



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

Value-for-Money Audit

Highlights

Spring 2013



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

Value-for-Money Audit

Highlights

Spring 2013

Table of Contents

Chapter 1	Observations of the Acting Auditor General, Mr. Michel Samson
Chapter 2	Intellectual Disability and Pervasive Developmental Disorders
Chapter 3	Commission administrative des régimes de retraite et d'assurances
Chapter 4	Homecare Services
Chapter 5	Non-Filing of Returns at Revenu Québec

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 This volume begins with a chapter that gives the Acting Auditor General the opportunity to establish a more personal contact with the reader. In it, he presents his concerns regarding the recommendations related to value-for-money audits.

2 Recommendations Related to Value-for-Money Audits

2.1 Introduction

4 The contribution to parliamentary control, by the organization that I lead, materializes through the various reports I publish, which include those arising from value-for-money (VFM) audit engagements.

5 In this context, I aim to provide parliamentarians with a portrait reflecting as accurately as possible the situation observed. I consider it equally important that my interventions lead to concrete improvements in public management, for the benefit of Québec's citizens. This is why, at the end of my audit work, I make recommendations whose implementation falls to the heads of the government entities concerned, according to the powers vested in them.

6 It is in this same perspective that I subsequently perform follow-ups on these recommendations. They make it possible to assess to what extent the entities have deployed the necessary means to implement those recommendations. In addition to prompting the Public Administration to act, these follow-ups serve to establish the application rate of my recommendations and to inform the National Assembly of the progress achieved, if any.

7 Since 2008-2009, I have stated in my annual performance report (APR) the application rate obtained for each VFM audit report that was the subject of a follow-up three years after its publication. The information contained in Table 1 demonstrates that the application rate has capped; one might even conclude that it has a tendency to decrease. Moreover, the target set forth in our strategic plan was not achieved in the past three years.

Table 1 Application of the recommendations (three years after the publication of the report)

	2012-2013 ¹	2011-2012	2010-2011	2009-2010	2008-2009
Strategic plan target	70%	75%	70%	65%	65%
Recommendations giving rise to satisfactory progress	59%	54%	66%	71%	66%
Number of recommendations	151	89	184	192	35
Number of VFM audit reports	13	6	12	9	4

1. Preliminary data.

8 In analyzing the data, I notice that the situation differs from one sector of activity to another and that some of them have more difficulty applying the recommendations intended for them.

9 Several factors may explain the limits observed regarding the implementation of my recommendations. The magnitude of the problems involved, the time required to change the ways of doing things and the priorities of the sector are certainly among them. I notice, as well, that the application rate is on the rise after five years. Concerned with constantly refining our practices, I intend, over the coming months, to look into approaches that will promote improvement of public management with even more effectiveness. As such, I am beginning a reflection on the process that oversees the formulation and follow-up of recommendations, to see whether we can do better, with the objective being to bring about tangible progress.

10 I believe it is useful to recall the main steps of this process, which already contains incentive measures so that entities take, with diligence, the appropriate actions.

2.2 Formulating Recommendations and Their Follow-Up: Current Approach

11 Currently, each director is responsible for including in VFM audit reports the appropriate recommendations given the circumstances. These recommendations are designed to guide corrective action while leaving the managers of the audited entities the choice of how to apply them. We aim for the recommendations to be clear, realistic and results-oriented. As such, we validate the recommendations with the managers called to implement them and take into account their comments to improve them as necessary.

12 I also ask these managers to explicitly indicate whether or not they adhere to the recommendations before the report is published. This additional step confirms the relevance of the recommendations and represents a concrete commitment from the entities to remedy the situation. Since this measure was introduced in 2006-2007, I have received near complete support from the heads of the organizations (97% of all recommendations).

13 Once the report is presented to the National Assembly, the Committee on Public Administration (CPA) requires the heads of the audited entities to produce, within six months of the report being tabled, an action plan regarding my recommendations. This plan must contain, in particular, structuring actions and a realistic timeline. In addition, a person in charge must be designated to oversee the implementation of these actions.

14 Even before the expiry of the six month deadline, CPA members may convene the heads of the entities that were the subject of a VFM audit report to attend a public hearing to discuss the content of the report and the implementation of my recommendations. In such a case, the action plan is requested at least two weeks before the hearing. The hearing also gives CPA members the opportunity to make their own recommendations on the subject.

