



Report of the Auditor General of the Ville de Montréal

2022

For the Year Ended December 31, 2022
to the City Council and to the Urban Agglomeration Council

Report of the Auditor General of the Ville de Montréal

For the Year Ended December 31, 2022
to the City Council and to the Urban Agglomeration Council

Legal deposit – Second Quarter 2023
Bibliothèque et Archives nationales du Québec

ISSN 1925-6787 [print]
ISSN 1925-6795 [PDF]

ISBN 978-2-7647-1956-5 [print]
ISBN 978-2-7647-1957-2 [PDF]

Please note that this English report has been translated from the original French version. In case of doubt or difference of interpretation, the French version shall prevail over the English.

According to the Charter of the French Language and the Office québécois de la langue française, municipalities shall designate all official names, such as boroughs, departments, paramunicipal corporations as well as municipal and associated bodies by their French names alone, even in the English version.

This report is available on our website at: bvgmtl.ca.

May 12, 2023

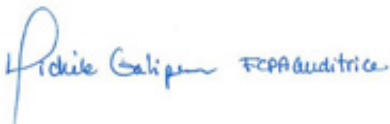
Mrs Valérie Plante
Mayor of the Ville de Montréal
275, Notre-Dame East
Montreal, Quebec H2Y 1C6

**Subject: Auditor General of the Ville de Montréal's Annual Report
for the year ended December 31, 2022**

Dear Mrs Mayor,

Please find enclosed my Annual Report, for the year ended December 31, 2022, as per Section 107.13 of the *Cities and Towns Act* (CQLR, chapter C-19), for deposit at the next ordinary meeting of the Municipal Council, that of May 15, 2023, and of the Agglomeration Council, that of May 18, 2023.

Yours truly,



Michèle Galipeau FCPA Auditrice

Michèle Galipeau, FCPA Auditor
Auditor General

MG/dds



Table of Contents

1. Observations of the Auditor General	9
2. The Last 7 Years	17
3. Performance Audit and Information Technology	29
3.1. Budget Process – Ten-Year Capital Works Program component: Investment Planning	31
3.2. Management of Wastewater Discharge and Overflow Monitoring	83
3.3. Knowledge and Enhancement of Heritage Buildings	127
3.4. Awarding and Management of Financial Contributions by Central Departments to Non-Profit Organizations	171
3.5. Effectiveness and Efficiency of the Use of the Patrol Vehicles of the Service de police de la Ville de Montréal in Emergency Settings	221
3.6. Management of the Metro's Industrial Control Systems - Société de transport de Montréal	237
3.7. Management of the Artemis System	255
4. Physical Penetration Tests	287

5. Financial Statement Audits and Other Reports	291
6. Pre-election Report – Follow-up	307
7. Accountability	367
7.1. Accountability of the Legal Persons Having Received a Subsidy of at Least \$100,000 from the Ville de Montréal	369
7.2. Implementation of the Auditor General's Recommendations	391
7.3. Detailed Follow-up to Recommendations Related to the Business Continuity Management Audit	405
8. Management Reports	421
8.1. Overview of the Bureau du vérificateur général	423
8.2. Follow-up – 2022 - 2024 Strategic Plan	441
9. Appendices	459
9.1. Excerpts from the <i>Cities and Towns Act</i>	461
9.2. Accounts Statement of the Bureau du vérificateur général of the Ville de Montréal	479

Observations of the Auditor General

1.

2022 Annual Report

Auditor General of
the Ville de Montréal

1. Observations of the Auditor General

The Bureau du vérificateur général (BVG) is dedicated to delivering **"An objective and independent look at the quality of the management of public funds."**

This seventh and final report that I am submitting to city council (CC) presents the results of the important work carried out by the BVG team. I wish to thank all the team members for their quality work.

My term comes to an end on August 15. In Chapter 2, I present a review of my seven years as Auditor General of the Ville de Montréal (the City).

1.1. Summary of the Audits Conducted in 2022



1.1.1. Performance and Information Technology Audits

The full reports of the performance and information technology (IT) audits are presented in Chapter 3 of this report.

Ten-year Capital Works Plan Budget Process – Investment Planning

Recognizing that it needs to invest in its aging infrastructure, the City is preparing a ten-year capital works plan to ensure strategic and integrated planning. The plan totals over \$19.5 billion, of which 70.3% will be spent on protecting assets. It is a management and planning tool that takes into account the needs of the population and agreed-upon service levels.

The City has several policies and guidelines in place for the development of the ten-year capital works plan, including the preparation of an annual internal asset knowledge assessment with an estimated replacement value of \$66 billion. However, certain practices aimed at aligning long-term financial needs and resources to match the City's strategic vision are not being implemented. In addition, not all existing investment planning and funding strategies have been followed, and there is insufficient accountability to assess the extent to which the ten-year capital works plan is aligned with the City's needs and long-term financial capacity and whether the achievements are consistent with budget projections.

Management of Wastewater Discharge and Overflow Monitoring

The City operates two wastewater treatment plants, including the largest in North America, and 161 overflow structures through which wastewater overflows in the event the collection system overloads. The City usually has implemented a series of mechanisms to ensure sound management of wastewater discharge and overflow monitoring. On the other hand, these mechanisms are not fully compliant with regulatory requirements. In terms of monitoring discharges, the City is in compliance with most of the requirements. With respect to monitoring overflows, the mechanisms in place do not ensure that all overflows are monitored, nor that the City is in compliance with all of the requirements for onsite visits of overflow structures. The City does not always notify authorities of overflow events or does not do so in a timely manner.

Knowledge and Enhancement of Heritage Buildings

From a heritage perspective, the City is recognized for its municipal and private buildings that have architectural, historical, landscape, urban or archaeological value. This heritage is governed by municipal provisions, such as the *Cultural Heritage Act*, which are aimed at ensuring its knowledge, protection, enhancement and transmission. In the 2005 *Heritage Policy* (Policy) and its 2017–2022 Heritage Action Plan (HAP), the municipal administration committed to act in an exemplary fashion towards its heritage.

The City does not have full knowledge of these buildings on its territory or of their preservation status. The buildings are not all identified or described in a consistent manner, thereby limiting the scope of the enhancement interventions, which are already deficient. Indeed, the lack of investment, lack of maintenance of the City's heritage buildings and lack of incentives to keep private heritage buildings in good repair make some of them more vulnerable and can lead to their loss. The City has taken steps to comply with new legislation and identify, by 2026, municipal and private heritage buildings over the territory of the agglomeration that date back to 1940 or earlier.

Several actions of the Policy and the HAP, aimed at increasing the knowledge and enhancement of the HB, remain to be carried out. In the absence of any follow-up of these actions, does not allow the City to adequately resolve the issues relating to HB on its territory.

Awarding and Management of Financial Contributions by the Central Departments to Non-Profit Organizations

The City's central departments make significant financial contributions to non-profit organizations (NPOs) each year. This allows the City to offer a wide range of services to the Montréal community, including the organization of sporting activities, cultural events and festivals, support for vulnerable people and local businesses, and youth training. Although there is a set of frameworks in place, the City is not able to provide a documented demonstration of impartiality when it comes to awarding financial contributions to NPOs and complying with the frameworks for all of the contributions reviewed. In addition, we saw no evidence that the City is able to demonstrate that all monies paid are being used in full and for the intended purposes.

Effectiveness and Efficiency of the Use of the Patrol Vehicles of the Service de police de la Ville de Montréal in Emergency Settings

Patrol officers of the Service de police de la Ville de Montréal (SPVM) intervene when emergency calls are made to the 911 Emergency Centre. Depending on the severity of the situation, the SPVM has set targets for the average time it takes to respond to these calls. To ensure the vehicle arrives at the scene as quickly as possible, the emergency call should be assigned to the patrol vehicle with the shortest travel time. The vehicle must be in good working order and the patrol officer must be able to operate an emergency vehicle in a variety of weather and urban conditions.

For obvious security reasons we cannot disclose the details of the results or our findings in this annual report. We made recommendations to the various business units (BU) concerned in relation to these findings and they have committed to developing and implementing action plans (AP) to correct the deficiencies found.

Management of the Metro's Industrial Control Systems of the Société de transport de Montréal

The Société de transport de Montréal (STM) provides the population with public transit services, including metro. This includes 4 lines serving 68 stations over 71 kilometers. The metro is centrally controlled by a Supervisory Control and Data Acquisition (SCADA) System, which monitors and manages the metro's operations. This management requires the use of industrial control systems (ICS) consisting of operational technology (OT) and information technology (IT).

The ICSs can face cyberattacks causing damage, information theft, and destruction or impairment of the proper functioning of the metro system's ICSs. Due to several deficiencies, including inadequate management of the logical access to the ICSs and the lack of a formal IT succession plan, we conclude that the STM needs to improve its management of its ICSs to increase efficiency and reduce the risk of inoperability of the metro system.

Some of the findings in this report are not publicly disclosed for security reasons. We have made recommendations to the STM in relation to these findings. The STM has committed to developing and implementing action plans to address these deficiencies.

Management of the Artemis System — Service de sécurité incendie de Montréal et Service des technologies de l'information

The Centre de communication en sécurité incendie (CCSI) of the Service de sécurité incendie de Montréal (SIM) has been using a computerized call-dispatch system named Artemis. As the SIM is the only body of its kind in the entire agglomeration of Montréal, it is crucial that the CCSI be able to rely on a high-performance system ensuring a high level of availability. The City has several control mechanisms in place to ensure the sound management of the Artemis system. Nevertheless, some elements need improvement, such as authentication parameters, the procedure for managing high-privilege logical accesses, functional documentation and automated alert mechanisms in the event of incidents.

1.1.2. Financial Statement Audits

The continuation of the Québec government's Emergency Assistance Program for Small and Medium-Sized Businesses (PAUPME) related to the pandemic context and the implementation of the enhanced requirements of the revised CAS 540 standard (Auditing Accounting Estimates and Related Disclosure) continued to influence our audit work in 2022, for a third consecutive year.

Financial assistance to businesses under the PAUPME, which totalled \$150 million at the end of 2021, amounted to nearly \$159 million as of December 31, 2022. Once again, this year, work was carried out in coordination with the bodies making up the PME MTL network, which manage the program and financial assistance on behalf of the City, and their auditors.

We continue to be concerned about the loss of expertise in the Service des finances due to past and upcoming departures of various key figures responsible for preparing the financial statements. The lack of experienced staff in other City departments involved in this process is also worrying. All this had an impact on the timing and quality of documents delivered as well as the performance of our audit work.

Consequently, at the time of producing the annual report, we had not yet issued the joint auditor's report for the City's consolidated financial statements as at December 31, 2022, as the financial report will be tabled by the treasurer when city council meets in May or in June 2023.

In addition, the Auditor General issued unqualified auditor's reports jointly with the external auditor for the consolidated financial statements of the Société de transport de Montréal (2 reports), the Société d'habitation et de développement de Montréal, the Société du parc Jean-Drapeau, the Agence de mobilité durable and Transgesco.

Chapter 5 presents a detailed summary of the financial audit work performed.

1.2. Pre-Election Report

The desire to have an audited pre-election report (PER) continued into 2022, with city council passing two motions, firstly to request the initiation of discussions between the Service des finances and the Auditor General regarding the creation of an audited PER for the 2025 election and, secondly, to have the Service des finances produce a status report in this regard. Documents to this effect were tabled with city council by the Auditor General and the Service des finances.

We maintain that implementing the recommendations contained in the report on the operating component of the budget processes is desirable if the City's intention is to produce a PER that is compliant with the relevant requirements and that represents a budget transparency tool that allows political parties to present platforms that take into account the City's financial situation. However, it is clear that two years after its issue, several important elements have yet to be implemented.

