



Report of the Auditor General
of Québec
to the National Assembly
for 2010-2011

Volume I

Highlights

Cover photo
Parliament Building, *Daniel Lessard*, National Assembly Collection



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This brochure is a brief version of Volume One of the *Report of the Auditor General of Québec to the National Assembly for 2010-2011*. It brings together the main observations and recommendations arising from the work that our audit teams have carried out since the tabling of the last volume.

The purpose of this shorter version is to give readers access to information that is both concise and effective. I hope that the Members of the National Assembly and citizens who are interested in the subjects that we address will appreciate this quick reference designed to meet specific needs.

Of course, this brochure in no way replaces the full report, which I invite readers to consult. It makes a detailed presentation of the results of the value-for-money audit engagements, in addition to offering the point of view of the entities.

Renaud Lachance, FCA

Auditor General

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The numbers of the chapters as well as those of the paragraphs used in this brochure correspond to those of the full report.

Introduction

- 1.1 The Québec National Assembly has entrusted the Auditor General with the mandate of fostering, through audit, parliamentary control over public funds and other public property. This mandate comprises, to the extent deemed appropriate by the Auditor General, financial audits, audits to ensure the compliance of operations with statutes, regulations, policy statements and directives, as well as value-for-money audits. The Auditor General's field of jurisdiction mainly encompasses the government, its agencies and its corporations; the Auditor General is also empowered to audit funds paid in the form of subsidies.
- 1.2 In the annual report that the Auditor General submits to the National Assembly, he draws attention to any topic ensuing from his work that deserves to be brought to the attention of parliamentarians. This document is published in several volumes. The current volume is devoted to value-for-money audit work carried out over the last 12 months. It contains the related findings, conclusions and recommendations.
- 1.3 Chapter 1 of each volume gives the Auditor General or the Sustainable Development Commissioner the opportunity to establish a more personal contact with readers. In this chapter, the Auditor General takes stock of the work done by various enterprises regarding *An Act respecting the governance of state-owned enterprises*, the unfolding of the SAGIR project as well as his contribution to parliamentary control over the management of public finances.

An Act respecting the governance of state-owned enterprises

- 1.4 In 2006, the government published a policy statement entitled *Modernizing the Governance of Government Corporations*. Through this modernization, the government indicated that it sought to foster management that meets demanding criteria of transparency, integrity and responsibility, so as to ensure that public sector enterprises deliver the performance expected of them. The document also specified that this objective would be attained by reinforcing accountability and that reporting would enable senior management – general management and the board of directors – to show that it has complied with the rules of governance established by the government.

- 1.5 In December 2006, this policy statement was followed by the passage of *An Act respecting the governance of state-owned enterprises*. The first section of this Act states that its purpose is to establish corporate governance principles so as to strengthen the stewardship of state-owned enterprises with a view to enhancing the effectiveness, transparency and accountability of components of their management.
- 1.6 This Act aims to strengthen the role of boards of directors, notably with respect to the following elements:
- establish strategic directions;
 - approve governance rules;
 - establish policies for the supervision of risk management;
 - approve human resource policies;
 - approve the appointment of officers;
 - adopt measures to assess the effectiveness and performance, including benchmarking.
- 1.7 Among the functions attributed to the board of directors, it is stipulated in subsection 15 of section 15 that it must adopt, “in the case of La Financière agricole du Québec, Investissement Québec, the Régie de l’assurance maladie du Québec, the Société de l’assurance automobile du Québec, the Société des alcools du Québec, the Société des loteries du Québec, the Société générale de financement du Québec and the Société immobilière du Québec, [...] measures to assess the effectiveness and performance of the enterprise, including benchmarking against similar enterprises; such measures are to be carried out every three years by the Auditor General or, if the Auditor General considers it appropriate and has so informed the board of directors, by an independent firm”.
- 1.8 The Act thus entrusts me with a special responsibility towards these eight enterprises. The legislator has considered that the information on the effectiveness and performance of the state-owned enterprises referred to in section 15 is so strategic that an independent party should carry out these measures every three years. I approach this new responsibility with a view to contributing to a stronger role on the part of boards of directors when it comes to assessing the effectiveness and performance. I believe that my intervention must encourage board members to adopt indicators in order to report on their mandate.
- 1.9 Table 1 presents for each of these eight enterprises the date on which they became subject to *An Act respecting the governance of state-owned enterprises* and the deadline for carrying out my work.

Table 1**Enterprises subject to *An Act respecting the governance of state-owned enterprises***

	Date on which it became subject	Deadline for carrying out the work
Investissement Québec	December 14, 2006	March 31, 2010
Société de l'assurance automobile du Québec	December 14, 2006	December 31, 2009
Société des loteries du Québec	December 14, 2006	March 31, 2010
Société des alcools du Québec	December 14, 2006	March 31, 2010
Société générale de financement du Québec	December 14, 2006	December 31, 2009
Régie de l'assurance maladie du Québec	November 22, 2007	March 31, 2011
Société immobilière du Québec	December 4, 2007	March 31, 2011
La Financière agricole du Québec	June 12, 2008	March 31, 2012

- 1.10** In order to fulfill this new mandate, I first met with the board of directors of each entity. I proposed to conclude an agreement to establish the responsibilities of each party. The agreements provide that each enterprise will identify organizations conducting similar activities and carry out benchmarking to compare its performance with that of those organizations based on the indicators selected by the board. These agreements also indicate that the measures for assessing the effectiveness and performance should notably make it possible to evaluate the following elements:
- the fulfillment of the enterprise's mandates;
 - the achievement of its strategic objectives;
 - the costs of its products or services;
 - the fulfillment of its commitments set out in its service statement;
 - the level of satisfaction of its clientele;
 - the achievement of its sustainable development objectives.
- 1.11** It is stipulated that the enterprise and the Auditor General will hold meetings throughout the development and production of the assessment measures in order to take stock of the progress of the work.
- 1.12** In the case of government enterprises, namely the Société des alcools du Québec, the Société des loteries du Québec and the Société générale de financement du Québec, I advocate an approach that differs from that chosen for the other five entities. Indeed, under the agreement, an independent firm will carry out the mandate in my place, and the enterprise will give the Auditor General a copy of this firm's report. The use of this approach can be explained by the fact that the *Auditor General Act* does not allow me to carry out a value-for-money audit without first having reached a prior agreement with the board of directors of these enterprises. If I considered that the assessment measures adopted do not appear valid or adequate or that the choice of the organizations and indicators compared during benchmarking does not make it possible to provide a fair portrait of the enterprise's performance, I would be unable to complete my assessment by carrying out such an audit for government enterprises.