15 To properly serve the interest of parliamentarians, I have set myself the objective of analyzing all the action plans prepared by the audited entities. Thus, since the addition of this measure in 2006-2007, I have systematically reviewed them, and I have communicated the results of this exercise to the interested parties, namely the heads of the entities and the members of the CPA.

16 Since 2007-2008, all recommendations included in the VFM audit reports published three years earlier have been followed up on, whereas previously, my work only dealt with a limited number of recommendations. These so-called “simplified” follow-ups are not done as part of audits and do not, therefore, aim to provide as high a level of assurance. The progress on the application of recommendations is first assessed by the audited entities, which send us information to support their self-assessment. Subsequently, we look at the plausibility of the information received; if needed, additional information is requested, which may lead us to review the conclusions of the entities.

17 Among the audit engagements subject to a simplified follow-up, we retain some of them for a detailed follow-up, which may relate to all or to part of the recommendations included in the initial VFM audit report. The intended purpose is to assess more precisely the extent to which the recommendations have been implemented and, if applicable, to evaluate whether they effectively led to the correction of the deficiencies identified at the time. We seek to obtain a level of assurance similar to that offered by the initial audit.

18 Several criteria guide the choice of engagements and recommendations that are the subject of a detailed follow-up, such as:

- the relative contribution of the recommendations to the improvement of public management;
- parliamentarians’ interest;
- the importance of the amounts at stake;
- the result of the simplified follow-up.

19 The detailed follow-up completes the initial audit. As a separate chapter of my report to the National Assembly, it informs parliamentarians of the actions taken by the managers to address the deficiencies I had identified. When problems are not resolved, the causes and consequences are briefly recalled, and I invite the entities to continue or intensify their efforts.

20 Since 2009-2010, recommendations for which progress is found to be unsatisfactory three years after the initial report's publication have been again followed up on, two years later. This approach offers entities additional time to demonstrate that they have successfully corrected the management deficiencies that persisted. As previously mentioned, we notice an increase in the recommendation application rate in the second follow-up. This increase confirms for me the relevance of the recommendations I make, while contributing to my reflection as to the timing of carrying out my follow-up work.

21 My organization, since 2009-2010, has also followed up on the CPA's recommendations, included in its reports on the accountability of deputy ministers and chief executive officers of public bodies. The progress noted, if any, as well as my analysis of the recommendations in question, are then sent to the CPA, so it can prepare its own assessment, which it communicates to the National Assembly.

22 We present below a summary of the different types of intervention I conduct regarding follow-ups and their methods, and we indicate the information that I publish in my APR concerning this work. My organization may also respond to any specific request from parliamentarians, should they feel, for example, that certain follow-ups need to be carried out more quickly.

Type of intervention	Time frame for completion	Scope	Results published in the AGQ's APR ¹
Simplified follow-up of AGQ's recommendations	3 years after publication of the VFM audit report	All recommendations	Global application rate and by VFM audit report
Detailed follow-up of AGQ's recommendations		Recommendations that are the most structuring	
Simplified or detailed follow-up of CPA's recommendations		Recommendations that are the most structuring	Percentage of recommendations that are the subject of a follow-up
Simplified or detailed follow-up of AGQ's recommendations	5 years after publication of the VFM audit report	Recommendations giving rise to unsatisfactory progress during the 1st follow-up	Change in the global application rate between the 1st and the 2nd follow-up

1. The results of the detailed follow-ups on the recommendations of the AGQ and the CPA are also the subject of a separate chapter in the AGQ's annual report to the National Assembly.

AGQ Auditor General of Québec

23 Several elements of the current process encourage the entities to take action. Despite this, the mitigated results in recent years in terms of implementing recommendations lead me to wonder about the manner in which my organization could bring about a better application rate and provide parliamentarians with the most relevant information on the subject.

24 The number and nature of recommendations, the follow-up and results dissemination methods, as well as the time given to entities to carry out the expected actions are part of the components that I want to review. For that purpose, I examined the processes adopted by other Canadian legislative auditors.

2.3 Processes of Other Canadian Legislative Auditors

25 At the Canadian level, the practices of legislative auditors in terms of follow-up vary greatly. For example, most of them use as basic information the assessments produced by the audited entities, but the degree of analysis of the reliability of this information differs, which influences the level of assurance obtained. In some cases, the accuracy of the assessments is questioned, and additional work is necessary to make them more reliable.

26 Overall, legislative auditors seek to have follow-ups cover the greatest number of recommendations possible, if not all. This is a substantial challenge: a significant effort must be made, considering that many recommendations must be addressed while aiming for an adequate level of assurance to maximize the added value of the work.

