Vérificateur général
de la Ville de Montréal

REPORT OF THE AUDITOR GENERAL OF THE
VILLE DE MONTRÉAL

For the Year Ended December 31, 2017
to the City Council and to the Urban Agglomeration Council

HIGHLIGHTS

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FOR THE YEAR ENDED DECEMBER 31, 2017

TO THE CITY COUNCIL AND TO THE URBAN AGGLOMERATION COUNCIL
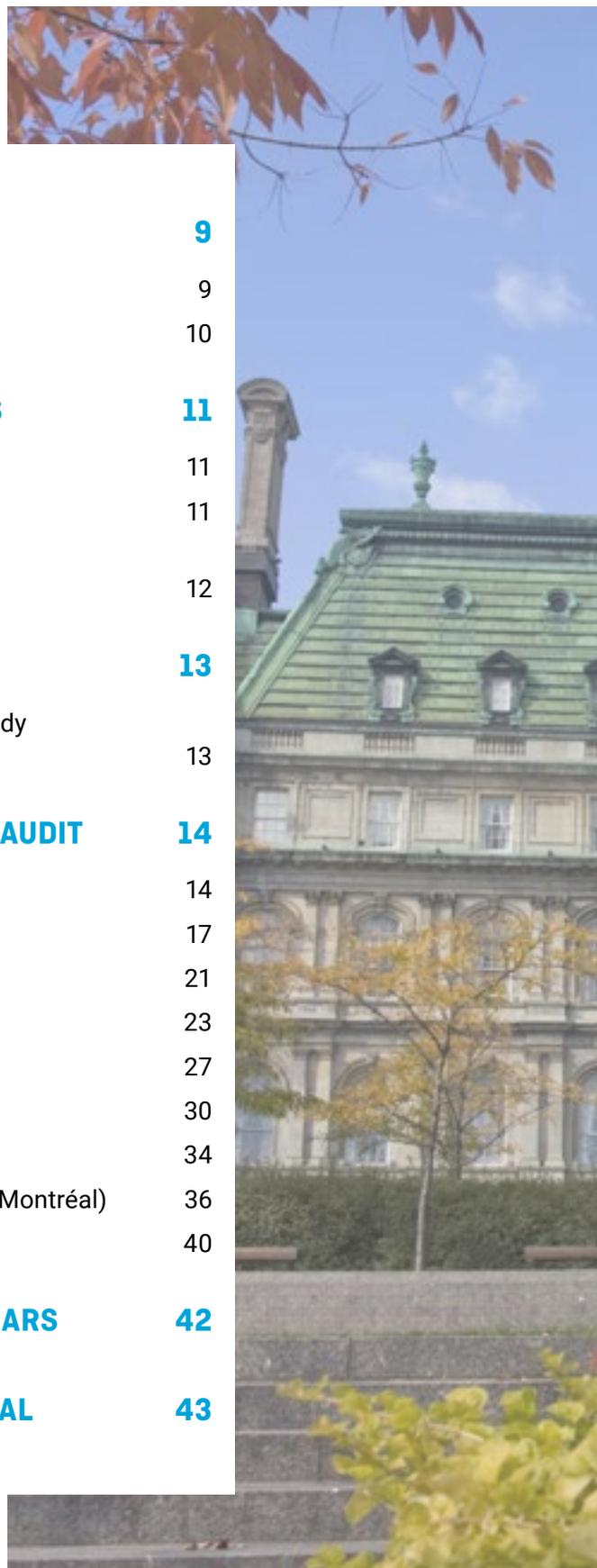
HIGHLIGHTS

Please note that this English report has been translated from the original French version. In case of doubt or difference of interpretation, the French version shall prevail over the English.
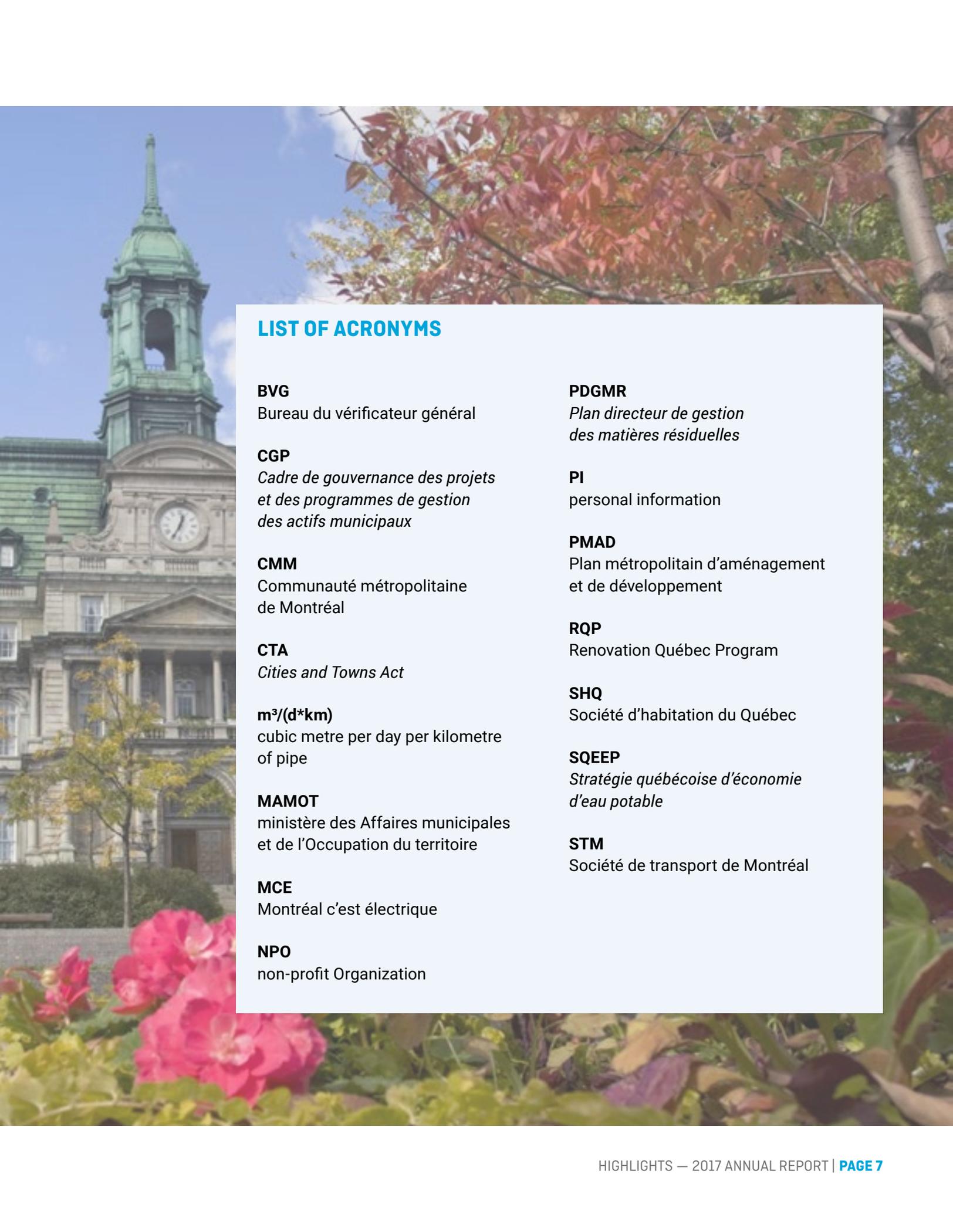
According to the *Charter of the French Language* and the *Office québécois de la langue française*, municipalities shall designate all official names, such as boroughs, departments, paramunicipal corporations as well as municipal and associated bodies by their French names alone, even in the English version.

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bvgmtl.ca.

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LIST OF ACRONYMS

BVG
Bureau du vérificateur général

CGP
Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux

CMM
Communauté métropolitaine de Montréal

CTA
Cities and Towns Act

m³/(d*km)
cubic metre per day per kilometre of pipe

MAMOT
ministère des Affaires municipales et de l'Occupation du territoire

MCE
Montréal c'est électrique

NPO
non-profit Organization

PDGMR
Plan directeur de gestion des matières résiduelles

PI
personal information

PMAD
Plan métropolitain d'aménagement et de développement

RQP
Renovation Québec Program

SHQ
Société d'habitation du Québec

SQEEP
Stratégie québécoise d'économie d'eau potable

STM
Société de transport de Montréal

In addition to my annual report for the year 2017, this summary document presents its highlights.