- 1.13 For the other five entities which are government agencies according to the *Auditor General Act*, the agreement provides that the Auditor General will make his comments to each entity at the time of the meetings that will be held throughout the development and production of the indicators.
- 1.14 In the case of government agencies, the aim of my work is to:
- obtain the assurance that the information is reliable, notably drawing on the work of the internal auditor;
 - obtain the assurance that the information used during the benchmarking work comes from credible sources;
 - comment on the validity and the adequacy of the assessment measures;
 - point out the improvements in relation to the quality of the information produced.
- 1.15 Up until March 2010, agreements were reached with the eight entities covered by section 15 of *An Act respecting the governance of state-owned enterprises*. These entities have all begun to develop measures of effectiveness and performance. The three government enterprises retained the services of an external firm to determine and carry out these measures. A schedule has also been set concerning the adoption of performance indicators by the board of directors and the tabling of the final report by the external firm. Meetings will be held with the representatives of these three enterprises and of the external firms. These meetings will allow me to better monitor the evolution of the work and, as the case may be, to make my observations.
- 1.16 Turning to the five government agencies, four of them have retained the services of an external firm to help them in their benchmarking work, and the fifth agency intends to do likewise shortly. These agencies also plan to involve their internal auditing directorate since the indicators can be used for reporting purposes in their annual management report and since the directorate is responsible for the certification of the indicators. Meetings were held with representatives of these agencies and others will be held in the upcoming months to allow me to stay well informed of the progress of the work and to inform the agencies of my comments.
- 1.17 By and large, while the work is not progressing at the same pace in all of the entities, I consider that satisfactory progress has been made. Furthermore, several of these entities have identified, with the assistance of the external firm whose services were retained, the organizations with which they envisage to compare themselves in order to assess their performance. I intend to monitor closely the progress of this work. I invite the eight entities to continue their efforts to put in place indicators that will allow the board of directors to monitor the enterprise's performance on a regular basis and to report on this performance in its annual management report.

SAGIR Project

- 1.18 In May 2005, the Government of Québec approved the Resource Information Management Business Solutions (SAGIR) project, which followed the Integrated Resource Management (GIREs) project, discontinued in September 2003. The SAGIR project aims to modernize the systems for managing the Administration's human, financial and material resources. Estimated at \$577 million, this project comprises seven components. Table 2 presents these components as well as the anticipated costs.

Table 2
Anticipated costs concerning the components of the SAGIR project
(in millions of dollars)

	Description	Costs
SGR1	Accounting system (expenses) and acquisitions of goods and services	317.2
SGR2 (in progress)	Human resource management system	
	Recovery of the work of GIREs	23.0
	SAGIR team	53.3
	Departments and agencies	27.5
Subtotal		103.8
SGR3 (in progress)	On-line staffing system	
	Recovery of the work of GIREs	–
	SAGIR team	15.4
	Departments and agencies	4.8
Subtotal		20.2
SGR4*	Accounting system (revenue – accounts receivable) and management of stocks	63.1
SGR5*	Financial analysis system	16.6
SGR6*	Project-based accounting system	28.8
SGR7*	Payroll system	27.6
Total		577.3

* These components were envisaged in the proposal made to the Cabinet on May 25, 2005. Given the time that has elapsed since the decision, they will be the subject of a new proposal, as already stipulated at a meeting of the Cabinet held in February 2007.

Source: DGSAGIR.

- 1.19 The SAGIR project is under the responsibility of the Direction générale des solutions d'affaires en gestion intégrée des ressources (DGSAGIR), which reports to the Centre de services partagés du Québec (CSPQ).
- 1.20 Over the last few years, I have monitored the evolution of this project closely. I am seizing this opportunity to take stock of the implementation of SAGIR first component and to express my concerns regarding this project's second and third components.

First component of SAGIR (SGR1)

- 1.21** The first component, covering financial and material resources, was designed to simplify and rationalize budgetary and accounting management, as well as the acquisition of goods and services. Approved by the Cabinet in May 2005 for the amount of \$317.2 million, the deployment of the SGR1 component among the government clientele was completed in April 2008, as planned. Subsequently, the DGSAGIR team had to implement this component in two new entities, including the CSPQ. In addition, the team is making improvements which are necessary for the evolution of the infrastructure. The total costs of the first component, which include an amount set aside for the work still to be completed, should reach \$298 million, namely 6 percent less than what had been planned. In June 2009, there were 101 SAGIR client entities and close to 70,000 users.
- 1.22** As for the operating costs, they stood at \$43 million in 2008-2009, whereas they had been estimated at \$30 million in 2005. The DGSAGIR team told us that at the time of the initial estimate, the team had taken steps to find systems comparable to SAGIR in operation, but that there were no such systems. The team explains this variance notably by the expenses incurred to improve the performance of the software package as well as customer service. In other respects, I note that the operating costs do not include the expenses that the departments and agencies have to assume by way of their user assistance centres, since these latter expenses had not initially been provided for in these costs. In addition, the net benefits resulting from the implementation of the SGR1 component have not been assessed, even though this is a sound practice recommended in the investment field. I invite the DGSAGIR team to assess the net benefits for the upcoming components.
- 1.23** At the time of my last watch concerning the project in 2005-2006, I had identified a risk pertaining to the support provided to the entities. At the time, the DGSAGIR team was struggling to meet the needs of users and the latter represented only one quarter of the future users. Efforts have been made by the team to improve the performance and the availability of the software package as well as to provide a suitable assistance service. The inventory of pending change requests dealing with needs not currently met by the system or deficiencies in the system stood at 150 in March 2006. In December 2009, it amounted to 600, but this figure also included requests by the DGSAGIR team to make changes, notably to the technological infrastructure. The team informed us that the change requests that had an impact, notably on the smooth unfolding of operations, have been dealt with. In addition, a process has been in place since December 2009 to handle new requests in order to categorize them, prioritize them and decide on the appropriate follow-up. The DGSAGIR team intends to apply this process to all requests a little later. Of course, the processing of the change requests made during the project and postponed has no impact on the project's costs for the time being, but could affect the operating costs later.

- 1.24 In other respects, the DGSAGIR team is aiming for government autonomy over the medium and long terms by way of its human resources for the operation, maintenance, and evolution of the software package associated with the first component. Within this context, ensuring continuity in terms of expertise and knowledge acquisition is an important prerequisite for providing adequate support to the clientele. Incidentally, the DGSAGIR team has set an objective of 40 percent of external resources. I note that this objective has been met by the team for all of the activities related to the SGR1 component. However, this rate stood at more than 53 percent for the Direction principale des opérations in October 2009. It would be important to develop a strategy to optimize the management and the assignment of resources and, in so doing, the operating costs. For example, positions could be created and filled by internal resources or a portion of the maintenance of the software package could be assigned on a lump-sum basis, but still as part of a global strategy.

