

Bureau du  
vérificateur  
général

# I. Comments and Recommendations of the Auditor General





## **I. COMMENTS AND RECOMMENDATIONS OF THE AUDITOR GENERAL**

When I was appointed the city's Auditor General, I decided to carry on my predecessor's practice of including certain comments and recommendations for the municipal administration in the introduction to my annual report. I am continuing this tradition by addressing the following items of interest in this section:

- A. Intrusion into the Auditor General's electronic communications
- B. Auditing of accounts related to the Bureau du vérificateur général
- C. Inappropriate basis for calculation of the Auditor General's budget
- D. Professional services contract for the external financial audit of the Ville de Montréal and the Société de transport de Montréal
- E. Auditor General's budget – operating surplus and surplus allocation
- F. Cost of handling reports being processed at the time the ethics hotline was transferred to the Service du contrôleur général
- G. Titles of certain positions within the Service du contrôleur général

### **A. INTRUSION INTO THE AUDITOR GENERAL'S ELECTRONIC COMMUNICATIONS**

I feel it is necessary to return to the illegal intrusion into my electronic communications that we discovered in January.

You will understand that I cannot currently discuss my version of the facts surrounding the allegations against me contained in the [TRANSLATION] "Reid document," presented during a special meeting of the audit committee and submitted to City Council in February. An application instituting nullity proceedings and a permanent injunction was brought to the Superior Court in March. Recall that this motion is asking the Court to, among other things:

- declare that the defendants illegally and without right copied and collected my e-mail files, including both those sent and received, as well as their content, including attachments, and my calendar;
- order the defendants or their official representatives, agents, employees and all those under their control, as well as any person aware of the judgment to be rendered, to return all copies in all forms of all the documents or information copied between March 2010 and January 2011 that were in my electronic mailbox and on the city server, and to indicate to whom the defendants have sent a copy of said documents or their content;

- revoke the [TRANSLATION] “Reid document”;
- revoke resolution CM05-357, adopted February 22, 2011.

I am outraged by this intrusion, which was carried out untimely, without any prior diligent verification, by perpetrators who believed they had every right and would not get caught. In the paragraphs that follow, I feel it is important that I briefly recount the events surrounding the intrusion into my electronic communications, present the significant repercussions of this intrusion on the way my office operates as well as on its corporate image and that of the Ville de Montréal, and lastly, formulate certain recommendations.

However, before I do so, I would like to state that I have always acted diligently and in good faith in the best interest of the Bureau du vérificateur général (BVG) and the Ville de Montréal. At no time did I benefit from a direct or indirect personal gain during the awarding of contracts or in any other situation. Once the current legal proceedings are over, I plan on providing all the necessary explanations to set the record straight. The BVG has met and is cooperating with representatives of the Ministère des Affaires municipales, des Régions et de l’Occupation du territoire (MAMROT), who are currently in the process of reviewing all the contracts that I awarded from the time I began my duties, June 3, 2009, to April 1, 2011. I firmly believe that the decisions made in this matter were always based on principles of sound administration.

## **BRIEF RECAP OF THE EVENTS**

On January 20, 2011, the Ville de Montréal BVG discovered that several e-mails addressed to me and sent well before January 20 had been opened by a city employee working for the Service du contrôleur général whose known position is that of division manager—Investigations and Analyses.

This employee was never an intended recipient of the e-mails in question.

This highly unusual and abnormal situation suggested the possibility that confidential e-mails addressed to me may have been intercepted and read by one or several individuals who were not authorized to do so.

An investigation was therefore undertaken to shed light on this issue. This investigation confirmed that messages in my electronic mailbox had, in fact, been intercepted and viewed. The investigation also revealed the probable extent of the intrusion and identified the perpetrators of this act, or at least some of them, and the methods used. Our verifications also confirmed that these copies were made

repeatedly and over a long period of time, following a *modus operandi* that shows that the acts were neither isolated nor accidental, but rather planned long ago. The actions taken to conceal these intrusions and attempt to erase any trace of them in the city computer network show that the perpetrators of these attacks knew that what they were doing was illegal. In this sense, these acts are similar to espionage and hacking.

The perpetrators of these intrusions attempted in vain to justify their actions through allegations of wrongdoings on my part that would constitute very serious offences in their eyes, but for which they did not see a need to inform City Council until after I had uncovered their operation. All this shows that the purpose of the operation was solely to mount a case against the Auditor General, an unprecedented attack against the position that I hold.

## **CONSEQUENCES OF THE INTRUSION**

The intrusion had, and continues to have, serious consequences on my office's activities, in addition to having greatly tainted its corporate image. Recently, the newspaper *La Presse* reported on the espionage of an elected official by the Service du contrôleur général. The illegal actions committed by the Service du contrôleur général had, and continue to have, serious consequences not only on my office, but also on the whole of the city administration. Media coverage has resulted in a loss of confidence on the part of citizens toward Montréal municipal institutions. City employees, elected officials and unions are wondering, and understandably so, whether they too may have been victims of systematic and unjustified espionage in the past months.

Moreover, since January 20, we have had to devote a great deal of energy to following the trail of the intrusions left by the perpetrators and compiling the proof to support the various recourses we have taken against them. This energy has translated mainly into a significant mobilization of our management personnel and some of our information technology specialists, as well as the use of experienced external resources, mainly in the legal field and forensic accounting. These resources were necessary in order to take the appropriate legal recourse to protect the institution of the BVG. As of March 31, 2011, we have had to invest more than 900 hours of internal resources and incur professional fees in the order of \$288,000 for this purpose.

Of course, our internal resources will have to devote additional efforts to this issue in the coming months. Additional professional fees are also to be expected for representation before the Superior Court for the application instituting nullity proceedings and a permanent injunction. It is clear that the BVG will not be able to cover all of these fees from the operating budget originally allocated for 2011.

Considering that it is a sizeable and unforeseeable expense that is entirely out of our control, I plan on submitting a request to City Council shortly for additional funds to cover these fees.

Obviously, this situation has caused significant delays in the progress of our regular audit work and in the handling of reports from the ethics hotline, to the point of even compromising the publication of this annual report in May, when it is usually tabled. However, massive efforts on the part of the employees of my office have allowed us to make up these delays for the most part. We have nonetheless managed, as you can see, to produce what I believe is an annual report of the utmost quality. We also managed to issue the necessary financial audit opinions for the city and other municipal agencies under its control on time.

