



**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, 2015

4.2

**Allocation  
of Financial  
Contributions**



## Table of Contents

1. Background.....	85
2. Purpose and Scope of the Audit.....	86
3. Main Findings.....	86
4. Audit Results.....	87
4.1. Eligibility of Bodies.....	89
4.2. Evaluation of Requests for Support .....	102
4.3. Allocation of Contributions Based on Priorities .....	117
4.4. Accountability Reporting.....	127
5. Conclusion .....	129
6. Appendices .....	131
6.1. Comparison of Original Contributions Budget with Actual Spending .....	131
6.2. Boroughs' Use of Surpluses to Provide Financial Assistance to Organizations .....	135

## List of Acronyms

CDN–NDG	Côte-des-Neiges–Notre-Dame-de-Grâce	DTP	Direction des travaux publics
DAUSE	Direction de l’aménagement urbain et des services aux entreprises	NPO	non-profit organization
DCSLDS	Direction de la culture, des sports, des loisirs et du développement social	SÉAO	Système électronique d’appel d’offres

## 4.2. Allocation of Financial Contributions

### 1. Background

Central departments and boroughs have budgets that enable them to support non-profit organizations (NPOs) operating in various fields (e.g., sports and recreation, social development, community development, culture), specifically by making financial contributions to them.

To give an idea of the scale, from 2010 to 2014, contribution expenses have grown from \$87 million to \$105 million.<sup>1</sup> Over the same period, between 1,687 and 1,792 organizations have received financial assistance. In total, from 2010 to 2014, the Ville de Montréal (the City) has paid a total of \$480 million to 3,193 organizations, including 861 (or 27%) that were allocated contributions in every one of the five years, for a total of \$368 million (or 77%).

Of these 861 organizations, 101 were assisted solely by central departments (\$103 million), 418 were assisted solely by boroughs (\$42 million) and 342 were assisted by both levels of government (\$223 million). Overall, the amount paid out by boroughs was \$125 million and that by central departments \$243 million.

Financial contributions are generally made in response to requests for support by organizations. Some of these are granted under various financial assistance programs (such as the *Program to Support International, National and Metropolitan Sporting Events* and the *Programme de soutien financier aux initiatives culturelles*) for which the City launches calls for proposals, while others are not. Financial assistance programs are structured, as they include a general objective, eligibility criteria, evaluation criteria for analyzing the requests received and guidelines for establishing a contribution amount.

In view of the financial value of the donations made and the number of organizations supported, we consider it appropriate to ensure that contributions are allocated in an objective, transparent and fair manner. Since financial assistance programs are governed by pre-established rules and since most of them are managed by central departments, this audit covers financial contributions made by boroughs. We believe that this audit is appropriate in a context where the City's resources are limited and organizations have substantial needs.

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<sup>1</sup> Excluding amounts paid to the Agence métropolitaine de transport (AMT), the Communauté métropolitaine de Montréal (CMM), municipal organizations audited by the City's Auditor General (including the Société de transport de Montréal [STM]), centres for local development (CLDs), commercial development corporations (SDCs) and community economic development centres (CDECs).

## 2. Purpose and Scope of the Audit

The purpose of the audit was to ensure that financial contributions were allocated to organizations as part of an objective, transparent process in order to achieve the objectives established. To accomplish this, we examined the existence of eligibility criteria for the organizations supported, the existence of evaluation criteria to support requests for financial assistance, the priorities taken into account and accountability reporting.

Our audit focused on financial contributions made to organizations in 2014. For some aspects, data prior to 2014 were also taken into consideration. Our audit was conducted primarily from August to December 2015, but it also took into account information that was submitted to us up until January 2016. Our audit was conducted in the Côte-des-Neiges–Notre-Dame-de-Grâce (CDN–NDG), Lachine, Verdun and Ville-Marie boroughs.

## 3. Main Findings

Our audit identified areas where improvements should be made, namely:

- In three of the four boroughs audited, there is currently no official process for recognizing organizations;
- While 10% of financial contributions were granted under financial assistance programs for the boroughs audited, the fact remains that the results obtained in response to calls for proposals do not show that the process is fully transparent;
- For 78% of the financial contributions that are made by the boroughs audited under a mutual agreement, evaluation criteria were not established to determine the appropriateness of requests or to determine the amount granted, reflecting a lack of transparency and objectivity;
- Evidence of compliance with eligibility criteria for purposes of recognition, evidence to show that requests for financial assistance are reviewed and evidence to justify financial contribution amounts are not always documented;
- Allocation of budget appropriations for financial contributions to the various municipal activities has not been documented in order to reflect the priorities decided on by authorities;
- Policies, commitments and plans adopted by authorities have not been expressed in measurable terms for the sections applying to financial assistance for organizations and as a result, have not been integrated into support programs, financial assistance policies and projects not covered by programs;

- Since no accountability mechanisms are used to evaluate whether measurable objectives have been achieved, boroughs are not able to evaluate whether the financial assistance provided to organizations brings any added value.

## 4. Audit Results

Under the *Charter of Ville de Montréal*, boroughs may provide financial assistance to organizations. According to section 137, a borough council may provide financial assistance to a body that carries on its activities in the borough and has a mission of local economic, community, cultural or social development.

Section 141 provides that a borough council shall exercise the powers of the City in respect of the parks and the cultural, sports and recreational facilities located in the borough, except those indicated in Appendix D<sup>2</sup> or in a decision made under the second paragraph of section 94.<sup>3</sup> The borough council is also responsible for organizing recreational, sports and sociocultural activities, and for that purpose may provide financial support to bodies whose goal is to organize and foster physical or cultural activity.

In this context, Table 1 below shows the scope of the financial contribution budget available to each of the four boroughs audited based on the municipal activities with which they are associated and responsibility for those budgets.

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<sup>2</sup> Large parks that fall under the responsibility of the Service des grands parcs, du verdissement et du Mont-Royal.

<sup>3</sup> City council may provide that it exercises the powers of the City in respect of any other park or cultural, sports or recreational facility acquired or built after December 18, 2003.

**Table 1 – 2014 Contributions Budgeted**

Activity	CDN–NDG		Lachine		Verdun		Ville-Marie	
	Responsibility centre	Original budget	Responsibility centre	Original budget	Responsibility centre	Original budget	Responsibility centre	Original budget
General administration	Elected officials	\$65,000 (1.7%)		\$ – (–%)		\$ – (–%)	Elected officials	\$180,000 (4.2%)
Land use planning, urban planning and development	Direction des services administratifs et du greffe	\$5,000 (0.1%)	Borough management	\$30,000 (2.9%)	DCSLDS and borough management	\$125,000 (16.5%)	DAUSE	\$626,000 <sup>4</sup> (14.5%)
Environmental health	DTP	\$325,000 (8.4%)	DCSLDS	\$75,000 (7.4%)	DAUSE	\$197,100 (26.0%)	DTP	\$465,000 (10.8%)
Recreation and culture	DCSLDS	\$2,893,400 (74.8%)	DCSLDS and borough management	\$701,800 (68.8%)	DCSLDS	\$375,700 (49.5%)	DCSLDS	\$2,362,200 (54.9%)
Health and welfare	DCSLDS	\$212,600 (5.5%)	DCSLDS and borough management	\$213,700 (20.9%)		\$ – (–%)	DCSLDS	\$234,200 (5.4%)
Public safety	DCSLDS	\$252,300 (6.5%)		\$ – (–%)	DCSLDS and DAUSE	\$60,800 (8.0%)	DCSLDS	\$215,200 (5.0%)
Transportation	DTP	\$117,000 (3.0%)		\$ – (–%)		\$ – (–%)	DTP	\$224,900 (5.2%)
<b>Total</b>		<b>\$3,870,300</b> <b>(100%)</b>		<b>\$1,020,500</b> <b>(100%)</b>		<b>\$758,600</b> <b>(100%)</b>		<b>\$4,307,500</b> <b>(100%)</b>

Source: SIMON

<sup>4</sup> While we excluded from the scope of this audit contributions made to commercial development corporations (SDCs), we included them in Table 1 to provide a complete picture of the extent of the total financial contributions budget.

In view of the budgets available in each of the boroughs audited for making financial contributions to non-profit organizations (NPOs), we evaluated the extent to which such contributions were allocated with a concern for objectivity, transparency and fairness. First, we examined whether precise criteria had been established and reviewed to determine the eligibility of the organizations supported. Second, we examined the manner in which organizations were asked to submit requests for financial assistance. We also examined whether precise criteria had been established to evaluate the requests for assistance received and to determine the amounts of the contributions granted. Third, we evaluated the extent to which financial contributions were allocated in order to meet the priorities and objectives decided upon by authorities. Finally, we examined whether accountability mechanisms existed to determine whether these objectives were achieved.

To conduct our audit, we selected organizations that had been supported by each of the boroughs audited. It should be noted that a financial donation made to a body can originate from several requests for support. For example, for the four boroughs audited, the average value of contributions paid to organizations in 2014 was \$24,045. If we consider more specifically the contributions paid to organizations that were supported in each of the past five years, the average value is \$44,537. The amounts paid as contributions vary from \$50 to more than \$1 million.

### 4.1. Eligibility of Bodies

#### 4.1.A. Background and Findings

Clear, specific eligibility criteria must be established so that bodies that are potential recipients of support from the City can be selected. Both these eligibility criteria and the categories of bodies for which they are intended must be known. A process must be put in place for boroughs to be able to determine the eligibility of bodies that may potentially be selected in a fair and transparent manner.

In a legal bulletin produced in September 2014, the Service des affaires juridiques stated that in order to comply with sections 137 and 141 of the Charter, boroughs must ensure that they provide financial support to bodies that meet at least the following criteria:

- The body must carry on non-profit activities;
- The body has a mission of local economic, community, cultural or social development or has a goal of organizing and fostering physical or cultural activity;
- The body carries on its activities in the borough.



According to the interpretation of the Service des affaires juridiques, these sections of the Charter do not require bodies to be corporate entities in order to benefit from the financial assistance of boroughs. Accordingly, foundations, associations, trusts and certain cooperatives may request financial assistance. Public bodies such as schools, school boards and hospitals are also covered by these sections of the Charter.

It should be noted that these are the minimum requirements to be met. Boroughs may establish more precise, more specific eligibility criteria that apply to all bodies, to categories of bodies or to a financial assistance program.

During our audit, we examined whether the boroughs audited had established eligibility criteria and whether an official process had been established to ensure their eligibility. We also examined the extent to which boroughs were able to demonstrate the eligibility of the bodies they supported.

### **4.1.1. Establishment of Eligibility Criteria for Bodies**

#### **4.1.1.A. Background and Findings**

From the outset, we noted differences between the management frameworks for financial assistance provided by Lachine and Verdun boroughs. Both boroughs had policies for providing organizations with financial assistance. In the Lachine borough, a policy to assist local recreational and community organizations was adopted by Lachine City council in February 1983 and last revised in March 1992, while in the Verdun borough, the Policy to support recognized organizations is adopted every year by the borough council.

For both boroughs, the policies set out clear eligibility criteria that enable the bodies covered to pre-qualify for professional, material, technical or financial support. Examination of these policies shows that they include not only the eligibility criteria provided for in the Charter, but other, more specific criteria selected by each borough as well.