27 The time allocated to the entities before follow-ups are conducted also varies (one year to five years). However, this frequency may change depending on the engagements, particularly if one considers that corrective measures should be taken quickly.

28 As for when to end follow-ups, I noted different scenarios: sometimes, they continue until the recommendations are applied; sometimes, they cover a limited period.

29 The method of determining the recommendation application rate is also very different from one legislative auditor to another, which makes measures hard to compare. For example, recommendations that have been partially applied are sometimes added to those that have been entirely applied for the purposes of calculations. Also, as I have previously mentioned, the frequency of follow-ups is not the same, which can have a large impact on the results obtained.

30 Regardless of the nature of the work, its frequency or the level of assurance obtained, all legislative auditors publish information concerning the application of their recommendations. Some do so in a separate publication, while others devote a chapter of their report to the legislative assembly. Some present, as is, the self-assessments of the audited entities, commenting on them or not. Some auditors, instead, give the observations arising from their own analysis on the application of the recommendations by sector of activity. Also worth noting is the initiative of an audited entity, which presented on its website information on the progress of its work to implement the recommendations made to it.

31 The review of the practices used by my Canadian counterparts has confirmed that the ideal approach has not yet been found and that there are several ways of doing things. This exercise has proven very useful, highlighting that the effectiveness of the process for conducting follow-ups is a topic of interest. The differences I noted provide lines of thought that deserve to be explored in order to increase the positive impact of our interventions.

2.4 Conclusion

32 My audit work mentions important deficiencies that need to be corrected in public management, and of course, I hope that my recommendations are applied. Even if work remains to be done, I note that the entities, generally, invest efforts to bring viable solutions to the problems raised, and I want to emphasize their continued contribution in that regard.

33 I am aware that it is not always easy to make adjustments and that the Administration, faced with numerous challenges to overcome, must establish its priorities. Improving public management is an objective that involves all parties, whether it is the entities, the parliamentarians or the oversight institutions, such as the Auditor General.

34 It seems essential to me to continue my work, in co-operation with heads of the government entities and CPA members, in order to establish optimal practices within the Government of Québec, for the benefit of the population. One of the avenues open to me is to make the most useful and structuring recommendations possible and to provide mechanisms to encourage decision-makers to take action. Therefore, with the help of my team, I will review my approach for following up on recommendations.

Highlights

Work Objectives

In 2011-2012, the program Déficience intellectuelle et troubles envahissants du développement expenditures were \$868.6 million.

The purpose of our audit was to ensure that:

- the Ministère de la Santé et des Services sociaux (MSSS) and the audited agencies have established orientations as well as priorities, and are assuming their roles and responsibilities within the continuum of services as well as assessing results related to the quality of services;
- the audited health and social services centres (CSSSs) and the rehabilitation centres for intellectual disability and pervasive developmental disorders (CRDITEDs) have implemented a continuum of services as well as mechanisms to promote accessibility;
- the audited CRDITEDs are offering services in an economical and efficient manner and are implementing measures to ensure their quality.

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

Audit Results

We present here the principal findings of our audit concerning the services offered to persons with an intellectual disability (ID) or a pervasive developmental disorder (PDD).

Access to services is complicated. Obtaining a PDD diagnosis in the three visited regions is long and laborious. A high number of users do not receive services in time, as per the timelines established by the MSSS. Furthermore, the portrait of the services access follow-up by the MSSS takes into account only 37% of the persons who are waiting for services.

Important variances of the specialized services intensity (in hours) between the audited CRDITEDs and between the types of clientele. Few analyses are conducted by the MSSS to explain these variances.

Continuity of services partially ensured. The mechanisms intended to ensure the continuity of services have been partially implemented by the MSSS, the agencies and the audited institutions. Furthermore, the division of the roles and responsibilities between the CSSSs and the CRDITEDs is confusing.

Few comparative analyses of costs and no human resources productivity analysis. There are significant cost variances between the CRDITEDs. Also, clinical workers are not spending enough time with users. An important percentage of working time is not used to it.

Quality services assessment has to be optimized. Some mechanisms exist, but they are not integrated. The CRDITEDs have not implemented an overall process to assess the quality of services.

Service funding established on a historical basis. Service funding is not based on user's needs. As well the significant increase of PDD clientele in the recent years has not been taken into account.

Families support measures offered by the audited CSSSs not reviewed for more than 20 years. The amounts of direct allocations have not been adjusted and the awarded criteria vary from one region to another.