Unfortunately, two audit operations, the conclusions of which should have been included in this annual report, were not completed in time due to disruptions caused by the special investigation and preparation of legal recourse. We hope to produce a special report for the June 2011 City Council meeting that will include the results of these two audit operations. We have also had to interrupt our work following up last year's recommendations regarding the "Outsourcing Project for Telecommunications Services." We wanted to include an update of this situation in this report because this project is strategically important to providing services for citizens. This update will be published in my next annual report instead.

Also, it bothers me tremendously that we have not been able to complete, as intended, planning our mandates for 2011. Usually, this planning is carried out in the month of January, following a risk analysis that has to be updated every year. This year's update was not done due to the efforts that we had to devote to the issue of my electronic communications intrusion.

The discovery of this intrusion destroyed my office's trust in the security of the city computer and telecommunications network as well as that of our offices. I had to make immediate temporary changes not only to guard us against this type of intrusion, but also to detect whether we had been victims of other possible types of espionage.

This intrusion also caused stakeholders to doubt the ability of the BVG to ensure the confidentiality of the information that it receives and what it does with this information. We have irrefutable proof that a Service du contrôleur général employee opened e-mail messages pertaining to audit subjects, contrary to what was stated by the city Director General in his letter dated February 15, 2011 addressed to the Ministre des Affaires municipales, des Régions et de l'Occupation du territoire. In fact, the subject of one of these e-mail messages was a draft audit report, which was attached to the

e-mail itself. This draft report contained highly sensitive details on the activities of the business units targeted by this audit. I therefore had to inform the heads of these business units of the situation.

This affair is unprecedented in the history of the BVG. Once again, I cannot stress the extreme seriousness of this intrusion enough. It violates the principles of independence and confidentiality necessary to the unhindered completion of the mandate entrusted to the Auditor General pursuant to the *Cities and Towns Act* (C.T.A.). In fact, the confidentiality of the Auditor General's communications are so essential and inviolable that, under the C.T.A., no member of my office or expert whose services I retain may be compelled to disclose any information or produce any document collected as part of their mandate.

Yet, through its wrongdoings, the Service du contrôleur général completely disregarded this protection the C.T.A. confers on the Auditor General.

The intrusion has also had significant repercussions on the individuals who may have wanted to contact my office confidentially. Have they lost confidence in the mechanisms currently in place? Are they refraining from contacting us due to the situation described earlier and knowing that one of the elevator doors leading to our offices is monitored by a camera belonging to the Service du contrôleur général, whose offices are next to ours? It is undeniable that any fairly well informed person might worry that the confidentiality of the information he or she reports to the Auditor General may be breached. It is, in fact, impossible, without the support of City Council in agreeing to the recommendations that follow, to guarantee the anonymity of individuals who wish to contact us. This situation is all the more worrying, as we no longer have the ethics hotline, a mechanism that was highly secure for anyone wishing to contact the Auditor General confidentially. We are currently considering the possibility of introducing an alternative mechanism to the ethics hotline of the Service du contrôleur général.

In addition, the discovery of the intrusion committed by the Contrôleur général, the response to this intrusion by the municipal administration, and the allegations against me, sent a shock wave through my staff. I was even worried that new employees that were supposed to join my office at the time would change their minds, which thankfully was not the case. In fact, several members of my staff questioned me because they were concerned about the future of the institution of the BVG. These circumstances forced me to work very hard to reassure them that the role played by the Auditor General remains a vital part of city democracy and that we can count on the support of City Council, at least I hope we can, to carry out the mandate that I have been given by virtue of the C.T.A.

Lastly, words cannot describe the trying times that I have experienced over the past few months, especially since I could not, without supporting what had been done, respond to the numerous allegations that the perpetrators of this intrusion spread against me to justify their illegal actions after the fact. Despite the seriousness of the acts committed against me and my office, I can guarantee you that all the audits contained in this report were conducted with complete thoroughness and objectivity, in accordance with the mandate entrusted to me by the C.T.A., the professional standards that govern the exercise of my responsibilities and the high degree of professionalism that characterizes my office staff.

### **Recommendations**

**I recommend that City Council consider the following actions:**

- **Support the principle that the Bureau du vérificateur général have a separate computer network from that of the city as well as its own protection mechanisms, such as an exclusive firewall administered by us. In the coming weeks, we will conduct a study to determine the best configuration, the equipment and software needed, and the related costs. We will submit a budget request backed by this study. It is not as easy to put an independent messaging service for the Bureau du vérificateur général in place, as we must use the same infrastructure as the city. We will therefore have to resign ourselves to using city e-mail services, while adopting the appropriate measures for the circumstances. In terms of information that a third party may want to share with the Bureau du vérificateur général confidentially, we will look at an alternative solution to the ethics hotline and submit the budget requests to City Council accordingly.**
- **Adopt a motion for a short-term relocation of the Service du contrôleur général to a building other than the one housing the Bureau du vérificateur général.**
- **Give formal instructions to the Direction générale so that the investigations conducted by the Service du contrôleur général are carried out in accordance with the laws and regulations in effect and subject to the appropriate management frameworks and accountability measures. We understand, however, that this aspect will likely be covered by the legislation that the Ministre des Affaires municipales, des Régions et de l'Occupation du territoire intends to incorporate into municipal laws and, eventually, by the mandate recently given to the anti-corruption squad by the Ministre de la Justice.**

## B. AUDITING OF ACCOUNTS RELATED TO THE BUREAU DU VÉRIFICATEUR GÉNÉRAL

The external auditing firm designated by the city, Samson Bélair/Deloitte & Touche (SBDT), expressed the following reservation in their report dated March 31, 2011 (see Appendix 4) as regards auditing BVG accounts, as per Article 108.2.1 of the C.T.A.:

*“We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.*

### Basis for Qualified Opinion

*Given a difference in interpretation by the Bureau du vérificateur général of the Ville de Montréal relating to the scope of a mandate to audit accounts related to the auditor general, in compliance with the provisions set out in Section 108.2.1 of the Cities and Towns Act, we were refused access by management to certain supporting evidence. Consequently, we were unable to obtain sufficient appropriate audit evidence about the process of attributing contracts that must comply with Section 573 of the Cities and Towns Act. As a result, we were unable to determine whether a non-compliance situation should have been subject to disclosure.*

### Opinion

*In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial information presents fairly, in all material respects, the costs incurred by the Bureau du vérificateur général of the Ville de Montréal during the year ended December 31, 2010 in accordance with Canadian public sector accounting standards, as described in Note 2 to the financial statements of the Ville de Montréal.”*

With this qualification, SBDT maintains that its mandate includes checking and identifying any BVG contract-transaction “noncompliance” with the C.T.A.

