



**Report of the Auditor General  
of Québec  
to the National Assembly  
for 2014-2015**

Annual Performance Report  
Excerpts



# Message from the Auditor General



On February 26, 2015, the members of the National Assembly unanimously appointed me as Auditor General of Québec. I am very proud to hold a position which enables me not only to ensure the reliability of financial information published by government entities, but also to improve the management of the Public Administration. I will do so with determination and dedication. When I took office on March 16, I was pleased to find that exemplarity, rigour and professionalism were values that flowed across the Auditor General, just as they did during my first experience here, a little over 20 years ago.

The first months have enabled me to deepen my knowledge of the organization and of the Public Administration. The support I received from all the staff was a great help to my integration, and I would like to thank them; I express my gratitude especially to Mr. Michel Samson, who guided the institution with great leadership for over three years. It is essential for me to understand well

how the organization works and to grasp its issues so that I may be able to direct its destiny over the coming years. Incidentally, we recently began developing the next strategic planning, which will cover the 2016-2019 period.

Last February, the members of the Committee on Public Administration heard the Acting Auditor General on the organization's 2013-2014 *Annual Performance Report*. The members made three recommendations, which concern the salary policy, the level of application of recommendations and the informational resources.

From the outset, I would like to point out that several actions are in progress to address these recommendations. As such, we are working on creating greater flexibility of the salary policy to help recruit and retain a qualified and expert workforce. We have also defined the changes to be made to the process related to follow-ups of recommendations in value-for-money audits, changes whose objectives are to present better reporting to the Committee on Public Administration and to improve the recommendation application rate. We have also included in this report information relating to the use of our informational resources.

The *Annual Performance Report* for 2014-2015 shows the use of our resources for the year and reports the results in relation to the objectives and targets set out in the *Strategic Plan for 2012-2015*, which was extended by a year. Here are some of the main results for 2014-2015.

The appropriations that are granted to us by the National Assembly are mainly used for performing financial and value-for-money audits. Just as last year, 76% of the financial resources were used for audit activities, while 24% were for activities related to professional and administrative support, as well as training-related activities.

The organization has contributed to the efforts to improve public finances by adopting the same expenditure reduction target as the one set for the departments and agencies for the 2014-2015 fiscal year, namely 2% of payroll and 3% of operating expenses. The resulting reduction exceeds the target, which was \$623,000. During the fiscal year, we conducted 248 audits of financial statements and other financial information, and published 10 value-for-money audits as well as 2 special audits. The Auditor General also responded to the National Assembly's request by conducting an analysis of the December 2014 economic and financial update.

On the other hand, changes made to our Act in June 2013 allow us to conduct value-for-money audits among government agencies formerly known as “enterprises” without the prior agreement of the board of directors. Three audits were in progress as at March 31, 2015, and the reports were made public last May and June.

Parliamentarians called on us several times. In addition to the Committee on Public Administration, which heard us about five of our reports, the Auditor General was solicited by three parliamentary committees over the year. The exchanges related, among other things, to the bill to ensure mainly the recovery of amounts obtained as a result of fraud or fraudulent tactics in connection with public contracts, to the bill addressing the pre-election report and to the draft revised Government Sustainable Development Strategy 2015-2020.

The application percentage of the recommendations made following our financial and value-for-money audit work is a significant measure of our contribution to the sound management of the Public Administration. This year, the overall result increased by 8 percentage points: it totals 66%, but it is still below the target of 70%.

The organization’s human resources are at the heart of achieving our mission. This year, the retention rate has increased to 89%. We have therefore surpassed the target, which is 88%. However, the situation for recruitment is different. Indeed, the time required to fill positions was extended and it is more than 11 weeks. As for the selected candidates who accepted a job offer, the percentage dropped and is now at 73%. Note that the recruitment difficulties lie with value-for-money audits and that they are related in particular to our skill and experience requirements for the personnel being sought.

It is important for me that the organization’s personnel be mobilized; in fact, achieving the Auditor General’s mission requires the contribution of each staff member. In this regard, a mobilization survey was conducted during the fiscal year. The results show that the overall index that the firm uses has improved compared to the last survey. During the year, I will closely examine the actions to be taken to consolidate what we have achieved while paying special attention to the challenges we face.

I look forward to the next 10 years with enthusiasm. The environment surrounding the Public Administration is changing. It is imperative for our organization to evolve at the same pace in order to fulfill our mission and to contribute optimally to parliamentary control. I already know that, to get there, I can count on the invaluable contribution of over 250 dedicated, competent and professional people.



