



# Report of the Auditor General of Québec to the National Assembly for 2013-2014

Value-for-Money Audit

Highlights

Fall 2013





# **Report of the Auditor General of Québec to the National Assembly for 2013-2014**

Value-for-Money Audit

Highlights

Fall 2013



# Table of Contents

<b>Chapter 1</b>	Observations of the Acting Auditor General, Mr. Michel Samson
<b>Chapter 2</b>	Tourisme Québec and Regional Tourism Associations
<b>Chapter 3</b>	Montreal University Health Centre: Administrative Management and Governance
<b>Chapter 4</b>	Agence métropolitaine de transport: Governance and Management of Major Infrastructure Projects
<b>Chapter 5</b>	Offences to Laws Involving Penal Provisions
<b>Chapter 6</b>	Disasters: Risk Management and Financial Assistance
<b>Chapter 7</b>	Société immobilière du Québec: Measures to Assess Effectiveness and Performance

## 1 Introduction

1 The Québec National Assembly has entrusted the Auditor General with the mandate of facilitating, 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.

2 In the annual report that the Auditor General submits to the National Assembly, he draws attention to any topic arising 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 the value-for-money audits carried out over the last 12 months. It contains the related findings, conclusions and recommendations.

3 The first chapter gives the Auditor General the opportunity to establish a more personal contact with the reader. The present chapter highlights the recent legislative amendments to the *Auditor General Act* concerning value-for-money audits among government's "enterprises."

## 2 Expanded Mandate for Value-for-Money Audits

4 On June 14, 2013, the National Assembly adopted the *Act respecting mainly the implementation of certain provisions of the Budget Speech of 20 November 2012*. This Act amended the *Auditor General Act* and enables the Auditor General to carry out value-for-money (VFM) audits among government's "enterprises" without the prior agreement of the board of directors (with one exception, namely the Caisse de dépôt et placement du Québec). In fact, the notion of government's "enterprise" was removed from the *Auditor General Act*; entities of this type are now considered as government's agencies.

5 This amendment to the Act was repeatedly requested over the years by my predecessors and me. In fact, we have always considered it necessary for parliamentary control to be exercised to the same extent and the same effectiveness in all entities covered by the *Auditor General Act*. It should be understood that, when the state has a majority interest in an entity, it then exercises a major influence on it. It is therefore normal that the entity is subject to the same rules of governance and control of public funds as other government's agencies.

6 Even though, in theory, the Act enabled me to carry out VFM audit work in government enterprises, the obligation of having to agree in advance with the board of directors was an important constraint which made it difficult to carry out an engagement. Moreover, for some entities, it was impossible to find a common ground.

7 All personnel of my organization have positively welcomed this legislative amendment. I consider this decision of the legislator as a mark of confidence in the institution that I head. At the same time, I am very aware of the challenge this change represents. Thus, more than 20 entities are concerned by this legislative agreement, including some large entities. To illustrate my statement, I am presenting five of them in table 1.



**Table 1** Entities concerned by the legislative amendment

	Staff	Expenditures (\$M)	Head office
Hydro-Québec	21,600	9,492	Montréal
Société des alcools du Québec	7,500	1,874	Montréal
Société des loteries du Québec (Loto-Québec)	6,500	2,328	Montréal
Commission de la construction du Québec	1,080	124	Montréal
Autorité des marchés financiers	680	91	Québec

Source: Data from the entities' annual management reports for the fiscal year ended December 31, 2012, or March 31, 2013.

8 I have taken steps to be able to integrate these new entities into my intervention strategy as quickly as possible. However, I am seeking to minimize the impact of this integration on the work I carry out among the entities that are already subject, without constraint, to VFM audits.

9 It was therefore necessary to assess the scope of the added work that the addition of these entities represents if I want to apply to them the same intervention strategy as that implemented for entities that are already subject of VFM audits.

10 My current intervention strategy is a five-year cycle. With my collaborators, I determined the minimum number of interventions that I consider necessary to carry out over this cycle for each sector of the government activity. This was done based on different criteria, including the amount of resources dedicated to the sector, the interest of parliamentarians and the risks identified during our familiarization work.

11 This is why I committed, in the *Strategic Plan for 2012-2015*, to achieve an audit report each year for some sectors, such as the sectors of health and social services, education and public infrastructures. For other sectors, my analysis sometimes led me to target a single intervention during the same cycle.