The legal advice that I obtained and conveyed to SBDT during its audit is unequivocal: the scope of the external auditor, as set out in Article 108.2.1 of the C.T.A., excludes auditing compliance in the contract-awarding process. In other words, nowhere in the external auditor’s mandate are they authorized to audit procedural compliance of decisions taken by my Office under Article 573 of the C.T.A. In fact, as stated more explicitly in Me Yvon Duplessis’s legal opinion, reproduced below in its entirety, any audit conducted by the external auditor under the provisions of Article 108.2.1 and the resulting opinion, is limited to the following three elements:

- Are the expenses incurred by the Auditor General and posted to his accounts accurate, authentic and verifiable?
- Are said expenses related to the performance or exercise of the Auditor General’s function?
- Are these expenses accounted for in the correct fiscal year?

## LEGAL OPINION BY YVON DUPLESSIS, ATTORNEY AT LAW

*"I have been mandated by the Auditor General of the Ville de Montréal, Mr. Jacques Bergeron, to prepare a legal opinion on the application and interpretation of section 108.2.1 of the Cities and Towns Act.<sup>1</sup> Briefly stated, the question may be put as follows: what is the extent of the external auditor's powers when auditing the accounts of the chief auditor? In other words, what is meant by the expression "auditing accounts"?"*

*At the very beginning, it should be pointed out that I have consulted all of the relevant legislation and doctrine as well as all of the documents that were transmitted to me.<sup>2</sup> However, a warning is in order. Given that the legislation that applies to the municipal chief auditor and to the external auditor is very recent,<sup>3</sup> there exists no jurisprudence dealing specifically with this issue to my knowledge. This is why I will attempt to interpret section 108.2.1 so as to provide limited answers without, however, giving any assurance as to what the results would be if the matter were heard before the courts.*

*This being said, section 108.2.1 of the Cities and Towns Act reads as follows:*

**"108.2.1.** *In the case of a municipality having 100,000 inhabitants or more, the external auditor shall audit, for each fiscal year for which the external auditor has been appointed,*

*(1) the accounts relating to the chief auditor;*

*(2) the financial statements of the municipality and any document determined by the Minister of Municipal Affairs, Regions and Land Occupancy by regulation published in the Gazette officielle du Québec.*

*The external auditor shall make a report of the audit to the council. The external auditor shall state in the report on the financial statements, in particular, whether the financial statements faithfully represent the municipality's financial position on 31 December, and the results of its operations for the fiscal year ending on that date. 2001, c. 25, s. 20; 2001, c. 68, s. 7; 2003, c. 19, s. 250; 2005, c. 28, s. 196; 2009, c. 26, s. 109."*

*To answer the question that has been put to me, it is necessary to interpret the first sub-paragraph of the first paragraph of section 108.2.1 of the C.T.A.*

*For this purpose, I have identified the various provisions of the C.T.A. dealing with financial administration and auditing as well as the various expressions and terms that will provide clues to the answer.*

<sup>1</sup> R.S.Q., c. C-19 (hereafter the "C.T.A.").

<sup>2</sup> We have given particular attention to the following documents that are part of the Canadian Institute of Chartered Accountants' Handbook: "Preface to the CICA Handbook – Certification, Part I (2010 Edition)"; the following Canadian audit standards: CAS 200 "Overall objective of the independent auditor and the conduct of an audit in accordance with Canadian auditing standards"; CAS 250 "The auditor's responsibilities relating to laws and regulations in an audit of financial statements"; CAS 805 "Special considerations – audits of single financial statements and specific elements, accounts or items of a financial statement. It should be pointed out immediately that the lawmakers make a clear distinction, notably in the Cities and Towns Act, between the expressions "financial statements" and "accounts", these being two different notions or concepts that must not be confused. To use one example among many others, section 108.2.1 of the C.T.A. refers in the first sub-paragraph of the first paragraph to the word "account" whereas the second sub-paragraph refers to "financial statements". The statute is referring to two different notions.

<sup>3</sup> Sections 107.1 to 107.16, 108.2.1 and 108.4.1 of the Cities and Towns Act became effective on January 1, 2002; see: An Act to amend various legislative provisions respecting municipal affairs, S.Q. 2001, c. 25, sec. 15, 20, 22 and 512.

First, the treasurer is bound to keep books of account in which he enters receipts and expenditures by date (sec. 100 of the C.T.A.). Furthermore, he must keep vouchers for all payments he has made for the municipality and produce them for audit and inspection (sec. 100 of the C.T.A.). Furthermore, the council may call upon the treasurer, at any time during the year, to produce a detailed account of the revenues and expenditures of the municipality (sec. 105.3 of the C.T.A.).

Pursuant to section 107.7 of the C.T.A., the chief auditor must audit the accounts and affairs of the municipality and of every legal person that is covered by it. Section 107.8 of the C.T.A. expressly provides that the chief auditor may, to the extent he considers appropriate, proceed with financial auditing and auditing for operational compliance with acts, regulations, policies and directives that are relevant or applicable. There is no mention of this type of auditing in section 108.2.1 of the C.T.A. Moreover, section 107.8 of the C.T.A., consistent with section 108.4.1, also provides that the chief auditor may examine any document concerning the affairs and accounts of the audit objects and may require from any employee of the municipality or any legal person referred to in paragraph 2 of section 107.7 all information, reports and explanations the chief auditor considers necessary.

Section 107.10 of the C.T.A. states that the chief auditor may conduct an audit of the accounts or documents of any person having received financial assistance from the municipality. The municipality and those having received financial assistance are required to provide the chief auditor with any accounts and documents he considers relevant to the performance of his duties, just as he can require all municipal employees to provide any information and explanation that he considers necessary to the performance of his duties.

Finally, section 109 of the C.T.A. mentions that the ad hoc auditor shall perform a special audit of the accounts of the municipality if the municipal council so orders as a result of a written request by at least fifty ratepayers.