MSSS program's orientations not reviewed. The MSSS orientations have not been updated since their publication 10 years ago, and their monitoring is incomplete, therefore the application of measures has been delayed.

No integration of information systems. This does not encourage the circulation of information and, consequently, it does not promote the continuum of services.

Recommendations

The Auditor General has made recommendations to the MSSS, agencies, CSSSs and CRDITEDs. 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 Department, in collaboration with the agencies

- 1** Ensure to follow-up rightly the accessibility delays to services.
- 2** Follow-up specialized services intensity while analysing variances between the rehabilitation centres.
- 3** Ensure that mechanisms are implemented by the institutions to provide the continuity of services.
- 8** Set clinical time services guidelines for the clinical workers, especially for the services provided with the user, and then establishes a follow-up.
- 9** Establish orientations to assess the quality of services provided to users in the rehabilitation centres.
- 13** Update the Department's orientations and determine management indicators and targets that are needed to assess and monitor the program's performance.
- 14** Revise the service funding method so that users' needs are taking into account.
- 15** Revise direct allocations and the awarded criteria concerning the families support measures so it better respond to users' needs as well as harmonizing these practices.
- 16** Integrate the program's information systems to encourage the circulation of information and the continuity of services while ensuring the confidentiality of the data.

Recommendation to the audited agencies, in collaboration with the CSSSs

- 4** Ensure that the delays to diagnose pervasive developmental disorder are reasonable.

Recommendation to the audited CSSSs and CRDITEDs

- 5** Implement mechanisms to ensure the continuity of services as well as they complement each other.

Recommendations to the audited CRDITEDs

- 6** Implement measures to reduce the delays to access services, including the specialized professional services.
- 7** Offer intensity of the specialized services which includes services to users with global developmental delay and with severe behavior disorder adapted to users' needs.
- 10** Implement measures to maximize the percentage of clinical time services spent by clinical workers with users.
- 11** Implement a process to assess the quality of the services provided to users.

Recommendation to the audited CRDITEDs, in collaboration with the agencies

- 12** Produce comparative cost analyses periodically and measure human resources productivity to optimize resources.

Highlights

Work Objectives

The main role of the Commission administrative des régimes de retraite et d'assurances (CARRA) is to administer the pension plans entrusted to it by the Government of Québec. The audit work had the following objectives:

- to verify whether the CARRA implemented the mechanisms needed to ensure the reliability of the data received from employers;
- to assess to what extent it provides its clientele with quality services, such as those related to pension applications;
- to ensure it implemented a continual improvement process for the Global Investment Plan (PGI);
- to ensure it awards professional service contracts based on rules and sound management practices.

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

Audit Results

We present here the principal findings of our audit concerning the CARRA.

Nearly three years after implementing the computerized solution called Renouvellement et intégration des systèmes essentiels (RISE), the main component of the PGI, the CARRA has not achieved its objectives in terms of improving the quality of services. The desired gains with respect to processing times for applications received from its clientele are not present. Discrepancies in the calculation of pensions are found and corrected up to several years after the payment.

The use of the mechanisms in place is not optimal for ensuring the reliability of the data received from employers and stored in RISE. The reliability of these data is important since they serve, in particular, to determine participants' benefits. The CARRA relies on various means to validate and improve the quality of these data, but these are not used sufficiently. This is the case for the likelihood analyses, the verification of information at employers' premises and the validation with other departments and public bodies. This situation leads to risks, such as data irregularities not being detected, which can have an impact on the pension amount.

The development and the deployment of the PGI have not met expectations. On the one hand, the costs associated with its implementation were higher than what was anticipated (\$108.1 million). On the other hand, several of the benefits expected have not materialized. In particular, the system still has functionality problems, and contrary to what had been initially anticipated, the processing of applications remains barely automated. In addition, its implementation has not generated the productivity gains expected.

The PGI has not been managed with the necessary rigour, considering the scope of the project. Despite the signs that have built up with respect to the problems encountered or detected, the necessary adjustments to its business plan have not been made in a timely manner, and reporting has been inadequate.

The deficiencies detected at the CARRA related to the management of professional service contracts are of the same nature as those observed in our previously published audit on the subject that dealt with other departments and public bodies. These deficiencies raise concerns with regard to the fair treatment of suppliers and the judicious use of public funds.