1. OBSERVATION OF THE AUDITOR GENERAL

1.1. A CHANGING ENVIRONMENT

For over 15 years, the *Cities and Towns Act* (CTA) has entrusted the Auditor General with the role of conducting the financial audit, the laws and by-laws compliance audit and performance audit for the Ville de Montréal (the city) and the paramunicipal organizations, to the extent deemed appropriate by the Auditor General. Bill 155, tabled by the Ministre des Affaires municipales et de l'Occupation du territoire (MAMOT) on December 2017 and adopted in spring 2018 by the National Assembly, makes a series of changes, in particular to the role and the scope of the Auditor General's interventions for cities with at least 100,000 inhabitants, and introduces new stakeholders for the performance audit of cities with fewer than 100,000 inhabitants.

With regard to the role of the Auditor General, Bill 155 removes the obligation to conduct a financial audit of the municipality and the paramunicipal organizations, leaving it to the Auditor General's discretion to continue to do so to the extent it is considered appropriate. I deem it appropriate to pursue our financial audit work for the city, to the same extent as before. For the paramunicipal organizations, we will pursue our financial audit work and our interventions will take the related risks into account. Furthermore, it is clear that the financial audit work is complementary to the compliance and performance audits, and that it also allows us to identify potential compliance and performance audit mandates. The expertise of the resources within the Bureau du vérificateur général de la Ville de Montréal (BVG) provides a valuable contribution to this process for the city.

We will also have to take into consideration in our audit plans (financial, compliance and performance) the expansion of the scope of the Auditor General's interventions with all the organizations now covered by *sections 107.7 and 107.8* of the CTA. Bill 155 has expanded the scope of the Auditor General's interventions with any organization for which the majority of the members of its board of directors are members of the council or are appointed by the municipality, for which its budget is adopted or approved by the municipality, that is more than 50% funded by the municipality and that has an income of $1 million or more, that is the mandatary or agent of the municipality or that is designated by the MAMOT Minister as being subject to municipal contract rules and that has its main place of business in the territory of the municipality. The difficulty resides in identifying these organizations and operationalizing the new provisions introduced by Bill 155. Since the city will have to take variable quantitative factors into account (the dollars paid by a municipality and the total income of the organization), the list of target organization

may change from year to year. This will make the Auditor General's work more complex in terms of the annual and long-term planning of its audit work, and it will complicate the city's work as well, as the organizations will now be subject to a set of new rules, in particular related to the adjudication and oversight of their contracts.

At the time of writing these observations, we had a number of questions about the interpretation and operationalization of the provisions of Bill 155. Clarifications from the authorities are required. We will have to receive answers quickly in order to take the actions required to finish planning our audit work for the years ahead. Regardless of the answers to our questions, the new provision in Bill 155 will have a financial impact for the city and its inhabitants.

1.2. OUR PRIORITIES

In 2017, we have undertaken the development of a strategic plan to guide our actions for the next five years. This plan is centred on three main strategic directions: increasing the value-added of our interventions, ensuring the sustainability of the BVG team's competencies and implementing innovative practices to guarantee the quality of our work. We delayed the finalization of the plan to take into account the impact of Bill 155 on our planning.

In terms of human resources, we reviewed the structure of the BVG and took steps to recruit three senior auditors. In the next few months, we will begin hiring for other positions. We intend to fill the positions with competent resources whose expertise will help maintain the high quality of our work, produce value-added reports and provide to the next generation of BVG staff.

We have also undertaken a set of projects to review the way the BVG is organized, to bring us into line with the new standards and develop best practices to automate our records.

2. FINANCIAL STATEMENT AUDITS AND OTHER REPORTS

2.1. INTRODUCTION

The Auditor General conducts its audits in accordance with Canadian generally accepted auditing standards. The audit is planned and constructed to provide reasonable assurance that the financial statements are free of material misstatement. It involves implementing procedures to obtain evidence about the amounts and information provided in the financial statements. An audit also includes assessing the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as assessing the overall financial statements presentation.

2.2. CONSOLIDATED FINANCIAL STATEMENTS OF THE VILLE DE MONTRÉAL

In accordance with the provisions of the CTA in force on December 31, 2017, we audited the city's financial statements.

The audit of the financial statements was planned and performed jointly with Deloitte, the independent auditor appointed by the city. Doing this work together avoids duplication of work and costs for the municipality.

On April 13, 2018, I issued an unqualified auditor's report on the consolidated financial statements of the city as at December 31, 2017. For the year ended December 31, 2017, the external auditor removed the reserve on the accounting of transfer payments issued in the past.

The auditor's report on the city's consolidated financial statements and the report on mixed expenditures are included in the annual financial report filed with the city's Service du greffe on April 18, 2018.

Also, on April 16, 2018, reports on the city's consolidated financial statements, on the breakdown of mixed expenditures and on the city's aggregate taxation rate were produced and recorded on the form required by MAMOT. In accordance with the provisions of the CTA, the form required by MAMOT, along with the three above-mentioned Auditor General's reports and the joint auditor's report on the consolidated financial statements were filed with city council and the urban agglomeration council before being sent to MAMOT on May 14, 2018.

2.3. FINANCIAL STATEMENTS OF OTHER LEGAL ENTITIES SUBJECT TO THE *CITIES AND TOWNS ACT*

Pursuant to section 107.7 of the CTA, the Auditor General is required to audit the financial statements of other legal entities subject to the CTA that meet any of the following conditions:

- It is part of the reporting entity defined in the municipality's financial statements;
- The municipality or a mandatary of the municipality appoints more than 50% of the members of the board of directors;
- The municipality or a mandatary of the municipality holds more than 50% of the outstanding voting shares or units.

At the time of this report, I had issued ten reports from the independent auditor on the financial statements as at December 31, 2017 for those organizations for which the Auditor General is the auditor under the provisions of section 107.7 of the CTA.

3. LEGAL AND REGULATORY COMPLIANCE

3.1. LEGAL COMPLIANCE OF ORGANIZATIONS HAVING RECEIVED A SUBSIDY OF AT LEAST $100,000

In accordance with section 107.9 of the CTA, *"any legal person who receives an annual subsidy of at least $100,000 is required to have its financial statements audited"*. This legal person's auditor must provide the Auditor General with a copy of its annual financial statements, its report on these statements as well as any other report summarizing the auditor's observations and recommendations to the board of directors or corporate officers of this legal person.

OBJECTIVE AND SCOPE OF THE MANDATE

Our mandate was, first, to ensure that any corporation that benefitted from a subsidy of at least $100,000 from the Ville de Montréal in 2016 complied with the provisions of section 107.9 of the CTA concerning the submission of a copy of its audited financial statements to the Auditor General.

CONCLUSION

In 2016, the city disbursed a total of $166.8 million including $143.6 million (i.e., 88.6%) to 216 organizations that received subsidies adding up to at least $100,000 and to which the requirements of section 107.9 of the CTA apply.

By March 31, 2018, the Bureau du vérificateur général had received the 2016 audited financial statements for 206 (i.e., 95.4%) of the 216 organizations affected by this requirement under the CTA, for a total of $141.6 million.

We encourage the city to continue its work of educating organizations on the requirements of section 107.9 of the CTA and of resolution CM 13 1157.

4. VALUE-FOR-MONEY AND INFORMATION TECHNOLOGY AUDIT

4.1. HOUSING SUBSIDY PROGRAMS

BACKGROUND

The Société d'habitation du Québec (SHQ) is responsible for housing in Québec. The SHQ contributes, through its actions, to the well-being of citizens by providing suitable housing conditions based on their financial resources and needs. To carry out its mission, the SHQ specifically promotes the development and implementation of programs for the construction, acquisition, development, restoration and administration of housing with the municipalities, including the Ville de Montréal (the city).

In 2001, the SHQ announced a significant acceleration of investment in housing, by creating several new framework programs for cost-sharing with municipalities, including the Renovation Québec Program (RQP). To achieve this goal, an agreement went into force in 2003, specifying the responsibilities of the city and the SHQ.

Through its financial assistance programs, the SHQ also promotes the building of social and community housing for low- and moderate-income households, and for people with specific housing needs. To continue this mission, other agreements between the city and the SHQ were signed from 2002 to 2004, specifying the responsibilities of each party in managing some government programs.

In 2008, when retention of families became an important issue for the city's vitality and its demographic balance, city council adopted a family policy. The municipal administration at the time was committed to launching a number of actions in the housing sector, including the adoption of a new by-law establishing a subsidies program to aid residential projects intended for families, to be integrated into the RQP.

In 2014, the Government of Québec announced in tabling its 2014-2015 budget that it no longer planned to provide funding to the RQP for any new commitments. It nevertheless pointed out that the amounts required to fulfil previous commitments were in fact planned for in the budget. In August 2014, the municipal administration announced its intention to relaunch subsidy programs on its own, using the entire amount that had been set aside by the city within the framework of the RQP in order to meet municipal priorities. The amounts of the RQP subsidies were revised downwards.

Thus, in October 2014, city council adopted five new by-laws creating more municipal programs for financial assistance and housing. These new programs, modelled on the preceding ones, are now entirely funded by the city.