As we can see, the word “account” appears on several occasions in various provisions of the Cities and Towns Act. Granted, but what is meant by the expressions “vérification” (“audit” or “verification” in English), “compte” and “livre de comptes” (“account” and “book of account” in English), “contrôle d’un compte” (“checking of an account” in English) and “affaires”? To define these terms, we have consulted the Dictionnaire de la comptabilité et de la gestion financière<sup>4</sup>. It contains the following definitions:

**VERIFICATION/VÉRIFICATION:** Engagement. Process that consists in ensuring the validity or the accuracy of entries, accounts or accounting reports.<sup>5</sup>

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**AUDIT/AUDIT/VÉRIFICATION (CA):** Engagement. (CAN and USA) As regards financial statements, a review of the accounting documents and other probative items related thereto, done by a competent and independent professional in order to express an opinion on the accuracy of the portrait that the statements or other information provide about the financial condition and the results of the entity under review, according to generally accepted accounting principles and, in exceptional cases, according to other appropriate accounting rules communicated to the reader.<sup>6</sup>

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**ACCOUNT/COMPTE:** [...]

3) More generally, an account is a unit for classifying and recording entries or items from **accounting terminology**.<sup>7</sup>

<sup>4</sup> Louis MÉNARD et al., Dictionnaire de la comptabilité et de la gestion financière: English-French with French-English Index, 2nd ed., Toronto, Canadian Institute of Chartered Accountants, 2004.

<sup>5</sup> Id., p. 1245.

<sup>6</sup> Id., p. 85.

<sup>7</sup> Id., p. 6.

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**ACCOUNT/COMPTE:** Bookkeeping, Statement summarizing the operations between individuals or entities during a given period.<sup>8</sup>

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**BOOK OF ACCOUNT/LIVRE DE COMPTES:** Bookkeeping. Any book, file or record that is part of the accounting system in which are recorded the operations and the economic events related to an entity, usually in monetary units.

Publisher's note: Books of accounts include the records (transaction file) and the general ledger (master file).<sup>9</sup>

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**CHECKING OF AN ACCOUNT/CONTRÔLE D'UN COMPTE:** Internal checking; engagement. Review of each item recorded as a liability or an asset in the account.<sup>10</sup>

As regards the word "Affaires" in the plural, it is defined as follows in the Le nouveau Petit Robert:<sup>11</sup>

**AFFAIRE (AFFAIR)**

[...]

**II IN THE PLURAL. LES AFFAIRES (AFFAIRS) – 1** (1508) All the occupations and activities of public interest. [...] – **3 ECON.** Economic activity (notably its commercial and financial consequences).

Given the foregoing definitions, I am of the opinion that the auditing of the chief auditor's accounts by the external auditor named by the council can only cover the three following items: 1) Are the expenses incurred by the chief auditor, as recorded in his accounts, accurate, authentic or true? In other words, were they really and truly incurred? 2) Are these expenses related to the performance or exercise of the chief auditor's duties? 3) Were these expenses accounted for during to the correct financial year?

In my opinion, the external auditor's role in fulfilling his mandate, that is to audit the chief auditor's accounts, is limited to the three items mentioned above. Consequently, he would not be authorized, among other things, to give an opinion on the legality or the appropriateness of the contracts by which the chief auditor's expenses were incurred, or to give an opinion on the legality of the chief auditor's actions, for the following reasons.

First, section 107.8 of the C.T.A. explicitly states that when the chief auditor audits the affairs and accounts of the municipality or of a legal person referred to in paragraph 2 of section 107.7, he may, if he deems it appropriate, examine the compliance of their operations with the Acts, regulations, policies and directives. I reiterate that there exists no such provision regarding the external auditor. If lawmakers had wanted the external auditor to have such powers, they would have given them to him, because they know the state of the law. If they did not provide for it, it means that the external auditor has no such auditing power.

Furthermore, it should be pointed out that in sections 107.7 and 107.8 of the C.T.A., the lawmakers use the expressions "accounts and affairs" and "affairs and accounts." The law provides for two different expressions, because they have different meanings; indeed, this clearly appears in the definitions mentioned above. It would seem that the word "affairs" is a generic term that has a much broader application than the word "accounts," which is much more precise and limited. It should be remembered that when section 108.2.1 of the C.T.A. was adopted on June 21, 2001, the first sub-paragraph of the first paragraph reads as

<sup>8</sup> *Id.*, p. 6.

<sup>9</sup> *Id.*, p. 142.

<sup>10</sup> *Id.*, p. 216.

<sup>11</sup> Paul ROBERT, *Le nouveau Petit Robert*, J. Rey-Debove et A. Rey (eds.), Paris, Dictionnaires Le Robert – SEJER, 2007, p. 41.

follows: “the activities of the chief auditor.”<sup>12</sup> Even before this new provision became effective, lawmakers intervened on December 19, 2001, to amend this sub-paragraph and replace the expression “the activities of” by “the accounts relating to.”<sup>13</sup> While the bill was being studied by a parliamentary commission dealing with land-use planning, minister of Affaires municipales et des Régions at the time, Louise Harel, expressed the opinion that the expression “the activities of the chief auditor” created confusion, was ambiguous and raised several questions. She therefore changed this expression for a new one called “the accounts relating to the chief auditor,” which is still part of section 108.2.1 of the Act. She added that “[...] this new expression is preferable because emphasis is put on the financial character of the audit to be performed by the external auditor.”<sup>14</sup> It follows, in my opinion, that there is no comparison between the financial character of an audit and the legal overview of the acts or of the contracts concluded by the chief auditor, or of the deeds he has done.

Finally, let’s remember that the current Minister of Affaires municipales, des Régions et de l’Occupation du territoire, Laurent Lessard, recently stated in the media that there was currently no provision in any law whatsoever that provides for a review of the legality of the chief auditor’s actions. This being the case, I do not see how the external auditor could assume such power.

Undoubtedly, the chief auditor is not above the law but, on the other hand, he is not at everyone’s mercy. After all, it must not be forgotten that, given the legislation as a whole regarding the chief auditor, the law grants him a special status because of the unique, crucial and preeminent role he plays within a municipality, namely that of municipal public finance watch dog. To perform his duties, he must not only be guaranteed independence, but also considerable, even absolute, management autonomy with regard to municipal authorities.<sup>15</sup>

Even though the external auditor has access to the books, accounts, deeds, documents and vouchers and has the right to require information and explanations needed to fulfill his mandate from municipal employees, this does not mean that he may increase or widen its terms or circumvent or overstep his mandate, which is limited to auditing the chief auditor’s accounts. The external auditor may only obtain documents and explanations from municipal employees within the framework or the confines of his mandate, namely to ensure that the chief auditor answers the three questions I have previously indicated in the affirmative. Briefly stated, the external auditor’s powers are not absolute. Quite the opposite. It will be up to the external auditor to demonstrate that the communication or production of documents or the explanations he requests are relevant and useful for the fulfilment of his mandate which, I repeat once again, is limited to auditing the chief auditor’s accounts.”