Second component of SAGIR (SGR2)

- 1.25 The aim of the second component of SAGIR is to modernize all of the practices and management tools related to human resources, with the exception of staffing and the calculation of the payroll. This component was approved by the Cabinet in February 2007 with the following parameters: costs on the order of \$104 million, annual benefits estimated at \$20 million and work slated to extend up until June 2010. The objectives of the second component are notably the planning and monitoring of human resources as well as the establishment of a unique employee record. This component is a prerequisite for the seventh component of SAGIR, which aims to establish a government payroll system. For this second component, some thirty entities not covered by the first component and which include approximately 5,000 users have been added, including the Régie des rentes du Québec, the Société de l'assurance automobile du Québec, the Régie de l'assurance maladie du Québec, and the Commission de la santé et de la sécurité du travail. With this addition, the number of SAGIR users could reach more than 75,000.
- 1.26 The SGR2 component involves three deliveries. The strategy advocated for the first two aims for an implementation with all users at the same time. This strategy was chosen in order to avoid maintaining in two central systems certain functions, including the employee record, which aims to support the mobility of government personnel. It will also prevent the risks related to maintaining several systems, such as those associated with data consistency and double entries. However, this approach poses risks in relation to the schedule, the costs and the support provided to entities, because all of the sites will have to be ready at the same time. Moreover, since the first two deliveries will be carried out in parallel and not one after the other, this aspect represents, according to the DGSAGIR team, a major issue in relation to the team's workload and that of the clientele. Finally, in the case of the third delivery, it will take place in waves as with the first component of SAGIR. The CSPQ will limit the deployment of certain functionalities to those entities which, after a study of the benefits, costs and potential clientele, have demonstrated an advantage in relation to the optimization of management for the Government of Québec.

- 1.27 My work reveals that the project is not progressing as it had initially been planned. The risk related to the schedule has materialized, since the SGR2 component will not be implemented in full in June 2010. In fact, the work associated with the second component of SAGIR began one year later than initially planned, namely in September 2008, because efforts were made to complete the first component. In December 2009, the project's steering committee approved the postponement of the first delivery of the SGR2 component to November 2010. At that time, the impact on the overall calendar of the second component had not yet been assessed. Finally, the postponement of the other two deliveries was authorized in February 2010, with the end result that the second component should be completed in June 2012.
- 1.28 Despite the changes made to the schedule, I consider that the risk to its compliance remains high. For example, in order to harmonize their existing systems with the software package, the entities require detailed information from the DGSAGIR team on the second component to obtain a full view of the work and the changes to be made. However, in March 2010 this information was only partly available. It is my opinion that the entities will have little time to analyze the system's repercussions on their organization and to make the appropriate changes regarding both the approaches and the systems to be harmonized with the SAGIR project in order to optimize the management of human resources in the government. Last fall, some of the entities informed me of their concern about not being ready in time for the deployment of the second delivery of the SGR2 component, given the schedule established by the DGSAGIR team. The same was true for the new clientele, which is at greater risk due to the fact that it is unfamiliar with the software package.
- 1.29 In other respects, I consider that the costs estimated at \$104 million should be reassessed and that they should be adjusted, notably for the following reasons:
- The \$27.5 million in costs associated with the implementing the second component in the entities were estimated based on a general parameter of \$350 per full-time equivalent dating back to 2006, irrespective of the specific characteristics of the entities. In order to review this parameter, the entities have begun assessing the repercussions of the SGR2 component on their systems and their processes, as well as the costs that this will generate. I note that an approach was recently undertaken by the DGSAGIR team in this respect.
 - Work has begun to include the staff of the Sûreté du Québec subject to the *Police Act* in the SGR2 component. This staff has already been integrated in the first component of SAGIR, but was not initially supposed to be included in the second component. This makes it possible to avoid having to develop a system. The costs related to this integration, estimated at \$8.4 million, were not however included in the total amount initially approved by the Cabinet. The latter recently approved this amount.

- In other respects, costs had been estimated for the first three months of operation of the SGR2 component following its implementation in the entities; these costs have been amended downwards without sufficient justification. Initially estimated at \$6.2 million, the costs now stand at \$0.7 million. The DGSAGIR team has made the assumption that since the staff of its principal operational directorate will carry out the work, it is no longer relevant to include these costs in those of the project. Given that this directorate has a large percentage of external resources, I consider a reduction of this magnitude risky.

Third component of SAGIR (SGR3)

- 1.30** The third component of SAGIR, concerning on-line staffing, was approved at the same time as the second component, namely in February 2007. Its costs are estimated at \$20 million and its annual benefits, at \$4 million. The work was supposed to continue until March 2009 and to be carried out in parallel with the work done for the second component. The objectives of the SGR3 component are notably to improve the accessibility for citizens to jobs in the public service and to facilitate staff mobility within this same service.
- 1.31** As was agreed upon with the government, an alternative solution to the use of an integrated management software program has been envisaged, namely obtaining the services of a firm specializing in on-line staffing. The DGSAGIR team wants to proceed by call for tenders and to compare this solution with the one initially favoured and for which a bid had been accepted. In March 2010, the call for tenders was still not issued. Moreover, the March 2009 deadline was not met. The team told us that the failure to meet the deadline is due to the delay resulting from obtaining government's approval to integrate the staff of the Sûreté du Québec subject to the *Police Act* in the second and third components. Incidentally, the costs of this integration in the SGR3 have been assessed and approved for a total amount of \$3.8 million and are in addition to the initial amount of \$20 million.

Conclusion

- 1.32** A project of the scope of SAGIR entails several risks. It is important that these risks be defined, evaluated and assumed on an on-going basis. I note, however, that the risk assessment is incomplete. Consequently, there is no overview of the risks associated with the SAGIR project at the present time.
- 1.33** As for accountability, the DGSAGIR team must submit to the Cabinet once a year a report concerning the project progress and changes made to the schedule and budget for both the second and third components. Since the start of the project, the team had not submitted such a report. A first report was submitted in March 2010; it covers the period from September 2008 to December 2009. In other respects, a report should be submitted to the Conseil du trésor twice a year. However, the latter has only received two reports from the DGSAGIR team. The first was submitted in June 2009 while the second was tabled in March 2010.

- 1.34** In summary, the DGSAGIR is an organization that must provide support concerning the SAGIR component that is already in operation, while seeing to the development of the subsequent components of this major project, which include SGR2 and SGR3. It is clear that difficulties have been encountered in the deployment of the latter two components. I therefore believe that there is a risk that the schedule and the costs will not be respected, especially as these two components are complex. Consequently, I will continue to closely monitor this major government project.

Contribution to Parliamentary Control Over the Management of Public Finances

- 1.35** In February 2010, I tabled a report to the National Assembly entitled *Audit of financial information and other related work*. In Chapter 1 of that report, I indicated that I intended to continue putting my knowledge and work to good use for the benefit of parliamentarians in the coming years to help them meet the major challenge posed by the return to fiscal balance.
- 1.36** Moreover, some of my strategic orientations for 2009-2012 reflect my commitment to collaborating to the sound management of public finances.
- 1.37** It was in this perspective that I carried out several audits that are included in this volume. For example, I have continued to exercise a watch on the progress of major capital projects undertaken by the government in order to adequately inform the National Assembly. Chapter 5 presents the results of my watch concerning the Dossier de santé du Québec, while I continue my current work with respect to the project to modernize Montréal's university teaching hospitals.
- 1.38** In addition, I have made several interventions likely to generate major savings or productivity gains, notably in the health and social services sector as well as in the education sector. In Chapter 2, I examined if the school boards have implemented measures that seek an economic management with respect to their administrative expenses. I noted potential savings in this area and I consider that these savings are substantial for the five audited school boards. To achieve these savings, the boards will, however, have to take the necessary actions. I therefore invite all of the school boards to reassess their practices in order to ensure an optimum management when it comes to administrative expenses.