Guylaine Leclerc, FCPA, FCA  
Auditor General  
Québec, September 30, 2015

# Highlights

In 2014-2015, we conducted 248 audits of financial statements and other financial information and completed 10 value-for-money (VFM) audits of a current nature. We also published the results of the analysis of the December 2014 economic and financial update, a mandate given by the National Assembly, as well as the conclusions of two special audits, one being about the change in the budget balance of the government for 2014-2015, the other pertaining to the implementation and operation of service areas.

The appropriations granted by the National Assembly were used in a proportion of 76% for auditing and 24% for support activities (professional support, training and administration), which is a similar proportion as in the previous fiscal year.

This report constitutes the third reporting on the *Strategic Plan for 2012-2015*, which we decided to extend to March 31, 2016. We reached 55% (11 out of 20) of the targets that we had set for ourselves for 2014-2015. Here is a summary of the results.<sup>1</sup>

	Target reached	Target not reached	Result similar to or better than the one of 2013-2014
<b>Orientation 1 Assist parliamentarians in their duty to exercise control.</b>			
Nine missions on the major challenges of the Public Administration were completed, including at least one for each of the six sectors targeted (1.1.1).	✓		✓
Five of our reports were examined by the Committee on Public Administration (CPA), while we are aiming at ten (1.1.2).		✓	
The National Assembly used or mentioned 76% of our reports in the three years following their publication, which enabled us to reach the target of 75% (1.1.2).	✓		✓
Of the audit reports dealing with financial statements, 89% did not contain a modified opinion. Our target is 100% (1.1.3).		✓	✓
Two meetings were held with members of the Committee on Transportation and the Environment. We wanted to reach members belonging to two committees other than the CPA before March 31, 2015 (1.1.4).		✓	✓
Of the recommendations of the CPA, 71% were the subject of a follow-up, whereas our target is 70% (1.2.1).	✓		✓ <sup>1</sup>

1. The evaluation takes into account the fact that the objective was reached the preceding year.

1. Figures in parentheses refer to the number of the objective outlined in the Strategic Plan.

	Target reached	Target not reached	Result similar to or better than the one of 2013-2014
We met with all the new CPA members to whom we had to explain the role of the Auditor General during the year (1.2.2).	✓		✓
The members of the CPA were not surveyed in order to find out their level of satisfaction (1.2.3).	N/A		
<b>Orientation 2 Contribute to the sound management of the Public Administration.</b>			
Of the recommendations that were the subject of a follow-up, 66% gave rise to satisfactory progress, whereas our target is 70% (2.1.1).		✓	✓
Of the 32 action plans received from the entities, 30 met the Auditor General's expectations, while the target is 100% (2.1.1).		✓	
Eleven presentations, one of which dealt in part with sustainable development, helped increase knowledge sharing by the Auditor General with the Public Administration and those responsible for governance (2.1.2).	✓		✓
<b>Orientation 3 Be an employer of choice.</b>			
The percentage of people selected who accepted a job offer was 73%. Our target is 90% (3.1.1).		✓	
The positions were filled within an average of 11.5 weeks, whereas our target is 6 weeks (3.1.1).		✓	
The staff retention rate was 89%, whereas our target is 88% (3.1.2).	✓		✓
The employee satisfaction survey took place in February 2015. The overall result was 8 out of 10 (3.1.2).	✓		✓ <sup>2</sup>
A strategy for managing knowledge and skills was adopted in 2012-2013 (3.2.1).	N/A		

2. The last survey was completed three years ago. The results of the current survey indicate that the overall index rose from the previous.

	Target reached	Target not reached	Result similar to or better than the one of 2013-2014
The implementation of the measures contained in the knowledge and skills management strategy is 90% complete (3.2.1).	✓		✓
On average, each employee has devoted 10 days to training (3.2.1).	✓		✓
<b>Orientation 4 Continually improve our practices.</b>			
All the financial and VFM audit work evaluated met the certification standards (4.1.1).	✓		✓
We have begun the evaluation of two processes, namely the contract management and the prior review of an audited entity's financial statements and of the independent auditor's report on these statements (4.1.1).	✓		✓
The implementation of the action plan related to the recommendation follow-up process for VFM audit reports and that of the technological infrastructure was not completed according to schedule (4.1.1).		✓	
The environmental management framework was adopted in 2012-2013 (4.2.1).	N/A		
The implementation of the action plan arising from the environmental management framework is 69% complete, whereas our target was 100% (4.2.1).		✓	✓
	<b>11</b>	<b>9</b>	<b>15</b>

[...]