12 I started a reflection of the same nature related to entities concerned by this legislative amendment. This exercise enabled me to estimate the additional resources I will require in the future to carry out work among those entities. Therefore, I will soon engage in discussions with representatives of the Secrétariat du Conseil du trésor and members of the Office of the National Assembly on the different possible scenarios in the medium term.



13 I currently rely on a competent multidisciplinary team of about 80 people to carry out my VFM audits in all spheres of government activity. I now have to implement the measures that will allow me to recruit a labour force with the necessary skills and experience to carry out this type of engagement in the entities concerned by this amendment to my constitutive act.

14 Achieving this objective is no easy task. In fact, I face the same issues as several employers in terms of staffing. I would even say that the challenges that my organization has to overcome are greater, given the skill profile required to adequately fulfill my mandate and the strong competition to which the organization is exposed with regard to recruitment, among other things. In fact, this labour force is becoming scarce and is sought after.

15 Meanwhile, it is important that I adapt my short-term work plan in order to intervene as soon as possible with these entities and, thus, to meet the wish expressed by parliamentarians. I intend to incorporate these entities into my work planning at the start of next year.

16 This challenge is amplified by the fact that several of those entities are located in the Montréal area, whereas I currently have in that region only a team of 10 people assigned to VFM audits. I must therefore consider a reorganization of activities so I can adjust to this new reality.

17 In the first years, experienced employees from the Québec office will be called upon to support the Montréal team when VFM audits are being carried out. The costs related to these additional trips will need to be taken into consideration in the organization's budget management.

18 This recent change to my constitutive act is a truly positive element, as it makes it possible to increase the effectiveness of parliamentary control. I want to reassure parliamentarians: I will make every effort to adequately fulfill my mandate and maintain the high level of quality of the work presented.



## Highlights

### Work Objectives

The mission of Tourisme Québec is to support the development and promotion of tourism in Québec. To help it accomplish its mission, it has entered into a partnership with 22 regional tourism associations (ATRs). In addition, it administers 2 assistance programs.

The audit work had the following objectives:

- to obtain the assurance that Tourisme Québec effectively orients and coordinates government interventions with regard to tourism and reports the results obtained;
- to obtain the assurance that Tourisme Québec awards and controls financial assistance and visibility agreements in accordance with adopted orientations and established rules, in a perspective of developing sustainable tourism;
- to obtain the assurance that the audited ATRs economically and effectively manage the funds entrusted to them.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning Tourisme Québec and the ATRs.

**For the four audited ATRs, the award process for contracts and subsidies must be better supervised.** The points for improvement concern in particular the use of the call for tender process, the selection of the projects subsidized and the monitoring of the fulfillment of obligations by subsidy recipients.

**The ATR de Montréal sometimes uses public funds inappropriately, including with regard to the remuneration of its most senior officer, that officer's travel and entertainment expenses as well as sponsorships.** The salary of the president and chief executive officer (CEO) is much higher than that of administrators of state whose salaries are also financed by public funds, such as deputy ministers or the officer of another tourism sector organization. In addition, the amount of some of the former president and CEO's travel and entertainment expenses represents, in our opinion, a misuse of public funds. Also, the ATR gives \$750,000 annually in donations and sponsorships without an established process to justify the choice of recipients.

**Tourisme Québec's subsidy award process does not always favour the objective and fair award of subsidies.** Among the 60 audited files of the Programme de soutien au développement et à la promotion touristiques, 29 did not meet the eligibility criteria. In addition, for 2 events, the assistance paid exceeds the maximum prescribed, with an over-expenditure over 4 years of \$1.5 million for the first event and of \$400,000 for the second.

**Tourisme Québec has not adopted a management policy for visibility agreements, which are of the same nature as the sponsorships.** More than half of the \$4.8 million paid in four years were awarded to two organizations in relation to the same event, which also received \$5.5 million in subsidies from Tourisme Québec for the same period.

**Following reports that addressed the overlap of roles and responsibilities in the tourism industry, Tourisme Québec implemented some corrective measures.** However, these are insufficient for ensuring a greater coherence of government interventions in the sector.

**Tourisme Québec does not ensure that each of the ATRs efficiently manages the amounts entrusted to it.** It does not use the information at its disposal to analyze and assess their performance.