- 1.39** Turning to Chapter 4, it presents the results of an audit carried out in the health and social services network, specifically at the Centre de santé et de services sociaux d'Arthabaska-et-de-l'Érable. In the past, the value-for-money audits carried out in this network used an approach based on activity sector or management function. For each subject chosen, the audit work was carried out with several institutions and took into account, where applicable, the role played by the agencies and by the Ministère de la Santé et des Services sociaux. This chapter contains the results of an audit whose objective was to assess the performance concerning the main activities of a single institution. This approach was favoured because the size of this institution's budget justified it and it was appropriate to examine more generally the performance of one entity of the network.
- 1.40** Finally, Chapter 3 presents the results of an audit related to the management of economic immigration, specifically concerning qualified workers. In this chapter, I notably address the planning of immigration volumes, the system for selecting immigrants, and the management of applications. This audit highlights the fact that the risk management associated with the immigrant selection process should be more structured, especially since Québec is setting ever higher objectives for the recruitment and acceptance of new immigrants.

Audited Entities:

- Ministère de l'Éducation, du Loisir et du Sport
- School boards

This report pertains to the administrative expenses of school boards. We carried out our work with the Ministère de l'Éducation, du Loisir et du Sport (MELS), five school boards, the Fédération des commissions scolaires du Québec and the Québec English School Boards Association.

The main activity of school boards consists of offering educational services that meet the education needs of young people and adults of their territory. Each school board includes an administration centre as well as education institutions. Based on MELS data, the expenses of school boards in 2007-2008 totaled some \$9.9 billion, of which \$561 million were for administrative activities, such as those related to the management of financial, human and material resources, as well as various administrative services. School boards obtain most of their funding from the MELS: approximately \$7.5 billion.

Objectives of Our Audit

We wanted to obtain the assurance that the MELS has put in place an accountability framework that contributes to an optimum management of the administrative expenses of school boards, notably by ensuring that the existing structure of school boards permits this. The administrative expenses taken into account in our work for all of the school boards totaled more than \$350 million in 2007-2008. We also wanted to verify if the five audited school boards have implemented measures favoring an economical management with regard to their administrative expenses.

Summary of Findings

Existing structure. The current number of school boards dates back to 1998, when it was scaled down from 156 to 72. Savings of 75 to 100 million dollars were expected from this change. Since that date, in 22 school boards, the student population for the general education of youth in 2009-2010 is below that of 1998-1999 and according to forecasts it will be even lower in 2024-2025. The student population for vocational education and for the general education of adults has also witnessed significant declines since 1998-1999 in some school boards.

The Department has not carried out any analyses of the optimal number of school boards by taking into account relevant factors, notably the evolution of the student population, the costs associated with this structure and its oversight, the characteristics of the clientele, the geographical realities, the obligation to provide the services and the social, cultural and economic disparities.

Funding of administrative activities. Since 1996-1997, the budgetary rules have established that administrative expenses shall be funded mainly from school taxes and from the MELS equalization grant. The MELS is unaware if the funds allocated for expenses related to administrative activities correspond to school board needs and if these funds are used in accordance with good management practices.

Management information. Based on the financial data submitted by school boards, management indicators pertaining to their activities are produced by the MELS and made public. This information reveals major variances in the cost per student of administrative expenses among school boards. The Department has not performed any analyses to explain these variances or invited school boards to carry out actions in this respect. Such analyses would have made it possible to identify problematic situations and, as the case may be, to support school boards in the implementation of appropriate measures.

Role of school board associations. Our work reveals that the Fédération des commissions scolaires du Québec and the Québec English School Boards Association could be more proactive in their support of school boards in order to help them implement measures promoting a more efficient and more economical management of their administrative expenses. These associations should play a greater role, notably by promoting group purchases, which are limited in number at the present time, by identifying those services that could be pooled and by taking steps in this direction. In addition, despite the decline in student population since 1998, we did not come across any analysis done by the Fédération des commissions scolaires du Québec or the Québec English School Boards Association to evaluate the possibilities of mergers by taking into account the relevant factors, as mentioned previously.

Comparison of the five audited school boards. To allow the comparison of the administrative expenses between the five school boards which differ in size, we compiled the results of an indicator that considers their revenues. These results make it possible to highlight the funds allocated to certain administrative processes for every \$1 million segment of revenues. Based on our estimates, the potential savings vary from \$4.6 to \$8.1 million for the five audited school boards. This exercise also demonstrates that when school boards of similar size are compared, potential savings exist. Our analysis reveals that a meticulous examination of these expenses is necessary, and we invite all school boards to re-evaluate their practices in order to ensure an optimum management of administrative expenses.

On this subject, the Fédération des commissions scolaires du Québec indicated to us that “the previously mentioned potential savings are only likely to be fully achieved after a fairly long period of time since a significant portion of these savings would ensue from the elimination of a certain number of positions.” We are also of the opinion that this savings potential cannot be realized in only one year.

Recommendations

This section presents the recommendations made in our report. It should be noted that, for information purposes, the number of the paragraphs in question is indicated in parentheses.

We recommended to the Department that it ensure:

- that the current structure, regarding the number of school boards, is optimal by taking into account, among other things, costs associated with this structure and the oversight of school boards, the clientele characteristics, the evolution of the student population, as well as the social, cultural and economic disparities;
- that the school boards manage their administrative expenses in an economical manner;
- that the management information used by the Department and provided to school boards makes it possible to analyze administrative expenses and to support school boards in the management of their administration activities (2.52).

We recommended to the Fédération des commissions scolaires du Québec and the Québec English School Boards Association that they take initiatives promoting a more efficient and more economical management of all school boards when it comes to administrative expenses (2.64).

We recommended to the audited school boards that they ensure that their council of commissioners obtains in a timely manner all of the relevant information regarding the administrative expenses to enable the council to fully assume its responsibilities (2.73).

We recommended to the Department that it make sure with all school boards that the members of the council of commissioners are aware of their responsibilities concerning the management of the expenses of school boards expenses, particularly those related to administration (2.74).

We recommended to the school boards, notably those that were audited, that they make sure that their processes and practices permit an economical management of their administrative expenses (2.97).

Entities Comments

The entities had the opportunity to provide comments; they are listed in paragraphs 2.102, 2.103, 2.105 and 2.107. We wish to point out that the entities accepted all of the recommendations. The French version of the full report is available on our website at <http://www.vgq.qc.ca>.

Audited Entity:

- Ministère de l'Immigration et des Communautés culturelles

This report is the result of an audit pertaining to the selection of qualified immigrant workers; it was carried out from May to November 2009 with the Ministère de l'Immigration et des Communautés culturelles. The work covers the selection of qualified immigrant workers made from January 2006 to February 2009.

Immigration is associated with four major issues for Québec: correcting the demographic imbalance, promoting economic prosperity, ensuring the sustainability of the French language and culture, and being open to the world. The *Canada-Québec Accord Relating to Immigration and Temporary Admission of Aliens* grants Québec the sole responsibility for the selection of immigrants in the economic immigration category. In 2009, these immigrants represented 70 percent of Québec's 49,489 admissions, and 91 percent of them were qualified immigrant workers.