In reading the two policies, we noted that the one for the Verdun borough applies to all bodies wishing to benefit from some type of support, i.e., community, social, sports, cultural, outdoor or recreational organizations. The Lachine borough policy covers organized recreational and community activities for which the participating clients are easily recognizable. However, over the past few years, certain cultural and social development organizations were supported even though certain eligibility criteria did not apply to the activities offered. Since the last review by Lachine City council dates back to 1992, we think that this policy should be updated,

since both the municipal environment and the activities supported have changed since it came into force.

In the Côte-des-Neiges–Notre-Dame-de-Grâce (CDN–NDG) and Ville-Marie boroughs, the borough councils have not officially adopted any management framework setting forth eligibility criteria applicable to all organizations so that they can pre-qualify for financial support. We did, however, note the existence of eligibility criteria associated with financial assistance programs that were approved by authorities. It should be noted that financial assistance programs account for only a small proportion of the financial contributions granted (10%).

When it comes to recognizing a body for the purpose of eventually providing it with financial assistance, the lack of a management framework specifying eligibility criteria leads to a lack of transparency and consistency. We think that the CDN–NDG and Ville-Marie boroughs should have a policy for supporting bodies that sets forth eligibility criteria for all bodies.

#### 4.1.1.B. Recommendation

**We recommend that the Lachine borough update its local recreational and community organization assistance policy so that it applies to bodies that are likely to receive support.**

#### Business unit's response:

*[TRANSLATION] The Lachine borough organization recognition policy is currently being drafted. It will be presented to officials in the coming weeks. We hope to have it adopted at the May 9, 2016, borough council meeting. All affected organizations will be met with over the course of 2016. (Planned completion: January 2017)*

#### 4.1.1.C. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce and Ville-Marie boroughs have their respective borough councils approve a support policy that specifies eligibility criteria to qualify all targeted bodies and promotes transparency and fairness in the recognition process.**

## Business units' responses:

### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Prepare a draft Frame of Reference for NPO recognition and support that will include:*

*Section 1 – Directional statements;*

*Section 2 – Recognition. **(Completed)***

*Meet with existing partner NPOs in subgroups.*

*Table the file for adoption at the June 26 borough council meeting. **(Planned completion: July 2016)***

### **VILLE-MARIE BOROUGH**

*[TRANSLATION] Table, for adoption at the borough council meeting, a recognition and support policy for NPOs that includes:*

- a process for recognizing organizations and maintaining this recognition;*
- categorization of the organizations according to criteria;*
- the support that can be offered to organizations based on eligibility and relevance criteria; and*
- accountability requirements. **(Planned completion: February 2017)***

## 4.1.2. Organization Recognition Process

### 4.1.2.A. Background and Findings

Of the four boroughs audited, only the Verdun borough has an organization recognition process, which is officially included in the policy to support recognized bodies that was adopted by the borough council. This process is carried out once a year, before any of the financial support is provided. Bodies must demonstrate their eligibility by applying for recognition with the DCSLDC. Following its review of the requested documents, the borough sends a letter to the bodies to notify them that recognition has either been accepted or refused. Bodies that have already been recognized must maintain this recognition through an annual update of the information requested. At the end of this annual exercise, the borough's list of recognized bodies is appended to the support policy submitted for adoption by the borough council.

The Lachine borough does have a support policy in which eligibility criteria appear, but there is no official process for recognizing and maintaining recognition for bodies. According to the information obtained, eligibility criteria are instead taken into account throughout the year, whenever requests for financial support from bodies are reviewed. Moreover, in 2010, as part of budget cutbacks, the borough council adopted a moratorium preventing new bodies from being accepted. At present, because there is no official recognition process, and because of

the moratorium, bodies do not have an equal chance of being recognized, which translates into a lack of transparency. Furthermore, according to the information obtained, there is a list of nearly 135 recognized organizations, but it has never been approved officially by the borough council. This is an administrative document, and about thirty of the organizations appearing on this list should be struck from it. We think that the borough council should approve an updated list of bodies that have been recognized following an official process for recognizing them and maintaining their recognition.

The CDN–NDG and Ville-Marie boroughs also have no official process for recognition and maintaining recognition. As with the Lachine borough, the absence of an official recognition process means that bodies do not have an equal chance of being recognized, which lacks transparency. We also think that since there are no clearly expressed eligibility criteria, there is a risk of favouring bodies that do not meet the minimum requirements set out in the sections of the charter. However, according to the managers we met with, in order to obtain support, bodies must be recognized by management and show that they are in good standing. This recognition is unofficial. We think that a list of bodies that are recognized following a process for recognizing and maintaining recognition should be approved by the borough councils. It should be noted that, at the time of our audit, the CDN–NDG borough was working on developing an organization recognition policy.

Moreover, in determining the eligibility of bodies, whether as part of a formal recognition process or at the time requests for support are reviewed, documents are required to support the decision made. The four boroughs have differing practices in this area. The support policies for the Lachine and Verdun boroughs refer to a list of required documents. However, in the first case, bodies are required to provide those documents, while in the second case, they must only do so upon request. We think that receipt of those documents should be a required part of the recognition process so that complete files showing the eligibility of bodies can be compiled.

As for the CDN–NDG and Ville-Marie boroughs, since they do not have an official management framework in which eligibility criteria would appear, they do not formally require all the bodies seeking some form of support to provide documents proving their eligibility. According to the information obtained, the required documents are requested, but only for bodies receiving financial assistance. However, in the case of financial assistance programs for which boroughs use a call for proposals process, there is a list of required documents, but only for the purposes of these programs, and not to allow bodies to be officially recognized. The fact that there is no management framework setting out the same rules for all bodies is not fair.

In conclusion, since the status of being recognized allows bodies to obtain not just financial assistance, but material, professional or technical support as well, and since it also allows them to benefit from preferential rates for the leasing of premises or equipment, we think that borough councils should decide on standard eligibility criteria and an official recognition process that is carried out before any support is provided. We also think that an official recognition process would allow for greater transparency and fairness in determining the eligibility of bodies. Clearly, with such a process, available resources could be used more efficiently and a wider range of services could be offered to citizens.

#### 4.1.2.B. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine and Ville-Marie boroughs establish a process for recognizing and maintaining recognition of bodies that is separate from the process of evaluating requests for financial assistance, for the purpose of showing transparency and fairness in decisions made.**

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Table, for adoption at the June 26, 2016, BC meeting, the draft Frame of Reference for NPO recognition and support. (Planned completion: June 2016)*

*Receive, handle, and accept or reject requests to maintain recognition for current partners' whose agreement ends on August 31 in order to maintain activities and services as of September 1, 2016. (Planned completion: July 2016)*

*Conduct a public process for recognition or maintenance (duration of recognition: five years). (Planned completion: September 2016)*

##### **LACHINE BOROUGH**

*[TRANSLATION] The process for recognizing organizations and maintaining this recognition has been clearly defined in the new version of the organization support policy.*

*The recognition process will begin in January 2017 and the list of recognized organizations will be approved by the borough council.*

*Requests for support are separate from the recognition process. It is the organizations' responsibility, once recognized, to request support from the various programs accessible to them based on their category. (Planned completion: January 2017)*

**VILLE-MARIE BOROUGH**

*[TRANSLATION] This process, which is separate from support request evaluations, will be implemented at the time of the adoption of the recognition and support policy for NPOs. (Planned completion: February 2017)*

**4.1.2.C. Recommendation**

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine and Ville-Marie boroughs have the list of recognized bodies approved by their borough councils in order to formalize the recognition of bodies and make the process more transparent.**

**Business units' responses:****CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Have the list of NPOs whose recognition has been maintained adopted at the August 8 borough council meeting. (Planned completion: August 2016)*

**LACHINE BOROUGH**

*[TRANSLATION] Approval of the list of organizations recognized by the borough council is included in the new organization support policy. (Planned completion: January 2017)*

**VILLE-MARIE BOROUGH**

*[TRANSLATION] Once the policy is adopted, a first list of recognized organizations will be presented to the borough council for approval. It will be updated periodically for adoption by the council. (Planned completion: April 2017)*

**4.1.2.D. Recommendation**

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs include, as part of their recognition process, a list of documents to be provided by bodies to demonstrate their eligibility.**

**Business units' responses:****CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Prepare a draft Frame of Reference for NPO recognition and support. (Completed)*

*Edit the documents.*

*Table the file for adoption at the June 26 borough council meeting. (Planned completion: June 2016)*

**LACHINE BOROUGH**

*[TRANSLATION] The list of documents to be provided is clearly laid out in the new organization support policy. Said documents will have to be provided on an annual basis in order for the organization to maintain its recognition. (Planned completion: January 2017)*

**VERDUN BOROUGH**

*[TRANSLATION] Organization recognition and support policy under review since January 2015.*

*List of documents to provide, reviewed and included in the 2017 policy. (Planned completion: January 2017)*

*Adoption of the new policy by the borough council.*

*Deploy a communication plan. (Planned completion: December 2016)*

**VILLE-MARIE BOROUGH**

*[TRANSLATION] The list of documents to be provided by organizations wishing to be recognized by the Ville-Marie borough will be included in the recognition and support policy for NPOs. (Planned completion: February 2017)*

### 4.1.3. Compliance with Eligibility Criteria for Bodies

#### 4.1.3.A. Background and Findings

We evaluated whether boroughs that have established eligibility criteria for bodies that are potential recipients of support were able to demonstrate that they met the criteria. To do this, we conducted surveys to determine whether boroughs had evidence that the bodies receiving support met the criteria and whether they made sure that they had received the requested documents from the bodies.

First, for files examined in the Lachine and Verdun boroughs, we noted that evidence of compliance with eligibility criteria was missing or inadequate. For the Lachine borough, a few files were involved while for Verdun borough, most of the files were involved. Such a situation shows that the control exercised regarding file compliance was not carried out with the necessary rigour, and therefore the boroughs are not able to justify their decision to recognize a body or not. This poses a risk that non-eligible organizations may be recognized and receive some kind of support.

Moreover, for one file examined in the Lachine borough, the available evidence even confirmed that it did not meet one of the eligibility criteria in force. According to the criterion in question, Lachine residents must make up 80% of the bodies' clients. In two other cases, the file showed no evidence of compliance with this criterion. In the opinion of the manager we met with, this criterion is restrictive for some bodies, while for others it is difficult to apply. According to the information obtained, when the support policy was adopted by the former Lachine City council, this criterion applied primarily to amusement clubs. Since that time, the borough chose to support bodies even if they were not able to show that this criterion was met, which was the case with one of the two bodies, whose activity consists of organizing a festival. According to the established criteria, in these three cases, the borough should not have considered the bodies eligible and, accordingly, should not have provided them with support. We think that this eligibility criterion established in 1992 no longer reflects the present-day reality of the borough, as clients and their needs have changed over time. We believe that it should be reviewed, because at present, not enforcing the policy is causing a lack of consistency and sending the wrong message to bodies.