On December 8, 2017, the Government tabled Bill no. 121: *An Act to increase the autonomy and powers of Ville de Montréal, the metropolis of Québec*, in the National Assembly of

Québec with a view to its forthcoming adoption. A framework agreement on the commitments of the Government of Québec and the city to recognize the special status of the metropolis was nevertheless signed on December 8, 2016[1]. This agreement includes a statement that the SHQ will transfer to the city the budgets and responsibility for housing development on its territory.

PURPOSE AND SCOPE OF THE AUDIT

The purpose of this audit was to assess the extent to which housing subsidies:

• are being objectively awarded to applicants;

• are subject to rigorous monitoring in terms of compliance with the conditions set out in the applicable by-laws; and

• are making it possible to meet the priorities of the municipal administration.

CONCLUSION

In October 2014, city council adopted five new by-laws supporting five housing subsidy programs, demonstrating its willingness to financially support property acquisition and residential renovation, despite the withdrawal of financial assistance by the Government of Québec, as announced in its 2014-2015 budget. The new by-laws replaced those that had existed since 2003.

This decision made it possible, among other things, to continue encouraging families to stay in Montréal by granting them more advantageous subsidies when purchasing a property and by facilitating their qualification for renovation programs (Major Residential Renovation, Renovation *à la carte*). The targets of the Plan to Keep Families in Montréal, developed by the Direction de l'habitation and adopted in August 2013 by the Executive Committee, were kept despite the Government of Québec's withdrawal from the Renovation Québec Program in 2014 and the knowledge that some targets could not be reached without Québec's contribution.

Considering that funding for housing subsidies comes out of public funds, the Service de la mise en valeur du territoire must demonstrate that such subsidies are being granted objectively and that all the requirements set out in the by-laws are being met at the scheduled time. The established procedure for processing subsidy applications must therefore be sufficiently rigorous and in compliance with the by-laws. In our audit work, we were not always able to obtain evidence of any such rigour with respect to follow-up on documents received in order to judge the eligibility of applications. Also, we were not always able to obtain evidence that the eligibility criteria and conditions were being met, either before or after the subsidies were paid, depending on the case.

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1   «Réflexe Montréal» agreement.

Although processing times for subsidy applications were summarily established by the Direction de l'habitation for each program for budget forecasting purposes, we found that the Direction de l'habitation does not always measure them systematically. In our opinion, this situation neither allow us to evaluate the efficiency of the city's service offering for each of the programs nor to identify, where appropriate, the improvements to be made.

The budget envelope for housing subsidy programs is managed from the operating budget, while the Direction de l'habitation commits its subsidies over a period ranging from one to three years, with no certainty that the budget envelopes will be renewed from one year to the next. We believe that the accountability method for subsidies should be reviewed in order to facilitate the management of budget envelopes and to ensure that all funds are used for their intended purposes.

Lastly, program-specific accountability mechanisms have not been put in place to evaluate the extent to which each program's specific objectives are being achieved. The fact that these objectives are currently expressed in non-measurable terms makes it difficult to evaluate them. With regard to municipal administration priorities, a mid-term review has been produced for the Plan to Keep Families in Montréal. This review shows that the set targets are unlikely to be achieved by the end of 2017.

Considering our overall findings and the amount of funding disbursed by the city since 2014 – almost $29 million – we believe that the Service de la mise en valeur du territoire must justify the results achieved for each of the subsidy programs in terms of the municipal administration's priorities. We also believe that the timing of this evaluation is appropriate since an agreement is expected to be signed regarding the transfer of housing responsibilities and related budgets by the Government of Québec under Bill 121 (law on the metropolis).

4.2. ORGANIC WASTE MANAGEMENT

BACKGROUND

For decades, the management of residual materials[2] involved diverting all waste to landfill sites, where it would be buried. This approach is now a thing of the past. For more than 20 years now, Quebecers have been made aware of the importance of recycling paper, cardboard, metal, glass and plastic. In the last ten years or so, attention has now turned to avoiding the disposal of organic waste[3], considered to be the main source of pollution associated with landfill sites.

On the legislative front, it should be noted that the *Environmental Quality Act*[4] sets the guidelines for the management of residual materials. It stipulates, among other things, that each regional municipality, such as the Communauté métropolitaine de Montréal (CMM), is required to develop and maintain in force a residual materials management plan (section 53.7). It also states that each local municipality must take the necessary measures to implement this residual materials management plan in its territory (section 53.24). In other words, Ville de Montréal (the city), along with the 81 other municipalities of the CMM, are required to follow the CMM's management plan on residual materials.

The *Environmental Quality Act* led to the February 2011 adoption by the Minister of Sustainable Development, Environment and Parks[5] of the Québec residual materials management policy (the Policy). The Policy establishes, among many things, the objectives and strategies in the recycling, reclaiming and reduction of residual materials to be disposed of in the short, medium and long term. It is accompanied by the *2011-2015 Five-Year Action Plan*, which had set targets to be reached by the end of 2015, more specifically to recycle:

• 70% of paper, cardboard, plastic, glass and metal waste;

• 60% of putrescible organic waste.

For its part, the Montréal agglomeration developed the *Plan directeur de gestion des matières résiduelles* (PDGMR). The most recent PDGMR to date covers the period from 2010 to 2014. According to the information obtained, the next PDGMR could be adopted in 2019.

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[2] Refers to materials and items discarded by households and by the industrial, commercial and institutional sector for reclaiming (recovered, recycled, reused or converted into compost) or disposal. Refers to residual materials considered to be organic (leaves, grass, table scraps, sludge) and residual materials considered to be recyclable (metal, glass, cardboard, paper, plastic).

[3] Broadly speaking, organic waste includes food waste, yard waste (also called green waste) and municipal sludge (including sludge from septic tanks).

[4] CQLR, chapter Q-2, section 53.4, paragraph 53.24.

[5] Now the Ministry of Sustainable Development, Environment and Fight against Climate Change.

In June 2016, the Montréal agglomeration also adopted the *Sustainable Montréal 2016-2020 Plan* which replaced the *Montréal Community Sustainable Development Plan 2010-2015*. The new plan provides the framework governing sustainable development for the next five years and aims to reach, by 2020, the government objectives for the reclaiming of recyclable materials (70%) and organic waste (60%).

PURPOSE AND SCOPE OF THE AUDIT

The purpose of the audit was to ensure that the city has taken the measures required to reach the objectives of organic waste management set out in the *Sustainable Montréal 2016-2020 Plan* and in the *Plan directeur de gestion des matières résiduelles 2010-2014* of the Montréal agglomeration in keeping with the *Québec residual materials management policy*.

CONCLUSION

The *Environmental Quality Act* sets the guidelines for the management of residual materials. It stipulates, among other things, that each regional municipality, such as the Communauté métropolitaine de Montréal, is required to develop and maintain in force a *Plan de gestion des matières résiduelles*. It also states that each local municipality must take the necessary measures to implement this residual materials management plan in its territory.

This law lead to the adoption in February 2011 of the Québec residual materials management policy. It is accompanied by the 2011-2015 Five-Year Action Plan, which had set targets to be reached by the end of 2015, include the recycling of 60% of organic waste. This policy aims to ban organic waste from landfill sites by 2020.

The diversion of organic waste from landfill sites is a tremendous challenge for municipalities. In fact, this type of waste represents a significant share (nearly 47% in 2012-2013) of the residual materials generated by Québec households. And unlike the recycling of green waste, which was easily accepted by citizens, the recycling of food waste is more of a challenge for them to integrate in their daily lives since it generates certain inconveniences (insects, odours, white grubs). For the city, this challenge is even greater given that a large swath of its territory (the East sector) is composed of 15 of 19 boroughs and that food waste represents 60% of the organic waste generated.

The most recent overview on residual materials for the agglomeration of Montréal revealed that the recycling rate of organic waste was 20% in 2016 and 10% in 2010. The government target of 60% has been postponed to 2025 in the Plan de gestion des matières résiduelles of the CMM. In addition, the latest Québec residual materials management policy has more stringent requirements, since it extends its scope to other materials (sludge generated by wastewater treatment plants) and to the Industrial, Commercial and Institutional sector.

To reach the target set by the government, the city has undertaken two major initiatives. To start, it developed and implemented the *Stratégie montréalaise d'implantation de la collecte des résidus alimentaires 2015-2019*, which sets out the need to offer the service to occupancy units (eight units or less) in the Montréal territory so that all citizens may participate in the collection of organic waste. Its implementation is progressing based on its established timetable.

In addition, the city has worked on a large-scale project involving the design, construction and operation of five Organic Waste Treatment Plants located across the Montréal agglomeration territory. Three of these centres are expected to be operational in 2020. The initiation of phase 1 of this large-scale construction project involving the first three Organic Waste Treatment Plants was approved by the executive committee with the launch of three calls for tenders carried out in May, June and June 2017.

