

# Contributions Granted For Development Projects of Montréal Museum Of Archaeology And History, Pointe-à-Callière

The Ville de Montréal (the City) provides financial support to several bodies operating on its territory. This support can take different forms, such as contributions granted for their operation or to fund different projects.

The Société du musée d'archéologie et d'histoire de Montréal, Pointe-à-Callière (the Société), has obtained nearly \$77 million in grants for development projects of the Montreal Museum of Archaeology and History, Pointe-à-Callière (the Museum) since 2011. This amount included more than \$53 million funded by the City, which put the Société in the position of being one of the bodies most subsidized by the City in 2018 and 2019 among the legal persons excluded from the City's reporting entity.

## Background

These contributions are used to implement Museum development projects. They come from operating budgets of the Service de la culture (Service), which is responsible for managing the contribution agreements for projects covered by the Société's Three-year capital works program (TCWP), phases 1 to 3 of the Montréal Archaeology and History Complex expansion projects and other projects.

The Société also occupies buildings belonging to the City under a lease between the parties. Inextricably connected to its site, the Museum owes its development to important archaeological discoveries made in Old Montréal in the 1980s. Inaugurated in 1992 as part of the 350th Anniversary celebrations of the City of Montréal, Pointe-à-Callière is the only large archaeological Museum in Canada. It is also the largest and most visited history Museum in Montréal.

## Purpose of the Audit

The purpose of this audit was to ensure that the financial contribution agreements for the Museum's development projects that were granted by the City to the Société are subjected to appropriate monitoring and that these contributions are used for the intended purposes.

## Results

Our audit led us to conclude that the City did not always conduct appropriate monitoring to ensure continued compliance with contribution agreements, making it difficult for the City to confirm that the contributions granted were used for the intended purposes. Our work led us to conclude that there is a lack of compliance with some of the agreement clauses, including those that concern adequate separate accounting for the Fort Ville-Marie and William Collector projects, the quality of the information found in cost reports and compliance with the City council by-law concerning contract management. Finally, we noted that the task of approving the granting of contracts is delegated to a committee of the Société's Board of Directors (BD) without any accountability reporting being submitted to it, according to the minutes we consulted of proceedings that took place from 2017 to 2019.

In addition, we noted that some costs were claimed after the agreement expired and that unused funds were transferred to fund other projects without formal approvals being obtained beforehand. Although the Service monitored the Société regularly, the accountability reporting is not done in a timely manner, with the result that the Service is presented with a fait accompli once the amounts are spent.

# Main Findings

## Eligibility of Costs Charged to Projects

- Some cost parameters are not included in contribution agreements, which leads to ambiguities about eligible costs at different stages of projects.
- There is a lack of compliance with some of the clauses in the agreements, including the requirement that separate accounting be kept for each project in order to identify the actual costs of the Fort Ville-Marie and William Collector projects.
- Some project implementation deadlines set forth in grant agreements were not met; the Société claimed costs after expiry of the deadlines provided for by agreements without these being extended and without the required approvals being obtained in writing.

## Accountability Reporting Produced and Filed

- Accountability reporting is not done regularly, which presents an issue for assessing, in a timely manner, the extent of the work completed.
- The City's contribution agreements do not specify that any grant received from other sources reduces the costs supported by the City.

## Monitoring Mechanisms

- The Société has not complied with the *City's Contract Management Policy* even though this is a requirement of some contribution agreements. The Service does not check to make sure that the Société complies with this Policy.
- Although monitoring was carried out, the Service did not fully assume its supervisory role, which would have made it possible to detect deficiencies in the accounting of each project, transfers of funds between projects, the fact that excess funds were not returned and contract management done by the Société that was not always in keeping with the City's Contract Management Policy.

## Accounting Done by the Société

- The Société does not comply with contribution agreements, because it does not maintain adequate accounting for the Fort Ville-Marie and William Collector projects, which leads to discrepancies between the Société's records and reports submitted to the City.

## Approval Process Within the Société

- The members of the BD or the Executive Office delegated their power to approve contracts for some projects without their accountability reporting being submitted to the BD, which includes an observer employed by the City; as a result, this observer does not receive any information on decisions made by the Société concerning the granting of contracts.

*In addition to these results, we formulated various recommendations to the business units, which are presented in the following pages. The business units concerned were given the opportunity to agree to these recommendations.*