Moreover, for one of the files examined in the Verdun borough, we noted a problem with the interpretation of an eligibility criterion. The criterion in question provides that the body must:

- be incorporated under Part III of the *Companies Act* and have a community, social, sports, cultural, outdoor or recreational vocation as well as have its head office in the Verdun borough; OR<sup>5</sup>
- be Montreal-wide (**PANAM**);<sup>6</sup> OR
- be representative.<sup>7</sup>

The body supported was not incorporated under Part III of the *Companies Act*, but rather under the *Amusement Clubs Act*, although it was a NPO. Furthermore, while its activities were held in the borough, its head office was not in the Verdun borough. It also was not Montreal-wide. The body therefore met this eligibility criterion as a “representative” body. According to the wording of the criterion in force, the body was in compliance; however, the criterion, as worded, could allow a body to qualify without being a NPO, which violates the minimum requirements set out in the sections of the municipal charter. According to the borough's interpretation, in order to comply with this eligibility criterion, bodies must be incorporated under Part III of the *Companies Act*, have their head office in the borough AND be a representative body or a Montreal-wide body (PANAM). If this interpretation is used, the body in question should not have had the status of “recognized” because it is not registered

<sup>5</sup> Our emphasis.

<sup>6</sup> NPO in the sports and recreation sector offering services to citizens with disabilities in several Montreal boroughs.

<sup>7</sup> Body giving priority to and serving mostly Verdun clients, with at least twelve (12) participants that have a valid Accès Verdun card and of which no more than two (2) participants live at the same address.



under Part III of the *Companies Act*, and because its head office is not located in the borough. This body should therefore not have received support. In light of the discrepancies presented here, it is imperative that the borough ensure that its policy complies with the Charter sections and that the rules set out in its recognition process are followed.

Moreover, for all the files examined in Verdun borough, we found no evidence of compliance with the criterion concerning the bodies' ability to be self-sufficient and carry on their activities. According to the information obtained, this criterion is not defined in measurable terms and managers therefore do not know how to evaluate it. We think that the support policy should specify the meaning of this eligibility criterion.

Concerning the receipt of the necessary documents for recognizing or maintaining the recognition of bodies, as mentioned above, we found that some of these were not available (e.g., the body's annual declaration) or were insufficient for the purpose of determining eligibility (e.g., the financial statements). It seems as though organizations perceive compliance with such obligations as a formality, since failure to provide the required documents rarely leads to any consequences. We think that recognition policies should clearly specify the deadlines for providing mandatory documents, the minimum information they must contain and the consequences of not producing them, which could ultimately include revocation of "recognized" status.

Second, for the CDN–NDG and Ville-Marie boroughs, since eligibility criteria were officially established only for support programs, we examined whether the applicants' files included proof of compliance with them. For the CDN–NDG borough, we noted that compliance with the eligibility criteria set out in the *Programme montréalais de soutien à l'action citoyenne en sécurité urbaine dans les arrondissements–Tandem* and the *Programme Éco-quartier 2012-2014* was shown in the files of bodies that had applied for support. We made the same observation for the Ville-Marie borough concerning the *Programme de soutien aux initiatives culturelles (volet I et volet II)* and the *Programme d'accessibilité aux loisirs*.

Moreover, we wanted to ensure that, for the four boroughs, evidence had been recorded or obtained to show that organizations had been deemed ineligible. In the case of the Lachine and Verdun boroughs, we were not able to obtain such assurance because the process is not formally documented. We think that such a situation fails to show the transparency of the process. We believe that these boroughs should provide a mechanism to keep evidence in the file. Concerning the CDN–NDG borough's support programs, none of the proposals received was considered ineligible. Concerning the Ville-Marie borough's *Programme de soutien aux initiatives culturelles*, we noted that evidence had been retained for organizations that were considered ineligible.

Third, in the Lachine and Verdun boroughs, responsibility for the support and recognition policies falls to the Direction de la culture, des sports, des loisirs et du développement social (DCSLDS). With regard to the Lachine borough, for the past few years, the financial contribution budget has provided for a contribution to an environmental organization. Since the DCSLDS manages the financial assistance policy, the eligibility criteria stipulated in it should normally apply to all bodies included in its contributions budget; however, not all criteria apply to this environmental organization, hence the importance of specifying categories of bodies. In the Verdun borough, the issue is different. It is also the DCSLDS that applies the official recognition process to organizations supported through its contributions budget. However, other organizations that are supported by the borough and that fall under the responsibility of other departments bypass the official recognition process managed by the DCSLDS. As a result, eligibility criteria stipulated in it are not enforced and other criteria specific to these organizations have also not been established. In our opinion, such a situation lacks consistency in the handling of organization recognition. While the CDN–NDG and Ville-Marie boroughs do not yet have a recognition policy, the same problem is likely to be encountered, because the bodies supported fall under the responsibility of the DCSLDS, the Direction des travaux publics (DTP) and the Direction de l'aménagement urbain et des services aux entreprises (DAUSE). We think that the boroughs' recognition policy should apply to all the bodies that they support. In 4.1.2.C, we recommended that the CDN–NDG and Ville-Marie boroughs produce such a policy.

#### 4.1.3.B. Recommendation

**We recommend that the Lachine and Verdun boroughs review the appropriateness of the eligibility criteria set out in their support policies to make it easier to demonstrate that organizations have met them and to standardize their interpretation.**

#### Business units' responses:

##### **LACHINE BOROUGH**

*[TRANSLATION] The eligibility criteria have been reviewed and standardized for all the organizations wishing to obtain recognition and support from the borough. (Planned completion: January 2017)*

##### **VERDUN BOROUGH**

*[TRANSLATION] Organization recognition and support policy under review since January 2015.*

*List of documents to provide, reviewed and included in the 2017 policy. (Planned completion: January 2017)*

*Validate with all of the employees, respondents and stakeholders. (Planned completion: September 2016)*

*Organize a focus group with organizations to validate all the modifications. (Planned completion: September 2016)*

*Adoption of the new policy by the borough council.*

*Deploy a communication plan. (Planned completion: December 2016)*

#### 4.1.3.C. Recommendation

**We recommend that the Verdun borough ensure compliance with the rules provided for in its recognition process to show transparency and fairness toward those who submit requests for support.**

#### Business unit's response:

*[TRANSLATION] Resource assigned to the analysis of the organization recognition process since November 2015.*

*Overview of the situation, analysis and recommendations in progress.*

*Review the organization recognition management process.*

*Training given to employees/respondents to harmonize the management process and ensure all organizations are treated fairly. (Planned completion: November 2016)*

#### 4.1.3.D. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs set out in their support policy clear rules concerning a deadline for bodies to comply with the requirements, the consequences of non-compliance with those requirements and the procedures that boroughs can follow if such a situation arises in order to protect the City's interests.**

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Prepare a draft Frame of Reference for NPO recognition and support. (Completed)*

*Validate sections 1 and 2 of the draft Frame of Reference with a working committee (DCSLDS and six partners).*

Table the file for adoption at the June 26 borough council meeting. **(Planned completion: June 2016)**

Publish the Frame of Reference for NPO recognition and support on the website and promote it. **(Planned completion: July 2016)**

#### **LACHINE BOROUGH**

[TRANSLATION] A time frame will be provided for organizations to meet the recognition and support requirements. A procedure has been created for non-compliance with these requirements. It sets out various steps, including a first notice, a follow-up, a notice explaining the consequences of not complying and a procedure for withdrawing the recognition and the privileges that come with it. **(Planned completion: January 2017)**

#### **VERDUN BOROUGH**

[TRANSLATION] Clear rules regarding the time frames and consequences of non-compliance included in the policy. **(Planned completion: January 2017)**

Information meetings organized to communicate these changes to the groups. **(Planned completion: December 2016)**

Train employees/respondents to ensure the process is followed. **(Planned completion: December 2016)**

#### **VILLE-MARIE BOROUGH**

[TRANSLATION] These rules will be included in the recognition and support policy for NPOs. **(Planned completion: February 2017)**

#### **4.1.3.E. Recommendation**

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs ensure that they put together complete files showing compliance or non-compliance with eligibility criteria by organizations seeking to be recognized or to maintain their recognition in order to justify their decisions and ensure greater transparency.**

#### **Business units' responses:**

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

[TRANSLATION] Develop a procedure for the analysis of eligibility as well as the forms required to highlight the following possibilities:

- Recommendation to maintain recognition;
- Recommendation to recognize;
- Recommendation not to recognize. **(Planned completion: June 2016)**

The tools developed are used to create lists to be tabled at the August 8 and December 5, 2016, borough council meetings. **(Planned completion: December 2016)**

#### **LACHINE BOROUGH**

[TRANSLATION] Forms have been created for a recognition request or a request to maintain this recognition. Each request will be analyzed based on the policy criteria. The form will have to be accompanied by required support document and these will be kept in the file. Each file includes a summary sheet of the documents it contains. These forms will be shared with the working group made up of the audited boroughs. **(Planned completion: January 2017)**

#### **VERDUN BOROUGH**

[TRANSLATION] Review organization recognition eligibility and update forms. **(Planned completion: October 2016)**

Implement a formal approval process that falls under the responsibility of the division head. **(Planned completion: October 2016)**

Train employees/respondents to ensure the process is followed. **(Planned completion: November 2016)**

#### **VILLE-MARIE BOROUGH**

[TRANSLATION] These files including the completed analysis and compliance grid for each request will be created when the recognition and support policy for NPOs is implemented. Organization recognition will be effective for six years, unless the relationship between the borough and the organization changes or the organization no longer meets the criteria for its category. **(Planned completion: April 2017)**

## **4.2. Evaluation of Requests for Support**

### **4.2.A. Background and Findings**

After obtaining recognition, bodies are eligible to receive financial support. To demonstrate transparency, there must be mechanisms to allow all eligible bodies to submit a request for financial assistance in the relevant field. In addition, criteria must be established to evaluate the requests received in an objective and consistent manner and to determine the amount of the contribution granted. A documented evaluation process must be established to justify the choice of requests or proposals, as well as to support the amount granted.

To facilitate understanding of the support request evaluation process, we first drew up a profile showing the distribution of financial contributions made in 2014, according to the type of support chosen by the boroughs audited (see Table 2). For presentation purposes, here is

what each type of support involves. Financial assistance programs cover contributions that were allocated in response to calls for proposals. Financial assistance policies, while structured for the targeted clients, are not subject to market solicitation by the boroughs. Other types of financial assistance include donations made to organizations by mutual agreement, either on the City's initiative, at the request of the body or as a result of a partnership between the two.

**Table 2 – Distribution of Contribution Expenses in 2014 by Type of Support**

Type of support	CDN-NDG	Lachine	Verdun	Ville-Marie	TOTAL
<b>Support programs</b>	\$575,300 <sup>[a]</sup> (13%)	\$ –	\$ –	\$627,900 <sup>[b]</sup> (11%)	\$1,203,200 (10%)
<b>Financial assistance policy</b>	\$ –	\$687,266 <sup>[c]</sup> (68%)	\$308,698 <sup>[d]</sup> (33%)	\$ –	\$995,964 (9%)
<b>Other type of support - Mutual agreement</b>	\$3,655,329 <sup>[c]</sup> (85%)	\$210,000 <sup>[e]</sup> (20%)	\$618,771 <sup>[c]</sup> (67%)	\$4,770,589 <sup>[c]</sup> (85%)	\$9,254,689 (78%)
<b>Granted by an elected official (discretionary budget)</b>	\$64,990 (2%)	\$114,996 (12%)	\$ – <sup>[f]</sup>	\$189,069 (4%)	\$369,055 (3%)
<b>Total</b>	<b>\$4,295,619</b>	<b>\$1,012,262</b>	<b>\$927,469</b>	<b>\$5,587,558</b>	<b>\$11,822,908</b>

<sup>[a]</sup> Programme montréalais de soutien à l'action citoyenne en sécurité urbaine dans les arrondissements–TANDEM and Programme Éco-quartier.