## Recommendations

The Auditor General has made recommendations to Tourisme Québec and the four audited ATRs (Cantons-de-l'Est, Chaudière-Appalaches, Québec and Montréal). They are shown in part to the right.

The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section.

We want to point out that they accepted all of the recommendations. However, some comments from the ATR de Montréal and its former president and CEO have generated a reaction from us, which appears at the end of the *Commentaires des entités vérifiées* Section.

Recommendations to the audited regional tourism associations

- 1** Improve the contract award process to favour a sound management of public funds, including through a use of public calls for tenders.
- 2** Integrate into the subsidy award process mechanisms that can demonstrate, in all files, objectivity and fairness in the selection of projects, the justification of amounts awarded and the monitoring of the fulfillment of obligations imposed on recipient organizations.

Recommendations to the Association touristique régionale de Montréal

- 4** Review the rules and practices with regard to expenditures related to the remuneration and other financial benefits of the most senior officer as well as to his travel and entertainment expenses by taking inspiration, in particular, from rules applicable to the Government of Québec to ensure a judicious use of the funds at his disposal.
- 5** Improve the auditing and approval of the most senior officer's requests for reimbursement, in particular by getting members of the board of directors involved.
- 6** Reassess the relevance of awarding donations and sponsorships with respect to its mission and, if applicable, put in place an award process that will ensure the relevance, fairness and transparency of the amounts thus allocated.

Recommendations to Tourisme Québec

- 7** Adopt a financial assistance award process and a visibility agreement management policy that will, for all projects, help select those that respond best to objectives and that meet the eligibility criteria and other standards set.
- 10** Improve the mechanisms for concerted action between the various tourism industry actors to obtain a greater coherence of government interventions in the sector.
- 11** Ensure that the subsidy paid for the operation of regional tourism associations is determined based on specific and relevant criteria that take into account the regions' needs and their performance, among other things.
- 12** Perform more rigorous supervision of the activities of regional tourism associations to objectively assess their performance with respect to the sound management of public funds and the achievement of the objectives set.

## Highlights

### Work Objective

The Montreal University Health Centre (CHUM) provides care and services to half a million patients every year. In 2012-2013, its revenues reached close to \$894 million. The objective of our audit was to obtain the assurance that the CHUM complies with the laws and regulation and applies sound management practices with regard to:

- the appointment and remuneration of executives;
- the expenses incurred by some executives;
- the awarding of professional service contracts;
- the *Act to implement certain provisions of the Budget Speech of 30 March 2010, reduce the debt and return to a balanced budget in 2013-2014.*

We also took into consideration the recommendation made by the Committee on Health and Social Services in June 2013.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning the administrative management and governance of the CHUM.

**The process of hiring the director general complied with the regulation and sound management practices.**

Since April 2010, the CHUM has paid to the current director general, Mr. Paire, a remuneration that is over the authorized maximum amount by close to \$70,000. The wage ceiling authorized by the Conseil du trésor has not been respected for two years. In addition, a performance bonus was paid to him even though the law prohibits this since April 1, 2010.

**The board of directors (BOD) of the CHUM should not have authorized the director general to receive remuneration from the Université de Montréal, while a decision of the Conseil du trésor prohibited this.** The university paid Mr. Paire for two years an annual remuneration of \$80,000, conditional upon his appointment to the position of director general of the CHUM.

**More than half of top and senior executive positions filled since January 2010 were not posted internally, and several were not subject to competition.** However, the CHUM proceeded with job postings and competitions for almost all middle management positions.

**Several deficiencies were found with regard to the remuneration of executives, including non-compliance with the salary scale assigned by the Department, the systematic allocation of the maximum of the salary scale and the payment of non-compliant amounts.** From January 2010 to March 2013, the sums overpaid amounted to over \$750,000. In addition, an executive accepted, with the CHUM's approval, remuneration from the Fondation du CHUM even though the law prohibits this.

**The CHUM has not complied with the regulation and sound management practices with regard to the expenses incurred by some executives.** Several meal expenses were reimbursed without sufficient supporting documents. In addition, the amounts claimed are often significantly higher than what is allowed.

**The professional service contracts for the majority of selected suppliers (65%) were awarded by mutual agreement.** However, they should have been the subject of a public call for tenders or an invitation to tender.