It is also important to recall that all assurance work performed by the City's BVG is conducted in accordance with the Canadian Standards on Assurance Engagements as set out by CPA Canada's Auditing and Assurance Standards Board. The added value of the audit would be on the entire PER. We find that there remains a significant gap between what needs to be done to allow for the auditing of the PER and stakeholders' understanding in this regard.

1.3. Accountability

1.3.1. Legal Persons Having Received a Subsidy of at Least \$100,000 during the Year 2021

For the year ended December 31, 2021, the City recorded a total of \$192 million in subsidies to various legal persons. Of this amount, \$163.4 million (85.1%) concerned 287 legal persons that had received subsidies totalling at least \$100,000, which were subject to the requirements of Section 107.9 of the *Cities and Towns Act* (CTA) and resolution CM13 1157 adopted by CC.

The majority of agreements include a clause indicating that the financial statements must be provided 90 days after the end of the recipient entity's fiscal year. However, as of January 23, 2023, the BVG had received the 2021 audited financial statements from 285 (or 98.95%) of the 287 entities concerned by this requirement of the CTA, for a total of \$162.5 million. Two entities that had received \$747,705 had not met the requirements of the CTA and resolution CM13 1157 as they had not provided audited financial statements.

I encourage the City to continue its work to raise the entities' awareness of the requirements of section 107.9 of the CTA and resolution CM13 1157.

Chapter 7.1. discusses the work carried out by the BVG to ensure that the entities comply with the legislation.

1.3.2. Implementation of the Auditor General's Recommendations

We followed up on the implementation of our recommendations for our report covering the calendar year, i.e., the period from January 1 to December 31, 2022. A total of 336 recommendations were followed up in 2022. During the 12 months of the year, the BUs considered that they had implemented 196 of these recommendations, i.e., 58.3% of what needed to be done. Based on the evidence provided by the BUs to demonstrate implementation of the recommendations, we confirmed and closed 175 of them. That means that 52.1% of our recommendations were implemented. Of these, nearly one in two recommendations was implemented at least one year later than the date the BU had set for itself.

Concerned about the number of APs still in progress and for which the planned implementation dates were several years overdue, the BVG undertook a validation exercise in 2021 with the BUs on the recommendations at issue. This was continued in 2022, giving the BUs the opportunity to review the relevance of recommendations whose APs were at least 3 years overdue.

As of December 31, 2022, the cleanup of certain recommendations has increased the number of those still in progress with no delays with respect to their planned implementation dates from 57.1% to 64.6%.

However, despite several reminders to the BUs, we observe that the City did not take full advantage of the opportunity offered by the BVG to improve its rate of implementation of the recommendations by postponing the implementation date of some of its APs.

This exercise continued in 2023, with recommendations with APs at least 1 year overdue.

Chapter 7.2. presents the detailed results of the implementation of the recommendations.

1.4. Management Reports

Chapter 8.1. presents our management report on the situation of the BVG for 2022, and Chapter 8.2. presents the follow-up of the 2022–2024 strategic plan for which we have achieved 93% of our commitments.

The BVG's statement of expenditures for 2022 as well as the independent auditor's report are presented in the appendices of Chapter 9.2.

The Last 7 Years

2.

2022 Annual Report
Auditor General of
the Ville de Montréal



Table of Contents

2. The Last 7 Years	21
2.1. The Team: An Invaluable Resource	21
2.2. Constant Change and Continuous Improvement	22
2.3. Achievements and Milestones	24
2.4. Some Final Thoughts...	27

2. The Last 7 Years

My seven-year term as Auditor General of the Ville de Montréal (the City) comes to an end this coming August 15. In addition to the audit mandates that have been completed, these 7 years have been marked by significant administrative and regulatory changes.

Indeed, as soon as I took office, I realized that the Bureau du vérificateur général (BVG) was facing many challenges in terms of succession, new auditing standards that needed to be implemented, recognition of the auditor general function as well as administrative practices. In addition, bills such as Bill 155, changed the scope of intervention of the municipal auditors of Québec's municipalities.

2.1. The Team: An Invaluable Resource

A strong and committed team stands behind all of the work accomplished with great rigour. I have watched this team grow and I am proud of what it stands for: independence, objectivity, respect and integrity.

When I started in 2016, I was facing the planned retirement of over 20% of the employees in the following 2 years (including 2 members of the management team). There was no succession plan in place and several positions were vacant. In addition, the horizontal structure did not allow for any career development plans.

To maintain and optimize the quality of our work and the plurality of our skills and experience, we deployed several actions over the years. We developed a succession plan to, among other things, identify the succession for each position as well as to define and monitor the evolution of the BVG's needs while adapting to market trends.

During this exercise, we also met with employees to discuss their medium- and long-term career goals and plans. We then supported them on their career path.

The efforts made have produced positive results, including:

- ◆ Converting senior positions to more junior positions in order to build a succession;
- ◆ Creating and abolishing positions for a net addition of 5 positions;
- ◆ Internally promoting 5 existing staff members;
- ◆ Hiring 20 new resources.

The hires made since the beginning of my mandate today account for 57% of the staff. I would also like to mention that over 50% of resources we hired over the past few years are members of groups designated in the *Act respecting equal access to employment in public bodies*, well above the City's target of 33%. Also, female representation within the BVG has steadily increased over the past few years, reaching 71% of the staff.

Thus, in a context of scarcity of qualified resources, we successfully put in place a succession plan to compensate for retirements, promoted five internal staff members and attracted new talent. As a result, a multidisciplinary team of 35 professionals now makes up the BVG.

However, there are still three positions to be filled. Labour shortages remain a very important issue. The scarcity of human resources is even greater in the audit market. Recruitment and retention efforts will therefore have to be maintained.

From a human perspective, on a road strewn with small and big challenges, we have come a long way. Moreover, I am not telling you anything new when I say that the pandemic of the last few years has been a major challenge for the team. In these exceptional circumstances, the team demonstrated agility and dedication while maintaining its commitment to delivering value-added audits.

Today, in 2023, I am confident that the team in place is strong. Made up of nearly forty dynamic people with diverse skills, there is no doubt that it will continue its exceptional work to provide Montréal's population with an objective and independent look at how well public funds are managed.

2.2. Constant Change and Continuous Improvement

Over the past seven years, my team and I have worked to improve our methods by focusing on innovative practices and efficient technological tools while respecting the legislative and regulatory framework.

Legislative Changes

Bills were also introduced, some of which brought significant changes to the auditor general position. I am thinking in particular of Bill 155 (*An Act to amend various legislative provisions concerning municipal affairs and the Société d'habitation du Québec*), passed in the spring of 2018. Among other things, this redefined the role of auditors general of municipalities with a population of 100,000 or more by changing the scope of their work.

Bill 155 removed the requirement for the Auditor General to conduct a financial audit of the municipality and paramunicipal agencies, although auditors general may continue to do so if deemed appropriate. In our 2017 annual report, I indicated our willingness to continue our financial audit work for the City and that our interventions with respect to paramunicipal agencies would take into account the risks associated with them.

As for the extension of the auditor general's scope of intervention to a group of entities covered by sections 107.7 and 107.8 of the *Cities and Towns Act* (CTA), we clarified the notion of financing in order to properly define the concerned entities. As a result, some 30 or so organizations have been added to the BVG's scope of intervention.

In addition, we implemented processes to respond directly to various access to information requests involving the Auditor General.

Risk Matrix

We implemented a risk matrix to guide us in planning value-added audit mandates. The risk matrix represents a base, a starting point that rests on an initial reading of the risks in the central departments, boroughs and entities under the City's control.

The matrix is updated on an ongoing basis to reflect any changes or developments in the City and serves as a central repository of knowledge for the BVG's auditors. The tool is not intended as a way to limit the topics of the audits to be performed but rather serves as a guide to define and prioritize the topics that have been identified.

Our Strategic Plan

In 2019, we implemented a strategic plan to define the goals that have guided and will guide our actions. The plan, which was revised in 2022, is based on three main orientations:

- ◆ Increase the added value of the interventions;
- ◆ Implement innovative practices to ensure the quality of the work;
- ◆ Ensure the sustainability of the team's competencies.

Of course, the quality of services to citizens remains at the heart of our interventions. In addition, the advent of major challenges, such as the success of the ecological transition, prompted us to include sustainable development audits in our strategic plan starting in 2019. The increasing importance of information technology has also had an impact on our mandates. We continued our audit work in the field of cybersecurity, which remains a very important issue, particularly with the rise in remote work and cyberattacks.

Furthermore, the constant evolution of the normative framework that applies to audits requires us to review our methods on an ongoing basis. We implemented a new quality management manual and revised our various methods to adapt them to the new requirements and practices.

In addition, to ensure that we meet the new standards and maintain the highest quality standards, I encouraged the training of all staff members and the presence of certain members of our team on committees of the Ordre des CPA du Québec and CPA Canada as well as the Canadian Audit and Accountability Foundation. This allowed us to maintain our staff's auditing expertise and to be at the forefront of best practices.

And what can be said about the ever-changing technological needs! Throughout my tenure, I have had at my side an in-house IT team that proposed innovative ideas and solutions, including optimizing our work methods. The best example is undoubtedly how telework was managed during the pandemic. From the very beginning, the information technology team was ready. All staff had access to the necessary technological equipment for remote working, in compliance with security standards.

In 2020, a wind of change blew on the image of the BVG. The logo, graphic charter, colours, website – nothing was left to chance. This redesign improved the BVG's outreach. Also, to facilitate public understanding of the role and work of the Auditor General, we worked to make our documents and communications more accessible, including by improving the format of our reports.

There have been many innovative and positive projects during my time at the BVG, and others will certainly take root thanks to the expertise and creativity of the professionals in place.

2.3. Achievements and Milestones

Our work consists mainly in conducting audits of accounts and businesses. This section highlights some important achievements during my seven-year term.

Continuation of Our Financial Audit Work

As previously stated, although legislation removed this obligation from the Auditor General in 2018, I deemed it appropriate for us to continue to conduct financial audits.

A total of 80 unqualified auditor's reports have been issued over the past 7 years.

Compliance of Entities that Received Subsidies

Given the magnitude of the City's allocations, I reviewed the BVG's compliance practices for entities having received \$100,000 or more, including:

- ◆ Implementing a very close tracking of the receipt of audited financial statements from these entities;
- ◆ Annually reviewing auditors' work on the files of selected entities;
- ◆ Analyzing the auditors' reports summarizing their findings and recommendations to assess whether there were any significant deficiencies;
- ◆ Reporting on this work in our annual report.

That also prompted the City to implement reminder mechanisms for business units and recipient entities.

Value-Added Performance Audits

The first direction of our strategic plan is to increase the added value of our interventions. Thus, considering that the City adopted its first strategic plan, titled *Montréal 2030*, in the fall of 2021, I wanted to take stock of the 7 years of performance audits in relation to the 20 priorities set out in the plan.

Montréal 2030 is the City's centrepiece to guide both its present and future actions. These are based on 20 priorities, including ecological transition, solidarity, equity and inclusion, democracy and citizen participation as well as innovation and creativity.

Although I began my 7-year term at the BVG before the *Montréal 2030* strategic plan came into effect, some of the topics of the audits we conducted already touched on these priorities. In fact, of the 57 performance audits (including IT audits) conducted over the past 7 years, 45 (or 79%) addressed issues related to 1 of the City's 20 priorities identified in *Montréal 2030*.

These 45 audits resulted in 866 recommendations being made to the City. The BVG confirmed the satisfactory implementation of action plans for 511 of these recommendations, nearly 60%.

Nevertheless, of these 866 recommendations, at least 494 will have had their action plans implemented late. This represents 57% of all action plans developed in response to my recommendations included in our audit mandates related to 1 of the 20 priorities set out in *Montréal 2030*.