<sup>[b]</sup> Programme d'initiatives culturelles; Programme de soutien financier au développement commercial and Programme de soutien à l'accompagnement en loisirs (accessibilité universelle).

<sup>[c]</sup> By difference: total expenditures excluding the other types of support.

<sup>[d]</sup> Financial assistance policy and Programme d'accompagnement en loisirs (budget allowance of \$10,000).

<sup>[e]</sup> Éco-quartier activities and street theatre festival.

<sup>[f]</sup> Support granted to organizations is not accounted for separately and are therefore included in the other types of section – by mutual agreement as shown in the note above.

Source: Data from the City accounting system (SIMON) and minutes, and data obtained from boroughs.

Overall, for the four boroughs audited, a small proportion of the financial contributions was paid under support programs and financial assistance policies. We found that the vast majority of contributions were not covered by programs. Only the Lachine borough differs in this regard since most of its financial contributions were made under its financial assistance policy.

It should be noted that when the City has a business relationship with a NPO, it is not required by any provision of the *Cities and Towns Act* or any administrative framework to conduct a call for proposals process before allocating financial contributions. The City chooses to do this voluntarily, which explains the small number of financial contributions granted under this allocation method.

During our audit, for each of these types of support, we evaluated whether evaluation criteria had been established to determine both the nature and the amount of the request. We also evaluated the existence of documented evaluation processes used to justify the appropriateness and amounts of the financial contributions granted.

## 4.2.1. Contributions Made Under Support Programs

### 4.2.1.A. Background and Findings

A support program is developed to achieve a general objective that the borough has set for itself. A budget allowance is provided for this purpose so that financial contributions can be granted to organizations in response to calls for proposals. This method is transparent when all eligible bodies have an opportunity to submit proposals. In order to show that proposals were handled fairly and objectively, guidelines must be determined on matters such as evaluation criteria, type of financial support and amounts of financial assistance granted. Moreover, an evaluation process must then be established so that each proposal received can be evaluated on the basis of pre-established weighting. Through the resulting overall evaluation, the proposals received can be either accepted or refused.

Of the four boroughs audited, only the CDN–NDG and Ville-Marie boroughs launched calls for proposals on the open market to set up financial assistance programs. The number of calls for proposals is low, however, and the budget allocation provided for support programs accounts for only 13% and 11% of these boroughs' total financial contributions budget, respectively.

For the CDN–NDG borough, there are two support programs. The first is the *Programme montréalais de soutien à l'action citoyenne en sécurité urbaine dans les arrondissements-TANDEM*, approved by City council in 2003. According to the guidelines for this program, boroughs were to select their partners in response to an open call for proposals and conclude three-year agreements. Since the program began, the CDN–NDG borough has launched open calls for proposals twice: once in 2003 (2004–2006 period) and once in 2009 (2010–2012 period). A provision in the agreements provided for renewal for the subsequent period, which is also the case for the 2013–2015 period. For this last period, the proposed budget for each year was \$250,000.

The second is the *Programme Éco-quartier*, which was set up by the DTP. This program also involves three-year agreements that are concluded with organizations. For this program, the borough launched a call for proposals in 2011 for the 2012–2014 agreement. The proposed

budget for each year was \$325,000. We note here that launching a call for proposals was really a matter of choice, because the other three boroughs audited preferred instead to grant contributions for a *Programme Éco-quartier* by mutual agreement.

As for the Ville-Marie borough, it used a call for proposals process twice in 2014, once for the *Programme de soutien financier aux initiatives culturelles*, which has two components, and once for the *Programme accessibilité aux loisirs*. In the first case, the budget allowance was \$260,000 and in the second it was \$35,000.

Ultimately, the use of a call for proposals process for support programs shows a desire for transparency. We therefore wanted to ensure that the procedure had allowed all eligible bodies to submit requests for support. To accomplish this, we examined both the solicitation methods and the number of requests received.

First, we found that the ways in which support programs are publicized in order to obtain proposals varied from one case to the next (e.g., publicizing on the borough's website, the Système électronique d'appel d'offres (SÉAO), sending emails) (see Table 3). We also noted, in the case of the CDN-NDG borough, that few proposals had been received in response to the call for proposals, which limits the results of the evaluation and raises questions. When the call for proposals for the *Programme Éco-quartier* was launched, the borough's territory had been divided in two, two proposals were received and two contributions were granted. For the *Programme TANDEM*, a single proposal was received and a single contribution was granted. We believe that the borough should review these situations in order to identify possible causes of the results obtained and to ensure that necessary corrective measures are taken so that more organizations can submit a proposal when upcoming open calls for proposals are launched.



**Table 3 – Support Programs in the Boroughs Audited**

Programs	Solicitation method	Publicizing method	Amount disclosed	Number of proposals received	Number of proposals accepted	Average value of contributions
<b>CDN–NDG</b> <i>Programme Éco-quartier (2012–2014)</i>	Public call for proposals	<i>Le Devoir</i> newspaper and SÉAO	Yes	2	2	\$162,500
<b>CDN–NDG</b> <i>Programme montréalais de soutien à l'action citoyenne en sécurité urbaine dans les arrondissements (TANDEM) (2013-2015)</i>	Open call for proposals	The borough's website	Yes	1	1	\$250,000
<b>Ville-Marie</b> <i>Programme de soutien financier aux initiatives culturelles (2014)</i>	Open call for proposals	The borough's website and invitation emailed to targeted bodies	Maximum amounts provided for in components I and II	56	30	\$8,666
<b>Ville-Marie</b> <i>Programme d'accessibilité aux loisirs</i>	Call for proposals by invitation		No, this was a budget to be allocated	7 <sup>[a]</sup>	7	\$5,000

<sup>[a]</sup> Out of 10 invitations emailed by the borough, three organizations did not respond.

Source: Information obtained from boroughs

As for the Ville-Marie borough, the two support programs were designed so that calls for proposals could be launched every year. The results obtained for the *Programme de soutien financier aux initiatives culturelles* show greater transparency since 56 of the 200 organizations that received invitations made proposals, giving the borough several options to choose from. For the *Programme d'accessibilité aux loisirs*, this was a call for proposals by invitation, which is clearly less transparent than a public call for proposals. However, we recognize that the budget is a factor to be taken into account.

Second, since the CDN–NDG and Ville-Marie boroughs had chosen to launch calls for proposals for four programs, we examined whether they had evaluated the proposals received on the basis of pre-established criteria.

We noted that the programs in the two boroughs clearly described the evaluation criteria forming the basis of evaluation for the proposals received. In order to have assurance that the choice of organizations selected was transparent and fair, we examined the existence and composition of evaluation committees, the evaluation process and documentation. We noted that selection committees had been set up for the four support programs; however, we found that there were differences in practices. The composition of the committees was different from one support program to another, both in terms of the number of committee members and their level in the hierarchy. Concerning documentation of the evaluation

process, we noted the presence of initialled and signed evaluation grids in the case of the CDN–NDG borough. On the other hand, for the Ville-Marie borough, most evaluation grids were not annotated and signed for the *Programme de soutien aux initiatives culturelles*. For the *Programme montréalais de soutien à l'accompagnement en loisirs (accessibilité universelle)*, we found no evidence that such grids had been produced. We think that rules governing the operation of evaluation committees and the evaluation process should be developed to standardize practices and to show that contributions are granted to organizations based on assessment of the evaluation criteria.

Third, in terms of the amount of financial assistance, we noted that different amounts were submitted for each program. For its two support programs, the CDN–NDG borough indicated the financial contribution amount. This was a budget allowance bodies were asked to use as a basis for submitting proposals. For the Ville-Marie borough, both components of the *Programme de soutien financier aux initiatives culturelles* clearly showed a maximum amount of financial assistance that organizations could receive. For the *Programme d'accessibilité aux loisirs*, the support program did not disclose this information in writing.

Consequently, only the support programs of the Ville-Marie borough provided that the amount of financial assistance could be established on the basis of an assessment of the evaluation criteria. We therefore would have expected the amount granted to be documented and consistent with a directive on the contribution level (e.g., in accordance with expected traffic, potential visibility, budget) or consistent with the evaluation note, but our examination of the files did not corroborate our expectations. For the *Programme de soutien financier aux initiatives culturelles*, the files examined contained an evaluation grid showing the contribution amount granted, with no other comment or justification entered. Such a practice does not justify the amount granted, and shows a lack of transparency. Concerning the *Programme d'accessibilité aux loisirs*, our audit did not reveal whether the determination of the amount of financial assistance was linked to evaluation criteria. We therefore could not be certain that the organizations had been evaluated fairly.

With respect to the CDN–NDG borough, the process currently in place does not allow contribution amounts to be allocated on the basis of evaluation criteria. As mentioned above, the amount of the contribution is already announced when the call for proposals process is launched, and applicants therefore already know the amount made available to them, regardless of the evaluation. We were not able to obtain the criteria used to establish this budget. In our opinion, this practice, combined with the fact that few proposals were received, is not objective. We believe that the establishment of contribution amounts should be documented so that it is possible to evaluate whether the proposals received meet the borough's expectations.

In conclusion, although the tendering process is a good way to proceed, we think that the shortcomings observed do not promote transparency in the decisions made and do not provide us with assurance that requests were handled fairly. Accordingly, we think that rules must be established to provide a framework for the call for proposals process for financial contributions.

#### 4.2.1.B. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce borough analyze the results obtained in response to calls for proposals when few organizations submit proposals in order to determine the causes and be able to take the necessary corrective measures to receive several proposals during the next solicitation.**

#### Business unit's response:

*[TRANSLATION] In accordance with the programs, adhere to the established awarding method, produce a process report and make the necessary adjustments as needed. (Planned completion: December 2016)*

#### 4.2.1.C. Recommendation

**We recommend that the Ville-Marie borough ensure that both the evaluation of proposals and the amounts of financial assistance provided by selection committees are recorded in the files to show transparency and fairness in the decision-making process.**

#### Business unit's response:

*[TRANSLATION] In the area of culture, the recommendation is applied as part of the Programme de soutien aux initiatives culturelles. (Planned completion: April 2016)*

*In the area of sports, recreation and social development, the recommendation will be applied gradually in all cases where there will be a call for tenders. (Planned completion: April 2016)*

*With regard to the other departments, the recommendation will be applied. (Planned completion: October 2016)*

**4.2.1.D. Recommendation**

We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce borough document the establishment of pre-established financial contributions amounts in order to assess whether the proposals received meet the borough’s expectations.

**Business unit’s response:**

*[TRANSLATION] Determine the calculation methods to establish the contribution amount for each of the programs in section 3 of the Frame of Reference for NPO recognition and support. (Planned completion: August 2016)*

**4.2.1.E. Recommendation**

We recommend that the Direction générale develop rules governing the operation of selection committees and the evaluation process for calls for proposals aimed at allocating financial contributions to organizations in order to standardize the boroughs’ practices.