To date, it is clear that we are still far from the government target, despite major efforts being made in this respect. Our audit work identified certain aspects, which, while not exhaustive, could help support the achievement of this target by creating favourable conditions.

1. The city will need to review its management strategy to include not only organic waste generated by the residential sector but also the waste produced by the Industrial, Commercial and Institutional sector and the recycling of municipal sludge.

2. The city will also need to ensure that its Stratégie d'implantation de la collecte des résidus alimentaires is rolled out according to the established timetable so that all occupancy units involved have access to the service as planned.

3. Even if the *Plan de gestion des matières résiduelles* of the Communauté métropolitaine de Montréal does not require municipalities to provide service to the entire residential sector, it would be imperative for the city to provide it to a larger share of residential buildings of nine units or more if it wishes to significantly improve its recycling rate.

4. The city will need to make sure that it has taken all the measures to meet the requirements of the provincial funding program regarding the commissioning date of OWTP and the percentage of occupancy units to be served.

5. The city will need to develop a communication and awareness-raising plan aligned with the Stratégie d'implantation de la collecte des résidus alimentaires, the commissioning of Organic Waste Treatment Plants and the results of the diversion rate.

   It would also be advisable to correlate the total spending on communication and awareness-raising activities with the impact on the participation rate in order to adjust the content of the message and the sums budgeted for these activities, as needed.

6. Boroughs will need to implement mechanisms to ensure the follow-up of the new regulation on collection services adopted by the city council in 2016. It would also be advisable to launch a collective discussion on ways to effectively apply the regulation and, most importantly, on ways to make citizens aware of its existence and of the penalties it carries. A by-law has transferred responsibilities to the boroughs. Our audit has demonstrated that the boroughs are not clear on this regulation.

Finally, the evolution of the organic waste recycling rate will need to be closely monitored as it relates to the capacity of the Organic Waste Treatment Plants. In this regard, alternative solutions will be required to guide decision-making should the amount of organic waste generated be greater or less than expected as a result of the measures deployed to implement the collection among all producers of organic waste.

Ultimately, the city will need to make sure it reports on the achievement of the recycling target set for the sectors identified given the new requirements established.

4.3. MANAGEMENT OF CITIZEN REQUEST AND COMPLAINTS

BACKGROUND

To fulfil its mission, the city must successfully administer the services offered to the public. The residents' quality of life depends on the way local services are offered by the boroughs. In the city, each business unit is responsible for answering questions from citizens based on the responsibilities assigned to it. The 311 service[6] is therefore the citizens' ideal gateway to the city when they want to find information, submit a request, make a complaint or offer a comment related to a service received.

In December 2007, the administration set up the 311 services to facilitate contact and communication between the city and its citizens.

From 2007 to November 2017, the 311 service underwent changes in governance and in the provision of call-taking services.

PURPOSE AND SCOPE OF THE AUDIT

One of the objectives of this audit was to ensure that the city has established an adequate management framework and practices for handling citizen requests and complaints, that is, a way to establish the norme de service, effectively resolve problems related to requests and complaints, and monitor and report on the handling performance. Another was to ensure that the city identifies and takes steps to resolve systemic problems related to citizen requests and complaints, to serve citizens better with a view to continuous improvement.

CONCLUSION

The Direction générale's approval, in 2007, of the *Gestion du Réseau Accès Montréal* administrative framework signalled the city's commitment to embarking on several structuring projects related to the offer of citizen services. The framework specified the management rules to be shared by all business units in the boroughs and the central services to ensure that the Réseau Accès Montréal could meet the needs and expectations of the citizens and be effective and efficient, and to ensure that the citizens of the city would receive high-quality services.

In general, in our audit, we have found that the city has made a series of transformations, anchored in a vision in which organizational performance and client experienced are closely linked. With this in mind, the Direction générale established a management

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6   The 311 service includes all the activities that allow the city to take calls from citizens, record requests in the service's dedicated information system and forward them in the form of Request for Services (RFS) to the business unit in question.

framework that allowed value-added activities to be implemented by simplifying methods and promoting recognized best practices. These initiatives led to the creation, in 2015, of the Bureau de l'expérience client and, just recently, the Direction du service 311 to allow the city to provide even better service to Montrealers.

Nevertheless, despite all these efforts, there is room for improvement to ensure that the city is offerings its citizens the best services. This is why we have recommended a variety of corrective measures to this end:

• The city needs to broadly update the administrative framework approved in 2007 when the 311 service was launched to reflect major changes that have affected the governance, technological tools and operational processes of the 311 services. This framework should include a formal statement of services to the citizens and a communications strategy to increase knowledge of the 311 service among the public.

• It is essential for the Banque d'information 311, which contains documentation about the services offered by the city, to be updated regularly, to more accurately reflect the information the citizen has the right to expect.

• The city should design and deliver a systematic continuing education program for the Agent de communications sociales to keep their knowledge up to date about the various topics related to the city's activities.

• The city should harmonize the boroughs' practices for undertaking, handling and closing requests and complaints related to public works operations. The same is true for the target resolution times for Request for Services, which each borough currently establishes based on its own operational constraints.

• It is important to make elected officials aware that all the requests and complaints addressed to them must follow the usual management process (recording in the Gestion des demandes clients) to guarantee optimal and equitable handling of Request for Services received from all the citizens.

• The city should systematically analyze the management reports produced in the accountability reporting process, to identify the causes behind recurring requests and complaints and take permanent corrective measures for certain problems raised.

An issue as important as citizen requests and complaints requires a management process that can solidly join all the links in the Request for Services handling chain. To this end, the municipal administration needs to take the steps required to ensure that all business units support the improvement of the services offered to the citizens, so they can adopt the recognized Norme de service. Finally, special attention should be paid to the development of performance indicators so that high standards can be maintained at all times in terms of the quality of the services offered to the public, in any borough in the territory of Montréal.

4.4. SNOW MANAGEMENT

BACKGROUND

Montréal is a northern city that must deal annually with about 200 cm of snowfall between mid-November and the end of March[7]. When there is snow precipitation, the city of Montréal (the city) applies flux (commonly called salt) and/or abrasive (crushed stone) to streets and sidewalks. The city also clears streets and sidewalks in accordance with its snow removal policy. Then the snow removal work begins.

However, due to spreading, road traffic and the everyday activities of citizens, all this snow that has to be cleared is laden with debris (abrasives, garbage, paper, plastic, soil), as well as with oils and mineral fats from vehicles, with ions (chloride, sodium, calcium) from the fluxes used, as well as metals such as lead, manganese, iron and chromium from vehicle corrosion and vehicle exhaust gases[8]. In 1997, the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs, now the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (Ministère du Développement durable)[9], imposed through the *Regulation respecting snow elimination sites*[10] the following:

> «*Snow that is removed and transported for elimination purposes may be placed for final deposit only at an elimination site authorized by the Minister under section 22 of the Environment Quality Act.*»[11]

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7   According to the winter 2015-2016 report of the Service de la concertation des arrondissements, 197.2 cm of snow fell in Montréal that winter. The following year, according to the 2016-2017 winter report of the same Service de la concertation des arrondissements, 226.6 cm of snow fell. These data are for the period from November 15 to March 31 of each winter season. For the 2016-2017 winter season, the city picked up 13,572,627 m³ of snow, representing 341,793 truck trips across the city.

8   Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques. *Guide d'aménagement des lieux d'élimination de neige* et mise en œuvre du *Règlement sur les lieux d'élimination de neige*.

9   The name of this ministry has changed several times. For the sake of consistency in the text, only the simplified name «Ministère du Développement durable» is used regardless of the ministry's name at the time.

10 CQLR, chapter Q-2, r. 31.

11 Section 22 of the *Environment Quality Act* (CQLR, chapter Q-2) states that no one may erect or alter a structure, undertake to operate an industry, carry on an activity or use an industrial process or increase the production of any goods or services if it seems likely that this will result in an emission, deposit, issuance or discharge of contaminants into the environment or a change in the quality of the environment, unless he first obtains from the Minister a certificate of authorization.

This regulation applies to surface sites, sewer chutes[12] and snowmelters[13] since in all cases the snow is preloaded and transported by truck.

Any snow picked up and transported during a snow removal operation in Montréal must be disposed of at a site duly approved by the Ministère du Développement durable, and operated and maintained in compliance with the city agreements mentioned in the application for a certificate of authorization.

At the time of this audit, the city is using a total of 28 snow SDSs. More specifically, this comprises 12 surface sites (including the Carrière Saint-Michel) of which only one does not belong to the city (the Lafarge site in Montréal-Est), and 16 sewer chutes in the north and south of the Island of Montréal along the entire length of the two interceptors. Tables 5.2. and 5.3. in the appendix show the characteristics and disposal capacities of these 28 sites. Figure 5.4. in the appendix shows their approximate location.