Recommendations

The Auditor General has made recommendations to the CARRA. 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 Commission

- 1** Continue improving processing times and the calculation of pensions with the objective of diligently processing service applications from all clients.
- 2** Improve the process for employer annual statement transmission, in particular with regard to the quality of the data they communicate and their processing by the system.
- 3** Implement a strategy to control the quality of the data received and systematically apply the mechanisms provided by the strategy to ensure their reliability.
- 4** Perform a complete diagnostic of the current situation concerning the Global Investment Plan and revise the objectives related to functionalities, automation and benefits.
- 5** Develop an action plan, with a budget and a schedule, for the measures to be taken to achieve the revised objectives related to the Global Investment Plan, ensure the application of these measures and report with regard to this plan.
- 6** Ensure that information security is sufficient based on the fundamental principles recognized in the field.
- 7** Revise the monitoring process for important projects, in particular with regard to risk management and the comparison between anticipated benefits and the results obtained.
- 8** Produce management information enabling the precise and continual assessment of the quality of services offered, the comparison of the data collected over time and the reporting in a timely manner.
- 9** Define a strategy for the use of external resources in terms of computer services in order to have internal expertise in the field and to have sufficient independence with regard to these resources.
- 10** Adequately document the definition of the needs and the cost estimates.
- 11** Ensure that supplier solicitation and the selection of a supplier favour free competition and lead to better risk sharing.
- 12** Clarify the regulation related to the delegating of power for the authorization of contract amendments so that it is based on the nature and importance of the changes they make.
- 13** Improve the monitoring of elements in each contract with regard to:
 - the nature of the work performed, to ensure that it corresponds to the work provided for in the contract;
 - the application of the rates provided for in the contract when paying the supplier;
 - the execution of the work by the personnel that was designated when the contract was awarded.

Highlights

Work Objectives

In 2011-2012, the Ministère de la Santé et des Services sociaux (MSSS) spent \$599 million on homecare services for seniors with diminished autonomy.

Our audit was carried out among the MSSS, three agencies and three health and social services centres (CSSSs). We wanted to be sure that:

- the MSSS and the audited agencies take the measures to ensure that the clientele receives, in a timely and fair manner, safe and quality homecare services;
- the audited CSSSs deliver safe and quality homecare services to respond to the clientele's needs in a timely and fair manner;
- the audited CSSSs optimize the use of human, information and financial resources allocated for homecare services.

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

Audit Results

We present here the principal findings of our audit concerning homecare services for seniors with diminished autonomy.

Limited mechanisms for identifying vulnerable seniors. Audited CSSSs have not adopted identification mechanisms within environments containing significant concentrations of seniors. Most are identified at the emergency department, but these ones usually already have limited autonomy.

Users without updated needs assessments or intervention plans. In the files we examined a quarter of assessments are outdated. In one out of every two cases intervention plans do not exist and in one out of three cases the plans that do exist are outdated.

Variances in intensity of services from one CSSS to another. There does not appear to be any direct link between services rendered and users' needs. Furthermore, services rendered are sometimes insufficient according to the different clinical workers we met but no analysis has been identified to assess to what extent they are insufficient.

No representative picture of waiting delays. Access to services is largely dependent on the priority level accorded to the user by the institutions. Currently, waiting lists are incomplete.

Performance measurements to be improved. Several dimensions of performance are not measured. During optimization projects of homecare services expertise and management tools developed by the CSSSs are not systematically shared. This multiplies expenses for similar services.

Few direct homecare services by professionals. Professionals spend most of their time at the office. Intensifying the involvement of technicians would facilitate the increase of efficiency.

Little monitoring of the orientations and no provincial standards. Ten years after being released, the ministerial orientations have been only partially applied. The assessment of the services performance is difficult in the absence of standards and the lack of indicators.

Insufficient control over the quality of services. The measures in place do not permit sufficient control over the quality of services, particularly those delivered by external partners.

Financing requirements not estimated. The audited CSSSs have not determined the amount of financial resources required to respond to users' needs. For its part, the MSSS has not assessed whether the allocated funds are sufficient to deliver the services required for the current and future needs of the clientele.

Recommendations

The Auditor General has made recommendations to the MSSS and the audited agencies and CSSSs. 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 MSSS, to be implemented in collaboration with the agencies

- 1** Ensure that the entire network uses a uniform method to calculate homecare services waiting delays by type of service and for all users, in order to obtain a representative picture of these delays.
- 5** Continue and accelerate the implementation of integrated information systems that allow a follow up of the users across the continuum of services for seniors.
- 6** Ensure that systematic controls are carried out on the reliability of the data pertaining to homecare services recorded in the systems.
- 11** Follow up the orientations related to homecare services in order to ensure their implantation.
- 12** Establish services, access, quality and efficiency standards for homecare services.
- 13** Determine the amount of funding required for homecare services based on the orientations and the clientele's current and future needs.
- 14** Implement mechanisms to ensure that safe and high-quality homecare services are delivered by external partners.
- 15** Monitor regularly the institutions performance related to the achievement of homecare services standards.