**Business unit’s response:**

*[TRANSLATION] The Direction générale will ask the board of borough directors to examine the tools that could be developed and implemented to structure the awarding of financial contributions by call for proposals. (Planned completion: February 2017)*

## 4.2.2. Contributions Granted under a Financial Assistance Policy

**4.2.2.A. Background and Findings**

As mentioned above, of the four boroughs audited, only the Lachine and Verdun boroughs have a financial assistance policy. The Lachine borough’s policy provides financial assistance to organizations for recreational and community activities for several specific types of clients (e.g., children, teenagers, the elderly, disabled persons, youth sports and culture enthusiasts, community partnership, public festivals, cultural development, recreational facility management). For each of these categories, the policy sets out standards for allocating financial contributions, hereinafter referred to as “allocation standards.”

With regard to the Verdun borough its financial assistance policy provides support for the activities of youth aged 17 and under and the creation of new organizations. In this case, the

allocation standard corresponds to the distribution of budget allocations on the basis of hours of participation.

First, we wanted to ensure that financial assistance policies allowed all eligible organizations to submit requests for support. Under the Lachine borough policy, while eligible organizations involved in the recreational and community activities of various clients are eligible, a moratorium on the recognition of new organizations has been in place since 2010. Clearly, such a decision does not allow all eligible organizations to submit requests for assistance. For the Verdun borough, as a rule, all recognized organizations that comply with the financial assistance program criteria and make a request for assistance receive a financial contribution, which makes the allocation process more transparent.

However, in our opinion, one of the eligibility criteria limits this transparency. This is the criterion through which the borough recognizes any body that differs from another body that is already recognized, either through the services it offers or its clients. While the borough may wish to diversify the services offered through this criterion, the fact remains that the “first come, first serve” basis is not necessarily a way of promoting fairness among organizations wishing to benefit from a financial contribution. To ensure fairness and transparency in the process of allocating financial contributions, we believe that this criterion should be taken into consideration not at the time of recognition, but rather at the time financial contributions are allocated, and on the basis of evaluation criteria. It should be noted that this is also one of the eligibility criteria for the Lachine borough and, therefore, the same findings apply.

Second, our audit was aimed at ensuring that contributions were allocated on the basis of pre-established criteria. The policies in force do not specify pre-established evaluation criteria to evaluate requests for support in relation to each other; however, they set out standards or rules for determining financial contribution amounts.

As for the Lachine borough, its financial assistance policy defines an allocation standard by type of eligible body; for example, an amount per participant or a fixed amount. It does not, however, specify criteria for establishing this amount per participant. In the case of the fixed amount, it provides general criteria, but not guidelines for determining a contribution amount.

In accordance with its by-law for the delegation of powers to public servants and employees, every year the borough council approves standards for determining the amounts of contributions granted to recognized organizations. It should be noted that this was the only one of the four boroughs audited in which responsibility for approving contributions under \$25,000 was delegated to the DCSLDS director. For 2014, a list of 52 organizations that the

borough intended to support, the method of calculating each contribution and an estimate of the anticipated contribution was approved by the borough council.

Our examination of the allocation standards shown on this list revealed differences in terms of the amount per participant. The amount varies between \$15 and \$200 per participant, depending on the organization supported. According to the information obtained, criteria used to justify the establishment of an amount per participant were not documented. At first glance, such a situation does not demonstrate equitable treatment of the bodies or transparency in the process. We think that the establishment of such allocation standards should be based on pre-established, documented criteria.

During our audit, we ensured, on a test basis, that the financial contribution amounts paid had been determined according to established allocation standards and that the establishment of this amount was documented. First, our audit revealed that most of the contributions examined (8 out of 10) did not comply with the allocation standards appearing in the financial assistance policy revised in 1992 by Lachine City council. In section 4.1.1, we recommended that the borough's policy be updated. Since contributions are paid throughout the year under allocation standards adopted every year by the borough council, we examined whether these new allocation rules were being followed when the actual amount of contributions was determined. We noted two cases of non-compliance with these allocation rules. We also found that the analysis conducted by the borough to justify the unit amounts granted, such as amounts per participant, was not documented. As a result, we did not find any evidence to justify the situations of non-compliance with the allocation standards.

For the Verdun borough, the total amount distributed every year is equal to the budget appropriations established at the beginning of the year. The only criterion used to establish the financial contribution amount is the proportion of total hours of participation of each young participant residing in the borough, up to a maximum amount. The contributions are allocated on the basis of the actual results of the previous year.

### 4.2.2.B. Recommendation

**We recommend that the Lachine and Verdun boroughs review the eligibility criterion according to which a body cannot operate in a sphere of activity already covered by another body so that all eligible requests for financial assistance can instead be assessed on the basis of evaluation criteria.**

**Business units' responses:**

**LACHINE BOROUGH**

*[TRANSLATION] The non-overlap eligibility criterion has been reviewed and replaced with the following criterion: "An eligible organization must offer services, products or activities that provide benefits to the local population and are in line with the mission and priorities of the DCSLDS." (Planned completion: January 2017)*

**VERDUN BOROUGH**

*[TRANSLATION] The activity overlap criterion has been clarified: "To qualify, an organization must offer services, products or activities in line with the mission and priorities of the DCSLDS. If these services, products or activities are already offered by other organizations, a special committee will be assigned to analyze the request. Its decision will be final." (Planned completion: January 2017)*

**4.2.2.C. Recommendation**

**We recommend that the Lachine borough document the criteria used to establish the allocation standards approved every year by the borough council in order to show transparency in the allocation of financial contributions.**

**Business unit's response:**

*[TRANSLATION] Specific programs including several criteria have been created to ensure the fair and equitable awarding of financial contributions. These programs form an integral part of the support policy and will be approved by the borough council. (Planned completion: January 2017)*

**4.2.3. Contributions Granted to Organizations  
by Mutual Agreement**

**4.2.3.A. Background and Findings**

As illustrated in Table 2 of section 4.2, 78% of all contributions made by the four boroughs audited were paid to organizations by mutual agreement.

This type of support is dramatically greater in the CDN–NDG and Ville-Marie boroughs because of amounts paid to partner organizations. It should be noted that the support provided to partners has been in place since 1996, before the boroughs were even created. These are primarily organizations that receive support for organizing recreational activities, youth programs, competitive sports, sports clubs, holiday clubs and sports centre management. In addition to partners, the four boroughs also support organizations in carrying

out various projects, holding events associated with various municipal activities or financially supporting their activities. Projects receive support at the request of organizations, boroughs or round tables.

As mentioned above, during this audit we wanted to evaluate whether all eligible organizations had an equal chance of obtaining support. First, since three of the four boroughs audited do not have a formal recognition process, this limits the ability of organizations to become officially recognized and therefore eligible. Furthermore, when such a large share of the financial contributions budget is allocated to organizations under a mutual agreement, and a sizeable share of the organizations has received financial assistance for at least 5 years, this raises questions for us about the fairness of the process of allocating financial contributions.

As part of our audit, we also looked for the existence of evaluation criteria enabling boroughs to objectively determine the appropriateness of requests for support. We also sought to determine whether criteria existed for the establishment of financial contribution amounts. The results of our audit did not confirm our expectations. We think that the lack of pre-established criteria is likely to make the process of analyzing requests and determining contribution amounts a subjective one.

Despite the lack of evaluation criteria, we nevertheless questioned the managers we met with on the type of analysis conducted before financial contributions are granted to organizations. For those granted to partners in the sports and recreation field, they are renewed from one period to the next, generally for three years. According to the information obtained, the analysis consists in evaluating the implementation of the action plan agreed on by the parties for the ended period. However, managers were not always able to provide us with a written evaluation justifying the renewal of agreements (showing the achievement of set objectives related to boroughs' priorities). Yet, when it comes time to renew contributions, a new action plan is agreed on for another three-year period. We also questioned them on the determination of contribution amounts. However, the people we met with were unable to provide us with the criteria originally used to establish contribution amounts (in 1996). According to the information obtained, the contributions made were simply renewed from one period to the next, taking an indexation into account, but not conducting any actual analysis to demonstrate that the amount was still appropriate.

Other organizations receive financial contributions under recurring agreements or for special projects. The recurring agreements involve virtually identical amounts that are renewed by mutual agreement once a year or every three years for the borough's specific needs. The amounts paid to organizations often correspond to the amounts they requested through a



draft budget or a financial package. During our audit, we noted that boroughs rarely questioned the amounts requested by organizations.

Other requests for financial assistance, such as those made by non-partner organizations, are received throughout the year. According to the information obtained, the analysis conducted consists in ensuring that organizations are in good standing and have funds available in the budget.

In conclusion, for financial contributions made on a mutual agreement basis, there was no evidence of any actual analysis conducted to support or refute the appropriateness of providing organizations with financial assistance. Such a situation does not demonstrate transparency and objectivity in the allocation of contributions to organizations. Since boroughs manage public funds, we think it is imperative that rules be established concerning boroughs' analysis of the requests for assistance they receive from organizations. Moreover, by providing support to organizations through mutual agreements and responding to special requests for support, boroughs cannot evaluate organizations in relation to each other and ensure that the proposals retained are the most in line with their expectations and priorities.

For all these reasons, we think that boroughs should rely more on calls for proposals in which pre-established criteria are used to evaluate organizations so that the projects selected are those that are most in line with their expectations and priorities.

#### 4.2.3.B. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs determine criteria to evaluate the appropriateness of a request and establish the financial contribution amounts to be paid to organizations in order to show that the process is objective.**

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Determine the criteria used to evaluate the relevance of a request and to establish the financial contribution amount for each of the programs in section 3 of the Frame of Reference for NPO recognition and support. (Planned completion: August 2016)*

##### **LACHINE BOROUGH**

*[TRANSLATION] Specific criteria have been established for each of the financial support programs. Amounts associated with each program have been determined.*

Forms will have to be completed for each request and organizations will have to provide a series of support documents determined in the policy. **(Planned completion: January 2017)**

**VERDUN BOROUGH**

[TRANSLATION] Financial support program eligibility criteria reviewed and included in the policy.

Financial support analysis request form incorporated. **(Planned completion: January 2017)**

**VILLE-MARIE BOROUGH**

[TRANSLATION] Criteria to evaluate the relevance of a request and to set the level of financial support will be included in each of the local programs. **(Planned completion: February 2017)**

**4.2.3.C. Recommendation**

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs document the analysis of requests for support in the file and justify in writing the financial contribution amounts paid to organizations in order to show that the process is objective.**

**Business units' responses:**

**CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

[TRANSLATION] Develop a procedure and the necessary forms to highlight the possible results of the analysis:

- Request accepted;
- Request accepted with modification;
- Request refused.

Implement a procedure with regard to the necessary documents to include in each request. **(Planned completion: August 2016)**

**LACHINE BOROUGH**

[TRANSLATION] Every financial contribution awarded to an organization will undergo an analysis based on the criteria specific to the various programs stipulated in the policy. A form has been created for each of the programs. **(Planned completion: January 2017)**

**VERDUN BOROUGH**

[TRANSLATION] Analysis grid systematically included in the file.