PURPOSE AND SCOPE OF THE AUDIT

The objective of this audit was to ensure that the city disposes of cleared snow efficiently, safely and in compliance with applicable laws and regulations.

CONCLUSION

Under the *Regulation respecting snow elimination sites*, it is mandatory to obtain authorization from the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (Ministère du Développement durable) in order to dispose of cleared snow, both at surface dump sites and sewer chutes. The process to obtain authorization is governed by the *Environment Quality Act*, which imposes conditions to be met for the operation of the snow disposal infrastructure. For surface sites, the requirements include environmental monitoring to determine whether snow disposal affects the quality of groundwater and surface water, as well as annual maintenance to ensure the site is functioning properly. For sewer chutes, there are no requirements for environmental monitoring, except for maintenance. The environmental criteria to be met for surface sites are based on the regulations in effect at the time of the application for authorization, but also pertain to site-specific conditions. Thus, environmental monitoring does not have to be conducted systematically based on the regulation at the time of application or on current regulations. It is the content of the certificate of authorization and the commitments made by the applicant (the city) at the time of the application that have to be relied on.

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12 A sewer chute is an opening in the ground, covered by a grid, which allows snow to be dumped directly into the sewer collector or on an interceptor in order to send the snow to a wastewater treatment plant. Some sewer chutes can be mechanized with feeding augers that grind up the snow at the chute opening.

13 A snowmelter is a hot water tank into which snow is dumped. Upon contact with the hot water, the snow melts and is then dumped into the sewer. This equipment requires an expenditure of energy to keep the water in the tank at a high enough temperature to melt the snow.

The city has 28 Snow Disposal Sites for the 8,000,000 m³ to 14,000,000 m³ of snow it clears each winter from its own streets and from certain private properties, for which contractors must pay fees to use the designated sites. All these Snow Disposal Sites have been approved by the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques. Since 2015, planning for the use of these Snow Disposal Sites and the environmental monitoring of surface sites have been carried out by the Service de la concertation des arrondissements. The boroughs are responsible for doing maintenance work.

Generally speaking, as part of our audit work, we observed that the city does have a snow disposal strategy, that it conducts environmental monitoring of surface sites and that the boroughs do some maintenance of surface sites and sewer chutes, which are mechanized. However, there is room for a number of improvements so that the city can ensure that the disposal of snow is undertaken in full compliance with its commitments to the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques, and in an optimal way, for all Snow Disposal Sites. We base this on the following facts:

- The city does not have the content of all the certificates of authorization for the surface sites and sewer chutes. For almost half of the surface sites (5/11), it has no guarantee that its environmental monitoring is complying with the certificates of authorization. The city conducts environmental monitoring of surface sites by replicating the monitoring program used in previous years. For most surface dumps (8/11) and all sewer chutes (16/16), it cannot guarantee that the maintenance performed is in compliance with the commitments made to the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques;

- Maintenance of surface sites is not documented, either in terms of what needs to be done or what has been done. The city is therefore unable to rigorously demonstrate that it has a maintenance program in place for its Snow Disposal Sites;

- The snow disposal strategy, which designates a priority disposal site for each area to be cleared in a borough, changes little from year to year. Before the Service de la concertation des arrondissements took over the management of this strategy with the boroughs, the latter were responsible for the management of Snow Disposal Sites on their territory. The current strategy remains tainted by this type of fragmented small-scale management, rather than being optimized on a territorial scale based on the disposal capacities of the various Snow Disposal Sites and the direct and indirect costs of these infrastructures;

- While the city cannot of course control the amount of snow it receives during a winter, its snow disposal strategy does lack flexibility for some of the surface sites. Consequently the maximum permitted amount of snow dumped at certain sites is sometimes exceeded by the end of a season. During the 2016-2017 winter season, the surface sites at 46th Avenue (Lachine borough), Angrignon (LaSalle borough), Thimens (Saint-Laurent borough) and Langelier (Saint-Léonard borough) exceeded the allowable snow accumulation capacity according to their certificate of authorization;

- Sometimes the city has to redirect snow loads to disposal sites other than those originally planned. However, the city is not equipped to optimally re-allocate Snow Disposal Sites in real time;

- The city reports annually to the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques by submitting environmental monitoring reports for all surface sites under its responsibility. However, the report produced internally by the Service de la concertation des arrondissements with respect to snow removal activities says nothing about environmental compliance and exceeding the capacity of surface sites.

Lastly, regarding access to the sites, the city's Système intelligent pour le transport de la neige can control access to its sites for trucks transporting snow from city streets and sidewalks, as well as from private property. To this end, the issuance of single bar-coded snow deposit coupons that contractors have to procure in order to dump their snow has enabled the city to establish reliable mechanisms for:

1. controlling access to designated dumps for private snow dumping;

2. ensuring that the use of these sites is subject to the current rates, and that this is based on the type of truck used, by registering the single snow dump ticket.

4.5. LEAK SEARCH PROGRAM

BACKGROUND

Water has become one of the major global issues of the 21st century since fresh water represents only a tiny part of the earth's surface[14]. The conservation of drinking water is therefore a central concern of governments and municipalities.

In light of this important issue, the Government of Québec adopted in 2002 the *Politique nationale de l'eau*[15], which included over 50 commitments. In 2012, the government adopted this strategy, which is called the *Stratégie québécoise d'économie d'eau potable*[16] (hereinafter SQEEP).

Thus, for Québec as a whole, SQEEP's objectives were set as follows with a target date of December 31, 2016:

• Reduce the amount of water distributed per person by at least 20% compared to 2001;

• Reduce the leakage rate for all drinking water distribution systems to a maximum of 20% of the total volume of water distributed and to a maximum of 15 cubic metres per day per kilometre of pipeline (m^3/(d*km)).

To help achieve these objectives, the government has made a commitment to match its financial assistance for water-related infrastructure projects to the adoption and implementation of five measures with which municipalities must comply. One of them, Measure 2 – «production of a water use report,» stated in particular:

> *[TRANSLATION] Effective April 1, 2012, if the report shows a leakage rate in the distribution system greater than 20% of the volume of drinking water produced, or 15 m^3/(d*km), <u>the municipal body must put in place a leak detection and leak repair program</u> for its drinking water distribution system[17].*

Thus, like all Québec municipalities, the city is faced with the problem of preserving and conserving water, and must comply with SQEEP.

In order to act on these issues, in June 2012, the agglomeration council approved[18] the global ten-year vision (2011-2020) of the *Stratégie montréalaise de l'eau.*

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14 Represents 2.5% according to the *Politique nationale de l'eau, gouvernement du Québec*, 2002.

15 Politique nationale de l'eau, gouvernement du Québec, 2002.

16 SQEEP, gouvernement du Québec, 2011, 37 pages.

17 SQEEP, gouvernement du Québec, 2011, page 22.

18 Resolution CG12 0166, 2012-06-21.

This strategy was adopted with the objective of optimizing drinking water systems and reducing the leakage rate.

Regarding the city, although a great deal of investment has been made in recent years, the system is aging, which means there is still much work to be done to reduce the leakage rate and the costs associated with these losses of drinking water. Consequently, leak search work must continue and indeed be intensified in order to meet both SQEEP requirements and the objectives set out in the *Stratégie montréalaise de l'eau*, as well as contribute to reducing water losses in the waterworks system.

PURPOSE AND SCOPE OF THE AUDIT

The purpose of this audit is to ensure that the *Leak Search Program* efficiently and effectively reduces leaks in the waterworks system in accordance with the *Stratégie montréalaise de l'eau* and SQEEP.

CONCLUSION

The *Stratégie québécoise d'économie d'eau potable* adopted by the Ministère des Affaires municipales et de l'Occupation du territoire in 2011, under the 2002 Québec water policy, set out drinking water conservation requirements for municipalities receiving government financial assistance for their water-related infrastructure projects. These requirements take the form of objectives to be achieved and measures to be put in place. The strategy imposed a two-pronged objective to reduce the leakage rate of all drinking water distribution systems in Québec to a maximum of 20% of the water volume distributed and a maximum of 15 cubic metres per day per kilometre of water main. One of these measures was to implement a programme de détection et de réparation des fuites as of April 1, 2012.

The *Stratégie montréalaise de l'eau* presented to the city's decision-making bodies and adopted by the agglomeration council in 2012 formulated guidelines over a 10-year period (2011-2020) around five issues, including an action plan to meet strategic and specific objectives, some of which concern leak search in the waterworks system. This strategy also identified six major projects in the major water project, one of which is leak detection and correction.