**The CHUM's BOD does not receive sufficient information to fulfill its responsibilities for governance.**

## Recommendations

The Auditor General has made recommendations to the CHUM. All of them are shown to the right.

The audited entity had the opportunity to comment on these recommendations; its comments can be found in the *Commentaires de l'entité vérifiée* Section.

We want to point out that it accepted all of the recommendations. However, some comments have generated a reaction from us, which follows those comments.

### Recommendations to the Montreal University Health Centre

- 1** Ensure that the regulation and sound practices for the appointment of executives are implemented, including the validation of the classification of positions by the Department, job postings, the conduct of a competitive process and the authorization of the board of directors.
- 2** Ensure that the remuneration of the director general and of the executives complies with the regulation and that the salary scale and remuneration level attributed to them are justified, according to their experience, education and skills, among other factors.
- 3** Assess whether the amounts overpaid to the director general and certain other executives as remuneration should be reimbursed by them.
- 4** Ensure that appropriate documents support travels outside Québec and that they are pre-approved formally.
- 5** Ensure that expenses incurred by the director general and executives for their travel, accommodation and meal are supported by sufficient evidence, they are reasonable and comply with the regulation and sound management practices.
- 6** Specify the internal rules relating to expenses that can be incurred by the executives, establish those relating to travels outside Québec and regularly monitor these expenses, in collaboration with the board of directors.
- 7** Ensure that professional service contracts are awarded in accordance with the rules, in particular with regard to the solicitation method and reporting.
- 8** Have the division in charge of procurement participate in the awarding process for all professional service contracts.
- 9** Ensure that to fill management positions through the awarding of professional service contracts is exceptional and that the board of directors is informed.
- 10** Ensure that the board of directors receives sufficient and timely information so that it can fulfill its role with regard to strategic decisions and the required internal controls.

### Recommendations to the Centre's board of directors

- 11** Review its governance policies in order to better fulfill the role incumbent on it, including ensuring that controls in place are sufficient to guarantee compliance with the regulation and a good use of public funds.
- 12** Rule on the management information it must obtain, including by specifying the type of information desired, frequency of information required and timing.

## Highlights

### Work Objectives

The Agence métropolitaine de transport (AMT) plans public transit services on its territory. It carries out, among other things, major public transit infrastructure projects of metropolitan nature.

The audit work had the following objectives:

- to assess whether the current operating structure and method favour the overall good governance of the AMT's major public transit infrastructure projects and whether its long-term planning regarding these projects is done based on the needs identified on its territory, its strategic objectives, government orientations and the planned financial framework;
- to obtain the assurance that corrective measures have been applied to improve the management of the Train de l'Est project and the approval process for other major infrastructure projects, in accordance with sound practices.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning the governance and management of major public transit infrastructure projects under the responsibility of the AMT.

**The responsibilities of the numerous players in public transit overlap, and none of them is able to exercise a formal leadership role that is recognized by everyone.** Their strategic plans are not integrated into a single global plan for the development of public transit at the metropolitan level that would identify a consensus on the priorities and clarify the roles and responsibilities of each player to favour a better synergy.

**The Agence has selected major projects in its strategic plan without updating the assessment of their potential contribution to achieving the main targets.** In addition, projects in the three-year capital expenditure plan are not justified on the basis of an adequate prioritization method, and those that can be carried out and operated with the funds available are not clearly distinguished in the plan.

**The management assumed by the AMT and the controls and oversight exercised by the relevant government stakeholders have not allowed to ensure the Train de l'Est project was brought under control in a timely manner.** Measures were deployed to redress the project starting from the beginning of 2012. However, potential risks persist about the ability of the Agence to respect the project's authorized budget, scope and, especially, timeframe.

**The new processes defined by the Agence in terms of project management are inspired by the industry's best practices.** However, it is too early to affirm that they have become the standard and that they have received support from all stakeholders, because they are under deployment.

**The composition of the board of directors does not favour the exercise of an active role in the different domains of governance, more particularly in terms of major infrastructure projects and the awarding of contracts.** In fact, the board of directors is made up of an insufficient number of independent external members, and there is no separation of the president and chief executive officer's functions and the board chair's functions.



## Recommendations

The Auditor General has made recommendations to the AMT and the Ministère des Transports du Québec (MTQ). All of them are shown to the right.

The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section.

