



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

For the Year Ended December 31, 2013

Investigative and Forensic Accounting Report

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3. Investigative and Forensic Accounting Report

Background

Since the transfer of the ethics hotline from the Bureau du vérificateur général (BVG) to the Service du contrôleur général, in March 2011, the BVG's investigative and forensic accounting team continues to deal with the allegations of wrongdoing it receives from third party in connection with its purview. This team also supports other BVG units with respect to evidence of irregularities or illegalities resulting from its audit work.

We would like to point out that these allegations are accepted by mail, email, telephone and in person. It is important to emphasize that the BVG has a highly secure email account set up specifically for this purpose. This account is hosted by an external provider and is not linked to the city's email system. Allegations can therefore be emailed to verificateurgeneral@bvgmtl.ca.

Processing Allegations

Allegations received are handled by the investigative and forensic accounting team according to priority criteria, such as the nature of the allegation and the degree of risk involved. A thoroughly documented and secure file is created for every allegation processed by the BVG.

A preliminary evaluation is not conducted if the subject of the allegation does not fall within the auditor general's purview or if the allegation is not substantial enough to warrant further investigation. Depending on the circumstances, such matters may be transferred to another city entity or closed without any further action undertaken.

All other allegations received undergo a preliminary evaluation to establish the suitability of carrying out an investigation, based on the nature of the claim, the probative value of the information provided and the risks involved. The BVG has no choice but to be selective in the files it decides to investigate given its limited resources and the volume of allegations received every year. As such, certain files, such as those whose material impact is negligible, may not be followed up on.

If an investigation is deemed relevant, it will be performed in accordance with recognized practices in investigative and forensic accounting. Once the investigation is completed, an investigative and forensic accounting report may be produced so that the necessary measures can be taken by the municipal administration. In cases where there is evidence of criminal wrongdoing, the results of the BVG's work are communicated to police authorities.

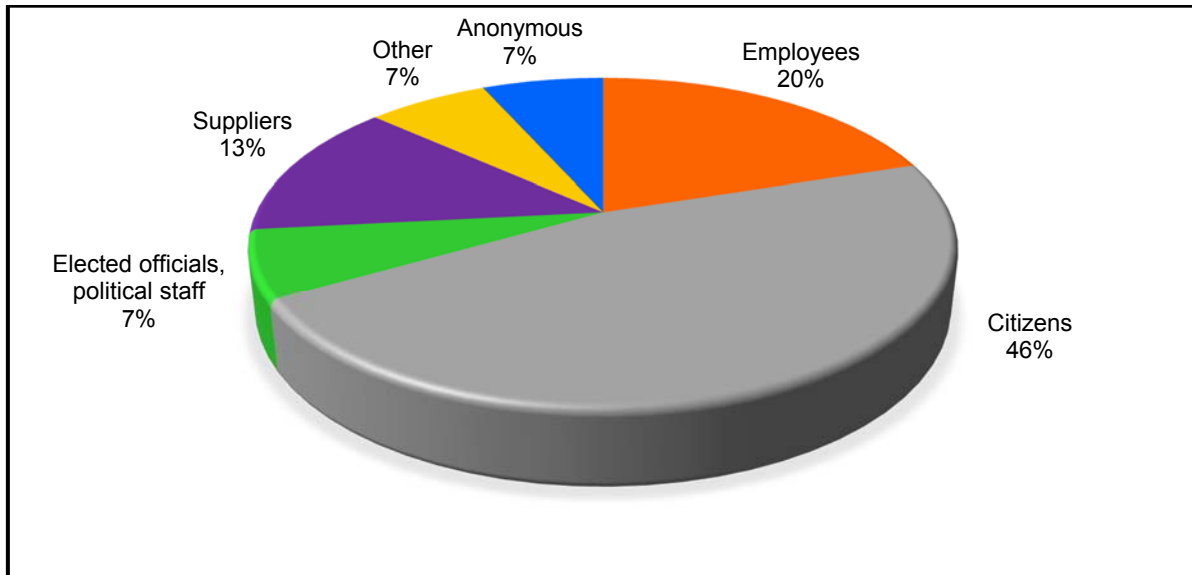
In 2013, we analyzed 15 allegations, compared with 41 in 2012. Three of these allegations are still pending. These allegations are at the preliminary evaluation stage, under investigation or being studied for future audits. The other allegations (12) were closed during the year for the following reasons:

- investigation concluded;
- insufficient evidence;
- transfer to another body for an allegation outside of the auditor general's purview.

Sources of Allegations Received

Figure 1 shows the sources of the allegations received, 46% of which (7 out of 15) were submitted by citizens.

**Figure 1 – Overview of Allegations Received in 2013
By Source**



The allegations received were, for the majority, channeled through the BVG's email account (10 out of 15). The remainder were reported via telephone or mail.

We have noted that only one allegation was made anonymously. When complainants disclose their identity, it is easier for us to obtain the information necessary to pursue our corroboration and investigation. It is important to point out that we guarantee confidentiality to those who agree to disclose their identity. Furthermore, under Section 107.16 of the *Cities and Towns Act*, the auditor general cannot be compelled to give testimony relating to any information obtained in the performance of his duties or to produce any document containing such information. Moreover, wherever possible, those who come forward are protected against any form of reprisal.

Categories of Allegations Received

We have grouped together the allegations received by category of alleged wrongdoing:

- Breach of ethics and conflict of interest (4 allegations);
- Violation of laws, regulations or policies (4 allegations);
- Misappropriation or theft (2 allegations);
- Other (5 allegations).

**Figure 2 – Overview of Allegations Received in 2013
By Type**