Since then, several actions have been taken to meet the requirements of these two strategies, including:

• A team from the Direction de la gestion stratégique des réseaux d'eau of the Service de l'eau undertakes systematic leak detection work in the secondary system, mainly to detect undetected leaks;

• The Direction de l'eau potable of the Service de l'eau conducts leak detection and testing work on the primary water main system;

- The boroughs conduct leak search and location work on their territory, but mainly following requests from various sources.

Despite these achievements, it must be noted that the rate of potential water losses on the agglomeration system as a whole remains high (34.7%), according to the 2016 data on the drinking water use form submitted to the Ministère des Affaires municipales et de l'Occupation du territoire in 2017.

To conclude, although the *Stratégie québécoise d'économie d'eau potable* was adopted nearly 7 years ago and the *Stratégie montréalaise de l'eau* almost 6 years ago, and meanwhile, the waterworks system continues to age, we note that the *Leak Search Program* currently in place is not optimally reducing leaks in the waterworks system in accordance with the requirements and directions taken. Efforts will need to be redoubled and processes put in place that meet the requirements of good management practices. To this end, the city should, in particular:

- Set up a real *Leak Search Program* covering the leak investigation work of all units involved;

- Better define the roles and responsibilities of the units involved in leak search and location work;

- Develop long-term and well-documented planning of leak search and location work to ensure that all objectives are met;

- Speed up the implementation of the «Maximo» computer application for the processing of leak and repair files and encourage the use of relevant management reports;

- Develop work plans, following the location of leaks, that reflect established priorities and the repair deadlines, to improve repair performance;

- Periodically assess the performance and expected benefits of the *Leak Search Program* to provide guidelines for informed decision-making in areas needing improvement and the level of resources to be allocated;

- Improve accountability, including the work of all units involved in the program, in order to provide an overall picture for better decision-making.

Water management as a whole is a major challenge for the city. This resource, while abundant, is not inexhaustible. Every effort must therefore be made to preserve it. The *Stratégie québécoise d'économie d'eau potable* and the *Stratégie montréalaise de l'eau* are a big step in that direction. In both cases, objectives have been established to prevent wasting this resource. It is from this perspective that we undertook this audit and are making our recommendations.

4.6. CYCLING NETWORK MANAGEMENT

BACKGROUND

The cycling network of Ville de Montréal (the city) and agglomeration was developed in stages through initiatives by the city and the Government of Québec. The first bikeways were introduced in Montréal in the 1970s. This was followed by a second phase of development in the 1980s, which was initiated by the *Programme d'aide à l'aménagement de voies cyclables* implemented by the Ministère des Transports du Québec (MTQ). The launch of *Route verte* in 1995 marked the start of a third phase of development, which involved connecting several main routes of the city's cycling network and developing new ones.

In recent years, a new phase of development firmly focused on transportation was put in place with the implementation of the city's *Plan de transport* adopted by the urban agglomeration council in June 2008.

In the years that followed, the city was required to comply with the strategic orientations adopted by the Communauté métropolitaine de Montréal (CMM) on land use planning, transportation and the environment. In its *Plan métropolitain d'aménagement et de développement* (PMAD), which came into effect in March 2012, the CMM was aiming to make Montréal "un Grand Montréal avec des réseaux et des équipements de transports performants et structurants". Its objective was to promote active mobility across the city and, as such, it focused on defining a *Réseau de vélo métropolitain*. To comply with the PMAD, among other reasons, the urban agglomeration council adopted the *Schéma d'aménagement du territoire de l'agglomération de Montréal* in January 2015. This plan aligns with the city's strategic documents, including the *Plan de transport* adopted in June 2008.

In January 2015, the urban agglomeration council adopted an amendment to the 2008 *Plan de transport* following the update of the current and planned *Plan du réseau cyclable*.

In June 2016, the urban agglomeration council adopted the *Sustainable Montréal 2016-2020 Plan*, which includes achieving a 1,000 km cycling network by 2020 in order to reduce greenhouse gas emissions and dependence on fossil fuels. Since that time, other orientations have been adopted by the authorities. These will have an impact on the development planning of the cycling network and the design of bikeways since they include performance indicators other than the number of kilometres achieved. For instance, in September 2016, city council formally committed to the "*VISION ZÉRO décès et blessé grave*" approach intended to protect vulnerable users, including pedestrians and cyclists. The new approach focuses the efforts of all stakeholders towards the same goal: safety.

In September 2017, the urban agglomeration council approved a first strategic plan entitled "*Plan-cadre vélo*", which outlines the city's intention to promote cycling as a mode of

transportation on the Island of Montréal and increase cycling's modal share[19] by 15% in central neighbourhoods[20] in the next 15 years.

Recently, in November 2017, the CMM approved the *Plan directeur du Réseau vélo métropolitain*. It is expected to position Greater Montréal as a leading cycling region in North America by 2031. The targets focus on increasing cycling's modal share from 1.8% in 2011 to 3.8% by 2031.

PURPOSE AND SCOPE OF THE AUDIT

The purpose of this audit is to ensure that the city's management practices are adequate for ensuring the proper maintenance and safety of the cycling network and its upgrade and development in accordance with the priorities approved by the relevant authorities and the needs of cyclists.

CONCLUSION

With the adoption of the *Plan de transport* in 2008, the urban agglomeration council embarked on a new phase of development focused on active transportation[21]. It set out to double the cycling network in the agglomeration over seven years, bring the existing network up to standards and develop a four-season cycling network. In response to major demand for cycling infrastructure, a revised version of the cycling network map was adopted by the urban agglomeration council in January 2015, tripling the 2008 network for a total of 1,280 km. During the same period, the responsibility of updating the *Plan de transport* was transferred to the Service de la mise en valeur du territoire to ensure the integration of land use planning concepts, while the Service des infrastructures, de la voirie et des transports was given an annual development objective of 50 km/year by city council in order to complete the *Plan du réseau cyclable*. In September 2016, city council made a commitment to the "*VISION ZÉRO décès et blessé grave*" approach, and a formal action plan was to be produced. The urban agglomeration council also adopted a *Plan-cadre vélo* in 2017. Its objective was to increase, over the next 15 years, the practice of cycling in metropolitan Montréal, more specifically in the central boroughs, by increasing cycling's modal share by 15%.

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[19] The modal share of public transit indicates the overall use made of public transit compared to other urban modes of transportation available. The measure is generally obtained from a survey conducted as part of a study on urban transportation. The *Origine-Destination* survey, which is carried out at regular intervals by the Agence métropolitaine de transport, evaluates the share of the different modes of urban transportation. Urban transportation refers to trips made by car, public transit, active transportation and other motorized vehicles.

[20] Composed of nine boroughs and one related municipality: Ville-Marie, Côtes-des-Neiges–Notre-Dame-de-Grâce, Plateau-Mont-Royal, Sud-Ouest, Mercier–Hochelaga-Maisonneuve, Outremont, Rosemont–La Petite-Patrie, Verdun, Villeray–Saint-Michel–Parc-Extension and Westmount.

[21] All forms of transportation that require the expenditure of energy by human beings (e.g., walking, cycling, non-motorized wheelchair, inline skating or skateboarding).

In conclusion, our audit indicates that significant efforts have been made to ensure that the development of the cycling network meets the priorities established by the authorities. It should be noted that 421 km of bikeways have been developed since 2008, reaching a total of 846 km at the end of 2017 and that a four-season cycling network of 521 km was accessible as of that date. It should also be added that the annual development objective set by the municipal administration was reached over the past few years. However, since the authorities have made a commitment to the "*VISION ZÉRO décès et blessé grave*" approach, and adopted the *Plan-cadre vélo*, in addition to the production of the *Plan de mobilité* currently under way (it will replace the *Plan de transport*), our audit work indicates that the development and upgrade of the cycling network is not meeting all their priorities. The new orientations call for the review of certain management practices by the appropriate stakeholder involved in the management of the cycling network. Consequently, this means that the management processes currently in place cannot be used to determine the level of safety of the cycling network. Lastly, our audit found that maintenance is conducted on the cycling network, but that improvements must be made to harmonize management practices in this respect.

Despite efforts made, there is room for improving management practices to ensure that the cycling network comply with all the priorities approved by the authorities. In this spirit, we recommend that the city:

• Clearly define and communicate the responsibilities of the stakeholders involved in the review of the current and planned *Plan du réseau cyclable* and in the production of the coming *Plan de mobilité* to ensure everyone's contribution to reaching the objectives established;

• During the next review of the *Plan du réseau cyclable*, take into account all orientations approved by the authorities as well as safety and land use planning requirements and the needs of cyclists in order to reach the objectives established;

• Establish priorities for the development of the planned cycling network and integrate them into an overall timeline to facilitate implementation by all stakeholders involved;

• Establish objective criteria to identify and choose projects to be included in the annual development and upgrade programming of the cycling network in keeping with the orientations of the municipal administration;

• Establish levels of service and minimum standards for the maintenance of the cycling network and obtain approval of city council to harmonize maintenance practices across the network and promote its use among cyclists;

• Implement mechanisms to evaluate client satisfaction with the cycling network to achieve the objectives of the *Plan-cadre vélo* approved by the urban agglomeration council in September 2017;

• Implement accountability reporting mechanisms for the action plan of the *Plan-cadre vélo* and the action plan of the "*VISION ZÉRO décès et blessé grave*" approach once it is developed by way of tracking the objectives established.