Support request analysis form systematically completed and included in the file. **(Planned completion: October 2016)**

**VILLE-MARIE BOROUGH**

[TRANSLATION] A standard request analysis form will be developed on which all the information will be recorded, and it will be kept in the file. **(Planned completion: December 2017)**

**4.2.3.D. Recommendation**

We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs look into the possibility of adopting, as part of their financial support policies, programs under which projects are selected through calls for proposals, in order to promote a service offer that meets their needs and priorities, promote greater transparency in the process, and help ensure that the best possible offers are obtained.

**Business units' responses:**

**CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

[TRANSLATION] Determine, based on various criteria, the awarding methods to be used for the various support programs that will be described in section 3 of the Frame of Reference for the recognition and support of NPOs.

For the programs adopted by other authorities, follow the established method.

In both cases, produce a process report to determine the necessary adjustments as needed. **(Planned completion: August 2016)**

**LACHINE BOROUGH**

[TRANSLATION] Several programs have been created based on the needs and priorities of the borough:

- summer entertainment program;
- road work program;
- urban safety program;
- recreational coaching program;
- intercultural relations program.

These programs will be subject to calls for proposals.

Accountability reporting will be performed for each of the programs. **(Planned completion: January 2017)**

**VERDUN BOROUGH**

*[TRANSLATION] New programs included in the 2017 policy.*

*Based on the type of support offered and the amount available, the relevance of going to tender will be systematically evaluated.*

*Recurring contributions: a systematic evaluation will be conducted when agreements are renewed to assess the relevance of going to tender. **(Planned completion: January 2017)***

**VILLE-MARIE BOROUGH**

*[TRANSLATION] The support funds and programs and related analysis grids will be tabled at the borough council meeting in order to be included in the 2017 budget. **(Planned completion: December 2016)***

*In the areas of sports, recreation and social development, certain projects are already receiving support following a call for proposals. When the NPO recognition and support policy is drafted, other programs will be targeted to launch calls for proposals.*

*Accountability reporting will be performed for each of the programs. **(Planned completion: February 2017)***

### 4.3. Allocation of Contributions Based on Priorities

#### 4.3.A. Background and Findings

In a context in which boroughs manage public funds and resources are limited, requests for financial assistance from organizations should be accepted only if they are consistent with the priorities of the municipal administration<sup>8</sup> and contribute to the achievement of set objectives.

In the previous sections, we examined the processes in place to determine the eligibility of organizations submitting requests for financial assistance and to evaluate these requests. In this section, we evaluated the extent to which boroughs' priorities and objectives were taken into account when financial contributions were allocated to organizations.

For the four boroughs, we first examined changes in the financial contribution budget over the past five years to determine priority areas, and we compared it with actual expenditures.

<sup>8</sup> For the purposes of this report, the municipal administration includes the boroughs.

### 4.3.1. Changes in the Financial Contribution Budget and Expenses for the 2010–2014 Period

#### 4.3.1.A. Background and Findings

For the boroughs audited, we examined the allocation of the original financial contributions budget among municipal activities for the years 2010 to 2014 (see Appendix 6.1). Our findings are as follows:

- The budget is allocated among municipal activities in different proportions depending on the borough;
- The largest share of budget appropriations is in the “recreation and culture” activity for each borough, but in proportions representing 40% to 80% of the total financial contributions budget;
- The importance placed on support for other activities varies with each borough. For example:
  - unlike the other two boroughs, the CDN–NDG and Ville-Marie boroughs provide organizations with assistance for the “transportation” activity;
  - unlike the Lachine borough, the CDN–NDG, Verdun and Ville-Marie boroughs provide organizations with financial assistance for the “public safety” activity;
  - the Lachine borough allocates a greater proportion of its financial contribution budget to the “health and welfare” activity than the other three boroughs.

This situation can be explained largely by the fact that under their jurisdictions, boroughs are required to offer recreational sports and sociocultural services. According to the choices made, services are offered to the public either directly by boroughs or through partner organizations. For the other so-called social development activities (health and welfare, public safety, transportation, land use planning, urban planning and economic development), boroughs support organizations by choice. Such a situation accounts for the large share of the financial contributions budget in the “Recreation and Culture” activity compared to other activities and the total contributions budget.

We would have liked to see evidence that an exercise was carried out to justify the allocation of budget appropriations for financial contributions among each of the municipal activities, taking into account the administration’s priorities and objectives. According to the information obtained, such an exercise was not available. Instead, budget appropriations are allocated according to a financial framework made available to each department and renewed from year to year. The fluctuation of budgetary appropriations from one year to the next can be explained by the financial assistance provided to new organizations, the indexation of recurring contributions or by budget cuts, without any actual prioritization exercise taking place.

By adopting the original budget, authorities in turn approve the allocation between each of the municipal activities contained in it. Since this could also be interpreted as approval of the priorities for each expense item, including financial contribution expenses, we compared the budgetary appropriations initially approved with actual expenditures for the 2010–2014 period to assess whether the original budget reflected reality. As shown in the tables presented in Appendix 6.1, the findings are as follows:

- For each year, the total actual financial contribution expenses are almost always greater than the original budget for the CDN–NDG (variance ranging from 7% to 11%), Verdun (variance ranging from -3% to 47%) and Ville-Marie (variance ranging from 30% to 61%) boroughs;
- For each year, the actual expenditures per municipal activity are often greater than the corresponding budgetary appropriations for the CDN–NDG, Verdun and Ville-Marie boroughs. We note a greater difference in the Ville-Marie borough, especially in activities related to social development (transportation, environmental health and public safety).

To spend amounts greater than the original budget, boroughs must either release budgetary appropriations from other categories of expenses or use unallocated surpluses. It should be noted that over the course of the year, appropriations may be transferred in accordance with administrative frameworks and that, according to the directive “Utilisation des surplus, réserves et revenus,”<sup>9</sup> (use of surpluses, reserves and revenues) boroughs have no restrictions with regard to the use of available surpluses.

In our opinion, this practice poses the risk that requests for support from organizations will be accepted with no real concern for the original budget authorized by City council. This also poses the risk that requests for support that are not quite in line with priorities or do not contribute to set objectives will be accepted. There is also a risk that organizations will be granted a contribution amount greater than that set out in support program guidelines.

In view of these risks, we closely examined the audited boroughs’ use of the surplus for financial contribution purposes from 2010 to 2014. We noted that the CDN–NDG, Verdun and Ville-Marie boroughs chose to use the surplus (see Appendix 6.2). For the year 2014 in particular, these boroughs managed to allocate, for financial contribution purposes, budget appropriations equivalent to a 5%, 18% and 34% increase, respectively, over their original budget.

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<sup>9</sup> C-RF-SF-D-09-002, guideline approved by the City manager on February 26, 2010.

For each of these boroughs, we identified bodies that received financial assistance through available surpluses (see Table 4) and we examined the purposes for which they received support.

**Table 4 – Statistics on Organizations that Received Support through Available Surpluses – 2014**

	CDN–NDG	Verdun	Ville-Marie
Number of organizations that received support in 2014	129	55	171
Number of organizations that received support through available surpluses	15 (19%)	2 (4%)	33 (19%)

Our findings are as follows:

- These are generally special projects for which organizations had approached the boroughs;
- For the CDN–NDG, Verdun and Ville-Marie boroughs, organizations that received support through available surpluses had already received support through budget appropriations initially provided for in the original budget, i.e., 13 (87%), 1 (50%) and 15 (45%), respectively;
- For the Ville-Marie borough:
  - 20 out of 33 bodies (61%) were funded on a recurring basis by surpluses;
  - 7 out of 33 bodies (20%) operated in the field of culture. Six of them had had their requests for support refused under the *Programme de soutien aux initiatives culturelles*, while one other organization had already received a contribution under this program;
- For the CDN–NDG borough, following cutbacks in the operating budget for social development support, organizations continued to receive funding, but through available surpluses.

When financial contributions are recurring, this creates expectations in organizations. A body that receives a contribution one year expects the same contribution the next year.

In conclusion, the differences observed between the original contributions budget and actual expenses raise questions for us concerning the establishment of real priorities.

#### 4.3.1.B. Recommendation

We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs document the allocation of budget appropriations for financial contributions among the various municipal activities so that they reflect the priorities decided on by authorities.

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Prepare a tool on distribution once the programs are deployed. Make observations according to priorities. Make the necessary changes when reviewing the programs (every five years).*

*Implement a dynamic dashboard to be tabled annually when preparing the budget.*

*Review every five years at the same time as the program review. (Planned completion: June 2017)*

##### **LACHINE BOROUGH**

*[TRANSLATION] Every year, when the borough budget is adopted, an evaluation of the allocation of budget appropriations for financial contributions will be conducted based on the borough's priorities. (Planned completion: December 2016)*

##### **VERDUN BOROUGH**

*[TRANSLATION] Allocation of budget appropriations for contributions re-evaluated every three years when the policy is reviewed. (Planned completion: June 2016)*

##### **VILLE-MARIE BOROUGH**

*[TRANSLATION] When the budget process is conducted, departments will make budget adjustments in order to have the appropriations needed to meet their objectives primarily with regard to programs. (Planned completion: December 2016)*

### 4.3.2. Relationship Between Each Borough's Financial Contributions and Objectives

#### 4.3.2.A. Background and Findings

Since each borough has its own socioeconomic reality, mechanisms must be established to determine the needs of its population. It is clear that these needs are both in the area of sports and recreation as well as in social development. Since these needs can be substantial, priorities must be established. To meet these needs, objectives must be set and measures must be taken to achieve them. Support is one of these measures.



When boroughs support organizations, they must make decisions regarding priorities that have been determined based on knowledge of the population's needs. For example, certain activities, clients or categories of organizations can be prioritized. At the same time, when boroughs decide that providing assistance to organizations is their preferred method of achieving the objectives set out in policies, commitments or action plans, this must be expressed as measurable objectives in support programs.

### 4.3.2.1. Population's Needs

#### 4.3.2.1.A. Background and Findings

Each borough has a population profile exhibiting different characteristics and needs. In the sports and recreation field, a boroughs' knowledge of the population's needs affects the services it offers and helps it to make choices in terms of which clients or types of activities to support. In the area of culture and social development, the population of each borough also has needs or expectations. Special problems can also exist in boroughs (such as homelessness and poverty). Since boroughs collaborate on a voluntary basis with stakeholders in these fields, mechanisms must be established to determine needs and monitor their progress. This knowledge is also useful to boroughs in prioritizing activities or projects to support.

We found that boroughs possessed such a socio-demographic profile to help guide their service offer. They determined the needs of their population through round tables set up on their territories. The Ville-Marie borough has additionally launched a continuous improvement initiative based largely on satisfaction surveys conducted among clients served by the supported organizations.

For each of the boroughs, we did not find a statement of priorities approved by the borough council, based on knowledge of the population's needs in the areas of sports and recreation, and culture and social development. In sports and recreation, only the Verdun borough made an official decision regarding the prioritization of "youth" in the financial assistance policy adopted by its borough council. For the CDN-NDG and Ville-Marie boroughs, the borough councils have not made any official, general decisions regarding their priorities for financial contributions, namely through an assistance policy; however, for more than 20 years, they have been providing recurring support for the organization of sports and recreational activities and youth summer camps. As for the Lachine borough, the financial assistance policy mentions various priority clients (youth, families, disabled persons and the elderly). The people we met with stated that the needs addressed by boroughs 20 years ago may no longer be the same and should therefore be validated.