It is with some surprise, therefore, that I read two emails sent to me from SBDT associates, in which they make clear that, in order to deliver the type of opinion required, they are complying with generally accepted Canadian accounting principles in establishing the scope of their audit. In light of this legal opinion however, it is clearly not the intention of lawmakers to give the external auditor the auditing powers it is now claiming.

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<sup>12</sup> Act amending various legislative provisions in municipal matters, S.Q. 2001, c. 25, sec. 20.

<sup>13</sup> Act amending various legislative provisions in municipal matters, S.Q. 2001, c. 68, sec. 7.

<sup>14</sup> NATIONAL ASSEMBLY OF QUEBEC, Record of Debates, Parliamentary Commission, 2nd session, 36th Legislature, Commission on land-use planning, Tuesday, December 18, 2001 from 2:10 p.m. to 2:20 p.m. See: Website of the National Assembly: <http://www.assnat.qc.ca>, under the title “Travaux parlementaires/Sessions antérieures”.

<sup>15</sup> Mathieu SOCQUÉ, “La fonction de vérificateur général d’une municipalité: les garanties d’indépendance et d’impartialité inhérentes à la charge de vérificateur public.” 2004, 35 R.D.U.S. 231.

This was corroborated by an amendment adopted prior to the entry into force of Article 108.2.1. On December 19, 2001, lawmakers intervened to amend the article and replace the expression “the activities of the chief auditor” with “the accounts relating to the chief auditor.” It was mentioned in a parliamentary committee that the latter expression was preferable as it put greater emphasis on the financial nature of the audit to be carried out by the external auditor.

In addition, the application of the auditing principles claimed by SBDT, broad as it may be, is subject to the scope of the mandate the C.T.A. gave the external auditor.

Under the circumstances, I have to wonder about this attempted incursion into BVG operations. At no time since I have been in office, nor during my predecessor’s term, did the external auditor attempt to broaden its mandate in this way.

SBDT has my contract management in its sights. This firm is going out of its way to show that it is acting in accordance with accepted auditing principles while ignoring the limited functions conferred upon it by the C.T.A.

Added to the exposure of an unprecedented intrusion into my communications, SBDT’s position raises a good many questions about its deeper motivations and the reasons that might justify such an about-face.

In any event, there is no doubt that such action constitutes a new attempt at invading BVG operations. This is a violation of the autonomy and independence of the Auditor General, who must have a “free hand” to act without fear of reprisal. This is the very reason lawmakers limited the external auditor’s task to the financial area. It is protection that cannot be changed by any auditing standards.

Once again, it is not a matter of shirking any accountability. It is an effort on my part to comply strictly with the C.T.A., hence my reason for seeking and receiving opinions. I would also remind you that, as mentioned in Section A of this chapter, I am already working with MAMROT, an independent forum that is completely separate from the city executive, to conduct an audit of my contract management.

To summarize, it is impossible for me to conceive of such an audit being done by an external auditor without creating a dangerous precedent that would harm the autonomy and independence of the office I hold.

## Recommendations

I recommend that City Council immediately instruct Samson Bélair/Deloitte & Touche to comply with its responsibilities under the *Cities and Towns Act* and cease all forms of incursion or attempted incursion into Bureau du vérificateur général operations to audit compliance with related or applicable laws, regulations, policies and guidelines.

### C. INAPPROPRIATE BASIS FOR CALCULATION OF THE AUDITOR GENERAL'S BUDGET

In last year's report, I brought up an inconsistency between the budget I was allocated and my obligations under the C.T.A. I emphasized that the obligation for a financial and business audit extended not only to the city, but also to the other municipal agencies under its control. The financial and business audit is an important and meaningful concept because it involves several important responsibilities that are conferred upon me by virtue of 107.8 of the C.T.A., as follows:

*"The audit of the affairs and accounts of the municipality and of any legal person referred to in paragraph 2 of section 107.7 comprises, to the extent considered appropriate by the chief auditor, financial auditing, auditing for compliance of their operations with the Acts, regulations, policies and directives, and auditing for value-for-money."*

Therefore, as I explained last year, the scope of my mandate extended, according to the provisions of the C.T.A. at the time, to auditing financial statements, resource optimization and compliance with the laws for the Ville de Montréal, but also for the following agencies as part of city consolidation:

- Office municipal d'habitation de Montréal (OMHM)
- Société de transport de Montréal (STM)
- Société d'habitation et de développement de Montréal (SHDM)
- Société du parc Jean-Drapeau (SPJD)
- Conseil des arts de Montréal (CAM)
- Conseil interculturel de Montréal (CIM)
- Office de consultation publique de Montréal (OCPM)
- Société de gestion NauBerges de Lachine
- Anjou 80
- Corporation d'habitation Jeanne-Mance (CHJM)
- Commission des services électriques de Montréal (CSEM)

We already perform the financial audit for these agencies (accounting firms do most of the work for the STM and the OMHM). As I mentioned last year, according to the C.T.A. we have to conduct

audits, but we do not receive the necessary funds to do so. This situation is completely unfair: we have to dip into our budget to conduct financial audits on these agencies, which leaves us with fewer financial resources available to carry out resource optimization audits in the city. These have more added value and can ultimately generate significant savings for the city and, in turn, for Montréal taxpayers.

The C.T.A. also requires us to conduct audits on resource optimization and compliance with the laws for the agencies. As we do not have the financial resources required, we hardly carry out any of these types of audits for these agencies.

We recommended last year that the city calculate my operating budget based on the consolidated budget, thus providing me with sufficient resources to fulfil our mission for the benefit of Montréal citizens. This is why, on July 8, 2010, I met with the members of the audit committee, which has the authority to make recommendations to the City Council in this regard. Contrary to expectations, the audit committee firmly opposed my budget requests, deeming them unjustified. It then submitted a recommendation to City Council not to approve to my budget requests.

The problem surrounding the basis for calculating my budget on the one hand, and my responsibility as Auditor General on the other, has gotten even worse since January 1, 2011, and I would like to present the main details here.

As of January 1, 2011, section 107.7 of the C.T.A. extends the mandate of the Auditor General to be the accounting entity of the city rather than limiting it to the notion of 50%. Section 107.7 now stipulates the following:

*“The chief auditor shall audit the accounts and affairs*  
*(1) of the municipality;*  
*(2) of every legal person*  
*(a) that is part of the reporting entity defined in the municipality's financial statements<sup>16</sup>;*  
*(b) of which the municipality or a mandatary of the municipality appoints more than 50% of the members of the board of directors; or*  
*(c) of which the municipality or a mandatary of the municipality holds more than 50% of the outstanding voting shares or units.”*

As we understand it, this change results in more agencies being included in the Auditor General's scope of responsibilities. The main agencies for which I must now audit accounts and affairs include:

- Technoparc Montréal and Fiducie du Technoparc
- Société du Havre

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<sup>16</sup> New responsibility.