FIGURE 1**IMPLEMENTATION RATE OF THE 2016–2022 AUDIT ACTION PLANS
RELATED TO THE MONTRÉAL 2030 STRATEGIC PLAN**

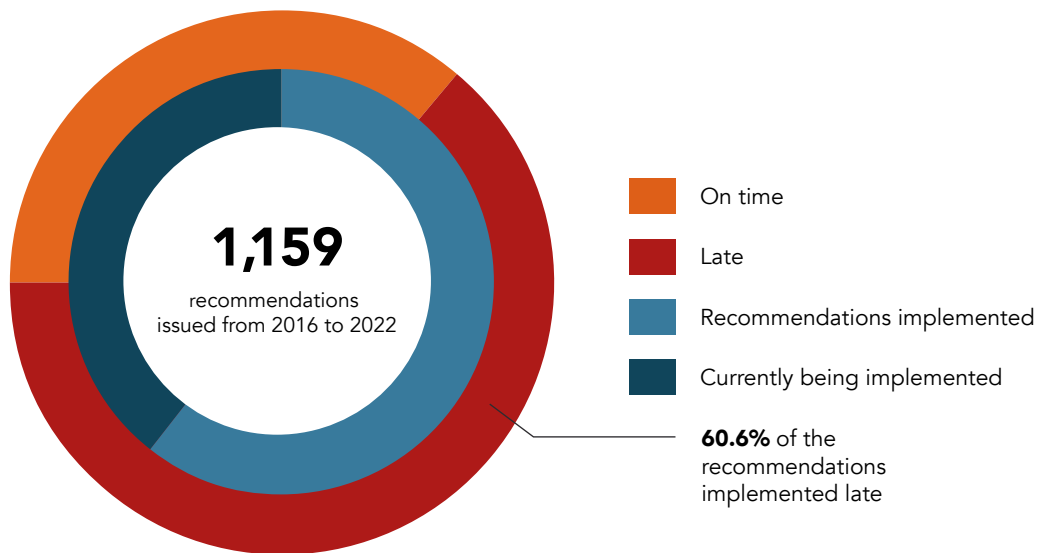
REPORTS OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL RELATED TO MONTRÉAL 2030	57 Performance audit reports produced by the Bureau du vérificateur général (2016-2022)			
	45 Performance audit reports on a topic related to 1 of the 20 priorities set out in the Ville de Montréal's <i>Montréal 2030</i> strategic plan			12 Reports dealing with other topics
	866 Recommendations issued by the Bureau du vérificateur général and the same number of action plans developed by the business units to be implemented by them			
COMPLETION OF THE ACTION PLANS BY THE BUSINESS UNITS	511 Action plans completed		355 Action plans in the process of being implemented	
	104 On time	407 Late with respect to the deadline set by the business unit	87 Already late	268 Still within the implementation deadline
	494 (57%) Action plans regarding recommendations in relation to <i>Montréal 2030</i> that were or will be implemented late			

Source: Figure produced by the BVG.

Implementation of the Recommendations

All of our interventions are useful inasmuch as the recommendations made in our reports are implemented. However, over the past 7 years, it is clear that nearly 61% of our recommendations have been implemented late compared with the timelines provided by the business units.

GRAPH 1 | **RECOMMENDATIONS ISSUED FROM 2016 TO 2022**



Source: Graph produced by the BVG.

Yet the municipal administration has implemented several measures to improve this situation. We also optimized our practices in this regard while getting involved in training people at the business units. We furthermore developed guidelines for putting together an action plan in response to our recommendations.

Moreover, we undertook a validation exercise with the business units in 2021 regarding recommendations with overdue action plans. The exercise was completed for action plans that were 3 or more years overdue. It continued in 2023 for those 1 year overdue or more.

I hope that all of these actions will enable the municipal administration to start afresh and, above all, to meet the deadlines set out in its action plans for the implementation of the BVG's recommendations.

Also, in each year of my seven-year term, I reiterated the recommendation to the Direction générale to develop indicators to track business units' commitments in response to our recommendations. Let us hope that it will be implemented, given all the actions undertaken to optimize this monitoring process.

Intrusion Tests

Faced with the growing scale of threats affecting both computer and physical security, my team conducted intrusion tests. A total of seven mandates were carried out:

- ◆ five logical intrusion tests that simulate computer attacks;
- ◆ two physical intrusion tests that assess the security of a building, facility or site.

A total of 26 recommendations are contained in the reports issued in the wake of these intrusion tests. The majority of them, nearly 85%, are in the process of being implemented.

Pre-Election Report

The desire to have an audited pre-election report (PER) was first discussed in January 2018, followed by a city council resolution in August 2019. We at that time pointed out the important impacts of producing such a report and added that its implementation represented a colossal task that should not be underestimated.

The request to audit this report was withdrawn by city council in 2021, as the prototype report and supporting documents, submitted by the municipal administration, were insufficient to allow us to express an opinion.

I deemed it appropriate for the team to continue auditing the operating component of the budget processes. I persist in considering that the City's should implement the improvements recommended in this report if it intends to produce a PER that is compliant with the relevant requirements and that represents a budget transparency tool that allows political parties to present platforms that take into account the City's financial situation.

However, several actions remain to be taken nearly 2 years after this report on budget processes was issued. The timelines set for the action plans are spread out over several years and extend to November 2025.

However, in January 2022, city council passed a new resolution that the Auditor General and the Service des finances begin discussions on the parameters and methodology for producing an audited PER ahead of the next election.

Nevertheless, given the scope of the actions to be implemented, I question whether the municipal administration will be able to produce a PER that is supported by sufficient documentation and that can be audited.

2.4. Some Final Thoughts...

In conclusion, I would like to share with you some elements to consider for the future.

Compliance of Entities with Section 107.9 of the *Cities and Towns Act* – The Threshold Needs to Be Revised

It is important to note that it has been over 20 years since this provision of the CTA was put in place and that the \$100,000 subsidy threshold has not been reviewed since. Yet financial audit costs have greatly evolved over the last 20 years.

This provision should, in my opinion, be revised to take into account the new reality. I recommend that the City make the necessary representations to the lawmakers in this regard.

A Function Sometimes Misunderstood

During my seven-year term, I observed firsthand that the function of Auditor General is not always well understood by the municipal administration. I made clarifying this one of our strategic plan goals starting in 2019. Training session on the role of the Auditor General were provided to several bodies. However, I still see today that work remains to be done in this regard.

Indeed, there is still confusion between the roles of the various governance functions, and the municipal administration does not always seem to be aware of the independence and objectivity of the Auditor General.

Some reminders about this function:

«The mission of the Auditor General is to provide an objective and independent view of how well public funds are managed. By means of fully independent audits and the publication of reports which are available to the public, the Auditor General plays a critical role in promoting the transparency and accountability of municipal operations.»

The CTA provides the necessary guidance to enable the municipality's Auditor General to perform their role independently. Indeed, the CTA gives the Auditor General all of the functional and administrative independence, access to all documentary and human resources as well as the financial security to do so.



Performance Audit and Information Technology

3.

2022 Annual Report
Auditor General of
the Ville de Montréal



Budget Process – Ten-Year Capital Works Program component: Investment Planning

3.1.

April 26, 2023
2022 Annual Report
Auditor General of
the Ville de Montréal

Budget Process – Ten-Year Capital Works Program component: Investment Planning

Background

The ten-year capital works program (PDI) groups together investment projects that the Ville de Montréal (the City) plans to carry out over the next ten years to maintain its infrastructure and encourage its economic development. This management and planning tool takes into account the needs of the population and the agreed upon service levels. It informs the population of the directions taken and the strategic choices made to determine the level of taxation and the service levels of the various municipal activity sectors.

The City owns assets with a replacement value estimated at approximately 66 billion dollars (\$66 billion). Over the next ten years, the City plans to invest \$19.5 billion, of which 70.3% will be allocated to protecting and maintaining its assets.

Given the City's limited financial capacity and the condition of its assets, several of which are nearing the end of their useful life, an asset management strategy is currently being developed. Its objective is to maintain the City's service offer and, as much as possible, to obtain an optimal return on these assets.

Purpose of the audit

To ensure that the City has strategies that enable it to plan its capital investments based on its long-term needs, financial resources and strategic vision.

Results

Aware of investment needs attributable to its aging infrastructure, the City has, for the past two years, been preparing an investment budget for a period of ten years, rather than three years, to ensure integrated strategic planning. The City has put in place several policies and directives regarding the development of the PDI. An annual internal report on knowledge of the assets has been produced since the establishment of the PDI.

However, some practices aimed at aligning long-term needs and financial resources with the City's strategic vision have not been implemented. Compliance with the investment planning and funding strategies in effect is sometimes lacking. The information disclosed in the budget document and financial accountability report is incomplete, making it difficult to assess the extent to which the PDI aligns with the City's needs and matches its long-term financial capacity, and whether achievements correspond to budget forecasts.

Main Findings

Identification of Needs to Ensure the Short-, Medium- and Long-Term Maintenance of Assets Based on Their Condition, Lifecycle, Service Levels and Operational Planning Tools

- The annual report of January 31, 2022, on knowledge of the condition of the City's assets revealed several failures on the part of the business units to meet the directive. The work to be done to enable the City to have a complete picture of the condition of its assets and then to define its asset management strategy is huge. Defining the stakeholders' roles and responsibilities and ensuring their buy-in to this work are essential.
- To eliminate all confusion regarding the scope of the pre-budget consultation, consideration should be given to improving the consultation document by clarifying it, thereby ensuring that its objective is to survey the citizens' level of satisfaction with the City's infrastructure.
- There is no corporate portfolio identifying all the programs and investment projects.
- The technology tools used to develop the PDI and project files, as well as the investment funding forecasts, are outdated and not adapted to the City's needs, increasing the risk of errors.

Existence of a Long-Term Funding Plan

- Balancing the budget is only done for the coming year despite the fact that there is a requirement under the *Balanced Budget Policy* to predict the short- and medium-term impact of each project on the operating budget (OB).
- The impact of the PDI on the OB is not considered for all projects and programs within the financial framework.

Investment Funding Strategies

- Some measures provided for under the *Debt Management Policy* have not been applied.
- For the period 2015–2020, both investments and cash payments were lower than those planned in the Programme montréalais d'immobilisations: perspectives 2015-2024 (PMI), while borrowing was higher.

Allocation of Budget Envelopes Between the Business Units

- There is no consistent, structured multi-criteria analysis for the prioritization of all the City's investments.

Accountability

- Other than the notion of lowering the debt ratio below the 100% mark in 2027, there are no specific objectives or indicators establishing a link between the City's directions and asset management in the budget document.
- The annual financial accountability report does not present comparative data between what was planned in the PDI and what actually occurred, especially regarding investments, cash payments, the debt ratio and government subsidies for capital works.

In conjunction with these results, we formulated various recommendations to the business units, which are presented on the following pages.