Objectives of Our Audit

The aim of our audit was to check whether the Department:

- guides and coordinates immigrant selection activities in such a way as to meet Québec's needs;
- carries on qualified immigrant worker selection activities in accordance with the applicable regulations and on the basis of sound management practices;
- evaluates its performance regarding qualified immigrant worker selection activities and reports on this performance.

Summary of Findings

Planning of immigration volumes. Consultation and collaboration mechanisms between the Department, its partners and the organizations concerned have led, over the years, to the decision to increase immigration volumes based on a good understanding of the different issues and the related challenges.

The consultation process reveals certain integration difficulties. However, the Department does not use socioeconomic indicators to clearly define Québec's real capacity to welcome and integrate newcomers in the work market. Without an evaluation, the Department cannot obtain the assurance that the province is capable of supporting the progressive increases in immigration volumes while optimizing the effects of immigration on Québec's development.

Selection system. To better meet the government's economic objectives, including that of ensuring a better match between manpower needs and the selection of qualified workers, the Department modified its selection grid in 2006 by introducing the "training field" criterion and by increasing its relative weight in 2009.

We are of the opinion that the qualified worker selection grid is still of limited effectiveness for ensuring that the selected workers match the needs of the job market. This grid is based more on an evaluation of the candidate's socio-professional potential than on tangible employment possibilities. Consequently, a candidate can be selected without possessing any training in a favoured field. Between 2006 and 2008:

- only 9 percent of the selected candidates had a profile meeting the requirements in the training fields favoured by Québec;
- 65 percent of the qualified workers selected did not have any points for the training field. The passing mark was obtained mainly as the result of other characteristics (level of schooling, age and knowledge of French).

Data reveal the employment integration and overqualification problems experienced by the immigrants selected by the Department:

- In 2009, the unemployment rate of Québec's immigrants stood at 13.7 percent as compared to 7.6 percent for people who grew up in Québec and 10.7 percent for immigrants from Ontario.
- In 2007, the employment rate of immigrants having pursued university studies was 75.7 percent in comparison with 93.0 percent for Québec's population having done such studies.
- In 2006, 42.1 percent of the immigrants were overqualified, i.e. they had a level of schooling higher than what was normally required for their job.

Despite these data, the Department has not evaluated its grid and selection conditions, notably in comparison with foreign practices.

Some countries have established prerequisites for processing immigration applications. A qualified worker's candidacy is thus only admissible if his profession appears on the list of favoured professions.

To attract candidates in promising fields, the Department recently took various actions, such as developing a promotion and prospection strategy.

Processing of selection applications. To obtain the assurance that the selection files supported the Department's decision, we checked a statistical sample of 91 files for all of the applications processed at the Québec Immigration Office in Paris and at the Service Amérique du Nord et Maghreb, located in Montreal. These territories processed 60.5 percent of the total applications.

Our work revealed that among these 91 files, the Department issued selection certificates in 38 cases and rejected 6 applications, without the files complying with the regulations or the instructions of the *Guide des procédures d'immigration* (Guide to Immigration Procedures), or without documents or comments of the immigration counsellors in support of this decision.

The effect of the identified deficiencies on the counsellors' decision could be analyzed for 9 of the 44 files containing deficiencies:

- The decision remains unchanged for 5 files.
- Three files processed by file selection should not have been accepted at this stage.
- One file was accepted, when it should have been rejected.

For 38 files, we are of the opinion that in the absence of information justifying the attributed points, the Department cannot obtain the assurance of the validity of its decision whether or not to issue a Québec selection certificate.

In other respects, by extrapolating the results of our work to all of the files of the territories concerned for the period covered by our audit, we can state the following with a confidence level of 90 percent:

- Between 40 and 57 percent of the files (from 11,826 to 16,853 files) contained errors in the attribution of points of the selection grid or did not contain all of the necessary elements to justify the attributed points.
- For 34 to 51 percent of these files (from 10,052 to 15,079 files), the Department is unable to obtain the assurance of the validity of its decision whether or not to grant a Québec selection certificate due to the absence of all of the necessary information supporting this decision.

Quality control and supervision. The Department has little control over the quality of its file analyses whether on an *a priori* or *a posteriori* basis. This would allow the Department to obtain the assurance that the selection was made in accordance with the regulations and the procedures guide, and that the applications are processed fairly.

The conditions necessary to ensure such a processing are not present since:

- the tools for supervising the processing of immigration applications are incomplete and are not updated regularly;
- some factors and criteria of the selection grid such as adaptability are difficult to evaluate objectively in the absence of measurable guidelines especially since, from 2006 to 2008, 45 percent of the applications were accepted as the result of points attributed to this factor;
- the Department has issued few directives to supervise the detection of false or misleading information or documents.

Performance and reporting. The Department's strategic plan presents its mission, its vision, its values and its strategic orientations, which is in accordance with sound management practices.

We noted, however, that the chosen indicators do not make it possible to report notably on the results regarding the integration of immigrants.

The Department has not made a program assessment concerning qualified workers since 2004. Consequently, it does not have the assurance that its qualified worker program meets Québec's needs and that the methods employed are the most effective to facilitate the integration of immigrants in the work market.

Recommendations

This section presents the recommendations made in our report. It should be noted that, for information purposes, the number of the paragraphs in question is indicated in parentheses.

We recommended to the Department that it:

- continue to improve its qualified worker selection system, notably by evaluating this system in comparison with foreign practices, to ensure that it meets the objective of attaining a better match with Québec's manpower needs;
- acquire performance indicators and targets concerning the selection of qualified workers (3.81);
- improve the supervision of the selection of qualified workers, notably through the implementation:
 - of measurable guidelines for the evaluation of candidates in order to promote a processing that complies with the regulations and the procedures guide;
 - of directives promoting the detection of false or misleading information or documents;
- implement the necessary processes to ensure the compliance and the fairness of the decisions made (3.129);
- improve its strategic plan through the addition:
 - of objectives linked to the expected results;
 - of result indicators making it possible to evaluate its performance;
- improve the quality of the information presented in its annual reporting to permit a better assessment of its performance;
- make sure of the implementation and of the close follow-up on its three-year plan regarding the assessment of the program and of the expectations relating to the satisfaction of its clientele, notably concerning the qualified worker program, and report on the results (3.154).

Department Comments

The Department had the opportunity to provide comments; they are listed in paragraph 3.155. We wish to point out that the Department accepted all of the recommendations. The French version of the full report is available on our website at <http://www.vgq.qc.ca>.

Performance of the Centre de santé et de services sociaux d'Arthabaska-et-de-l'Érable with respect to its main activities

4

This report pertains to the Centre de santé et de services sociaux (CSSS) d'Arthabaska-et-de-l'Érable. We carried out our audit from April 2009 to January 2010.

This CSSS is located in the Mauricie and Centre-du-Québec region and provides care and services to a population of approximately 90,000 people by way of 13 facilities (1 hospital centre, 4 local community service centres (CLSC) and 8 residential and long-term care centres (CHSLD)). With more than 2,200 employees, the institution's operating expenses reached close to \$140 million for the 2008-2009 fiscal year.