- Quartier international de Montréal
- Musée Pointe-à-Callières
- Accesum
- Société en commandite Stationnement de Montréal
- Société de vélo en libre-service
- Société de jalonnement dynamique

The consequences of this change in the C.T.A. are quite significant for my office. Without reasonably sufficient additional funds, it will be difficult, if not impossible, for us to meet our responsibilities. Ultimately, Montréal taxpayers will be the ones to pay the price.

I am therefore repeating the recommendation that I made last year.

#### Recommendations

I recommend that the City Council adopt a motion for the budget allocated to the Auditor General to be calculated based on the operating budget of the city and of all the agencies whose accounts and affairs he is now responsible for auditing.

## D. PROFESSIONAL SERVICES CONTRACT FOR THE EXTERNAL FINANCIAL AUDIT OF THE VILLE DE MONTRÉAL AND THE SOCIÉTÉ DE TRANSPORT DE MONTRÉAL

### BACKGROUND AND DESCRIPTION OF THE CONTRACT

At its meeting on August 26, 2010, the Urban Agglomeration Council approved the contract for auditing the financial statements of the Ville de Montréal and the STM. The particulars of resolution CG10 0301 are as follows:

*[TRANSLATION] “Resolved [...] to:*

- 1- approve a draft agreement for Samson Bélair/Deloitte & Touche s.e.n.c.r.l., the only firm that obtained a passing grade based on the predetermined selection criteria, to provide the professional services required for the external audit of the 2010, 2011 and 2012 financial statements of the STM, its subsidiaries and special mandates, as well as the external audit of the 2010, 2011 and 2012 city financial statements for a maximum amount of \$2,667,904, tax included, in accordance with public call for tenders documents 10-11320 and the terms and conditions in the draft agreement; and*
- 2- charge this expense according to the financial information in the business case.”*

This decision was made following a public call for tenders. Audit committee minutes of July 8, 2010 state:

*[TRANSLATION] “The selection committee recommends we retain the professional services of Samson Bélair/Deloitte & Touche as external auditors of the Ville de Montréal and the STM for a three-year mandate beginning January 1, 2010.*

*Following this presentation and upon recommendation of the selection committee, the members of the audit committee recommend that:*

*the City Council and Urban Agglomeration Council award the external audit professional services contract for a three-year mandate beginning January 1, 2010, to the firm Samson Bélair/Deloitte & Touche, in accordance with the tender specifications.”*

The mandate is described in section 2 of the call for tenders specifications and special conditions under the heading [TRANSLATION] “Scope of professional services.” It stipulates that:

*[TRANSLATION] “2.1 Ville de Montréal*

*The mandate of the external auditor pertaining to financial statements includes, as described specifically in section 108.2.1 C.T.A., the following tasks for each fiscal year for which they are appointed:*

- *auditing the financial statements of the city, including the boroughs and central administrative units;*
- *auditing any document determined by the Ministre des Affaires municipales, des Régions et de l’Occupation du territoire by regulations published in the Gazette officielle du Québec; and*
- *auditing accounts related to the Auditor General.*

*This audit mandate is performed jointly with the city Auditor General. Planning and executing the audits is therefore carried out with the Auditor General of the city. The audit work is divided on a 50% ratio, for both the interim and year-end audit.*

*Every year, the tenderer must agree with the Auditor General on the division of files or sections to be audited. The tenderer must also develop the risk analysis, audit approach, strategy per item and scope of the audit together with the Auditor General. Also, reports submitted to the audit committee and city management will be produced jointly.*

*The annual financial report is also published in English and translation costs must be included in the fees.*

*Audit fees must include the auditing cost under new accounting standards introduced by the PSAB, with which the city must comply.*

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*2.2 STM*

*Under section 137 of the Act respecting Public transit authorities, the books and accounts of the Société must be audited each year by an auditor of their choosing. In addition, under section 107.7 of the Cities and Towns Act, the Auditor General of the Ville de Montréal must*

*audit the accounts and affairs of the Société. The external auditor and the Auditor General of the city therefore jointly sign the auditor's report.*

*Despite the involvement of the Auditor General in the audit, the Société has chosen to appoint an external auditor as co-auditor. The audits (interim, pre-statement, year-end) will be conducted by the tenderer; however, each of the major steps of the audit plan (risk analysis, audit approach, strategy per item, audit scope and completion schedule) must be approved by the Auditor General of the city.*

*The Auditor General uses the external auditor's work as evidence to support the conclusion in the report accompanying the Société's financial statements. The external auditor must therefore plan enough time to allow the Auditor General to review the files and answer any questions he may have. All reports and communications addressed to the audit committee and STM management are prepared jointly.*

*Special reports, including the 5970, are entirely the responsibility of the tenderer. These reports must be given to the city Auditor General before they are officially tabled. The Auditor General of the city has control over the methodology and files relating to these mandates.*

*The external auditor's mandate includes mainly the following tasks for each fiscal year their mandate covers:*

**STM financial audit**

- *Annual financial statement audit.*
- *The annual financial statement is also published in English so the fee must include translation costs.*
- *Audit fees must include the auditing cost under new accounting standards introduced by the PSAB, with which the city must comply.*
- *Draft version for consolidation with the Ville de Montréal, comfort letter to the Ville de Montréal.*
- *Audit of any document determined by the Ministre des Affaires municipales, des Régions et de l'Occupation du territoire by ruling published in the Gazette officielle du Québec.*

***Special mandates for which tenderers must indicate prices separately: [...]***

## **FINDINGS**

### **SAMSON BÉLAIR/DELOITTE & TOUCHE PROPOSAL AND QUOTATION**

In September 2010, we met with the representatives of Samson Bélaire/Deloitte & Touche (SBDT) to discuss sharing files and responsibilities as co-auditors under the aforementioned section 2.1 (Ville de Montréal). During this meeting, we learned that SBDT considered the existing 2009 distribution of audit components to be the distribution for 2010, 2011 and 2012. We also learned that this proposal was central to its tender. In fact, page 18 of the SBDT proposal states, under the heading [TRANSLATION] "Detailed work plan proposal":

[TRANSLATION] “Determination of the division of tasks for the city audit

For our detailed work plan, we took our past experience into account<sup>17</sup> to preserve the expertise of each stakeholder from the city Auditor General and Samson Bélair/Deloitte & Touche, and ensure maximum efficiency while appropriately managing audit risks. With our methodological change to a risk-based approach, we will focus on significant risks and thereby improve the efficiency of our audits. We produced a total hourly budget by applying this methodology to the entire file and then determined what represents 50% of the audit work order to suggest a division.