**Table 4 Use of financial resources**

	2014-2015		2013-2014 <sup>1</sup>		2012-2013 <sup>1</sup>	
	\$K	%	\$K	%	\$K	%
<b>Financial audit</b>						
Audit of financial statements and other work	12,049	44.2	11,967	45.1	10,998	40.1
Audit of financial information and other related work	1,046 <sup>2</sup>	3.8	1,003 <sup>3</sup>	3.8	1,010	3.7
	<b>13,095</b>	<b>48.0</b>	<b>12,970</b>	<b>48.9</b>	<b>12,008</b>	<b>43.8</b>
<b>Value-for-money audit</b>						
Standard audits	5,852	21.4	5,927	22.3	6,944	25.3
Special audits	57	0.2	454	1.7	–	–
Other works	192	0.7	181	0.7	665	2.4
Follow-ups on recommendations	1,463	5.4	742	2.8	543	2.0
	<b>7,564</b>	<b>27.7</b>	<b>7,304</b>	<b>27.5</b>	<b>8,152</b>	<b>29.7</b>
<b>Subtotal</b>	<b>20,659</b>	<b>75.7</b>	<b>20,274</b>	<b>76.4</b>	<b>20,160</b>	<b>73.5</b>
<b>Support activities</b>						
Professional support	1,272	4.7	1,220	4.6	1,602	5.8
Training	1,411	5.2	1,275	4.8	1,313	4.8
Administration <sup>4</sup>	3,956	14.4	3,783	14.2	4,354	15.9
<b>Subtotal</b>	<b>6,639</b>	<b>24.3</b>	<b>6,278</b>	<b>23.6</b>	<b>7,269</b>	<b>26.5</b>
<b>Total</b>	<b>27,298</b>	<b>100.0</b>	<b>26,552</b>	<b>100.0</b>	<b>27,429</b>	<b>100.0</b>

1. We reclassified the data to make them comparable to the format used in 2014-2015.

2. The figure includes costs related to the analysis of the December 2014 economic and financial update and those of the special audit on the change in the budget balance of the government for 2014-2015.

3. The 2013-2014 report on the audit of financial information and other related work includes the analysis of the November 2013 economic and financial update that the National Assembly entrusted to us.

4. This category includes in particular activities of human, financial, material and computing resources.

[...]

# Reporting on Strategic Plan

[...]

## Orientation 1. Assist parliamentarians in their duty to exercise control

Our audit work is an independent and impartial source of information for parliamentary debates. It should draw the attention of the members of the National Assembly and be the subject of a regular in-depth examination by one of its committees, such as the Committee on Public Administration (CPA).

In fact, the Auditor General aims to provide value-added work to elected officials. Table 9 presents the results obtained with respect to the objectives associated with Orientation 1.

**Table 9 Summary of results associated with Orientation 1**

Objective	Indicator	Target	Results		
		2014-2015	2014-2015	2013-2014	2012-2013
1.1.1 Carry out work on major challenges for the Public Administration.	Number of reports concerning the following sectors: <ul style="list-style-type: none"> <li>■ health and social services;</li> <li>■ education;</li> <li>■ infrastructures;</li> <li>■ natural resources;</li> <li>■ public finances;</li> <li>■ performance assessment.</li> </ul>	1 per sector	9 reports, including at least 1 per sector <sup>1</sup>	8 reports, including at least 1 per sector	10 reports, including at least 1 per sector
1.1.2 Maximize the use of the Auditor General's work.	Number of reports examined by a parliamentary committee;	10	5	13	2
	Percentage of reports used or mentioned by the National Assembly in the 3 years following their publication.	75%	76%	65%	58%
1.1.3 Ensure parliamentarians of the reliability of financial statements in terms of respect for generally accepted accounting principles.	Percentage of auditor's report that contain no modified opinion. <sup>2</sup>	100%	89%	88%	98%