Objective of Our Audit

The purpose of this audit was notably to make an assessment of the overall performance of the institution and its management in relation to its main activities. We wanted to obtain the assurance that the CSSS has governance practices that promote sound management and performance and manages its human, material and financial resources in an economical and efficient manner and in accordance with the applicable regulations, while respecting some sustainable development principles. We also wanted to make sure that the CSSS has implemented several measures that promote the accessibility, continuity, quality and security of the care and services offered.

Summary of Findings

The CSSS has implemented several measures that promote the accessibility, continuity, quality and security of the care and services. However, it would be to the institution's advantage to collect more management information and to optimize its practices in order to improve its performance and, in so doing, to generate savings.

Governance and strategic planning. The board of directors and the committees in place perform the functions stipulated in the Act. However, the board of directors could increase its influence over the organization's performance by carrying out a strategic planning exercise and by deciding on the performance-related information that it wishes to monitor.

Financial resources. Each year, the board of directors adopts a balanced budget; yet it has difficulty maintaining this balance. Globally, the unit costs associated with its activities are below the average of those of the group of comparable institutions. However, when the comparison is made with the best institutions of the group (first tercile), it reveals major potential savings. Moreover, the CSSS makes few comparative analyses of its costs. In addition, certain activities and services would benefit from being more efficient.

Human resources. The CSSS has implemented measures aiming to maintain a good work climate and recently prepared a portrait of the characteristics of its resources for jobs for which there are recruitment difficulties. In the case of performance assessments, senior officers do not make sure that the policies are applied and do not know how many persons have been assessed or the frequency of the assessments.

Procurement of medical equipment and supplies. Several practices still need to be improved in relation to the identification of needs and the planning of acquisitions as well as the supplier selection process and the obtaining of management information. The regulations respecting acquisitions are not always followed, and the use of technologies in the renewal process and in inventories management is not maximized.

Management of beds and length of stay. The average length of stays at the CSSS is similar to that of the group of comparable institutions. As for the bed occupancy rate, it is low in some care units, which indicates that it would be to the institution's advantage to analyze the reasons for these rates to make sure that the number of open beds really meets the needs.

Emergency department. The CSSS is in a very good position with respect to the global performance of the emergency department, with an average length of stay that is below the standards of the Ministère de la Santé et des Services sociaux (MSSS) and the averages of comparable institutions. Several strategies explain this performance; note may be made, among other things, of the transition beds in residential centres and the continuum of care for seniors or people with a loss of autonomy. However, the process for receiving and screening patients can be improved upon, and service agreements with front-line workers should be reached.

Operating room. The CSSS shows excellent results in terms of day surgeries and access to surgery: the waiting period for 3 types of surgery is below the ministerial standard (6 months) and below the average of the group of compared institutions. However, efficiency gains in the operating room are possible, and the organization of work should be improved there.

In-home services. Concerning access to in-home services, the institution monitors the number of persons waiting for services but does not collect information on the waiting period. The latter appears to be limited for some services, but could be reduced for others. In other respects, the needs of users are evaluated, and a good coordination of services offered to them is ensured.

Residential and long-term care centres. The CSSS offers few choices in terms of residential and long-term care centres, and some users must stay at a centre that offers more intensive services than needed. A plan to improve services is being prepared. Moreover, the processes promote fairness in terms of access, as well as the continuity and coordination of residential services and professional services.

Medical biology laboratories. The CSSS operates its laboratories at two locations; one of them carries out 96 percent of the analyses. The maintaining of the second location has resulted in at least \$400,000 in additional costs over the last 5 years. In other respects, the CSSS does not disseminate good practices concerning the relevance of the analyses, nor does it exercise a systematic follow-up in this respect. Regarding access to services, the CSSS has a very short waiting period for both the taking of samples and the processing of analyses. It also ensures the quality of the analyses by submitting its operations to independent external inspections.

Imaging Services. The arrangement of appointments takes priorities into account and aims to maximize the use of the available time; moreover, all of the tests can be obtained in less than 6 months. However, the efficiency of the process could be improved and a follow-up on the performance in relation to costs should be done. As for the compliance with safety standards for its X-ray equipment, the CSSS sees to this aspect.

Setting of appointments. There are deficiencies in the organization of work regarding the setting of appointments; among other things, the processing of requests is done, in large part, manually. Moreover, there is no follow-up on the time it takes to obtain an appointment.

Prevention and control of nosocomial infections. An adequate structure is in place and the institution has a good performance when it comes to the rate of new cases of nosocomial infections. A committee responsible for the prevention and infection control and a team of nurses are active. Data are compiled and monitored. They are presented to the risk management committee and to the Board of Directors.

Recommendations

This section presents some of the recommendations made in our report. It should be noted that, for information purposes, the number of the recommendations in question is indicated in parentheses.

We recommended to the board of directors that it become more involved in strategic management, notably in the strategic plan, the management and accountability agreement, the clinical project and the annual management report (3).

We recommended to the institution that it:

- maintain a balanced budget, as stipulated in the Act (5);
- make comparative analyses of costs, notably concerning the activity sectors for which the performance appears to be low and those in which sales of services occur, and take the necessary corrective actions (6);
- continue the implementation of strategies regarding the loyalty, renewal and training of human resources (7);
- make sure that all assessments regarding the performance of supervisory staff are done annually and, in the case of other employees, that they are done at the established frequency (8);
- provide for the participation of a multidisciplinary committee and the use of criteria concerning purchasing priorities in order to be able to determine equipment needs, and continue the implementation of a formal process for evaluating and standardizing medical supplies (9);

- make sure that acquisitions are made using a competitive model, that in the case of a departure from this model, the files contain sufficient justifications and that the information is sent to the board of directors, the agency and the Minister in a timely manner (10);
- maximize the use of technologies in the procurement process for the medical supplies of care units and limit the intervention of attending staff (13);
- analyze the data pertaining to the average length of stays and the occupancy rates, determine the causes of the variances as well as implement the means to improve the management concerning the beds of each care unit (15);
- make sure that the emergency services and front-line services of the territory are offered in a concerted manner by reaching service agreements with front-line workers (16);
- improve the organization of work in the operating room and make efficient use of the rooms (19);
- make sure, for in-home services, that the assessments, the intervention plans and the individualized service plans are produced and revised, as required (22);
- continue its efforts to re-balance the supply of services concerning residential and long-term care centres on its territory (24);
- make sure, for the users of residential and long-term care centres, that the assessments and intervention plans are produced and revised, as required (26);
- monitor the performance of laboratories, including that of each of the two locations, notably regarding the costs and the waiting period associated with treatments, make the required analyzes and take the necessary actions (27);
- promote the relevant use of laboratory tests and do a follow-up in this respect (28);
- monitor the data concerning the usage time of medical imaging equipment to ensure that optimum use is made of this equipment (33);
- review the process for setting appointments to make it more efficient (34).

Institution's Comments

The institution had the opportunity to provide comments; they are listed in paragraph 4.31. We wish to point out that the institution supported all of the recommendations. The French version of the full report is available on our website at <http://www.vgq.qc.ca>.