List of Acronyms

BU

business unit

City

la Ville de Montréal

DG

Direction générale

EC

executive committee

INVESTI

système de gestion budgétaire du
programme décennal d'immobilisations

OB

operating budget

PDI

Ten-Year Capital Works Program

PMI

Programme montréalais d'immobilisations
(PMI): perspectives 2015-2024

PTI

Three-Year Capital Works Program

SF

Service des finances

SIMON

Système intégré Montréal

SPSPO

Service de la planification stratégique et
de la performance organisationnelle

UAC

urban agglomeration council



Table of Contents

1. Background	39
2. Purpose and Scope of the Audit and Evaluation Criteria	43
2.1. Purpose of the Audit	43
2.2. Evaluation Criteria	43
2.3. Scope of the Audit	44
3. Results of the Audit	45
3.1. Information Regarding Needs Aimed at Ensuring the Short-, Medium- and Long-Term Maintenance of Assets Based on Their Condition, Lifecycle and Expected Service Levels is Incomplete	45
3.1.1. Public Consultation Process	45
3.1.2. Asset Management Practices of the Ville de Montréal	46
3.1.2.1. Planning of Equipment and Infrastructure Investments	47
3.1.2.2. Prioritization of Projects and the Project Portfolio	52
3.1.3. Development of an Asset Management Strategy	53
3.2. A Financial Plan That Does Not Ensure the Availability of the Funds Required Over the Long Term to Maintain and Develop Assets	54
3.3. Investment Funding Strategies Exist, But They Are Not Completely Followed	56
3.4. Budget Envelopes are Distributed to the Business Units on a Historic Basis Rather Than on the Basis of Priorities	64
3.5. The Tools Used by the Ville de Montréal to Plan and Produce its Ten-Year Capital Works Program are Outdated	66
3.6. Accountability That Does Not Perfectly Inform About Budget Hypotheses and Results Obtained Compared With the Various Strategies Implemented	68

4. Conclusion	72
5. Appendices	74
5.1. Elements Influencing the Ten-Year Capital Works Program Development Process	74
5.2. Annual Budget Process	75
5.3. Investments by Asset Category	76
5.4. Example of a Project File	77
5.5. Programme montréalais d'immobilisations: perspectives 2015-2024 (PMI)	78
5.6. Condition of the Assets	79
5.7. Investments Planned in the Programme montréalais d'immobilisations and Made in the Period From 2015 to 2020	80
5.8. Additional Cash Payments Planned in the Programme montréalais d'immobilisations and Made for the Period From 2015 to 2020	81
5.9. Loans Planned in the Programme montréalais d'immobilisations and Made for the Period From 2015 to 2020	82

1. Background

Two years ago, the Ville de Montréal (the City) began presenting its investment budget for a period of ten years,¹ rather than three years. The reason was the City's desire to ensure integrated strategic planning over ten years, especially given the investment needs attributable to its aging infrastructure (e.g., viaducts, roads).

The ten-year capital works program (PDI) groups together investment projects that the City plans to complete in the coming ten years to maintain its infrastructure and encourage its economic development. This management and planning tool takes into account the needs of Montréal's population and the agreed upon service levels. To be able to produce a PDI, an organization must put a structured process in place. This budget process helps establish the strategy and objectives and allocate resources according to established priorities. It is generally based on strategic planning that draws on the organization's long-term vision and its financial capacity.

At the municipal level, it is also a communication vehicle that enables a city to inform the population of the directions taken and the strategic choices made to establish the level of taxation and the service levels of the various municipal activity sectors.

As indicated in the best practices guide of the Ministère des Affaires municipales et de l'Habitation for preparing a capital works plan, the thoroughness, transparency and consistency shown by the "elected officials and city managers" in developing and implementing their three-year capital works program (PTI) will ensure the credibility of their decisions and the acceptance and satisfaction of their citizens regarding the development and sustainability of their living environment

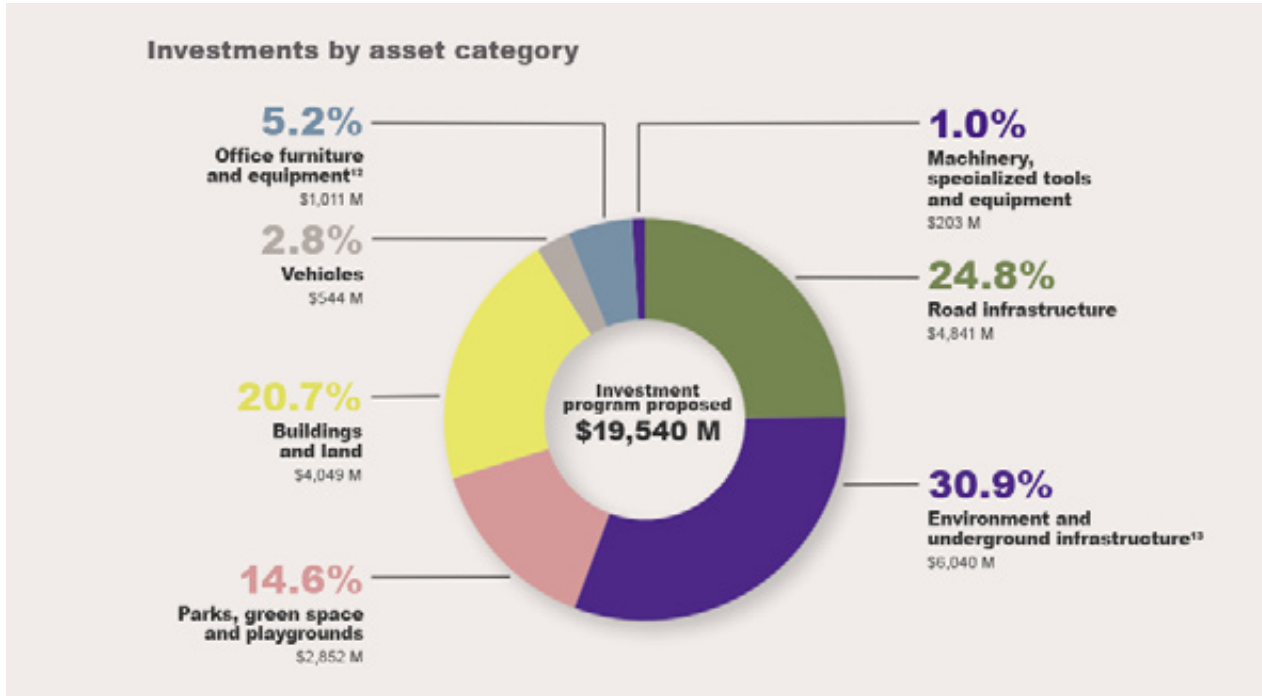
Ten-Year Capital Works Program

The City owns assets whose estimated replacement value is approximately 66 billion dollars.²

During the coming decade, planned investments will total \$19.5 billion, of which 70.3% will be allocated to the protection and maintenance of assets. Figure 1 presents the investments by asset category planned in the 2022–2031 PDI.

¹ The 2021–2030 PDI is the first Ten-Year Capital Works Program prepared by the City and replaces the Programme montréalais d'immobilisations (PMI): perspectives 2015-2024 (PMI).

² Source: 2022 Budget – 2022–2031 PDI, page 240.

FIGURE 1**PLANNED INVESTMENTS IN THE 2022–2031 TEN-YEAR CAPITAL WORKS PROGRAM BY ASSET CATEGORY**

¹² Includes information technology.

¹³ Includes water.

Source: 2022–2031 PDI budget, page 37.

Five central departments³ are responsible for 73% of the content of the PDI, while the boroughs are responsible for 7%.

Three funding methods are used to support the planned capital activities:

- ◆ External funding;
- ◆ Cash payments;
- ◆ Loans.

External funding eases the fiscal burden on taxpayers. In the case of the 2022–2031 PDI, it represents an amount of \$3.6 billion, or 18.2%⁴ of total investments of \$19.5 billion. External funding sources are mainly subsidies of \$2.7 billion from the federal and provincial governments, income from commercial activities, including \$0.9 billion from the Commission des services électriques de Montréal, and \$25 million from various sources of revenue, including developers' contributions. Cash payments and loans represent \$8.9 million or 45.6% and \$7.1 million or 36.2%, respectively.

³ The Service de l'eau, Service de l'urbanisme et de la mobilité, Service des grands parcs, du Mont-Royal et des sports, Service de la gestion et planification des immeubles and Service des technologies de l'information.

⁴ \$3,550.4 million/\$19,539.8 million.

Administrative and Legislative Frameworks

The process for preparing the City's budget and PDI is very complex and is defined by:

- ◆ Multi-level governance (city council, urban agglomeration council (UAC), borough council, executive committee (EC));
- ◆ Several strategic documents prepared since 2014;
- ◆ Various laws and regulations that have an impact on governance decision-making;
- ◆ Various policies and directives issued;
- ◆ External factors (e.g., climate change, economic factors).

To this end, the City has adopted several policies that state management directions and practices that frame investment planning and funding, in particular the following:

- ◆ *Policy on Equipment and Infrastructures;*
- ◆ *Capitalization and Amortization Policy for Capital Expenditures;*
- ◆ *Debt Management Policy;*
- ◆ *Policy on Operating Surplus Management;*
- ◆ *Policy on Sources of Revenue;*
- ◆ *Balanced Budget Policy;*
- ◆ *Directive sur la connaissance de l'état des actifs.*

In addition to the administrative frameworks, the Programme montréalais d'immobilisations: perspectives 2015-2024 (PMI) was developed to define investment targets to maintain the condition of the municipal assets and ensure the City's development.

In the *Policy on Equipment and Infrastructures*, the following rules were established regarding budgets allocated to the boroughs:

- ◆ Unused amounts allocated to the boroughs will be carried over to the following year and added to the allocation amount for that year;
- ◆ The boroughs retain their independence regarding the use funds within the envelope.

A table representing the items influencing the PDI preparation process is presented in Appendix 5.1.

Roles and Responsibilities Related to the Development Process of the Ten-Year Capital Works Program

The annual PDI preparation process, the major steps of which are presented in Appendix 5.2., continues throughout the year.

The stakeholders in this process are:

- ◆ The chair of the EC, in collaboration with the Direction générale (DG), which sets the directions and investment expenditure forecasts to analyze borrowing needs;
- ◆ The Service des finances (SF):
 - More specifically, the Direction du budget et de la planification financière, which discusses with the DG and coordinates the entire budget preparation process (including the design of budget envelopes, their transfer to the central departments and boroughs, data collection, and participation on various committees),
 - The Direction financement, placement et trésorerie, which works in collaboration with the Direction du budget et de la planification financière to determine the City's financial capacity and establish a budget envelope to be met for investments funded through loans.⁵ The Direction financement, placement et trésorerie also prepares the draft debt budget with hypotheses and scenarios sent by the Direction du budget et de la planification financière. Data is updated from various sources to determine the loan program for the next ten years and the City's debt ratio;
- ◆ The central departments, boroughs and paramunicipal agencies, which prepare their budget and will have to defend it.

In addition, in support of the preparation of the PDI, the Service de la planification stratégique et de la performance organisationnelle (SPSPO) is mandated to develop an asset management strategy and coordinate its implementation.

Prior to implementing this asset management strategy, the condition of the assets must be evaluated to:

- ◆ Define the expected service levels;
- ◆ Prepare a long-term funding strategy to maintain service levels, while respecting the City's financial capacity.

In keeping with the *Directive sur la connaissance de l'état des actifs*, in force since 2018, annual reports have been produced.

⁵ Excluding the investments of the Société de transport de Montréal.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Under the provisions of the *Cities and Towns Act*, we conducted a resource optimization audit dealing with the “Budget Process – *PDI component: Investment Planning*.” We conducted this audit in accordance with the Canadian Standard on Assurance Engagements (CSAE) C3001 of the *CPA Canada Handbook – Assurance*.

The objective of this audit was to ensure that the City has strategies that enable it to plan its capital investments based on its long-term needs, financial resources and strategic vision.