We established the allocation of items and information to provide in the financial statements<sup>18</sup> to be audited by Samson Bélair/Deloitte & Touche and the city Auditor General as follows. The allocated work includes, where applicable, both the interim audit and the computer audit, according to the strategy adopted, as well as the year-end audit.

The other elements that are part of the audit, such as planning, review, production of reports to management and the audit committee and finalization, have been considered as joint elements.”

In this section, the firm also presents a distribution chart for the tasks to be performed by the BVG and SBDT, which is a reproduction of what was done in 2009. It should be pointed out that SBDT has been the external auditor for the city for many years.

In the quotation envelope, SBDT included a document entitled [TRANSLATION] *Assumptions*, which details the following:

[TRANSLATION] “The fees established in this document take the following assumptions into account:

1. The mandate for the external audit of the Ville de Montréal and the STM is carried out by the same firm.
2. The CMM mandate for the STM represents the same number of hours as that of PASTEC, considering that the agreement has not been drafted, as indicated in addendum No. 1.
3. The business volume of STM subsidiaries is similar to that appearing in the financial statements obtained as part of this call for tenders.
4. The city and STM accounting process remains similar for the period covered by this service offer.
5. We estimate that we provided 50% of the audit work for the Ville de Montréal in 2009 by applying our approach to the entire file.<sup>19</sup>
6. Sharing audit tasks with the city Auditor General will be done according to the distribution proposal in the service offer and according to the application of our audit approach for the entire file.<sup>20</sup>

<sup>17</sup> Our underlining.

<sup>18</sup> Our underlining.

<sup>19</sup> Our underlining.

<sup>20</sup> Our underlining.

7. *Agglomeration expenses:*
  - *We will not be required to issue any specific opinion on these expenses.*
  - *The audit of the mixed expenditure breakdown will be performed by the city Auditor General as part of his duties under section 70 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations.*
8. *We do not expect any requests by the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire for the audit of additional documents as there have not been any in the past.*
9. *Our budget for hours presupposes that the audit file given to us will be complete and that the Direction de la comptabilité et du contrôle financier will coordinate gathering the necessary audit sample documents for the city, while for the STM this will be done by the Division Gestion financière.*
10. *City and STM staff will be available during the different audit stages to answer our questions. Furthermore, the Direction des finances will submit complete financial statements to us in a timely manner so that we can meet our deadlines. Lastly, the Direction des finances will coordinate the gathering of the external auditor's, the city Auditor General's and the STM's comments on the various financial reports to be issued.*
11. *The establishment of our fees is based on the Firm, the Direction des finances and the city Auditor General meeting agreed-upon timelines.*

*Any change in these assumptions will be evaluated to determine the impact on fees.*

*Signature of the tenderer: \_\_\_\_\_ "*

Items 5 and 6 above clearly state that the 2009 distribution will be the one used in 2010, 2011 and 2012 unless the city agrees to pay additional fees. Yet the firm was supposed to offer a fixed price for the three years of the contract. In fact, section 2.8 of the instruction document sent to tenderers stipulates: [TRANSLATION] *"The tender must not contain any clause other than those stipulated by the city. Any request by a tenderer to add or modify clauses or that involves the payment of interest will be refused by the city."*

The assumptions added to the firm's quotation are therefore incompatible with section 2.8 of the instruction document. A representative of the Direction de l'approvisionnement of the city indicated to us that, in such a situation, the provider is asked to withdraw the clauses in question and provide a written confirmation. If this is refused, the proposal is declared non-compliant. This procedure was not followed in the case of the SBDT tender.

Other than the non-compliant quotation, we must underline that the SBDT tender does not meet the requirements with regard to the scope of professional services described in the call for tenders. In fact:

- The firm mentions that there will be fees for filling out Ministère des Affaires municipales, des Régions et de l'Occupation du territoire (MAMROT) forms (assumption 8 of the quotation envelope), while section 2.1 stipulates the verification of these documents, as does section 2.2 of the call for tenders specifications.

- By unilaterally pre-determining the distribution of files or sections to be audited, SBDT contravenes the clause stipulating that the tenderer must come to an agreement every year with the Auditor General over this distribution.

**FINDING**

- **The fact that the price is conditional on the assumptions dictated by SBDT makes this firm's tender non-compliant with the specifications of the call for tenders.**
- **The distribution of files to be audited imposed by SBDT makes this firm's tender non-compliant with the specifications of the call for tenders.**
- **The billing of additional fees to the city for verifying MAMROT documents makes this firm's tender non-compliant with the specifications of the call for tenders.**
- **The fact that there will be additional fees in the event of a distribution that differs from the one proposed by the firm makes this firm's tender non-compliant with the specifications of the call for tender.**

**PERFORMANCE OF THE MANDATE**

According to our analysis, none of the tenders complied with the specifications and instructions of the call for tenders. The Urban Agglomeration Council was not informed of this situation.

In September 2010, I informed the Direction des finances and the members of the audit committee of the inconsistencies noted and the problems in coming to an agreement on responsibility sharing between the firm and the BVG.

In the specifications, the sharing of auditing tasks over the three-year period was required to allow BVG staff the opportunity to acquire in-depth knowledge of the activities to be audited. At the end of the three-year period of the firm's contract, we must be very familiar with the entire audit file to ensure continuity should there be any change in external auditors. Moreover, this sharing also allows both sides to look at the auditing activities with new eyes.

In its proposal, SBDT maintains that it will provide 50% of the audit effort. Its reference is the distribution agreed on in 2009. The corollary of this statement is that the Auditor General assumed 50% of the effort in 2009. Our most recent proposal to SBDT to completely exchange auditing activities was based on SBDT's own judgment and assessment, whereby, logically, the efforts of each become interchangeable. **SBDT refused this avenue.** This is what we suggested for the contract period:

- 2010: same as the 2009 distribution.
- 2011 and 2012:
  - SBDT takes over the intermediate files done by the BVG in 2009 and 2010;
  - The BVG takes over the intermediate files done by SBDT in 2009 and 2010;
  - Each office takes over the balance sheet item files related to their intermediate files;
  - Other items and responsibilities remain unchanged.