Our audit also revealed that in many cases, boroughs accepted requests for assistance to meet needs defined by the organizations themselves or by various groups of organizations (e.g., the youth table). We do not question the reasons why such assistance is requested or even the needs determined by organizations; however, we are entitled to ask whether the clients or areas of activity targeted by these requests genuinely correspond to the population's needs and to the priorities that boroughs want to support.

#### 4.3.2.1.B. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs establish and maintain mechanisms for determining the public's needs in all areas within their jurisdiction so that borough councils can make decisions regarding the priorities they plan to support with organizations.**

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Analyze the clientele and needs (every five years – identification). Determine the findings. Conduct consultations. Make changes to the various programs (every five years). Implement a dynamic dashboard to be tabled annually.*

*Review every five years at the same time as the program review, taking into account changes in the sociodemographic portrait. (Planned completion: June 2017)*

##### **LACHINE BOROUGH**

*[TRANSLATION] To ensure that the organization support policy meets the needs and priorities of the borough, a review of the policy will be conducted at least every five years. In between, changes can also be made as needed. The five-year review will allow for observations to be made and changes to be brought to the various programs. Various tools can be used to prepare for this review (satisfaction survey, sociodemographic portrait, and so on). (Planned completion: January 2017)*

##### **VERDUN BOROUGH**

*[TRANSLATION] Review the current policy, adoption planned for the end of June 2016.*

*Review based on the 2015–2025 strategic plan, developed in 2014:*

*1,500 individuals, citizens, organization representatives, new business owners and employees participated in the consultation aimed at determining the borough's priorities.*

*Review the policy every three years, allowing for priorities to be reviewed if need be. (Planned completion: January 2017)*

### **VILLE-MARIE BOROUGH**

[TRANSLATION] Currently, the needs of the population are evaluated based on the following elements:

- The three-year evaluation of local issues and priorities conducted by the three roundtables associated with the Initiative montréalaise de soutien au développement social, which are essentially local action plans;
- The sociodemographic profiles of the Ville-Marie districts from Montréal en statistiques, whose data come from Statistics Canada. **(Completed)**

The recognition policy and programs will be reviewed every six years to meet the needs and priorities of the borough. **(Planned completion: February 2017)**

Sporadic adjustments will still be possible, however.

## **4.3.2.2. Measurable Objectives Guiding Support for Organizations**

### **4.3.2.2.A. Background and Findings**

Over the past few years, City council has adopted policies and plans in the areas of sports, sustainable development and other aspects of social development. These include:

- the *Universal Accessibility Policy*, adopted in 2011;
- the *Montreal Community Sustainable Development Plan 2012–2015*, adopted in 2012;
- the *Plan d'action municipale pour les aînés* (municipal action plan for the elderly), adopted in October 2012;
- the *Sports and Physical Activity Policy*, adopted in 2014.

For their part, borough councils can approve policies, local action plans or their commitment to adhere to some of the policies approved by City council. Of the four boroughs audited, the CDN–NDG borough was the most active in this area over the past few years. In particular, it approved:

- the *2005–2008 Social Development Action Plan*, adopted in February 2005;
- the *Family Action Plan*, adopted in 2008;
- the *2008–2012 Green Plan*, adopted in 2008;
- the *Policy to Promote a Healthy Lifestyle*, adopted in two phases, one in 2010 and one in 2011;
- the *2012–2015 Local Sustainable Development Plan*, adopted in 2012;
- the *Declaration for a Healthy Borough*, adopted in 2013;
- the *Ville de Montréal's sports and physical activity policy*, adopted in 2014.

General objectives guide each of these policies, plans and declarations.

As for the Lachine, Verdun and Ville-Marie boroughs, although it was not as easy to identify policies and action plans set forth by borough councils, the fact remains that the policies, commitments and plans approved by City council concern them too.

As for the Ville-Marie borough, according to the information obtained, some of the policies and action plans approved by City council have provoked a thought process aimed at establishing priorities regarding actions aimed at improving the sports service offer. Moreover, one of the goals adopted by the DCSLDS of Ville-Marie borough in its 2014 strategic guidelines was to increase residents' participation in and satisfaction with the services offered.

In reading through these policies, commitments, action plans and strategic guidelines, we did not find any evidence, however, that providing financial support to organizations is necessarily the best approach to achieve the intended goals. This is a choice made by the boroughs. When boroughs determine that the support they provide to organizations is in line with these policies, commitments or action plans, this choice must be reflected in support programs, and must be expressed as measurable objectives. Thereafter, financial contributions should be allocated solely to projects and activities that are likely to help achieve the measurable objectives set by each borough.

As part of our audit, we evaluated whether the borough councils' policies, commitments and action plans were taken into account in the allocation of financial contributions. First, the boroughs audited allocate financial contributions under support programs and financial assistance policies. Generally, for such types of support, we find a general objective and sometimes specific objectives; however, for the four boroughs, our audit revealed that these stated objectives are not measurable. Concerning support that is not covered by programs and not covered by financial assistance policies (support provided by mutual agreement), we found that no measurable objectives had been established referring to policies, commitments or action plans approved by authorities.

Such a situation does not allow boroughs to show the extent to which the objectives set have been achieved as a result of amounts paid to organizations. They are therefore unable to show that support for organizations provides any added value.

#### 4.3.2.2.B. Recommendation

We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs express, in terms of measurable objectives, the guidelines set out in policies, commitments and plans adopted by their borough council so that they can integrate them into their financial assistance programs and policies or projects not covered by programs.

#### Business units' responses:

##### **CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Gradually review the objective drafting models based on the new list of partners and new programs.*

*Develop a dynamic dashboard to be tabled annually.*

*Review every five years at the same time as program reviews, taking into account changes in the sociodemographic portrait. (Planned completion: June 2017)*

##### **LACHINE BOROUGH**

*[TRANSLATION] All programs were created with consideration for our priority clientele and issues on our territory. Indicators will have to be developed to ensure follow-up of the relevance and performance of the various programs. (Planned completion: January 2017)*

##### **VERDUN BOROUGH**

*[TRANSLATION] Review the policy based on the directions and priorities of the strategic plan.*

*References to the plans, policies and commitments adopted by the borough council included in the new policy. (Planned completion: January 2017)*

##### **VILLE-MARIE BOROUGH**

*[TRANSLATION] Objectives will be established for the policies that will gradually be part of the activities or programs of the Ville-Marie borough.*

*Establishment of measurable objectives for the Ville de Montréal Cultural Development Policy that apply to the mission of the Ville-Marie borough. (Planned completion: December 2017)*

## 4.4. Accountability Reporting

### 4.4.A. Background and Findings

In order for borough management to be informed on the achievement of the objectives set in support programs, financial assistance policies and various projects not covered by programs, structured accountability mechanisms need to be put in place. Management reports must be produced regularly to inform them about achievements and, if applicable, provide reasons to justify the results obtained.

As part of our audit, we investigated the mechanisms put in place to report on the results of the allocation of financial contributions. As we mentioned at the beginning of this report, support programs, financial assistance policies and the various projects not covered by programs are managed by various departments within the boroughs audited. According to the information obtained in each of the boroughs audited, there is no real accountability reporting process that can be used to evaluate whether the objectives set in a policy or program have been achieved. This does not surprise us, since the support programs and policies did not include measurable objectives allowing for an actual evaluation of the expected results. Furthermore, at present, since a large number of requests for financial assistance are not covered by programs, accountability reporting that focuses on a common objective is not carried out by the various management teams.

In view of the substantial amounts spent on financial contributions to organizations, we think that accountability mechanisms must be put in place so that boroughs can evaluate whether the support they provide to organizations brings real added value to the boroughs and even to the City as a body. We also think that evaluating the results obtained should make it possible to determine whether a support program or financial assistance policy should be maintained or whether corrective measures need to be taken regarding the allocation of resources and establishment of priorities.

### 4.4.B. Recommendation

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs establish regular accountability reporting processes in relation to the objectives set in the various support programs and various financial assistance policies adopted by authorities so that they can evaluate the results obtained by all the organizations receiving support.**

**Business units' responses:**

**CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Draft a procedure and the tools for the annual evaluation. Train staff. Inform NPOs. Develop a dynamic dashboard. Table an annual report. (Planned completion: June 2017)*

**LACHINE BOROUGH**

*[TRANSLATION] An annual accountability reporting process is included in the organization support policy. Indicators will have to be developed to ensure follow-up of the relevance and performance of the various programs. (Planned completion: January 2017)*

**VERDUN BOROUGH**

*[TRANSLATION] Perform annual accountability reporting as set out in the policy review to evaluate the relevance and quality of the services offered.*

*Implement annual follow-up tools that validate the required documents (annual table). (Planned completion: January 2017)*

**VILLE-MARIE BOROUGH**

*[TRANSLATION] Sports and recreation programs were all updated in 2015 and accountability reporting has been improved. Objectives have been set for each organization. In addition, the borough has set an objective of increasing citizen participation in borough activities and revamping the service offer. These two objectives will be followed up on and measured at the end of the agreements in 2017.*

*Align the evaluation of results of the Programme de soutien aux initiatives culturelles and the future Fonds de soutien aux organismes culturels with the priority objectives defined by the borough.*

*For the other programs, as is already the case in the Programme Éco-quartier, the nature of the accountability elements and the deadlines will be included in the call for candidates and will form an integral part of the agreement protocol with the organization involved. (Planned completion: December 2017)*

**4.4.C. Recommendation**

**We recommend that the Côte-des-Neiges–Notre-Dame-de-Grâce, Lachine, Verdun and Ville-Marie boroughs regularly review their priorities concerning targeted clients or types of activities supported, so that they achieve set objectives.**

**Business units' responses:****CÔTE-DES-NEIGES–NOTRE-DAME-DE-GRÂCE BOROUGH**

*[TRANSLATION] Adjust the action plans annually based on the evaluation, the agreements at the time of renewal, the call for proposals as needed, and the programs every five years. (Planned completion: December 2017)*

**LACHINE BOROUGH**

*[TRANSLATION] To ensure that the organization support policy meets the needs and priorities of the borough, a review of the policy and its various programs will be conducted at least every five years. (Planned completion: December 2017)*

**VERDUN BOROUGH**

*[TRANSLATION] Review the support policy every three years to ensure that it still meets the needs and priorities of the borough and that it is well aligned with the new trends in culture, sports, recreation and social development.*

*Adjust action plans annually with regard to the partnership agreements and adjust the agreements at the time of renewal. (Planned completion: December 2017)*

**VILLE-MARIE BOROUGH**

*[TRANSLATION] The recognition and support policy and the programs are reviewed every six years so as to meet the needs and priorities of the borough. (Planned completion: December 2017)*

**5. Conclusion**

Generally, our audit did not reveal that the process of allocating financial contributions was objective and transparent.