2.2. Evaluation Criteria

The City’s auditor general is responsible for providing a conclusion on the objective of the audit. To this end, we collected sufficient and appropriate evidence to arrive at our conclusion with a reasonable degree of assurance. Our evaluation was based on criteria that we deemed valid under the circumstances. These criteria are, as follows:

- ◆ A strategy is developed to plan the required investments, prioritize them and carry them out at an appropriate time. This strategy includes:
 - Identification of needs to ensure the short-, medium- and long-term maintenance of the assets based on their condition, lifecycle and expected service levels,
 - Future needs forecasts stemming from the City’s strategic vision and urban growth,
 - An approach making it possible to optimize the value of investment projects and programs based on needs and available resources, to plan them at the opportune time and to monitor opportunities and risks;
- ◆ A long-term financial plan is developed to ensure that the amounts required to maintain and develop the assets are available, including maintenance and operating costs over their entire lifecycle, as well as the debt cost, while respecting the City’s financial capacity;
- ◆ A balanced investment funding strategy exists and makes it possible to optimize the choice of funding methods, maintain intergenerational equity and meet the debt level established based on the City’s financial capacity;
- ◆ The budget envelopes allocated to the central departments and boroughs take into account the strategies adopted and organizational priorities.
- ◆ Accountability mechanisms are in place to inform authorities about the implementation of the investment and funding strategies.

The City’s auditor general applies the Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance Engagements*. This standard requires the City’s auditor general to formulate, implement

and operate a quality management system that includes policies and procedures to ensure compliance with rules of conduct, professional standards and applicable legal and regulatory requirements. During the course of this work, the City's auditor general complied with the rules of independence and other rules of conduct of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec, which are based on the fundamental principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

2.3. Scope of the Audit

Our audit dealt with the investment planning process that led to the preparation of the 2022–2031 PDI, which took place between January and December 2021. For certain aspects, earlier data was also considered. The audit was conducted between the months of June 2021 and September 2022. We also took into account information that was sent to us up to April 2023.

This audit was conducted primarily with the DG and SF.

Upon completing our audit, a draft audit report was presented to the managers concerned in the audited business units (BUs) and to the DG for validation purposes. The final report was then forwarded to the management of each of the BUs concerned and to the DG to obtain an action plan and timeline for implementing the recommendations presented in this report.

3. Results of the Audit

3.1. Information Regarding Needs Aimed at Ensuring the Short-, Medium- and Long-Term Maintenance of Assets Based on Their Condition, Lifecycle and Expected Service Levels is Incomplete

3.1.1. Public Consultation Process

According to best practices, the participation of citizens in the investment planning process is important since they pay and use the infrastructure. Surveys and public consultations could reveal their degree of satisfaction with existing service levels and their willingness to pay for a lower or higher level of service.

Our audit found that a public consultation process had been in place at the City since the 2020 fiscal year to obtain the opinion of citizens regarding future budget choices.

The managers we met stated that the objective of this consultation process was not to probe the degree of satisfaction of citizens regarding expected service levels linked to the City's infrastructure, but that the process was focused rather on issues related to the operating budget (OB).

Page 13 of the 2022 public consultation document indicates that the City's budget consists of 2 components, the OB and the PDI. We did not find any clarification indicating that the consultation only focused on the OB. In addition, the section concerning the ecological transition states that:

[TRANSLATION] "The ten-year capital works program will include actions in its process to take into account the objectives of Climate Plan 2020–2030. These actions will help improve and adjust current and future projects and programs to maximize the impact of investments."

To eliminate any confusion about the scope of the pre-budget consultation, the consultation document should be improved by clarifying that the exercise deals only with the OB, if this is the case.

In our opinion, the public consultation process as part of long-term investment budget planning should, first and foremost, be integrated into the asset management process and address significant budget issues.

Furthermore, the following two recommendations made by the Commission sur les finances et l'administration following the "2022 pre-budget consultation" dealt specifically with capital investment funding:

[TRANSLATION] "R-5. Ensure the sustainability of the debt by controlling indebtedness and demonstrating the ability to contain the pace of spending."

R-6. Maintain at a reasonable level – taking into account the current environment due to the pandemic – the capital cash payment strategy."⁶

⁶ "2022 pre-budget consultation" – report and recommendations, report filed with city council and the UAC on June 14 and 17, 2021.

While the public consultation process demonstrated the City's desire to understand citizens' opinions about the priorities that it had set for itself regarding the *Montréal 2030* strategic plan, it would be relevant to clarify its scope.

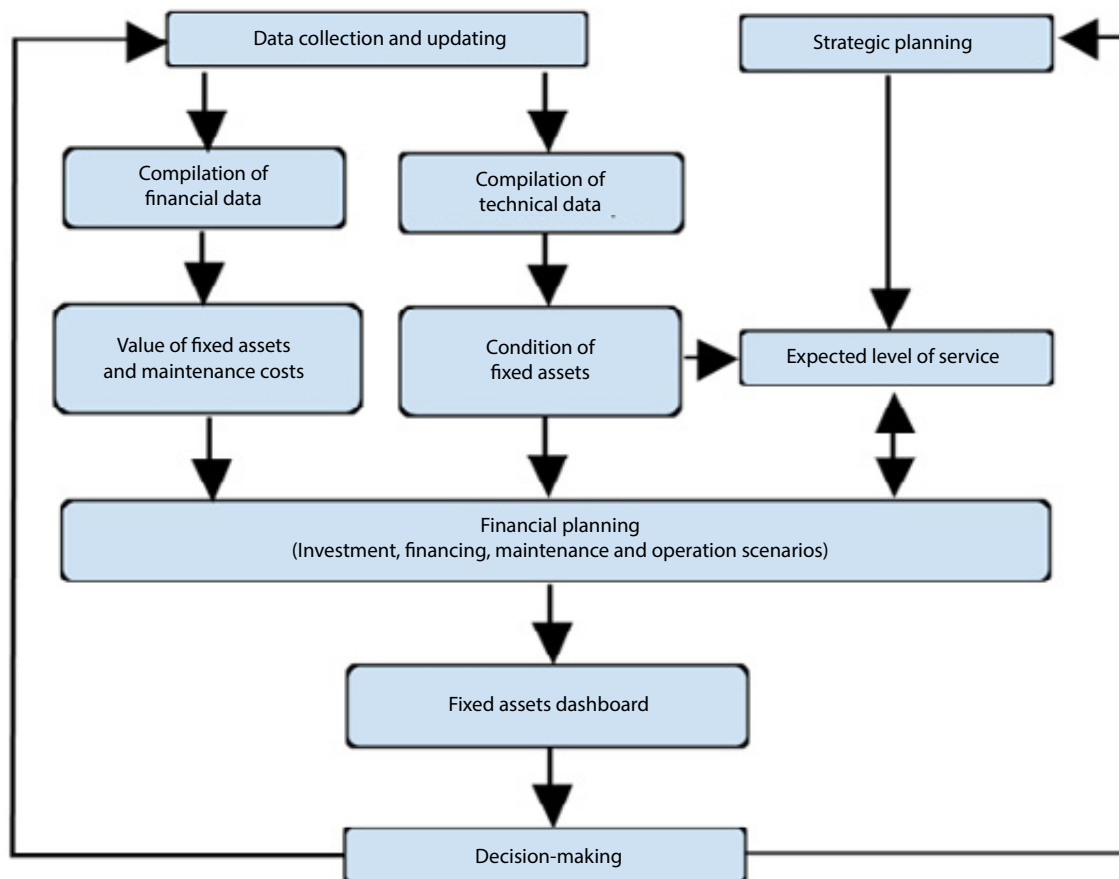
RECOMMENDATION
3.1.1.A.

We recommend that the Direction générale clarify the objective of the pre-budget consultation regarding the significant budget issues related to the ten-year capital works program.

3.1.2. Asset Management Practices of the Ville de Montréal

Capital asset management is an integrated strategic approach to managing fixed assets and is characterized by several parameters, including the value of the asset, lifecycle and risk assessment. The City's approach comprises all the steps involved in preparing and implementing the acquisition, operation, maintenance, rehabilitation and replacement of the assets. The overall approach is presented in Figure 2.

FIGURE 2 | COMPREHENSIVE ASSET MANAGEMENT PROCESS



Source: Guide de gestion des actifs en immobilisations à l'intention des élu·es et élu·es municipaux, Centre d'expertise et de recherche en infrastructures urbaines, 2014, page 4.

In line with best practices, we analyzed the tools the City put in place to manage assets.

3.1.2.1. Planning of Equipment and Infrastructure Investments

Policy on Equipment and Infrastructures

Given that equipment and infrastructure planning is an essential aspect of responsible financial planning, the City adopted the *Policy on Equipment and Infrastructures*, which came into force on March 20, 2018.⁷

⁷ A new version of this policy came into force in January 2023.

The goal of the *Policy on Equipment and Infrastructures* is to determine the planning activities needed to maintain the City's equipment and infrastructure in good working condition and to replace them at the appropriate time. The objectives of this policy are, as follows:

- ◆ Have a PMI that provides for planning over ten years and a quality PTI/PDI;⁸
- ◆ Manage equipment and infrastructure economically;
- ◆ Inventory the fixed assets to know their scale, quality and condition;
- ◆ Ensure that the budgetary position will not be destabilized by unplanned expenditures.

The management practices recommended in the *Policy on Equipment and Infrastructures* require the City, in particular, to:

- ◆ Have a comprehensive, permanent inventory of its fixed assets;
- ◆ Ensure that the fixed assets are in good condition. The City must:
 - Assess the risk of elements causing breakage or premature wear,
 - Set objectives for maintaining the condition of the assets,
 - Design a structured preventive maintenance program;
- ◆ Develop a resource allocation strategy. Efficient planning of resource allocation is essential to increase the completion of projects and programs while complying with costs and timelines and establishing long-term planning for their funding.

Among the recommended management practices in the *Policy on Equipment and Infrastructures*, which came into force in 2022, is the following:

*[TRANSLATION] "The City shall give priority to the amounts allocated to the PTI (at least 75% of the annual envelope) for the protection of equipment and infrastructure and allocate the remainder to development projects."*⁹

Our review of the budgeted protection/development ratio revealed a lack of compliance with the 75/25 ratio during fiscal years 2019 to 2022. The percentage applicable to asset protection projects or programs compared with the percentage allocated to development projects during these fiscal years is presented in Table 1.

⁸ In January 2023, this statement was replaced by: [TRANSLATION] "...have a quality ten-year capital works program that provides for planning over ten years."

⁹ In January 2023, this passage was amended, as follows: [TRANSLATION] "The City shall give priority to the amounts allocated to the PDI (a target of 75% of the annual envelope) for the protection of equipment and infrastructure and allocate the remainder to development projects."

TABLE 1 | RATIO – INVESTMENTS ALLOCATED TO PROTECTION AND DEVELOPMENT

THREE-YEAR CAPITAL WORKS PROGRAM/ TEN-YEAR CAPITAL WORKS PROGRAM	YEAR	TOTAL AMOUNT THREE-YEAR CAPITAL WORKS PROGRAM/ TEN-YEAR CAPITAL WORKS PROGRAM (IN \$ MILLIONS)	PROTECTION PROJECTS AND PROGRAMS		DEVELOPMENT PROJECTS	
			AMOUNT (IN \$ MILLIONS)	PERCENTAGE	AMOUNT (IN \$ MILLIONS)	PERCENTAGE
2019–2021	2019	6,495.9	4,642.6	71.5%	1,853.3	28.5%
2020–2022	2020	6,066.4	4,239.4	69.9%	1,827.0	30.1%
2021–2030	2021	18,693.3	13,369.7	71.5%	5,323.6	28.5%
2022–2031	2022	19,539.8	13,734.3	70.3%	5,805.5	29.7%

Source: 2022–2031 PDI, Table 160, page 253.

While this data is presented in the PDI, which was approved, we found no evidence of any formal approval of the exemptions by city council. The *Policy on Equipment and Infrastructures* states that any exemption to this policy must be approved.