Audited Entity:

- Ministère de la Santé et des Services sociaux

This report is the result of our watch concerning the Dossier de santé du Québec (DSQ). The planned investment of the project is \$563 million, funded by the Government of Québec (\$260 million) and by the Canada Health Infoway (CHI) (\$303 million). The project is managed by the Ministère de la Santé et des Services sociaux (MSSS). The implementation was initially planned for completion in four years, namely from 2006 to 2010, with a potential number of users estimated at 95,000.

Objective of Our Audit

This watch, like the previous two, aimed to obtain the assurance that the MSSS manages the DSQ economically, efficiently and effectively.

Summary of Findings

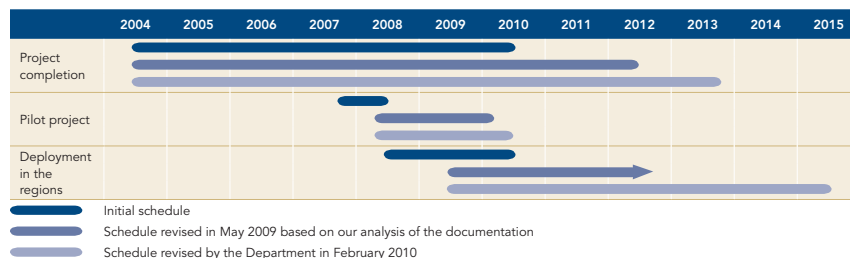
We remain concerned about the way in which the Department manages this project and the ensuing consequences for its implementation. Our work reveals that significant issues and risks reduce the likelihood of achieving the initial objective pursued.

Linkage between the Electronic Patient Record (EPR) and the DSQ.

A major risk was raised last year concerning the lack of linkage between the EPR and the DSQ. The EPR is the patient's local computerized record, and some regions have made the EPR a priority. However, no strategy has been developed by the MSSS to link the EPR and the DSQ.

Last December, the CHI proposed to the Department to revise its funding strategies for the DSQ in order to be able to spend a portion of it on the EPR. The objective pursued by the CHI was to emphasize the deployment of the EPR and then to link it with the DSQ. The main advantage of this approach was that the people in the field embrace the project first and foremost for themselves, thereby promoting their support, a prerequisite for the success of the DSQ. However, the Department refused the proposal made by the CHI. We are concerned about this decision, given the lack of linkage between the EPR and the DSQ.

Key project activities schedule



Costs and funding of the DSQ. The Department has revised the costs of the projects included in the DSQ but the total overall budget remains unchanged. We consider that some of the assumptions used are unrealistic. Consequently, the estimated costs of the Department seem not credible in our opinion, and the risk of exceeding these costs remains, insofar as the scope of the project remains the same as initially planned.

It should be recalled that the obtaining of \$303 million in funding from the CHI, one third of which has been paid to date, is conditional upon the development of a functional product within the stipulated timeframe, used and corresponding to what has been agreed.

DSQ project schedule. Last year, the Department had postponed by one year the planned date for the project completion, setting it at June 2011. However, this date excluded the deployment of the DSQ in the regions.

This year, the deadlines have once again been changed for almost all the projects. Some projects are now scheduled for completion in 2013.

The full deployment in the regions will not be completed before June 2015, with the last identified region being Montréal, namely the most populous.

As for the pilot project, the completion date had been postponed twice, with it being set for June 2010. Beyond this date, further work is needed. Accordingly, the end date of June 2010 appears unrealistic.

Security of patient data in the DSQ. The absence of a comprehensive security plan increases the risk that some important steps will be left out or will not be completed in a timely manner, which could compromise the security of the DSQ.

Recommendations

This section presents the recommendations made in our report. It should be noted that, for information purposes, the number of the paragraphs in question is indicated in parentheses.

Governance. We recommended to the Department that it:

- establish a strategy for the linkage over the short and medium terms of the Dossier de santé du Québec and the Electronic patient record;
- ensure that it has a global strategy, approaches and tools for comprehensive change management, that are up-to-date and produced in a timely manner (5.39).

Costs and funding. We recommended to the Department that it:

- ensure that all of the costs related to the Dossier de santé du Québec have been estimated and are based on realistic assumptions;
- ensure that funding is available in a timely manner for the entire project (5.48).

Planning and monitoring of projects. We recommended to the Department that it:

- rule on the choices concerning the project's architecture and make a realistic revision of the projects' deadlines (5.67);
- ensure on a regular basis that it has an accurate portrait of the completion schedule of its projects (5.73);
- submit the pilot project evaluation report, as required, and make sure that there is a follow-up on the issues raised (5.83);
- develop a project monitoring tool that is reliable, succinct and produced in a timely manner and that will allow the Department to periodically measure the level of progress of the work associated with the different projects (5.86).

Security. We recommended to the Department that it:

- develop a comprehensive security plan for the Dossier de santé du Québec;
- rule on the acceptable security level to be established and make sure that these security controls are set up in accordance with what has been planned to reduce the risk of unauthorized access to the data pertaining to the health of patients (5.101).

Reporting. We recommended to the Department that it submit complete reporting to the Cabinet in a timely manner (5.105).

Department Comments

The Department had the opportunity to provide comments; they are listed in paragraph 5.113. We wish to point out that the Department accepted all of the recommendations. The French version of the full report is available on our website at <http://www.vgq.qc.ca>.

Introduction

- 6.1.1 After an interval of a few years, our office carries out a follow-up on our audit. Our objective is to see if the recommendations originally made have been taken into account and if the audited entities have remedied the underlying deficiencies.
- 6.1.2 This exercise, which completes the initial audit, allows us to inform parliamentarians of the actions taken to remedy the difficulties noted in our initial audit report. When problems remain, we briefly reiterate the causes and consequences, and we invite the entities to continue or intensify their efforts to resolve them.
- 6.1.3 The responsibility of the Auditor General consists of providing a conclusion regarding the aforementioned objective. For this purpose, we collected sufficient and adequate audit evidence to reasonably support our conclusion and to obtain a high level of assurance. Our conclusion is based on the same evaluation criteria as those used during initial value-for-money audit.
- 6.1.4 Follow-up engagements are carried out under the *Auditor General Act* and in accordance with the applicable work methods. These methods comply with the certification engagement standards issued by the Canadian Institute of Chartered Accountants.
- 6.1.5 Table 1 presents the follow-up contained in this volume, along with the reference to the initial audit.