Obviously, this proposal was conditional on clarifying the compliance problem of the contract awarded to SBDT that we mentioned earlier.

This way of operating simultaneously meets the requirements of the call for tenders and the needs of the BVG. Obviously, this mirror solution, as SBDT pointed out, supposes that there will be a learning curve for the two parties. This was, and is still, part of the call for tenders conditions that should have been implicitly accepted by SBDT.

The revealed facts have been presented to the audit committee. We insisted, in November 2010, that it obtain a legal opinion on the admissibility of the SBDT tender. Following a discussion with the members of the audit committee, we also agreed to maintain the *status quo* for the 2010 distribution so the city would not be adversely affected and could produce and table its financial statements on time.

**FINDING**

**The SBDT proposal, which contravenes the requirements of the call for tenders, generates additional unexpected and unjustified costs for the city in addition to compromising the transfer of expertise through the annual sharing of sections to be audited, as is required in the call for tenders specifications (additional costs have already been announced).**

**Recommendations**

**We recommend that the City Council make sure that measures be taken so that the execution of the agreement concluded with the firm Samson Bélair/Deloitte & Touche comply with the conditions of the call for tenders, with a view to reaching the objectives of the transfer of expertise and related costs.**

## E. AUDITOR GENERAL'S BUDGET – OPERATING SURPLUS AND SURPLUS ALLOCATION

On February 8, 2011, I sent a letter to the senior director of the Service des finances asking him to confirm my interpretation of budget surplus allocation and, where appropriate, take the necessary measures to allocate any surplus from my 2010 operating budget to my 2011 operating budget.

In fact, I am of the opinion that any operating surplus in the Auditor General's budget for a given year can be allocated to his operating budget for the following year. Pursuant to section 107.5 of the C.T.A., budgetary appropriation allocated to the Auditor General intended for the payment of expenses related to the performance of his duties must be equal to or above 0.11% of other funds designated for the city's operating expenses. This budgetary appropriation allocated to the Auditor General covers the expenses needed to carry out planned auditing assignments and associated activities for the reference year.

An operating surplus can only come about if a planned auditing project is not carried out or if assignments remain incomplete as of December 31 of the reference year (ongoing audits). Consequently, I believe legitimate to request that this surplus be allocated to my operating budget for the following year.

However, the senior director of the Service des finances did not reply to the aforementioned letter. It is only when I called to follow-up on it that he stated verbally that, while this appropriation principle is used for the boroughs, it does not apply to the central city departments.

Based on legal consultations, I disagree with the senior director of the Service des finances in this regard. First, the BVG has a different, special, status that sets it apart from the other city departments, as described in the provisions of section 26, Appendix C of the Charter of the Ville de Montréal. Second, the first line of section 476 of the C.T.A. stipulates: "*All sums of money not especially appropriated shall form part of the general funds of the municipality.*" The Auditor General's operating budget constitutes, in my opinion, sums of money specially and specifically appropriated under section 107.5 of the C.T.A. mentioned above.

### Recommendations

**I recommend that City Council take the necessary measures to allocate the surplus from the Auditor General's 2010 operating budget to his 2011 operating budget, and that it do so for subsequent years, where applicable.**

## **F. COST OF HANDLING REPORTS BEING PROCESSED AT THE TIME THE ETHICS HOTLINE WAS TRANSFERRED TO THE SERVICE DU CONTRÔLEUR GÉNÉRAL**

You will recall that on December 14, 2010, City Council approved the recommendation of the Executive Committee to transfer the responsibility for the Auditor General's ethics hotline to the Service du contrôleur général. As detailed in section III, "Auditor General's Ethics Hotline Accountability Report," a significant number of reports were in the midst of being processed at the time of this transfer.

For the period of January 1 to March 31, 2011, my office incurred \$60,361 in expenses to ensure that reports in process were dealt with and to pursue the ensuing investigative or audit work. Additional costs are to be expected to continue this work, as the efforts that had to be dedicated to the issue of the intrusion into my electronic communications mentioned above delayed work for the ethics hotline, which would have otherwise been completed.

However, since January 1, 2011, I no longer have an additional budget to complete the work for the ethics hotline. My office clearly cannot cover the cost of this work from the basic operating budget allocated to the Auditor General for 2011 without interfering with its primary obligations prescribed by the C.T.A.

Consequently, City Council must shortly expect a request for additional funds from the Auditor General to complete the work related to the ethics hotline, taking into account, of course, the surplus from 2010 that could be allocated to 2011 if City Council accedes to my previous recommendation.

## **G. TITLES OF CERTAIN POSITIONS WITHIN THE SERVICE DU CONTRÔLEUR GÉNÉRAL**

With the creation of the Service du contrôleur général in September 2010, certain existing activities were transferred to this department, namely:

- internal auditing activities under the Direction générale
- investigation and analysis activities under the Service du capital humain

Also, the positions of division manager, Audit interne and division manager, Enquêtes et analyses were created.

At the end of 2010 and the beginning of 2011, the Service du contrôleur général added to its administrative structure the positions of [TRANSLATION] “senior auditor” and “head of mission, Auditing,” duplicating the exact job titles created for this purpose by the BVG that year. In addition, the administrative structure of the Service du contrôleur général includes the position of “audit advisor,” which is a position in the BVG.

This has caused confusion both within the municipal system and with third parties. The BVG has even received phone calls from external candidates who had applied for a position as senior auditor within the Service du contrôleur général, but who were sure they were applying to the BVG.

I am surprised that the Service du capital humain did not exercise more care and thoroughness in setting up the administrative structure of the Service du contrôleur général.

Under the C.T.A., the Auditor General and his human auditing resources exercise exclusive responsibilities and obligations. In fact, only the Auditor General performs legislative audits and assumes the related obligations, explained in more detail in section 107 of the C.T.A.

Consequently, I am of the opinion that the job titles that make up the administrative structure of the BVG and that pertain to the task of legislative auditing are exclusive and cannot be used by any other administrative unit within the city.

### **Recommendations**

**I recommend that the Service du contrôleur général, along with the Service du capital humain, modify the job titles in its administrative structure to no longer use those belonging to Bureau du vérificateur général job classifications relating to legislative auditing.**

**I recommend that the Service du capital humain take the necessary measures to ensure that the job titles of the Bureau du vérificateur général relating to legislative auditing be exclusively reserved for it.**