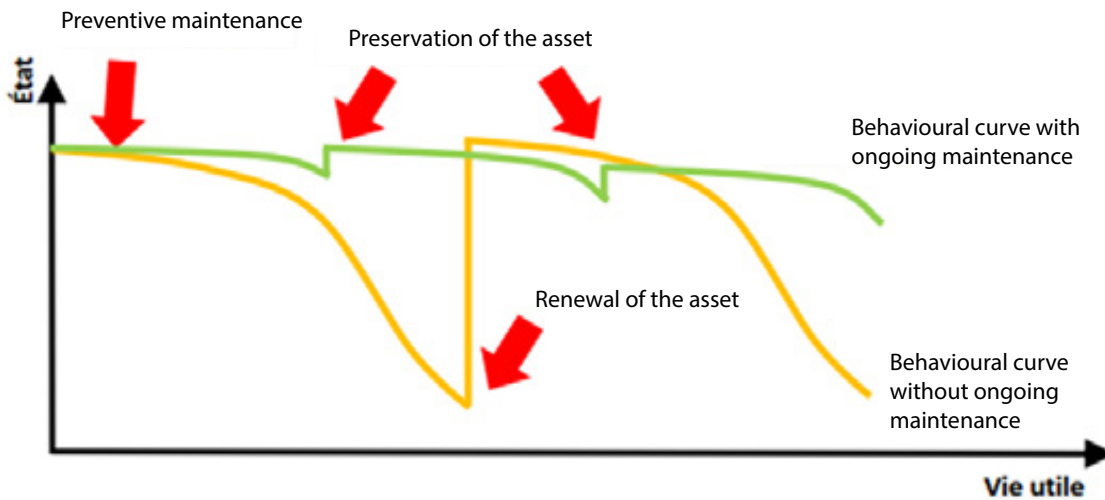
In addition, the parameters of the *Policy on Equipment and Infrastructures* regarding the minimum threshold allocated as a priority to the protection of equipment and infrastructure were amended in the January 2023 version. The indicator “of at least 75%” was changed to “a target of 75%” and now reads, as follows: [TRANSLATION] “The City shall give priority to the amounts allocated to the PDI (a target of 75% of the annual envelope) for the protection of equipment and infrastructure and allocate the remainder to development projects.”

We determined that reaching this target is at least ten basis points below the target for the years 2022–2026, as shown in the table in Appendix 5.3. This raises questions about the impact that this difference might have on the objective of maintaining and protecting assets if this target is not achieved in the next five years.

Directive sur la connaissance de l'état des actifs

Knowing the condition of the assets is an essential step in putting in place an asset management strategy for the City.

Best practices recommend planning asset maintenance to obtain optimal return, as presented in Figure 3.

FIGURE 3 | PERFORMANCE OF AN ASSET BASED ON ITS MAINTENANCE

Legend: The behavioural curve with ongoing maintenance (green) shows maintenance and rehabilitation activities throughout the useful life of the asset. This approach facilitates the preservation of the asset. The costs incurred by this strategy will be lower than those incurred by a reactive approach (yellow).

Source: Guide de gestion des actifs en immobilisations à l'intention des élu·es et élus municipaux, Centre d'expertise et de recherche en infrastructures urbaines, February 2015, page 3.

As an adjunct to the *Policy on Equipment and Infrastructures*, the DG issued in 2018 an administrative framework dealing with knowledge of the real condition of all the City's assets, for which the SPSPO is responsible. The policy was updated in October 2020.

According to the *Directive sur la connaissance de l'état des actifs*, each BU must ensure that an assessment of all the assets for which it is responsible is carried out from the date of coming into force and every five years at a maximum, or according to recognized asset management best practices.

In addition, each BU is responsible for submitting an annual report on the condition of its assets no later than January 31 of each year. This annual report must take into account investments and actions taken on assets each year to know how their condition has changed.

To this end, the SPSPO made the following observations in its report of January 31, 2022, presented to the DG:

- ◆ Missing in the case of some BUs are categories and subcategories of assets regarding the replacement value of identified assets;¹⁰
- ◆ There is an absence of qualification of the condition of certain identified assets;
- ◆ Data at the borough level is incomplete;
- ◆ Data about the condition of assets in the category "parks, green spaces and playgrounds" is incomplete;

¹⁰ Represents the reconstruction or acquisition of the City's assets.

- ◆ Close to 20% of the identified and evaluated assets are in poor or very poor condition;¹¹
- ◆ The five-year audit cycle is not followed: several BUs presented incomplete data, and the vast majority of boroughs did not provide information on this subject;
- ◆ Several BUs fail to enter the asset maintenance deficit¹² in their report for several or all categories of assets for which they are responsible;
- ◆ Projected investments in the PDI are insufficient to meet the average annual investment needs identified by the BUs.

According to the action plan¹³ for the deployment of an asset management system, proposed to the DG by the SPSPPO, an asset management plan should be submitted by the central departments in 2025, and by the boroughs in 2026. Accomplishing this will require preliminary fine-tuning of knowledge of the assets for all the BUs.

The SPSPPO is dependent on the collaboration of the BUs, some of which have still not provided data, for example:

- ◆ The percentage of assets that were audited in the past year;
- ◆ For some assets, their replacement value (CRV) after three fiscal years.

In light of the work done to date by the SPSPPO and the BUs to obtain a comprehensive picture of the condition of the assets, we can see that the task is huge but an essential prerequisite to the eventual implementation of an effective asset management strategy. Measures must be put in place to avoid compromising the timelines proposed by the SPSPPO for delivery of the asset management plan.

Due to the City's limited financial capacity and the condition of its assets, several of which are approaching the end of their useful life, asset management has become essential. With this in mind, an asset management strategy should enable the City to optimize the return on these assets and maintain its service offer.

RECOMMENDATION **3.1.2.1.A.**

We recommend that the Direction générale define the stakeholders' roles and responsibilities so that the Service de la planification stratégique et de la performance organisationnelle:

- ◆ Obtains buy-in from the stakeholders to carry out its action plan;
- ◆ Receives the required data on the assets in a timely manner to implement an asset management strategy.

¹¹ The chart of asset condition indices is presented in Appendix 5.6.

¹² Makes it possible to identify the amount of investment required to restore the condition of the assets to a satisfactory level (C).

¹³ Prepared in June 2022 and updated in March 2023.

3.1.2.2. Prioritization of Projects and the Project Portfolio

Our audit revealed that no portfolio exists that identifies all the programs and projects, with the exception of the list of projects entered into the PDI for which project files are filled out by the central departments and paramunicipal agencies. For information purposes, a project file is presented in Appendix 5.4. Such project files are not filled out by the boroughs.

Our examination of the project files entered into the 2022–2031 PDI also enabled us to determine the absence of some relevant information, in particular for prioritizing the project or program, or to assess its financial impact on the OB, including:

- ◆ The condition of the asset (for existing asset protection projects or programs);
- ◆ The asset category;
- ◆ For years 6 to 10 of the PDI, the annual breakdown of the following financial data:
 - Planned investment,
 - External funding sources,¹⁴
 - Planned cash payment,
 - Impact on the OB;¹⁵
- ◆ An analysis taking into account several criteria, such as organizational priorities and desired service levels, aimed at establishing a priority ranking scale.

The use of a project portfolio pooling all the information that is relevant to the programs or projects, at the planning or execution phase, including those for which the boroughs are responsible, would reduce the risk that the prioritization of projects is not aligned with needs and the future asset management strategy. This would also make it possible to estimate the financial impact on the OB.

RECOMMENDATION 3.1.2.2.A.

We recommend that the Direction générale have a comprehensive portfolio of projects under way, ready to be undertaken or under development, based on complete updated project files, while including those for which the boroughs are responsible.

RECOMMENDATION 3.1.2.2.B.

We recommend that the Direction générale improve the project files to include all the relevant information for prioritizing projects and enable the assessment of their feasibility based on the ten-year capital works program and the Ville de Montréal's financial capacity.

¹⁴ Debt subsidy, cash subsidy or developers' contribution.

¹⁵ One-time expenses, recurring annual expenses or required number of person-years.

3.1.3. Development of an Asset Management Strategy

During our audit, an asset management strategy was being developed.¹⁶ We examined all the available documents and evaluated, based on best practices, the extent to which all the policies and directives in force regarding the choice and funding of investments were aligned with:

- ◆ Infrastructure and equipment needs;
- ◆ Financial and debt management;
- ◆ The City's strategic development vision.

Developing an asset management strategy for the City should:

- ◆ Align objectives and resources with the agreed upon service levels;
- ◆ Facilitate project planning based on established priorities;
- ◆ Address risks threatening the viability of the services offered.

A link should be established between the City's strategic objectives and tactical and operational levels. To ensure the usefulness of the document, we also believe that it should include targets and results indicators, something that we were unable to trace. Without this information, the document's usefulness would be greatly diminished.

We further believe that it is relevant, through this strategy, to put in place municipal asset management that is integrated into the development of the PDI, so that all the dimensions associated with this management are considered, in particular with the following information:

- ◆ Asset categories;
- ◆ Service levels;
- ◆ Lifecycle.

In addition, an explicit link with the City's financial framework and debt management should be made, which we were unable to trace, thus reducing the relevance of the exercise.

The documents accompanying (policies and directives in effect) the future asset management strategy seem to cover the entire asset management application field. However, it is difficult to find the information needed for decision-making. There is therefore a need to integrate the various policies or relevant references that have an impact on asset management. This would reduce the risk of not taking into account all the parameters to be considered for integrated asset management (such as those of the *Debt Management Policy* and the *Policy on Equipment and Infrastructures*).

¹⁶ According to the managers we met, the investment and funding targets detailed in the PMI have no longer been followed since implementation of the PDI in 2021.

RECOMMENDATION 3.1.3.A.

We recommend that the Direction générale include in its asset management strategy elements enabling it to make a link with decision-making, such as:

- ◆ An explicit link with the financial framework of the Ville de Montréal and its debt management;
- ◆ The investment needs and financing capacity of the Ville de Montréal;
- ◆ Targets to attain and results indicators.

RECOMMENDATION 3.1.3.B.

We recommend that the Direction générale optimize the structure of its policies linked to its future asset management strategy, by either integrating them into the strategy or ensuring that the strategy includes the relevant references.

3.2. A Financial Plan That Does Not Ensure the Availability of the Funds Required Over the Long Term to Maintain and Develop Assets

A long-term financial plan must be developed to ensure the availability of funds needed to maintain and develop assets, including maintenance and operational costs over their lifecycle and funding costs, while respecting the City's financial capacity.

Based on best practices, budgeting over a multi-year period contributes to improving the allocation of resources and ensuring more efficient delivery of services, as well as providing predictability to managers.

Conversely, an annual budget process has the disadvantage of providing little wiggle room in allocating resources and makes it difficult to establish a link with financial strategies and needs when making decisions.

The *Cities and Towns Act* requires cities to balance their budget on an annual basis. The City's *Balanced Budget Policy* determines the framework mechanisms and tools needed to maintain this balance on an annual and multi-year basis. The following management practices are set out in the *Balanced Budget Policy*:

[TRANSLATION]

- ◆ "When preparing the PTI, it is necessary to allow for the short- and medium-term impact of each project on the operating budget...";
- ◆ To this end, management practices consist of preparing operating cost and revenue projections for a period of three to five years to determine the effect current budget decisions will have on the City's future budgets.

While the *Balanced Budget Policy* requires forecasting the short- and medium-term impact of each project on the OB, this is not being applied since balancing the budget is done for the

coming year only in the financial framework. Consequently, projects undertaken or planned may not have the budget credits needed to operate and maintain the assets during their entire useful life, as shown by certain BUs.

Beyond the fact that the financial framework is balanced over only one year, we also examined the extent to which the financial impact on the OBs of programs and projects entered into the PDI was taken into consideration in establishing the financial framework.