Table 1
Follow-up in this volume

Initial audit	Report for the year concerned
Management of real estate projects	2005-2006, Volume I, Chapter 3

Management of Real Estate Projects

Work carried out with the Ministère de la Santé et des Services sociaux and the Corporation d'hébergement du Québec

- 6.2.1** We performed a follow-up on the value-for-money audit carried out in 2005-2006 with the Ministère de la Santé et des Services sociaux (MSSS) and the Corporation d'hébergement du Québec (CHQ). We completed our work in October 2009.
- 6.2.2** The initial audit, the results of which were published in Chapter 3 of Volume I of the *Report to the National Assembly for 2005-2006*, had four objectives:
- to ensure that the MSSS has put in place a management framework promoting the efficient execution of construction projects¹;
 - to evaluate the extent to which the planning of projects contributes to their sound management and makes it possible to stay within the authorized budgets;
 - to determine if the management of projects aims for the economy of resources and efficiency;
 - to ensure that the CHQ evaluates its performance with respect to project management and that it reports on this performance.
- 6.2.3** During our follow-up work, we met with managers and employees of the Department and the Corporation. We analyzed certain data and consulted several documents. In addition, we examined the files of three construction projects that began work in 2007-2008. At the time of our audit, two projects had been completed while the third one was in the process of being completed.
- 6.2.4** We did a follow-up on 15 of the 21 recommendations initially formulated. We considered the recommendations geared to the documentation required for a sound management of real estate projects, among others, the recommendation pertaining to the preparation of project assessments. One of the recommendations examined in the follow-up was no longer applicable. Six other recommendations were not considered in the follow-up, as they would have required an in-depth study of the selected projects. For example, this is the case of the recommendation that the CHQ ensures that the choices seeking to reduce the costs of the projects and to stay within the authorized budgets are economical. However, our budgetary analysis of the projects presented in the "Management Information" section of this report allowed us to raise questions concerning these recommendations.
- 6.2.5** We also evaluated the application of the recommendations made by the Committee on Public Administration (CPA) in its June 2008 report, which followed up on the work pertaining to our initial audit. The recommendation dealing with the rules for transferring the ownership of buildings is no longer applicable.

1. A construction project is a new construction, an extension, a redevelopment or a major renovation.

- 6.2.6** Finally, in addition to this follow-up work, we paid special attention to the quality of the management information provided to senior officers and to the board of directors of the CHQ concerning the management of real estate projects and disputes.

General Conclusions

- 6.2.7** Our follow-up work leads us to conclude that some items need to be improved with respect to the management of real estate projects. Indeed, 8 of the 14 recommendations, i.e. 57 percent, have given rise to a satisfactory progress. One recommendation of the initial report is no longer applicable within the current context. While we observed some progress regarding the management framework, specifically with respect to roles and responsibilities, as well as managing changes in the projects, the MSSS and the CHQ will nonetheless need to make additional efforts to correct the deficiencies initially raised concerning the other recommendations. The Department should thus complete the long-term planning of capital assets. For its part, the Corporation should take steps regarding the follow-up on projects as well as assessments and reporting.
- 6.2.8** Table 1 presents the assessment of the application of each of the 15 recommendations for the audited entities.

Table 1
Follow-up on the recommendations

	Satisfactory progress	Unsatisfactory progress	No longer applicable
Management framework			
Approval of projects and identification of priorities			
Complete the long-term planning of capital assets and group within this long-term planning the projects which agencies must present in their real estate master plans and which are deemed relevant and are given priority.		MSSS	
Improve the process for establishing functional and technical programs.	MSSS		
Roles and responsibilities			
In collaboration with the Corporation, update the management framework concerning real estate projects in order to:			
<ul style="list-style-type: none"> • make provision for the appointment of a project manager who will be responsible for the results obtained, from the start to the completion of the work; • clearly establish the roles and responsibilities of the various stakeholders, notably the Corporation d'hébergement du Québec, in the management of real estate projects. 	MSSS		
Review its project processing and approval process in order to make it more efficient and effective.	MSSS		
Decide on the rules that are to be followed concerning the ownership of new buildings of the network in order to minimize the construction costs.			MSSS

Table 1
Follow-up on the recommendations (continued)

	Satisfactory progress	Unsatisfactory progress	No longer applicable
Management of real estate projects			
Planning			
Make sure that the functional and technical programs, which underlie its decision and the ministerial announcement, are analyzed by the Corporation.	MSSS		
Make sure that the needs of the institutions are well defined in the functional and technical programs before making the recommendations intended for the Department.	CHQ		
Make sure that the cost estimates presented in the functional and technical programs are complete.	CHQ		
Execution			
Adopt an efficient procedure for managing changes, which allows the Corporation to authorize major changes before they are made and to agree on a price with the contractor prior to the commencement of work.	CHQ		
Follow-up			
Obtain on a monthly basis, or more often if necessary, progress reports on the projects that present a portrait of the situation with respect to cost forecasts, the timetable and the degree of progress of the work.		CHQ	
Specify to service providers, namely the professionals and contractors, the criteria used to measure their performance and the possible sanctions if this performance is unsatisfactory.	CHQ		
Evaluate the performance of suppliers and make it a selection criterion.		CHQ	
Evaluation and reporting			
Possess complete information on the construction projects.		CHQ	
Make assessments of the projects once they have been completed.		CHQ	
Report on its performance with respect to project management to its board of directors and to the National Assembly by way of its annual report.		CHQ	
Total recommendations	8	6	1*
Percentage of recommendations	57 %	43 %	

* The recommendations that are no longer applicable are not considered for statistical purposes since they no longer had to be implemented.

6.2.9 As to the CPA recommendations, our follow-up reveals unsatisfactory progress regarding the risk management plan. Indeed, the plan has not yet been drawn up. Table 2 presents an assessment of the implementation of these recommendations. It should also be noted that the CHQ submitted to the CPA, at its request, a list of disputes, which have not yet been settled.

Table 2
Follow-up on the recommendations of the Committee on Public Administration

	Satisfactory progress	Unsatisfactory progress	No longer applicable
That the Ministère de la Santé et des Services sociaux and the Corporation d'hébergement du Québec draw up a risk management plan seeking, among other things, to reduce the risks of excessive costs and cost overruns in the management of the network's buildings.		MSSS CHQ	
That the Ministère de la Santé et des Services sociaux establish clear rules for the transfer of ownership of buildings between institutions and the Corporation d'hébergement du Québec.			MSSS
Total des recommandations		1	1*

* The recommendations that are no longer applicable are not considered for statistical purposes since they no longer had to be implemented.

6.2.10 Finally, with respect to the management information regarding real estate projects and disputes, the CHQ will need to make an effort in this area. It is possible to compile existing data to produce management information that will facilitate decision-making. On this topic, the senior officers of the Corporation could better monitor the management of real estate projects and disputes with a view to submitting good reporting to the board of directors.



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Three dynamic lines, illustrating:

- the three types of audits carried out by his staff, namely financial audits, audits of compliance with statutes, regulations, policies and directives, as well as value-for-money audits;
- the three elements that are examined during value-for-money work: economy, efficiency and effectiveness;
- the three fields – social, economic and environmental – related to the stakes concerning sustainable development.

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Auditor General of Québec



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The Auditor General fosters, through audit, the exercise of parliamentary control over the actions of the government, its departments and its agencies.

He conducts financial audits, audits to ensure compliance of operations with acts, regulations, policies and directives, as well as value-for-money audits.

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Except for the obligations stipulated in the Act, the Auditor General determines the work that he performs and decides on the content of his report to the National Assembly.

Mr. Renaud Lachance has held the position of Auditor General of Québec since August 9, 2004. He has a Bachelor's degree in Business Administration, a Master's degree in Taxation and a Master's degree in Economics. He is a member of the Ordre des comptables agréés du Québec. In 2010, the Ordre awarded him its most prestigious title, namely that of Fellow.

From 1985 to 2004, Mr. Lachance served as a professor at HEC Montréal. He also assumed various leadership responsibilities in this university institution specializing in management.

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