1. Work was in progress in certain sectors. A list of all the reports is available in Appendix 4 of the french version.

2. The indicator was modified to adjust the terminology to that of the Chartered Professional Accountants of Canada.

**Table 9 Summary of results associated with Orientation 1 (cont.)**

	Objective	Indicator	Target	Results		
			2014-2015	2014-2015	2013-2014	2012-2013
1.1.4	Raise parliamentarians' awareness about the concept and principles of sustainable development.	Number of parliamentary committees (other than the Committee on Public Administration) for which a number of members participated in an information meeting.	2 new committees	1	1	–
1.2.1	Do a follow-up concerning the implementation of the recommendations made to entities by the Committee on Public Administration.	Percentage of recommendations of the Committee on Public Administration that are the subject of a follow-up.	70%	71%	100%	83%
1.2.2	Explain the Auditor General's role to the new members of the Committee on Public Administration.	Number of members informed in the 6 months following their appointment.	All new members	14 out of 14	3 out of 5	2 out of 2
1.2.3	Make sure that the members of the Committee on Public Administration are satisfied with the Auditor General's work.	Number of members surveyed who said they were satisfied.	All members	N/A	9 out of 9	N/A

[...]

## Orientation 2. Contribute to the sound management of the Public Administration

The implementation of the recommendations made by the Auditor General shows the concrete influence it exercises on the management practices adopted by government entities. In addition to its audit work, it can take steps towards the people in charge who are associated with its sphere of action to share with them the knowledge acquired by its staff. Table 10 groups the results that deal with the objectives associated with this orientation.

**Table 10 Summary of results associated with Orientation 2**

Objective	Indicator	Target	Results		
		2014-2015	2014-2015	2013-2014	2012-2013
2.1.1 Encourage the implementation of the recommendations made by the Auditor General.	Percentage of recommendations giving rise to satisfactory progress;	70%	66%	58%	60%
	Percentage of action plans received from the entities following a request from the Committee on Public Administration and meeting the Auditor General's expectations.	100%	94%	100%	96%
2.1.2 Increase knowledge sharing by the Auditor General with the Public Administration and those responsible for governance.	Number of actions implemented.	3 actions, particularly in sustainable development	11	5	5

[...]

## Orientation 3. Be an employer of choice

To preserve its reputation and continue to strive for excellence, the Auditor General must pursue its efforts in order to recruit, in a timely manner, people whose knowledge and skills meet his expectations, which are very high. It has the added challenge of retaining and motivating its staff by implementing sound human resource management practices. The overall objective is to create a work environment that values and encourages the surpassing of oneself. The results related to the objectives contained in Orientation 3 are given in Table 13.

**Table 13 Summary of results associated with Orientation 3**

Objective	Indicator	Target	Results		
		2014-2015	2014-2015	2013-2014	2012-2013
3.1.1 Attract, within a reasonable period of time, people with the expertise and profiles needed to carry out the work.	Percentage of candidates selected who accept a job offer;	90%	73%	88%	85%
	Average time required to fill positions.	6 weeks	11.5	7	8.5
3.1.2 Strengthen staff mobilization.	Retention rate;	88%	89%	85%	92%
	Employee satisfaction index.	8	8	N/A	N/A
3.2.1 Support the development of professional skills of personnel.	Development of a strategy for managing knowledge and skills;	N/A	N/A	N/A	Strategy adopted
	Application rate for measures included in the strategy for managing knowledge and skills;	90%	90%	In progress	N/A
	Average number of training days, per person.	8 days <sup>1</sup>	10	9	9

1. The target was revised in 2014-2015.

[...]

## Orientation 4. Continually improve our practices

The search for excellence requires to be on the lookout and to take advantage of the most effective technological tools and management processes, including those related to sustainable development. According to their expertise, the various teams contribute to the implementation of best practices. Staff members strive to carry out their tasks with all due attention. Table 14 highlights the results associated with Orientation 4.

**Table 14 Summary of results associated with Orientation 4**

Objective	Indicator	Target	Results		
		2014-2015	2014-2015	2013-2014	2012-2013
4.1.1 Use the best work methods and have high-performance technological tools by means of benchmarking.	Percentage of work evaluated that meets certification standards;	100%	100%	100%	100%
	Number of management or audit processes and technological tools evaluated;	2	2	2	3
	Degree of implementation for action plans arising from the evaluation of processes and technological tools.	Full implementation according to the schedule set	0 out of 2 <sup>1</sup>	1 out of 1 <sup>2</sup>	2 out of 2
4.2.1 Reduce the environmental impact of the organization's activities.	Development of an environmental management framework;	N/A	N/A	N/A	Management framework adopted
	Degree of implementation of the action plan arising from the adoption of the environmental management framework.	100%	69%	In progress	N/A

1. These are the process and the technological tool whose evaluation began in 2013-2014.

2. This is one of the three processes evaluated in 2012-2013.

[...]