To begin with, three of the four audited boroughs do not have an official process for recognizing organizations, based on eligibility criteria. In one of the boroughs, there has even been a moratorium on the recognition of new organizations since 2010. When eligibility criteria are established, evidence of compliance with them is not always recorded in the file. Such a situation is likely to favour bodies even when boroughs have not shown objectivity and transparency. Moreover, the boroughs' current practices do not allow all eligible organizations to submit requests for financial assistance, because there are few calls for proposals under support programs. Such practices do not allow boroughs to receive a range of proposals and select the best ones, i.e., those that contribute the most to achieving their priorities.



While two of the boroughs audited had financial assistance policies that provided for either allocation standards or a method of distributing budget funds among organizations, the criteria and evidence used to establish contribution amounts are not always justified and documented. Such a situation does not always show fairness in the support provided to organizations.

Boroughs do not engage in open market solicitation very often, and consequently, for 78% of the total financial contribution budget, contributions are granted on a mutual agreement basis. Furthermore, a large share of their contributions is renewed from one year to the next. For the four boroughs audited, the average percentage of bodies receiving support for each of the five years (2010–2014) is 81% for the Côte-des-Neiges–Notre-Dame-de-Grâce (CDN–NDG) borough, 88% for the Lachine borough, 95% for the Verdun borough and 78% for the Ville-Marie borough. In addition, our audit revealed that for some bodies, funding dates back to at least 1996. This situation contributes to the development of close relations, which could influence decisions made with regard to the financial assistance to be granted to these bodies. The other contributions are granted following requests for support received from bodies throughout the year. In both cases, the outcome is the same: contributions are granted without any real objective analysis of their appropriateness or the amount requested. What's more, when budgets are insufficient, a portion of these contributions are even funded through available surpluses. Our audit also showed that with the processes in place, it is not possible to assess the extent to which the financial contributions made to organizations actually contribute to the achievement of set objectives related to the City's or boroughs' priorities.

Since boroughs manage public funds, we believe that action must be taken to establish rules ensuring that the process is objective and transparent. We further believe that authorities must decide on priorities for financial assistance so that measurable objectives can be established. Subsequently, only organizations that help achieve these objectives should receive support.

## 6. Appendices

### 6.1. Comparison of Original Contributions Budget with Actual Spending

**Table A – Côte-des-Neiges–Notre-Dame-de-Grâce Borough**

Activity	2010		2011		2012		2013		2014	
	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending
General administration	\$60,000	\$115,125	\$65,000	\$172,432	\$65,000	\$196,457	\$70,000	\$91,450	\$65,000	\$97,211
Land use planning, urban planning and development	\$–	\$–	\$–	\$–	\$–	\$5,000	\$–	\$–	\$5,000	\$37,624
Environmental health	\$377,000	\$325,000	\$377,000	\$325,000	\$377,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000
Recreation and culture	\$2,778,500	\$2,934,816	\$2,883,500	\$2,916,476	\$2,863,700	\$2,868,701	\$2,954,200	\$3,082,767	\$2,893,400	\$3,172,284
Health and welfare	\$281,200	\$281,200	\$252,600	\$251,200	\$252,600	\$268,200	\$252,600	\$286,500	\$212,600	\$246,200
Public safety	\$242,800	\$242,800	\$242,800	\$242,800	\$242,800	\$250,300	\$252,300	\$250,300	\$252,300	\$250,300
Transportation	\$–	\$215,000	\$–	\$252,000	\$–	\$239,000	\$117,000	\$204,533	\$117,000	\$167,000
<b>TOTAL</b>	<b>\$3,739,500</b>	<b>\$4,113,941</b>	<b>\$3,820,900</b>	<b>\$4,159,908</b>	<b>\$3,801,100</b>	<b>\$4,152,658</b>	<b>\$3,971,100</b>	<b>\$4,240,550</b>	<b>\$3,870,300</b>	<b>\$4,295,619</b>
<b>Variation (%)</b>	<b>+ 10%</b>		<b>+ 9%</b>		<b>+ 9%</b>		<b>+ 7%</b>		<b>+ 11%</b>	

**Table B – Lachine Borough**

Activity	2010		2011		2012		2013		2014	
	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending
Land use planning, urban planning and development	\$20,000	\$20,000	\$20,000	\$–	\$20,000	\$80,000	\$20,000	\$89,750	\$30,000	\$33,005
Environmental health	\$–	\$42,000	\$–	\$75,000	\$75,000	\$71,250	\$75,000	\$71,250	\$75,000	\$71,250
Recreation and culture	\$834,300	\$775,404	\$836,800	\$534,252	\$776,800	\$748,162	\$776,800	\$718,682	\$701,800	\$666,141
Health and welfare	\$192,900	\$200,621	\$193,700	\$230,680	\$183,700	\$177,512	\$183,700	\$177,535	\$213,700	\$241,866
<b>TOTAL</b>	<b>\$1,047,200</b>	<b>\$1,038,025</b>	<b>\$1,050,500</b>	<b>\$839,932</b>	<b>\$1,055,500</b>	<b>\$1,076,924</b>	<b>\$1,055,500</b>	<b>\$1,057,217</b>	<b>\$1,020,500</b>	<b>\$1,012,262</b>
<b>Variation (%)</b>	<b>-1%</b>		<b>-20%</b>		<b>+2%</b>		<b>+1%</b>		<b>-1%</b>	

Table C – Verdun Borough

Activity	2010		2011		2012		2013		2014	
	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending
General administration	\$-	\$-	\$-	\$28,915	\$-	\$10,000	\$-	\$13,125	\$-	\$10,000
Land use planning, urban planning and development	\$248,500	\$237,988	\$242,000	\$563,222	\$290,500	\$394,391	\$290,500	\$314,618	\$125,000	\$134,314
Environmental health	\$178,000	\$182,188	\$186,700	\$186,037	\$191,300	\$212,472	\$194,300	\$182,076	\$197,100	\$112,103
Recreation and culture	\$325,200	\$312,751	\$391,200	\$431,740	\$393,300	\$431,421	\$375,700	\$425,576	\$375,700	\$560,385
Health and welfare	\$-	\$-	\$-	\$24,000	\$-	\$-	\$-	\$15,503	\$-	\$48,368
Public safety	\$36,600	\$33,000	\$49,800	\$44,800	\$50,300	\$44,800	\$55,800	\$44,800	\$60,800	\$62,300
<b>TOTAL</b>	<b>\$788,300</b>	<b>\$765,927</b>	<b>\$869,700</b>	<b>\$1,278,714</b>	<b>\$925,400</b>	<b>\$1,093,084</b>	<b>\$916,300</b>	<b>\$995,698</b>	<b>\$758,600</b>	<b>\$927,470</b>
Variation (%)	-3%		+47%		+18%		+9%		+22%	

**Table D – Ville-Marie Borough**

Activity	2010		2011		2012		2013		2014	
	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending	Original budget	Actual spending
General administration	\$120,000	\$202,234	\$180,000	\$197,261	\$180,000	\$175,740	\$180,000	\$186,436	\$180,000	\$194,369
Land use planning, urban planning and development	\$265,000	\$748,314	\$265,000	\$814,384	\$405,000	\$1,286,665	\$618,600	\$1,736,792	\$626,000	\$908,215
Environmental health	\$465,000	\$612,920	\$465,000	\$692,194	\$465,000	\$605,870	\$465,000	\$636,200	\$465,000	\$586,212
Recreation and culture	\$1,870,900	\$1,944,550	\$2,110,900	\$2,286,543	\$2,140,900	\$2,345,038	\$2,363,200	\$2,568,493	\$2,362,200	\$2,570,007
Health and welfare	\$269,900	\$408,588	\$269,900	\$453,158	\$269,900	\$630,079	\$269,900	\$542,286	\$234,200	\$546,586
Public safety	\$201,300	\$209,237	\$201,300	\$201,300	\$201,300	\$210,915	\$215,200	\$215,134	\$215,200	\$194,436
Transportation	\$154,900	\$760,100	\$154,900	\$765,910	\$154,900	\$898,600	\$224,900	\$540,223	\$224,900	\$587,734
<b>TOTAL</b>	<b>\$3,347,000</b>	<b>\$4,885,943</b>	<b>\$3,647,000</b>	<b>\$5,410,750</b>	<b>\$3,817,000</b>	<b>\$6,152,907</b>	<b>\$4,336,800</b>	<b>\$6,425,564</b>	<b>\$4,307,500</b>	<b>\$5,587,559</b>
Variation (%)	+ 46%		+ 49%		+ 61%		+ 48%		+ 30%	

## 6.2. Boroughs' Use of Surpluses to Provide Financial Assistance to Organizations

**Table A – Côte-des-Neiges–Notre-Dame-de-Grâce Borough**

Activity	2010	2011	2012	2013	2014	TOTAL
General administration	\$6,200	\$52,900	\$85,017	\$ –	\$3,521	\$147,638
Land use planning, urban planning and development	\$ –	\$ –	\$ –	\$ –	\$32,624	\$32,624
Recreation and Culture	\$62,100	\$ –	\$ –	\$ –	\$142,500	\$204,600
<b>TOTAL</b>	<b>\$68,300</b>	<b>\$52,900</b>	<b>\$85,017</b>	<b>\$ –</b>	<b>\$178,645</b>	<b>\$384,862</b>

**Table B – Lachine Borough**

Activity	2010	2011	2012	2013	2014	TOTAL
Land use planning, urban planning and development	\$ –	\$ –	\$60,000	\$65,000	\$ –	\$125,000
Environmental Health	\$42,000	\$ –	\$ –	\$ –	\$ –	\$42,000
<b>TOTAL</b>	<b>\$42,000</b>	<b>\$ –</b>	<b>\$60,000</b>	<b>\$65,000</b>	<b>\$ –</b>	<b>\$167,000</b>

**Table C – Verdun Borough**

Activity	2010	2011	2012	2013	2014	TOTAL
General administration	\$ –	\$26,915	\$10,000	\$10,000	\$10,000	\$56,915
Land use planning, urban planning and development	\$8,000	\$208,000	\$8,000	\$28,500	\$ –	\$252,500
Recreation and Culture	\$20,000	\$ –	\$ –	\$ –	\$125,000	\$145,000
<b>TOTAL</b>	<b>\$28,000</b>	<b>\$234,915</b>	<b>\$18,000</b>	<b>\$38,500</b>	<b>\$135,000</b>	<b>\$454,415</b>

**Table D – Ville-Marie Borough**

Activity	2010	2011	2012	2013	2014	TOTAL
Land use planning, urban planning and development	\$327,500	\$120,000	\$768,663	\$1,043,542	\$395,540	\$2,655,245
Environmental health	\$126,000	\$219,694	\$135,870	\$161,200	\$121,212	\$763,976
Recreation and Culture	\$31,781	\$401,608	\$417,852	\$152,643	\$382,637	\$1,386,521
Health and Welfare	\$ –	\$235,000	\$424,779	\$406,036	\$429,593	\$1,495,408
Public Safety	\$ –	\$ –	\$9,615	\$ –	\$ –	\$9,615
Transportation	\$ –	\$50,000	\$ –	\$ –	\$125,000	\$175,000
<b>TOTAL</b>	<b>\$485,281</b>	<b>\$1,026,302</b>	<b>\$1,756,779</b>	<b>\$1,763,421</b>	<b>\$1,453,982</b>	<b>\$6,485,765</b>