We want to point out that they accepted all of the recommendations.

### Recommendations to the Agence métropolitaine de transport

- 1 Mitigate impacts of the status quo concerning metropolitan governance, in particular by:**
  - continuing efforts in order to increase the coherence of planning exercises for public transit in the metropolitan region in a way that respects the roles and responsibilities of each stakeholder;
  - proposing to the government, along with its partners, the key elements of sound metropolitan governance in order to specify the roles and responsibilities of each stakeholder and to minimize overlaps.
- 2 Develop a strategic plan in which the major projects are:**
  - based on a rigorous and documented analysis of available options;
  - assessed in terms of their potential contribution to achieving the main targets;
  - considered to be realistic given the financial availabilities.
- 3 Determine the projects of the three-year capital expenditure plan that can be carried out and operated with the funds available.**
- 4 Adopt an adequate prioritization method for the projects included in the three-year capital expenditure plan, in particular for the major projects.**
- 5 Continue applying corrective measures in order to ensure control of the costs, timeframe and scope of the Train de l'Est project, as well as the updating of the risk management plan.**
- 7 Apply the new processes of the standardized project management for all projects, in particular:**
  - by respecting the decision-making process under any circumstances;
  - by respecting high quality standards in the preparation of files and in the development and follow-up of budgets and timeframes, while paying special attention to the assessment of contingencies and reserves for risks.
- 8 Prepare the strategic presentation documents for each project in a timely manner, as prescribed by the standardized project management processes, with the goal of supporting the decision related to the relevance of continuing or not continuing the studies on the project.**
- 9 Establish specific criteria to ensure that the project governance structure allows control to be kept internally for each of the projects.**
- 10 While waiting for a revision of the board of directors' composition as provided for in the policy statement on the governance of government corporations, put in place a strategy that will help strengthen the board's role in governance regarding major infrastructure projects and the awarding of contracts.**

### Recommendation to the Ministère des Transports du Québec

- 6 Revise the processes and controls related to the funding methods for major projects so they enable detection of potential problems in the management of the cost, scope, timeframe and risks, and reaction in a timely manner.**

## Highlights

### Work Objectives

Penal law aims to make citizens adopt law-abiding behaviours. The process related to penal law includes several steps that depend on many actors that all have an important role to play in maximizing the efficiency of the process.

Our audit work had the following objectives: assess the implementation of measures to ensure compliance with laws and evaluate the efficiency of administrative processes.

The entities chosen for our audit were selected based on the nature of their activities. The Ministère de la Justice du Québec (MJQ) and the Director of Criminal and Penal Prosecutions (DCPP) intervene directly in the management of offences to most laws containing penal provisions. The Commission de la santé et de la sécurité du travail (CSST) is selected as the designated prosecutor for the two laws it is responsible for.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning the management of offences to laws involving penal provisions.

**The deterrent effect of the application of penal measures is compromised: for certain laws, the probability of “getting caught” is slim and, for several laws, the consequence associated with the wrongdoing is small.** For example, the average settlement period between the date of the offence and the closure of a file is long. With regards to statements from general offence reports in 2007-2008 for which the defendants pled not guilty or did not respond, this period was 880 days.

**At the Bureau des infractions et amendes (BIA), an autonomous service unit of the MJQ, the preparation of statements based on general offence reports is not always carried out diligently, which delays the service of the statement to the defendant.** For 2012-2013, 36% of files were prepared in a period exceeding six months.

**The DCPP has not established a control mechanism to ensure that the concerned prosecuting attorneys comply with its directives.** For example, for the directive aiming to limit postponement requests, the available data reveal that, for nine laws, more than 30% of files that were the subject of a judgment in 2012-2013 required at least three postponements.

**Despite the long delay for court proceedings, the DCPP and the CSST do not have the management information that would enable them to separate the delay that is attributable to them from the delay they cannot control.** Files in which the defendants provided a plea of not guilty were processed in an average period of more than a year.

**The organization of work at the BIA does not favour a rapid or optimal collection of debts.** As at March 31, 2013, the amounts to be collected by the BIA were \$342.3 million. Nearly 51% of those debts were more than two years old, and 24% of them were more than five years old.

**Actions that would allow the collection of debts are not always performed in a timely manner.** For example, for 9 out of the 35 examined files that were in default of payment, the opportunity to carry out collection measures is present, but no measure is taken and the reason for this inaction is not documented.

