information necessary to monitor the situation more closely.”

Finally, we recommend that the Direction des relations de travail establish a deadline for receiving modified union activity notifications and inform the Syndicat, in writing, of this deadline in order to reduce the number of disputes.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“With regard to the third part of the recommendation, the analysis of the situation and the current context do not lead us to support the establishment of a deadline for modifying the assignment of union leave. The aforementioned special committee proposed will also examine this problem and the summary report will report on its conclusions.”

As mentioned earlier, the collective agreement makes provision for the Syndicat to reimburse these wages, with an upward adjustment of 30% to take into account administrative expenses and other benefits. Although this rate is applied, in compliance with the collective agreement that has been in force since 1997, we believe that the Ville de Montréal does not recover the percentage of actual marginal benefits of blue-collar employees.

By way of indication, for the loan of personnel to the Société du parc des îles, the percentage rate that was applied to wages of the blue-collar employees was 36.5% for 2002 and 36.1% for 2003. In this particular case, the rates applied were those adopted in by-laws passed by the Conseil municipal in 2002 and 2003.

Recommendation

We recommend that the Service des finances establish a fixed rate for benefits, to be used when invoicing union leave to the Syndicat.

Furthermore, we recommend that the Direction des relations de travail take into consideration the rate thus established by the Service des finances in its dealings with the Syndicat as part of the current collective agreement negotiations, so that the Ville de Montréal does not unduly assume costs that should instead be billed to the Syndicat.

Actions proposed by the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle

“This rate was established by the Division de la rémunération of the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle based on various calculations of labour costs. The texts that will be presented during the negotiation and/or arbitration process already use this rate.”

Actions proposed by the Service des finances

“As part of the negotiations for a new collective agreement, we are still prepared to support the Service de la gestion stratégique, du capital humain et de la diversité ethnoculturelle in the development of a new rate.”

Collective agreements for blue-collar employees from boroughs created from the former suburban municipalities

Given that the harmonization of the 29 collective agreements for blue-collar employees of the new Ville de Montréal will occur over the coming months, we wanted to determine whether the controls in place with respect to union leave in the boroughs created from the former suburban municipalities were satisfactory. Our work focused on the two boroughs created from the former suburban municipalities that had the highest number of blue-collar employees, namely the borough of Saint-Laurent, with 218, and the borough of Verdun, with 146.

Borough of Saint-Laurent

The collective agreement between the former municipality of Saint-Laurent and the Syndicat représentant les employés manuels (blue-collar employees) includes various provisions on union leave. A distinction is made between leave granted for joint committee meetings and that for union business. In this respect, two scenarios are possible:

The first scenario is that in which union leave expenses are assumed entirely by the Ville de Montréal, such as those incurred with respect to negotiation committees, grievance committees, assessment committees and safety committees. During the course of our audit, we noted that the hours of absence for this type of leave totalled 373 hours in 2002 and 126 hours in 2003. For this type of leave, a representative of the Ville de Montréal, either the head of public works or a duly appointed representative, authorizes and informs the managers responsible for the blue-collar employees.

Although the head of public works or a duly appointed representative does, generally speaking, transmit notifications of absence for union activities to the managers responsible for the employees involved, our audit confirmed that notifications were not obtained for hundreds of hours inputted into the payroll system. In this respect, we feel that the managers responsible should make efforts to obtain all authorizations for union leave in order to ensure that they are approved and comply with the collective agreement.

The second scenario deals with a bank of 300 hours of leave granted yearly by the Ville de Montréal for union activities (preparation of files, meetings, bargaining talks, etc.). For this type of leave, notifications of absence for union activities are transmitted by the Syndicat. In 2002, the employee union for the former municipality of Saint-Laurent represented blue-collar employees until the beginning of May. Since that time, the Syndicat des cols bleus regroupés de Montréal has been representing the blue-collar employees of the borough.

Under the collective agreement, this union leave must be granted insofar as it does not interfere with the smooth operation of the department. We observed that the notifications of absence for union activities, as provided on the forms previously in use by the former municipality of Saint-Laurent from January to May 2002, had been authorized by the head of the Service. After May 2002, the forms received from the Syndicat were the same as those of the Syndicat des cols bleus regroupés de Montréal. In these cases, we observed that they had not been authorized by the head of the Service.

Considering that the Syndicat allocates union leave from this bank as it sees fit, the information that currently appears on these notifications is sufficient. However, close tabs must be kept on this bank and on ensuring that all the notifications are received before absences are authorized. In this respect, our audit enabled us to determine that the hours of absence granted for union business totalled 332 hours in 2002, which exceeds the number of hours in the bank allowed under the collective agreement. The difference will be assumed by the Ville de Montréal.

During our audit, the managers we met mentioned to us that, since blue-collar employees joined the Syndicat des cols bleus regroupés de Montréal, meetings for union business had been held several times a week, for a half-hour at a time, without any notification of absence for union activities from the Syndicat. Consequently, this leave was not authorized and therefore not compiled in the bank. If this had been the case, there would have been an even greater overrun in the number of hours.