Through its *Plan de transport*, its "*VISION ZÉRO décès et blessé grave*" approach and its *Plan-cadre vélo*, the city has chosen to focus on the development, upgrade and safety of its cycling network. In this regard, the city has decided to make major investments in coming years, as is reflected in its mission of consolidating Montréal's standing as one of North America's top cycling cities. Consequently, the authorities have decided to accelerate the implementation of cycling infrastructure across the Montréal agglomeration. If the city wants to increase cycling's modal share in the years to come and reach the targets it has established, it must focus on the quality of cycling infrastructure, both new and existing, on the establishment of levels of service for the boroughs as a whole, on maintenance standards that include quality snow operations and, lastly, on improving the safety of cyclists.

4.7. STREET FOOD

BACKGROUND

Street food can be defined as the sale of food prepared and served by merchants in mobile equipment (e.g., trucks, trailers, carts) set up in the public domain[22].

Although the sale of food in the public domain was prohibited in the territory of the Ville de Montréal (the city) beginning in 1947, the growing popularity of this activity and the pressure to allow it once again led the city to consider the matter. On June 19, 2012[23], the city's municipal council mandated the Commission permanente sur le développement économique et urbain et l'habitation (the "Commission") to study the sale of food in the public domain.

After completing a public study and submitting its report in April 2013, the Commission declared itself in favour of developing a scenario to allow food trucks in the public domain and agreed on the need to set up a pilot committee to propose a regulatory framework for the deployment of this activity beginning in 2015. We should specify, however, that street food was already available in Montréal during outdoor events (e.g., festivals, neighbourhood celebrations) based on ordinances and rules established by the boroughs.

In summer 2013, the Ville-Marie borough was entrusted with the task of carrying out a street food pilot project at specific sites in its territory. The pilot project was repeated in 2014 and the Rosemont–La Petite-Patrie borough was added to the area allowing food trucks. The experience over the two years of the pilot project led to a positive report, and on March 24, 2015, the municipal council adopted the *By-law governing street food*[24] (By-law 15-039) which is applicable to the entire territory of the Ville de Montréal.

By-law 15-039 regulates street food in the public domain at established sites[25] and spots[26] occupied in rotation by operators with a street food permit. It includes subsections on the selection process and the constitution of the selection committee, the permit application and conditions, the validity period and expiry of permits, the general conditions of the food truck, the sale of food, signs and advertising, inspection and penal provisions.

PURPOSE AND SCOPE OF THE AUDIT

The purpose of the audit was to ensure that a functional and effective process had been instituted to ascertain that food trucks are operating in compliance with the laws, by-laws and frameworks in effect in the territory of Montréal.

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22 The public domain means streets, alleys, squares and public places, including sidewalks and parks.

23 Municipal council resolution CM12 0570.

24 Municipal council resolution CM15 0365.

25 Fixed marked location on the public domain that includes, at most, three spots for food trucks.

26 Space within the site where the food truck must be installed.

CONCLUSION

In 2012, in light of the fact that street food was gaining in popularity in many of the major cities of the world, the city decided to reconsider the possibility of allowing the sale of food in the public domain of Montréal, which had been prohibited since 1947. A street food pilot project was therefore launched in 2013 and 2014. The results were conclusive in the eyes of the city and a by-law governing street food (15-039) was adopted by the municipal council in March 2015.

As the fourth street food season following the adoption of By-law 15-039 is about to begin, we find that the activity is on the wane. In 2017, six boroughs offered sites for food trucks in their territory. For 2018, currently only three boroughs intend to take part. The other boroughs have withdrawn from this activity because the visitor rates at their sites were too low. In 2017, 94% of the site reservations were in the Ville-Marie borough. The operators' complaints relate mainly to the fact that the sites proposed by the boroughs are not very appealing in terms of visitor traffic and, by extension, profitability.

In conclusion, our audit reveals that many processes surrounding this activity were put in place to ensure that it is conducted in compliance with the regulatory provisions. Authorized food trucks are subject to a selection process, the issue of permits guided by rules that must be upheld by the operators, the management of the site allocation calendar and oversight of the food quality by the city. Nevertheless, despite all these efforts, some of the controls related to the application of By-law 15-039 need to be tightened. In particular:

- The process surrounding the selection of food trucks authorized to apply for a permit could be simplified to make it more streamlined from an administrative point of view;

- The selection of food trucks should also take into consideration the information held by the city concerning past food inspection interventions;

- The controls surrounding the issue of permits should be improved by introducing follow-up mechanisms to ensure that the documentary proofs required to receive the permits remain in effect throughout their period of validity;

- All the boroughs that plan to offer street food in their territory should enforce By-law 15 039, in keeping with the responsibilities delegated to them in this regard;

- All street food permit-holders should be systematically registered in the Système d'inspection des aliments de Montréal so a food inspection can be planned.

Finally, if it is the city's intention to maintain this activity in its territory, we feel that a re-evaluation is required of the operating conditions for the occupation of the public domain by food trucks, so this activity can attain the desired level of success.

4.8. PROTECTION OF PERSONAL INFORMATION (SOCIÉTÉ DE TRANSPORT DE MONTRÉAL)

BACKGROUND

Through its activities, the Société de transport de Montréal (STM) collects and processes a considerable amount of information concerning the private life of its customers and employees. The STM serves approximately 2.9 million customers who have a registered OPUS card, 30,000 customers who use paratransit; it also employs 9,700 people. The STM needs this information in order to provide quality service. The main activities for which the STM collects personal information (PI) are:

- The compilation of employee records, including their medical records;
- The collection of employee banking information for payroll purposes;
- Employment applications for staffing purposes;
- OPUS card registration (generally for reduced fare purposes);
- The collection of medical information on paratransit users.

As a public body, the STM is subject to the AAD. This Act sets out two intrinsic rights: the right of access and the right of protection of PI.

It applies to all documents whether they are recorded in writing or print, on sound tape or film, in computerized form, or otherwise.

PI is defined as information that[27]:

- Identifies a natural person (as opposed to a corporate body);
- Helps identify an individual (as opposed to anonymized information);
- Is factual or subjective about a person regardless of its form or medium.

Given its nature, some PI is confidential. Examples include:

- Social insurance number (SIN);
- Health insurance number;
- Date of birth;
- Banking information;
- Medical records;
- Curriculum vitae.

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27 In accordance with CQLR, chapter A-2.1, sections 1 and 54.

However, some PI is not confidential given its public nature. Here are a few examples:

- Name, title, salary, workplace address and telephone number of a member of a public body or its board of directors;
- STM management staff.

Any loss, theft or unauthorized access involving confidential PI is not only against the law, it can also:

- lead to the disclosure of PI;
- make it possible for malicious individuals to steal identities;
- compromise a person's safety, given the sensitive nature of some of the information held;
- damage the organization's reputation;
- result in the loss of confidence by users;
- lead to lawsuits.

Given this context, the STM must absolutely protect its PI in order to reduce the risk of any of these events occurring.

PURPOSE AND SCOPE OF THE AUDIT

The objective of the audit was to evaluate whether the controls put in place ensure the logical and physical security of the personal information (PI) held by the Société de transport de Montréal (STM) in a way that limits privacy breaches, theft or unauthorized access.

CONCLUSION

Overall, we can conclude that the Société de transport de Montréal adequately protects the confidentiality of personal information collected as part of its activities through the implementation of effective control measures that limit the risk of security breaches, theft or unauthorized access.

The following evaluation criteria were used:

Assessment Criteria – Governance:

- The Société de transport de Montréal has adequate corporate and management policies that govern the protection of personal information;
- Responsibilities are clearly established and assigned to the appropriate persons;

- Various measures, such as training sessions and presentations for employees and managers, are in place to make them aware of the importance of protecting personal information;

- There is accountability reporting to address issues related to the protection of personal information;

- The Société de transport de Montréal has a personal information inventory that meets the requirements of the *Act respecting Access to documents held by public bodies and the Protection of personal information*. However, even if not required, the types of personal information and the number of files are not inventoried.

We believe that if the Société de transport de Montréal added to the inventory the types of personal information and the number of files held for each type of personal information, its risk analysis process would be improved.