## Recommendations

The Auditor General has made recommendations to the MJQ, the DCPD and the CSST. All of them are shown to the right.

The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section.

We want to point out that they accepted all of the recommendations.

### Recommendations to the Ministère de la Justice

- 1** Implement measures to improve the settlement period on which it can act.
- 2** Advise the government on means to set up to enable an assessment of the process aiming at ensuring compliance with laws involving penal provisions.
- 3** Reduce the processing period, including that related to the preparation of statements and the transmission of files to the Director of Criminal and Penal Prosecutions.
- 4** Integrate into its work methods recognized collection practices, including improving the collection method and ensuring this method is followed by collectors in order to optimize collection.

### Recommendations to the Director of Criminal and Penal Prosecutions

- 5** Ensure that prosecuting attorneys comply with the directives that concern them.
- 6** Complete the implementation of the new organizational structure and take that opportunity to identify practices in order to increase consistency, efficiency and diligence for the management of files, and integrate the best practices into its own methods.
- 7** Obtain and analyze information related to the processing period that is attributable to the Director for court proceedings and implement means to reduce this delay.

### Recommendations to the Commission de la santé et de la sécurité du travail

- 8** Analyze regional management practices concerning the preparation of statements, the processing of pleas and the court proceedings process in order to retain the best practices and thereby improve consistency and efficiency of files processing.
- 9** Obtain and analyze information related to the processing period that is attributable to the Commission for court proceedings and implement means to reduce this delay.

### Recommendation to the Ministère de la Justice, the Director of Criminal and Penal Prosecutions and the Commission de la santé et de la sécurité du travail

- 10** Improve reporting, including documentation of performance assessment through the use of relevant indicators for all important activities in penal matters under their responsibility.

## Highlights

### Work Objectives

A disaster is an event that causes serious harm and requires unusual action.

The way of managing risks and responding to disasters has transformed over time. The reactive approach, which is essentially centred on the immediate consequences of the events, has become an approach that is consistent with a more global and dynamic perspective.

We wanted to obtain the assurance that the Ministère de la Sécurité publique (MSP):

- applies a global and integrated approach in its management of disasters in order to increase Québec's ability to deal with this type of events;
- efficiently and effectively manages the financial assistance earmarked for disaster victims;
- takes the necessary steps needed to ensure the amounts reimbursable under the Disaster Financial Assistance Arrangements are paid to Québec by the federal government.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning disaster risk management and financial assistance.

**There are still no civil protection policies 12 years after the adoption of the *Civil Protection Act*.** Policies would guide the actors' intervention in disaster risk management. Policies concerning regional and local authorities are all the more important since in their absence, several sections of the Act are not in force, including those referring to the development of civil protection plans by regional county municipalities.

**The MSP's knowledge of the main disaster risks to which the population is exposed is insufficient.** Work has enabled improvements in the knowledge of natural hazards, but some work has not been completed. In terms of anthropogenic hazards, the MSP's knowledge is fragmentary.

**The MSP's actions to lead municipalities to prepare themselves to deal with disasters are insufficient.** Guidelines are lacking, and the MSP is not monitoring municipalities' level of preparedness in a structured manner.

**The recovery phase is not used enough as an opportunity to implement risk prevention and mitigation measures following a disaster.** The main natural hazards prevention framework is little used during the recovery phase. The financial assistance programs provide few incentives for adopting permanent prevention measures and do not contribute enough to sensitize and to incite disaster victims to take their responsibilities towards the consequences.

**There are deficiencies in the processing of the financial assistance applications audited.** The audit procedure that aims to control the work of analysts was not applied for more than half of payments related to the audited files. An analysis of the financial situation of disaster victims was not conducted for the majority of these files.

**Important delays were observed in the processing of financial assistance applications.** Processing time varied between 7 and 26 months. The production of damage assessment report took on average just over two months, but service contracts specify a processing time of less than a month.

**There is no assurance that the necessary staff is available in a timely manner to process financial assistance applications and that the staff has the required training and supervision.** The deployment of resources was long for the disasters analyzed, and little training and supervision were given to the new resources.

## Recommendations

The Auditor General has made recommendations to the MSP. All of them are shown to the right.