According to the information obtained, management showed tolerance with respect to this type of union leave. We nevertheless are of the opinion that all union-related absences should be monitored to ensure they are authorized and debited from the time bank, and that this bank be checked to ensure that no overruns occur.

Recommendations

We recommend that the managers of the borough of Saint-Laurent ensure that all the notifications of absence are obtained in the case of leave for joint committees in order to limit union leave to that authorized by a borough representative.

In addition, we recommend that the borough obtain notifications from the Syndicat for all union-related absences and that it monitor the time bank more closely to ensure that the Ville de Montréal assumes only those union leave expenses for which it is responsible.

Actions proposed by the borough of Saint-Laurent

“In order to ensure a more effective management of absences and union leave, we have forwarded a directive to department managers to have them work with the Division des ressources humaines in order to improve the monitoring process.

It is important to note that we must continue to manage absences and union leave for blue-collar employees pursuant to the terms of the former collective agreement for Saint-Laurent, which provides for 300 hours of union leave. A monthly report is produced to reconcile the forms requesting union leave with employee timesheets, thereby tracking the use of the time bank and, as required, reducing the wages of representatives once the bank is empty. At that point, it is the responsibility of the Syndicat to pay their salary. The current collective agreement does not address overruns in the time bank. We will assess this aspect based on the obligations contained in the forthcoming collective agreement.”

Borough of Verdun

The collective agreement between the former municipality of Verdun and the Syndicat des employés manuels (cols bleus) comprises various provisions on union leave. These provisions draw a distinction in union leave taken to attend joint committee meetings and that for union activities. Accordingly, in 2002, union leave totalled 3,155 hours, for a cost of \$79,181 (wages and benefits). For the first five months of 2003, the number of hours of union leave amounted to 2,030 hours, representing a cost of \$49,417. In this respect, two scenarios are possible:

The first scenario is that in which union leave expenses are assumed entirely by the Ville de Montréal, such as those incurred with respect to joint committees (e.g., grievance committee, negotiation committee, safety committee, job assessment committee, labour relations committee). For this type of leave, a representative of the Ville de Montréal, either the head of public works or a duly appointed representative, authorizes and informs the managers responsible for the blue-collar employees.

During the course of our audit, we noted that the hours of absence for this type of leave totalled 545 in 2002 and 259 for the first five months of 2003. For this type of leave, notifications of absence were issued by the head of public works or a duly appointed representative and transmitted to the managers responsible for the blue-collar employees. In this respect, the borough of Verdun used the same union leave authorization form as it did prior to amalgamation.

The results of the audit showed that these notifications were authorized in advance by the head of public works or a duly appointed representative. This required obtaining sufficient information as to the nature of the leave requested, the anticipated date, the length of absence, the location of the meeting and the names of the managers attending the meeting. In our view, such an authorization indicates the manager's assent with respect to compliance with the collective agreement.

The second scenario involves a bank of 80 business days (640 hours) of paid leave annually granted by the Ville de Montréal for union activities. The collective agreement stipulates that all overruns in this bank are billable to the Syndicat. Our audit revealed that the number of hours of absence for this type of leave amounted to 2,610 in 2002 (representing \$66,314) and 1,771 for the first five months of de 2003 (representing \$43,121).

During our audit, we observed that, generally speaking, managers in the borough of Verdun check to make sure that the appropriate notification is received from the Syndicat for each absence and that the bank of hours is monitored.

In addition, we observed that the borough of Verdun carries out a weekly check of the bank of union leave hours. As a result, when overruns are incurred, a monthly invoice is sent to the Syndicat for the corresponding amount. Our audit also demonstrated that the time frame involved in invoicing union leave expenses is less than one month. According to the collective agreement of the former municipality of Verdun, the Syndicat must reimburse the former municipality in the month following the leave without pay.

In 2002 and 2003, considering that the Syndicat was late in paying its invoices, the borough of Verdun initiated procedures to recover the overdue amounts. The measures taken included the transmission of a notice of non-payment to the Syndicat, the transmission of employer grievances and, finally, reductions in wages equivalent to the amounts invoiced. As of the date of our audit, all union leave invoices had been paid in full.

In conclusion, in 2002 and 2003, the borough of Verdun exercised adequate control of the union leave granted. The borough also adopted mechanisms that allowed it to ensure that union leave was invoiced and paid in an expeditious manner.

ACCESS TO INFORMATION

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

This report contains comments received from municipal departments, paramunicipal corporations and municipal organizations before March 31, 2004 for the quasi-majority of observations and comments emanating from the audit.