Recommendations to the audited agencies

- 7** Share with all institutions the management tools and expertise developed during performance optimization work to avoid multiplication of expenses by institutions.
- 8** Ensure that the institutions, particularly those in Montreal, comply with the regulation respecting calls for tenders when they use external partners to optimize their processes.

Recommendations to the audited institutions

- 2** Ensure to identify vulnerable seniors in a timely manner and monitor the progression of their condition.
- 3** Ensure that all users who receive homecare services are assessed by using the multi-clientele tool, that an intervention plan is developed for each of them, and that the assessment and plan are updated regularly.
- 4** Implement measures to ensure that access to homecare services and services offered to seniors with similar needs are equitable, particularly by measuring the rate of response to needs.
- 9** Analyze regularly the performance of homecare services by considering the volume of services delivered, their quality and cost.
- 10** Optimize work organization to increase hours of homecare services spent with users.
- 16** Ensure that each user receives appropriate, quality services that are well coordinated when such services are delivered by several different clinical workers.

Highlights

Work Objectives

For the tax system to operate fairly and efficiently, all tax payers must file their returns when they are required by law and pay the amounts they owe. Revenu Québec must therefore conduct activities related to the non-filing of returns.

These activities are performed by three divisions, namely Direction générale des entreprises (DGE), Direction générale des particuliers (DGP) and Direction générale du recouvrement (DGR), which is responsible for the files of agents. The objective of our audit was to obtain the assurance that Revenu Québec:

- supervises the activities related to the non-filing of returns with a concern for performance, fairness and transparency;
- manages its activities diligently and equitably.

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

Audit Results

We present here the principal findings of our audit concerning the non-filing of returns at Revenu Québec.

Revenu Québec does not have a management framework related to the processing of non-filing files. There is no harmonization between the divisions and no process integration.

The choice of strategies for identifying and selecting the files to be analyzed is not sufficiently substantiated. Therefore, Revenu Québec cannot have the assurance that all files with an irregularity are identified and that those that are the subject of a follow-up have the best potential for profitability.

Approaches taken for monitoring of requests to file vary greatly from one division to another with no justification and without performance being taken into account. Revenu Québec has not analyzed the advantages and inconveniences of the different approaches taken for processing files, which would have allowed to determine the optimal procedure.

The method for selecting files for which a notice of estimative assessment will be sent and the method used for establishing the assessments value are not harmonized. For its part, the DGE has made choices in this regard that are not supported by a comprehensive approach. Therefore, several notices of assessment are issued without any actual expected value.

The guidelines concerning the application of penalties and fines provided for in the tax legislation are insufficient and interpreted differently from one division to another. No fine is requested from certain categories of taxpayers and agents.

Revenu Québec does not have relevant management information. It cannot assess the effectiveness and efficiency of activities related to the non-filing of returns or take the required corrective measures.

The information provided to account for activities related to non-filing is incomplete. For instance, the financial results are not put into relation with the amounts actually recovered by Revenu Québec. The information presented to obtain funding from the Ministère des Finances et de l'Économie (MFEQ) for specific projects and to report on their performance does not justify the requested investments.

Recommendations

The Auditor General has made recommendations to Revenu Québec. 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 Revenu Québec

- 1** Review strategies and criteria used for identifying and selecting the files of taxpayers and agents to be processed, ensuring that these strategies and criteria better support approaches taken by the divisions.
- 2** Analyze the process for monitoring requests to file to enable greater efficiency and better coherence between the divisions.
- 3** Harmonize the use of estimative assessments and the method used for establishing their value so they lead to conclusive results.
- 4** Define and establish clear guidelines for administering penalties and fines by considering the profitability and their efficiency in encouraging the filing of returns.
- 5** Establish management information in order to assess the relevance and efficiency of processes and make the required adjustments, if any.
- 6** Define a management framework for processing the files of taxpayers and agents that fail to file their returns.
- 7** Improve accountability submitted to the Ministère des Finances et de l'Économie so the information is complete and accurately represents the situation, for both current activities and specific projects.
- 8** Expand accountability contained in the annual performance report by providing information enabling the measurement of progress made toward the objectives for activities related to non-filing.



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 this CA 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.