The audited entity had the opportunity to comment on these recommendations; its comments can be found in the *Commentaires de l'entité vérifiée* Section.

We want to point out that it accepted all of the recommendations.

### Recommendations to the Ministère de la Sécurité publique

- 1 Determine government policies in terms of civil protection, associated with specific priorities and objectives, for each of the dimensions of civil protection.**
- 2 Improve, in collaboration with the other stakeholders, the knowledge of the main risks to which Québec is exposed and assess them.**
- 3 Manage the reports of activities or property that generate major disaster risks so the risks are reported to municipalities so they are able to produce civil protection plans, among other things.**
- 4 Ensure that citizens are informed, by the appropriate authorities, of the main disaster risks present in the territory, the protection measures put in place and how to deal with those risks.**
- 5 Update the national civil protection plan so that it includes all dimensions regarding disaster risk management.**
- 6 Specify the operating terms associated with the main natural hazards prevention framework.**
- 7 Intensify, in collaboration with the other stakeholders, actions with respect to prevention and orchestrate their implementation.**
- 8 Provide municipalities with appropriate guidelines concerning civil protection in order to increase their degree of response preparedness.**
- 9 Optimize the operation of government coordination mechanisms by ensuring the committees hold regular meetings, do simulation exercises and perform a systematic follow-up of the recommendations made following a disaster and the implementation of appropriate corrective measures.**
- 10 Use the recovery phase more often as an opportunity to implement disaster risk prevention and mitigation measures.**
- 11 Ensure financial assistance applications are processed promptly and rigorously using appropriate and efficient procedures and controls.**
- 12 Ensure to have competent personnel in a sufficient number and in a timely manner to process financial assistance applications, and supervise them adequately.**
- 13 Ensure to have access to relevant, reliable and sufficient management information to allow proper monitoring of files and to make informed decisions in a timely manner.**
- 14 Continue its efforts to lead government departments and agencies to rigorously record the expenditures they incur during a disaster.**
- 15 Improve the reporting in its annual management report with respect to civil protection, in particular by giving information about the amounts paid for the main natural hazards prevention and for assistance to disaster victims.**
- 16 Assess periodically the financial assistance programs to ensure they meet needs and achieve objectives.**

## Highlights

### Work Objectives

The Société immobilière du Québec (SIQ) is subject to the *Act respecting the governance of state-owned enterprises*. This Act includes in particular a provision requiring the board of directors to adopt measures to assess the effectiveness and performance of the Société, including benchmarking against similar enterprises.

The audit had the following objectives:

- to ensure that the SIQ established adequate assessment measures, including benchmarking against similar organizations, in order to conclude about its effectiveness and its performance in relation to all aspects of its mission;
- to ensure that the SIQ appropriately publishes the results of the measures to assess its effectiveness and its performance, including benchmarking against similar enterprises, in order to enhance its reporting.

The Report is available at <http://www.vgq.qc.ca>.

### Audit Results

We present here the principal findings of our audit concerning the measures to assess the effectiveness and performance of the SIQ.

**The SIQ established a structured assessment and follow-up framework, which enables it to evaluate its effectiveness and its performance.** The indicators are accurate and measurable. They are associated with a target and deal with all its key activities. However, the information presented to the board of directors could be further synthesized.

**The assessment measures determined by the SIQ have not been completely implemented.** Indeed, 19 indicators (44%) appearing in the strategic plan and the sustainable development action plan have not yet been used, either because they are in development, or because no information concerning them has been compiled.

**The portrait of the SIQ with respect to its real estate condition is partial.** The indicator used to assess the condition of buildings does not cover all buildings the Société owns and does not take into account all the work needed to maintain or restore these assets. As such, the indicator does not reflect the actual condition of the real estate.

**The information related to the management of real estate projects that the SIQ presents to the board of directors is incomplete.** The information does not allow the board to adequately monitor the Société's performance in this regard.

**The SIQ implemented an interesting benchmarking practice that enables useful information to be obtained for the evaluation of its effectiveness and its performance.** It partnered with several public agencies to develop common indicators and to share information.

**The information utilized to evaluate the effectiveness and performance of the SIQ is presented to the board of directors on a regular basis; however, in several cases, the information is not sufficiently contextualized to allow the board to easily assess the effectiveness and performance of the Société.**

**The annual report does not sufficiently address the issues, risks and challenges that the SIQ is dealing with.** Furthermore, it does not present the results of the indicators associated with project management, and for several relevant indicators, comparative information is missing.