Assessment of the Impact of Investments on the Operating Budget

We found that the impact of the PDI on the OB is not considered for all projects and programs, which undervalues the forecast expenditures in the financial framework, as well as the anticipated financial imbalance for the coming years.

Based on the information contained in the project files, one-time and recurring expenses linked to capital works projects and programs that have an impact on the 2022 OB amounted to \$27.4 million, while the financial framework forecasted an amount of \$4 million. For the five-year period covered in the 2022–2026 financial framework, the difference added up to more than \$328 million. Table 2 presents these differences.

TABLE 2 | **DIFFERENCE BETWEEN THE AMOUNTS PLANNED IN THE FINANCIAL FRAMEWORK AND THOSE IN THE PROJECT FILES**

	AMOUNT PER YEAR (IN THOUSANDS OF \$)					
	2022	2023	2024	2025	2026	TOTAL
Amounts presented in the financial framework	3,980.0	10,555.4	3,607.6	632.0	170.5	18,945.5
Amounts presented in the project files ^[a]	27,380.0	47,819.0	65,607.0	94,274.0	112,062.0	347,142.0
DIFFERENCE	(23,400.0)	(37,263.6)	(61,999.4)	(93,642.0)	(111,891.5)	(328,196.5)

^[a] These amounts include recurring and non-recurring expenses but exclude the number of additional person-years presented in the project files.

Source: 2022–2026 financial framework prepared by the SF on December 6, 2021, and 2022–2031 PDI- detailed project files.

In addition, the information presented in the financial framework concerns some investment projects only, i.e., the modernization of the Pierrefonds plant, the disinfection of the Jean-R.-Marcotte wastewater treatment plant and the organic waste treatment centres.

According to the SF, the difference between the information presented in the financial framework and that presented in the project files is due to the fact that these documents do not have the same objectives. The financial framework presents the additional OB

attributed to the central departments for new planned capital works, whereas the project files include additional operating costs determined by the departments for each capital works project or program taken separately. Nevertheless, faced with the scope of the differences observed in the number of projects considered and the amounts, we question the accuracy of the impact assessment of the capital investment projects on the OB.

While the City assesses its financial capacity over a period of ten years using forecasts and hypotheses aimed at determining its borrowing needs and projected debt ratio based on investments envisaged in the PDI, these projections are insufficient to assess its long-term fiscal sustainability. They do not take into account the effect of increased operating and maintenance costs of its fixed assets on the forecasts and hypotheses used.

Neither the developed financial framework nor the projections made of the debt ratio currently enable the City to demonstrate that the OB will be sufficient to support the implementation of the PDI.

RECOMMENDATION 3.2.A.

We recommend that the Direction générale, with the collaboration of the Service des finances, ensure that:

- ◆ All the documents used in developing the ten-year capital works program are established on the same basis as the program;
- ◆ All additional operating costs are taken into account to assess as completely as possible the financial capacity of the Ville de Montréal and its fiscal sustainability.

3.3. Investment Funding Strategies Exist, But They Are Not Completely Followed

The City's financial policies, including those relating to debt management and sources of revenue, include strategies or measures to guide investment and funding decisions and ensure sound management of the City's finances. The PMI developed by the City in 2014 also provided for strategies to increase investments over a period of ten years and ensure funding.¹⁷

Debt Management Policy

The *Debt Management Policy*¹⁸ stipulates that the City must have a strategy for funding capital expenditures. The management practices related to this state, in particular, that:

- ◆ Capital expenditures must be funded mainly through a long-term loan for reasons of intergenerational equity;
- ◆ The City will try to increase the cash payment of recurring capital expenditures, such as those related to the rehabilitation of infrastructure that is needed on an ongoing basis.

¹⁷ According to the managers we met, the investment and funding targets detailed in the PMI have no longer been followed since implementation of the PDI in 2021.

¹⁸ The City's *Debt Management Policy*, adopted in 2004, updated in December 2008 and March 2018, 1st statement – [TRANSLATION] The City must acquire a funding strategy for capital expenditures.

The *Debt Management Policy*¹⁹ also provides for the City to adopt a strategy to correct the debt level and restore a degree of flexibility to it.

Our audit showed that 2 of the 5 measures contained in the Debt Management Policy regarding implementation of this strategy were not always applied (see Table 3).

TABLE 3 | MEASURES CONTAINED IN THE DEBT MANAGEMENT POLICY

MEASURE	APPLIED	NOT APPLIED
Establish reserve funds greater than normal	x	
Plan a voluntary contribution of \$5 million ^[a] annually to repay the debt	x	
Allocate 50% of annual interest savings to debt repayment	x	
Allocate 10% of annual surpluses to debt repayment		x
Annually update the level of achievement of objectives		x

^[a] This amount should be increased by a minimum of 10% each year.

Source: Table produced by the Bureau du vérificateur général.

Regarding the reserve funds, we found that they increased considerably although no specific objective was established by the City. A financial reserve for the cash payment of capital works was established in 2014, and major sums have been paid out, especially in the past three years. The authorized amount of this reserve was \$300 million at the start and was increased to \$1,050 billion in 2020.

As for the voluntary contribution and allocation of 50% of interest savings, these have been applied each year since the adoption of the Debt Management Policy, which has significantly reduced the amount of debt. An amount of \$665 million derived from these contributions and allocations was used on December 31, 2021, \$638.4 million for debt repayment and \$26.7 million for the cash payment of capital expenditures.

¹⁹ Idem, 2nd statement – [TRANSLATION] The City must manage its debt prudently.

The measure aimed at allocating 10% of annual surpluses for debt repayment, however, was partially applied. Based on our analysis of the City's annual surpluses and allocations since the adoption of the policy in 2004, no amount was allocated prior to 2019. From 2019 to 2021, an attempt to catch up was initiated with \$189.3 million being allocated, or 7% of the total. Thus, the total amount allocated was less than \$77.8 million of what should have been determined based on the Debt Management Policy (see Table 4).

TABLE 4 | VARIANCE BETWEEN CALCULATED ALLOCATIONS AND ALLOCATIONS MADE

FISCAL YEAR	SURPLUS	CALCULATED ALLOCATIONS	SURPLUSES ALLOCATED	ALLOCATIONS USED	BALANCE OF THE SURPLUS ALLOCATED	ANNUAL VARIANCE	CUMULATIVE VARIANCE
2004 to 2018	1,880,157	188,068	-	-	-	188,068	188,068
2019	250,859	25,086	40,000	-	40,000	(14,914)	173,154
2020	246,996	24,700	40,000	(40,000)	-	(15,300)	157,854
2021	293,073	29,307	109,307	-	109,307	(80,000)	77,854
TOTAL	2,671,085	267,161	189,307	(40,000)	149,307	77,854	77,854

Source: Table produced by the Bureau du vérificateur général.

In addition, a large part of the \$189.3 million that was reserved for debt repayment has still not been used. Only \$40 million was used in 2020 for cash payment of capital expenditures. At the time of our audit, \$149.3 million still remained in the City's allocated operating surplus. If we add this amount to the amount that should have been allocated, i.e., \$77.8 million, the debt could have been reduced by an additional \$227 million. We were unable to obtain confirmation that the decisions to not allocate the surpluses prior to 2018 and not use all available funds to repay the debt were approved by the authorities. Based on our discussions with the SF, the policy does not dictate its use, which remains a strategic choice. We clearly understand that the application of a policy can allow such latitude, but we believe that there is room for improvement in the disclosure of and accountability for implementing applied decisions.

According to the *Debt Management Policy*, the City must set a debt ceiling,²⁰ and it also clarifies that [TRANSLATION] "...any exemption from this Policy must, upon the recommendation of the executive committee (EC), be approved by city council and the UAC." Our audit showed that these approvals were obtained when the City exceeded the limit that was determined for the debt ratio and that the annual net cost of the debt burden to the taxpayers

²⁰ A first limit was set (debt ratio) that consisted of limiting the level of direct and indirect net debt to 100% of annual revenues. A second limit stipulated that the annual net cost of the debt burden to taxpayers would not exceed 16% of operating costs.

never exceeded the maximum ratio²¹ authorized by the Debt Management Policy.

We found, nevertheless, that the elements to be taken into account in calculating the debt ratio are not clearly defined, for example:

- ◆ Inclusion of the allocations derived from the accumulated surplus and financial reserves in the annual revenues;
- ◆ Exclusion of the initial actuarial debt of the pension plan of employees of the former City, amounting to more than \$800 million.

Since including these elements or not has a significant impact on the debt ratio, they should be specified and documented to avoid any ambiguity in interpreting the ratio.

Other requirements and principles stated in the *Debt Management Policy* would also benefit from greater precision to facilitate their understanding and guide decision-making about funding. For example, mention is made that the City will attempt to increase the cash payment of recurring capital expenditures, without, however, setting a target that could be taken into consideration when preparing funding strategies.

Finally, we found that the City monitors the voluntary contribution made for debt repayment as part of accountability. However, no annual updating has been done, formally or precisely, on the degree of achievement of the objectives by considering all the measures provided to improve the debt level. This would have enabled the City to shed light on the fact that annual surpluses were not always allocated to debt repayment, to correct the situation in a timely manner, or to revise the strategy that it had adopted to correct the debt level.

The current framework mechanisms should be updated to give the DG and authorities sufficient information to ensure that the measures and guidelines contained in the *Debt Management Policy* are applied and to determine whether adjustments and clarifications need to be made on a periodic basis. For example, the long-term *Debt Management Policy* of a city of more than 100,000 inhabitants contains a provision related to follow-up and accountability, as well as another provision that provides for updating this policy every 5 years.

²¹ GDD1183894003, for the temporary exemption of the debt ratio limit of the year 2019 and GDD1193894001, for the temporary exemption of this limit for the years 2020 to 2026.

Policy on Sources of Revenue

The *Policy on Sources of Revenue* states that the City is pursuing the objective of making financial choices that ensure that its budget situation is sound, and its delivery of public service provision is stable. Among other things, the policy states that the City will seek to reap the maximum benefit from subsidy and funding programs offered to municipalities by the provincial and federal governments and that it will avoid making financial commitments that could lead to incurring fees exceeding the funding of these programs.²²

During our audit, we found that the government subsidies received varied considerably from year to year, especially since 2018, and that except for the years 2016 and 2021, they were less than those planned for in the PTI/PDI (see Table 5).

TABLE 5 | **DIFFERENCE BETWEEN AMOUNTS PLANNED IN THE THREE-YEAR CAPITAL WORKS PROGRAM/TEN-YEAR CAPITAL WORKS PROGRAM AND ACTUAL AMOUNTS**

	AMOUNTS PLANNED IN THE THREE-YEAR CAPITAL WORKS PROGRAM/ TEN-YEAR CAPITAL WORKS PROGRAM COMPARED WITH REAL AMOUNTS PER YEAR (IN \$ MILLIONS)							
	2015	2016	2017	2018	2019	2020	2021	TOTAL
GOVERNMENT SUBSIDIES PLANNED FOR IN THE BUDGET	287.3	287.1	380.7	259.0	212.0	330.6	327.2	2,083.9
GOVERNMENT SUBSIDIES RECEIVED BASED ON ACCOUNTABILITY	272.3	322.0	315.7	198.0	158.6	69.0	452.7 [a]	1,788.3
VARIANCE	15.0	(34.9)	65.0	61.0	53.4	261.6	(125.5)	295.6

[a] This amount includes a subsidy of \$56 million received for the Saint-Pierre collector sewer but not planned in the budget, as well as a subsidy of \$327 million planned in the 2020 budget for the "Fuel Tax Program and Quebec's contribution."

Source: Table produced by the Bureau du vérificateur général.