Assessment Criteria – Retention and Destruction of Personal Information:

- A retention schedule has been established for personal information in physical files and for the new systems. However, there are no retention guidelines for the following information systems:

  – Système de gestion pour la vente et la perception des cartes OPUS;

  – Progiciel de gestion intégré pour, entre autres, les ressources humaines et la paie;

  – Système de gestion de la santé et sécurité au travail traitant également les congés de maladie;

  – Système de gestion des clients du transport adapté;

  – Système de gestion des candidatures;

- The destruction of personal information in physical files is conducted by an outside firm in a secure manner;

- In terms of computer systems, the destruction of personal information is only carried out for the Système de gestion pour la vente et la perception des cartes OPUS and Système de gestion des clients du transport adapté systems. There is nothing in the works for the Système de gestion des candidatures, Système de gestion de la santé et sécurité au travail traitant également les congés de maladie and progiciel de gestion intégré pour, entre autres, les ressources humaines et la paie.

We believe that if the Société de transport de Montréal implements retention rules and destruction procedures for personal information in the above-mentioned systems, personal information would be destroyed as soon as it was no longer needed by the Société de transport de Montréal for the conduct of its operations.

Assessment Criteria – Protection Measures for Personal Information:

• The système de gestion pour la vente et la perception des cartes OPUS system only contains personal information in its production environment. In the case of the Système de gestion des clients du transport adapté, Système de gestion de la santé et sécurité au travail traitant également les congés de maladie, progiciel de gestion intégré pour, entre autres, les ressources humaines et la paie and Système de gestion des candidatures, real personal information is present in environments other than production environments;

• The management of logical access is adequate for the Système de gestion des clients du transport adapté and Système de gestion de la santé et sécurité au travail traitant également les congés de maladie. There were discrepancies in the Système de gestion des candidatures in terms of the review of access rights;

• The office where medical records are kept has a card reader door lock, which restrict physical access only to authorized personnel. The two locations where employee and applicant files are kept along with paratransit forms have combination door locks, which are not as secure as card reader door locks;

• The electronic transmission of personal information to other transit agencies is secure; However, the transmission of applicant files to an external firm is not confidential, since it is not encrypted;

• An incident management process is in place and includes the protection of personal information;

• Penetration tests are conducted regularly to demonstrate the reliability of systems containing personal information and gaps are corrected, as needed.

We believe that the Société de transport de Montréal could increase the effectiveness of protection measures for personal information by:

• deleting real personal information from information system environments other than production (e.g., using redaction) and implementing a systematic process for the deletion of personal information once the tests or development work is completed;

• implementing a process for the recurring review of access rights and related privileges for the Système de gestion des candidatures;

• replacing both combination locks with card-reader doors locks on the doors of offices where human resources and paratransit records are kept;

• implementing a protection mechanism when sending personal information about applicants to the external firm hired to conduct pre-employment background checks.

4.9. FORMULA E EVENT

BACKGROUND

On July 29 and 30, 2017, races involving vehicles propelled by an electric motor (the "Event") took place on the streets of downtown Montréal. The Ville de Montréal (the "city") confirmed at a press conference held on October 21, 2016, that the 2016–2017 season of the Fédération internationale de l'automobile (FIA) Formula E World Championship would end with two races held in the city's downtown core in July 2017. Organization of the Event was entrusted to the non-profit organization (NPO) Montréal c'est électrique (MCE). This organization's mandate was to organize Formula E races and promote the electrification of transportation in Montréal. The city hoped to position itself as one of the cities at the leading edge of transportation electrification and intelligent transportation, raise the population's level of education about this subject and accelerate the transition to more sustainable mobility.

The city granted $1.75 million in non-recurring financial support to MCE so that it could start its activities and proceed to organize the Event. The city also provided the organization with a one-year $10 million line of credit guarantee. These decisions and the resulting obligations were specified in agreements between the city and the organization.

To manage the execution of projects, the city adopted a *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux* (CGP)[28]. This framework covers so-called large-scale projects, i.e., projects involving $10 million or more in investments, complex projects, and projects whose execution involves high risks, as well as any other projects identified by the administration. In particular, the CGP is aimed at harmonizing practices surrounding the execution of projects, ensuring the sharing of information on project monitoring and the efficiency, integrity, rigour and coherence of municipal actions. This framework applies to the city as a whole (departments, boroughs, NPOs and paramunicipal corporations). It provides that the city can entrust the piloting of a project to another organization, which will be supported by a municipal project leader who will ensure that the city's governance framework is applied.

According to the CGP, each stage of a project must be subject to a decision made by authorities. A business case is submitted at pivotal stages, i.e., following project planning, following completion of the feasibility study leading to the definition of the project's scope and at key stages of project execution. Projects are also subject to accountability.

PURPOSE AND SCOPE OF THE AUDIT

Under the provisions of the *Cities and Towns Act* (CTA), we conducted a compliance audit on implementation of the Formula E project and the support granted to MCE. The purpose

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[28] *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux*, adopted by the urban agglomeration council of Ville de Montréal on April 22, 2010.

of our audit was to ensure that project governance was defined in accordance with the city's existing policies and procedures. We conducted this audit in accordance with CPA Canada standards.

CONCLUSION

The city developed a comprehensive project governance framework providing for a project monitoring process. The application of this governance framework provides for a check-point process for the development and approval of projects, a governance mechanism that ensures adequate monitoring and comprehensive documentation for informed decision-making by municipal authorities. The framework provides that the city can entrust the piloting of a project to another organization, which must be supported by a municipal project leader who will ensure that the framework is applied.

In light of the work carried out, we note that the Formula E project did not apply the city's governance framework. No business case presenting a description of the project, the issues and risks involved and the overall costs was submitted to authorities. This would have enabled all the stakeholders to agree on key aspects of the project and would have supported the decision-making process throughout its execution. The roles and responsibilities were not defined adequately. We noted that the coordination of operations and associated information passed through the Cabinet. It can be seen that in the absence of a project leader, as prescribed by *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux*, the municipal administration, had no overall vision of the issues and risks involved in this large-scale project.

Beyond the fact that project governance appeared to us to be deficient, our audit revealed areas where improvements should be made, especially with respect to the roles and responsibilities of officers acting as observers of organizations and the accountability reporting required of an organization and monitoring of it by the administration. The monitoring measures provided for in the guarantee agreement were not applied in a timely enough manner to allow the necessary monitoring, given the financial risks of the project.

The Formula E project should have fallen under the purview of the *Cadre de gouvernance des projets et des programmes de gestion des actifs municipaux*. This would have allowed better tracking of the progress of commitments and expenses arising from the project, and authorities would have been better informed of the impacts of decisions made. As part of the planning process, the project leader would have had to produce a business case defining, for example: the reason for the project, its objectives, expectations in terms of impacts, the risks, the budget plan and the definition of the roles and responsibilities of the stakeholders involved. A more comprehensive tracking and documentation process would have improved accountability reporting to stakeholders. This information is essential for ensuring sound management and appropriate accountability reporting on a project.

5. FOLLOW-UP ON RECOMMENDATIONS OF PREVIOUS YEARS

The percentage of recommendations made by the Bureau du vérificateur général (the BVG) that have led to concrete measures is an essential indicator in ensuring that central departments and boroughs implement their recommendations.

CONCLUSION

For the value-for-money and information technology audit, we note, first of all, that only 41% of the recommendations formulated in 2016 were resolved by the time of our first year follow-up. In comparison, 50% of the recommendations formulated in 2015 were resolved by the first year follow-up, which is a significant reduction in implementation. In addition to this regression, of the recommendations issued in 2016, 78% should have been resolved at the time of our first follow-up, according to the action plans submitted by the business units.

Second, we note that in terms of implementation times for the recommendations formulated in 2016, only 12% (5 of 41) were resolved within the implementation dates initially put forward by the business units in their action plans, and the year before, only 10% of recommendations formulated in 2015 (17 of 164) were resolved by the planned completion time. Although this is a slight improvement, our findings show that the business units largely do not meet the time lines they submit in their action plans.

With regard to the audit of the financial statements, the resolution status of the recommendations by the time of the first year follow-up improved slightly for the 2016 recommendations, with a result of 45% compared to 42% for the 2015 recommendations.

However, the rate of recommendations that were resolved by the second year of follow-up in 2016, that is, the 2015 recommendations, had deteriorated, with a 58% resolution rate (83% for 2014). This same trend is also seen for recommendations in their third year of follow-up in 2016, that is, the 2014 recommendations, with a result of 83% (100% for 2013).

We repeat our recommendation that municipal governments establish performance indicators to measure the degree of implementation of the recommendations included in the Auditor General's audit reports and follow up on them.

6. OVERVIEW OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL

This chapter presents the highlights of the results obtained for the year 2017 regarding the performance of the Auditor General's mandate and the utilization of resources for this purpose. More specifically, we present different indicators so the reader can appreciate the performance of the Bureau du vérificateur général (the Bureau).

Important human resources elements were discussed in Section 3