## Recommendations

The Auditor General has made recommendations to the SIQ. All of them are shown to the right.

The audited entity had the opportunity to comment on these recommendations; its comments can be found in the *Commentaires de l'entité vérifiée* Section.

We want to point out that it accepted all of the recommendations.

### Recommendations to the Société

- 1** Ensure that the board of directors decides on the indicators to be promoted for the assessment of the Société's performance and that conclusive results are compiled for all those indicators.
  - 2** Ensure to have a complete portrait of the condition of the real estate.
  - 3** Ensure that complete information concerning the management of real estate projects, particularly for the health and social services network, is submitted to the board of directors.
  - 4** Ensure that all information useful to conclude about the effectiveness and performance, including the results of the benchmarking process, is provided to the board of directors.
  - 5** Ensure that the information published in the annual report makes it possible to evaluate all important aspects of its performance, which includes the comparison of its performance against similar organizations.
-





## Significance of the Logo

**An easy-to-recognize building**, the Parliament, where the National Assembly sits. It is this authority which has entrusted the Auditor General with his mission and to which he reports.

**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.

A truly distinctive sign, the logo of the Auditor General clearly illustrates that this institution, which is in constant evolution, aims to assist elected members in their desire to ensure the sound management of public funds, for the benefit of the citizens of Québec.

## Acting Auditor General



On November 29, 2011, the President of National Assembly appointed Mr. Michel Samson as Acting Auditor General of Québec.

Since January 1, 2008, Mr. Samson held the position of Assistant Auditor General. He was responsible for several teams of experts in charge of carrying out value-for-money audits with government entities, whose scope and vocation were highly varied. The projects that he conducted mainly concerns such areas as education, transportation, culture and finance. Moreover, since 2010, he supervised the general directorate that offers value-for-money audit advisory services for its staff.

It was in 1990 that Mr. Samson joined the staff of the Auditor General. He began by working as a professional for six years in Québec City, being mainly assigned to value-for-money audits. He went on to accept a senior management position at the Montréal office; the files on which he worked

concerned both financial audits and management audits.

His commitment and versatility bore fruit. In 2003, he returned to Québec City where he would serve as senior director, overseeing some thirty employees up until 2005. He is credited with numerous reports, which take stock of the practices used in, and the financial information produced by the Administration. He was entrusted with key sectors, which allowed him to demonstrate his ability to successfully complete particularly demanding assignments. The main components of his mandate were related to education, justice, modernization of government management, and computer systems.

Over the last few years, Mr. Samson heads four auditing directorates specializing in value-for-money audits. He carried out a significant share of the audit engagements completed on behalf of the National Assembly. Moreover, since being hired, he has often participated in special audits or overseen their completion.

As for his other professional activities, this experienced manager has contributed to the efforts made by all Canadian legislative auditors to promote the quality of information on performance published in the public sector. In addition, he has hosted training sessions on value-for-money auditing (Institute of Internal Auditors, Morocco Audit Institution, etc.) on many occasions. Finally, he has been a member of numerous in-house committees, including the one responsible for the organization's strategic planning from 2000 to 2006.

Before joining the ranks of the Auditor General, Michel Samson worked for two accounting firms. As a partner, he carried out financial auditing work for small and medium-sized businesses in the manufacturing sector.

A member of the Ordre des comptables agréés du Québec since 1984, which was brought into the Ordre des comptables professionnels agréés du Québec in May 2012, he holds a bachelor's degree in business administration and a licence in accounting sciences, both of which he received from Université Laval in 1981.

This publication  
was produced by



**Québec**

750, boulevard Charest Est, bureau 300  
Québec (Québec) G1K 9J6  
Tél.: 418 691-5900 • Téléc.: 418 644-4460

**Montréal**

770, rue Sherbrooke Ouest, bureau 1910  
Montréal (Québec) H3A 1G1  
Tél.: 514 873-4184 • Téléc.: 514 873-7665

**Protection of the intellectual property rights of the Auditor General of Québec**

Any person may, without authorization and at no charge, reproduce on any medium excerpts from this document, provided that the source is mentioned, unless it is for commercial purposes. In such a case, prior authorization must be obtained from the Auditor General.