APPENDIX

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LIST OF AUDIT REPORTS ISSUED (STATEMENTS OR OTHER FINANCIAL INFORMATION)	8
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ARTICLE 107 OF THE 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 ;

	3) any other report summarizing the auditor's findings and recommendations to the board of directors or the officers of the legal person.
Documents and information.	That auditor shall also, on the request of the chief auditor, 1) place at the disposal of the chief auditor any document relating to the auditor's audit and its results ; 2) provide all information and explanations the chief auditor considers necessary concerning the auditor's audit and its results.
Additional audit.	Where the chief auditor considers that the information, explanations and documents provided by an auditor under the second paragraph are insufficient, the chief auditor may conduct such additional audit as he considers necessary. 2001, c. 25, s. 15.
Audit.	107.10. The chief auditor may conduct an audit of the accounts or documents of any person having received financial assistance from the municipality or from a legal person referred to in paragraph 2 of section 107.7, as regards the use made of such assistance.
Accounts and documents.	The municipality and the person having received the financial assistance are required to furnish to or place at the disposal of the chief auditor any accounts and documents that the chief auditor considers relevant to the performance of the chief auditor's duties.
Information.	The chief auditor is authorized to require from any officer or employee of the municipality or from any person having received financial assistance any information, reports and explanations the chief auditor considers necessary to the performance of the chief auditor's duties. 2001, c. 25, s. 15.
Audit.	107.11. The chief auditor may conduct an audit of the pension plan or pension fund of a pension committee of a municipality or a legal person referred to in paragraph 2 of section 107.7 where the committee requests the chief auditor to do so with the approval of the council. 2001, c. 25, s. 15.
Duties.	107.12. The chief auditor shall, every time the council so requests, investigate and report on any matter within the competence of the chief auditor. In no case, however, may the investigation take precedence over the primary responsibilities of the chief auditor. 2001, c. 25, s. 15.
Report.	107.13. Not later than 31 August each year, the chief auditor shall transmit to the 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 1) control of revenue including assessment and collection ; 2) control of expenditure, including authorization, and compliance with appropriations ; 3) control of assets and liabilities including related authorizations ;

- 4) accounting for operations and related statements ;
- 5) control and safeguard of property owned or administered ;
- 6) acquisition and utilization of resources without sufficient regard to economy or efficiency ;
- 7) implementation of satisfactory procedures to measure and report effectiveness in cases where it is reasonable to do so.

Report.	The chief auditor may also, at any time, transmit to the 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 <ul style="list-style-type: none"> 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.

LIST OF AUDIT REPORTS ISSUED (STATEMENTS OR OTHER FINANCIAL INFORMATION)

The audit of the financial statements of the Ville de Montréal as at December 31, 2003, allowed us, as well as the external auditors, to issue an unqualified report in this 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 (December 31, 2002);
- Institut de recherche en biologie végétale de Montréal (May 31, 2003);
- 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-auditor);
- Centre d'excellence de Montréal en réhabilitation de sites (March 31, 2002 and March 31, 2003);
- CLD de Montréal (March 31, 2003);
- CLD de Montréal – liquidation (October 16, 2003);
- Société de gestion Marie-Victorin (December 31, 2002);
- Anjou 80;
- Cité du commerce électronique (December 31, 2002);
- 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 (December 31, 2002);
- Régime complémentaire de retraite des employés non syndiqués de l'Office municipal d'habitation de Montréal (December 31, 2002);
- Régime complémentaire de retraite des employés cols blancs de l'Office municipal d'habitation de Montréal (December 31, 2002);
- Régime complémentaire de retraite des employés cols bleus de l'Office municipal d'habitation de Montréal (December 31, 2002);
- Régime de retraite des cadres de la Communauté urbaine de Montréal;
- Régime de retraite supplémentaire des cadres de la Communauté urbaine de Montréal;
- Régime de retraite des employés syndiqués de la Communauté urbaine de Montréal;

- Régime de retraite supplémentaire des employés syndiqués de la Communauté urbaine de Montréal;
- Régime complémentaire de retraite des employés de la Ville de Montréal-Est;
- Dépenses par catégorie des programmes de santé communautaire (eight separate reports as at December 31, 2002);
- Programme de rénovation d'immeubles locatifs;
- Programme d'adaptation de domicile;
- Programme 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 catégorie – Programme de sécurité du revenu et pour l'organisation des services publics d'emploi;
- Programme de logements adaptés pour aînés autonomes;
- Programme Rénovation Québec, phase I;
- Dépenses pour la rémunération et les avantages sociaux des anciens employés (December 31, 2002);
- 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;
- Office municipal d'habitation de Montréal (December 31, 2002);
- Renseignements complémentaires par ensemble immobilier – Office municipal d'habitation de Montréal (December 31, 2002);
- Conseil des arts de Montréal (December 31, 2002);
- Office de consultation publique de Montréal (December 31, 2002).

We also issued a qualified report on the financial statements of Société de gestion Nauberges de Lachine (December 31, 2002).

**EMPLOYEES OF THE GENERAL AUDITOR OFFICE
YEAR 2003**

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 Bruno Marcil, CA, CISA, CISM	Fernande Désormeaux, CGA ** Denis Tremblay, CGA *
Audit agents	
Régent Bilodeau, CGA Johanne Boudreau, BAA Jacques Brisson, CA Maryse Brunetta, CGA Li-Chu Chen, BAA Marie Cormier, CA Julien Faucher André Gagnon, CMA Bernard Goyette, CGA, CMA Gilles Grimard, CGA Jocelyne Laperrière, CGA, CA Marcel Laplante Nicole Larivière, BAA 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

* Temporary appointment

** Disponibility