This data shows that the investment funding objectives by subsidy programs were not achieved overall. Given that the amounts not received must be funded through other sources, an analysis of the historic variances and their cause would enable the City to assess whether the subsidy amounts that it plans for in the PDI, as well as its funding strategies, are still appropriate.

²² The City's Policy on Sources of Revenue, adopted in 2004, updated in March 2018, First formulation – On the funding of public services.

Programme montréalais d'immobilisations: perspectives 2015-2024

The PMI was developed by the DG during preparation of the 2015–2017 PTI. A major difference was found between the annual infrastructure maintenance and repair needs and the investments made, requiring a major realignment of the PTI. Increased investments and planning over 10 years were proposed to achieve, in the end, the annual investment target of \$2.1 billion, compared with the planned annual average in the 2014–2016 PTI, i.e., \$1.3 billion.

This increase was to be funded by additional, increasing and recurring cash payments, and additional temporary decreasing and non-recurring annual loans, for the years 2015 to 2019. To comply with the financial framework adopted by the City, including the limits set for the debt platform, a substantial increase in cash payments was planned. The PMI funding strategies were linked to debt management practices and strategies and guidelines planned therein. Appendices 5.7. to 5.9. present the increase in investments planned in the PMI, as well as the funding strategy for this increase.

We found that the PMI had not been formally approved by city council and that it was not evaluated and followed up to show its feasibility within the City's financial framework and financial policies. Variances between the amounts established in the PMI and the amounts planned in the PTI appeared from the very first years of implementation. Based on our analysis for the period of 2015 to 2020:

- ◆ Investments made were \$1.5 billion less than those planned in the PMI;
- ◆ Cash payments were \$234 million less;
- ◆ Loans were \$568 million more than those planned in the PMI.

Appendices 5.7. to 5.9. present these variances, as well as their evolution over time.

As of December 2017, the City anticipated surpassing the 100% limit²³ established for the debt ratio, requiring the adoption of new strategies to correct the situation. This surpassing was predictable since forecasts established during the development of the 2015–2017 PTI had shown that the ratio would be 96% in 2015, 105% in 2016 and 115% in 2017.

A temporary exemption from the *Debt Management Policy*, therefore, had to be approved in December 2018 for the year 2019 to increase the ratio limit to 115 %. A second exemption was also approved at the end of 2019, this time for the period of 2020 to 2026, to a maximum of 120%, in the context in which the ongoing increase in capital expenditures made it impossible to achieve the objective before 2027. The SF was then mandated to develop a financial and fiscal strategy to ensure the return of the debt ratio within the Policy's current guidelines.

²³ According to the *Debt Management Policy*, the City limits the level of its direct and indirect net debt to 100% of annual revenues.

Since 2021, investment and funding strategies have been developed on an annual basis and are integrated into the PDI. The 2021–2030 PDI states:

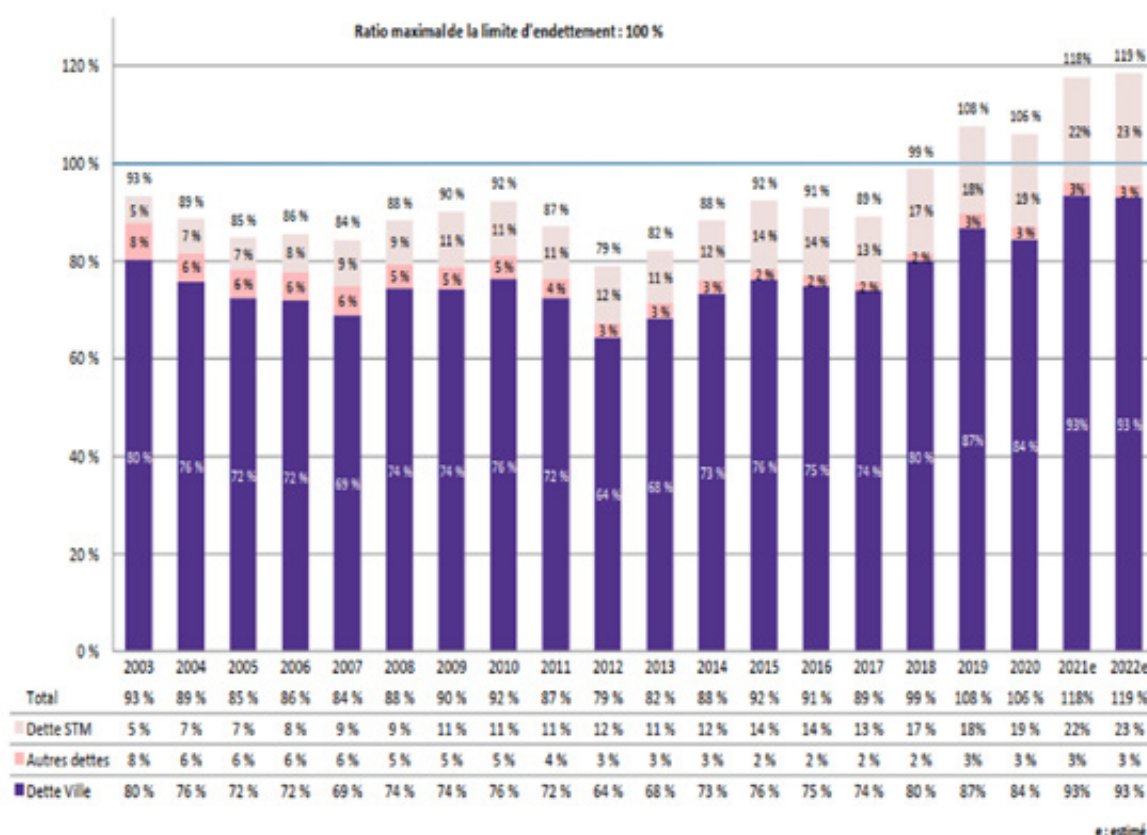
[TRANSLATION] “Since 2015, the City has put in place several measures to substantially grow its investments. [...] This major growth of capital expenditures has highlighted a more marked recourse to loans than planned. This situation has resulted in increased pressure on the City’s debt. To avoid increasing the fiscal burden on Montréal property owners, it is important to establish investment planning for future years that matches the City’s financial capacity.”

The 2022–2031 PDI also stated that the City is pursuing a major realignment of the investment program begun in 2015 and that the strategies retained since, in monetary terms, consist of:

- ◆ Stabilizing the capital works program at annual expenditures of approximately \$2 billion per year;
- ◆ Maintaining the cash payment growth strategy – which represents, for the years 2022 to 2024, a total payout of \$1,380 million, i.e., \$353 million for 2022, \$460 million for 2023 and \$567 million for 2024.

While the City reviews its investment and funding strategies and forecasts during preparation of the PDI, no action plan or formal costed remedial plan has been adopted to ensure a return of the debt ratio to below the 100% mark. Consequently, the City cannot demonstrate, on an annual basis, that the actions taken have borne fruit and that the objective will be achieved at a given time.

Accountability of performance in relation to the objectives would be relevant in the context where, as shown in Figure 4, the debt ratio has increased, although as presented in Appendices 5.7. to 5.9., investments have decreased since 2019.

FIGURE 4 | THE VILLE DE MONTRÉAL'S DEBT RATIO, 2003–2022

Source: 2022 budget – 2022–2031 PDI, page 297.

Moreover, the City does not regularly provide an update regarding:

- ◆ The degree of achievement of all the objectives and strategies that it has established for funding;
- ◆ The data from the budget management system of the ten-year capital works program (INVESTI) and the Système intégré Montréal (SIMON) regarding the recurring or non-recurring nature of capital acquisitions that are not used to evaluate whether the City increased the cash payment of recurring expenditures, as stipulated in the *Debt Management Policy*, to ensure intergenerational equity.

The City implemented various strategies, including a strategy to increase cash payments and measures to correct the debt level, but these are not integrated or followed up from an overall perspective. It is constrained, therefore, to act reactively and adopt annual financial strategies that differ from those it had planned when it finds an increase in the debt ratio or a budget imbalance.

The adoption of a comprehensive investment and funding strategy, combining all the strategies and measures adopted in this regard, would help the City determine the changes to be made in a timely manner. Matching this strategy to a long-term financial plan and asset management strategy would also enable the City to anticipate financial issues and determine the measures

to be taken to meet its medium- and long-term objectives. This would also allow it to publicly show its commitment to implementing this strategy and to be held accountable for doing so.

RECOMMENDATION

3.3.A.

We recommend that the Direction générale:

- ◆ Develop a comprehensive investment and funding strategy for capital expenditures, on which the ten-year capital works program would be based;
- ◆ Combine, within this strategy, all the strategies and measures adopted to ensure sound management of the Ville de Montréal's assets, debt and financial situation;
- ◆ Seek approval of this strategy by the appropriate authorities.

RECOMMENDATION

3.3.B.

We recommend that the Direction générale:

- ◆ Conduct a periodic review of the degree of completion of the comprehensive investment and capital expenditure funding strategy adopted;
- ◆ Determine and implement in a timely manner measures to achieve the medium- and long-term objectives.

RECOMMENDATION

3.3.C.

We recommend that the Direction générale ensure that the *Debt Management Policy* is more specific about the appropriations required to justify all exemptions and that its content is periodically updated to reflect the comprehensive investment and funding strategy.

RECOMMENDATION

3.3.D.

We recommend that the Service des finances:

- ◆ Prepare a costed action plan that ensures the return of the debt ratio below the limit established in the *Debt Management Policy*;
- ◆ Seek approval of this action plan by the appropriate authorities.

3.4. Budget Envelopes are Distributed to the Business Units on a Historic Basis Rather Than on the Basis of Priorities

For the purpose of developing the PDI, budget directions are prepared annually for the boroughs and central departments.

[TRANSLATION] "Regarding the 2022 budget directives, to guide the business units in developing their portfolio of projects to be entered into the PDI, they

are asked to 'prioritize, first and foremost, investments aimed at both the regular maintenance of assets and catching up on the maintenance deficit to preserve or re-establish a satisfactory level of service (protection)' and then to prioritize based on the following criteria:

- ◆ *Projects currently underway*
- ◆ *Urgent upgrading projects*
- ◆ *Projects funded by third parties*
- ◆ *Expenditures for asset maintenance.”²⁴*

Following the dissemination of envelopes and the selection of projects by the central departments, several other steps must be taken before the PDI is adopted by the authorities:

- ◆ Approval of the project files, validation and consolidation of the information;
- ◆ PDI presentation meetings to the DG and budget committees;
- ◆ Arbitration process of additional requests;
- ◆ Updating of project files and consolidation of the information.

The projects are first presented to the administrative budget committee. A second presentation is made to the political budget committee, of which the chair of the EC is a member. Finally, a third presentation is made to the EC.

Arbitration sessions are also planned to enable the business units (BUs) to present additional requests for projects that could not be included in the initial budget envelopes.

The budget allocation to the boroughs is defined by sections 144 and 144.5 of the *Charter of Ville de Montréal*, metropolis of Québec. This remains at their discretion and will be approved by the respective borough councils.

Regarding asset management, best practices suggest that, to prioritize projects properly, a quantified multi-criteria analysis²⁵ should be documented. The goal should be to match it with the municipal administration's priorities sector by sector, by asset category, addressing each one separately.

Based on the process in place, each BU does its own prioritization of the projects for which it is responsible. No structured and uniform multi-criteria analysis exists to prioritize all the City's investments. This way of working does not enable us to obtain the assurance that the investments are planned optimally.

In addition to not prioritizing the projects entered in the PDI in a uniform manner, the method of distributing the budget envelopes between the BUs consists essentially of a rollover of the same envelopes from one year to the next. Based on the information obtained, the last budget restructuring was done in 2015.

²⁴ Budget Directions – 2022 Operating Budget and 2022–2031 Ten-Year Capital Works Program.

²⁵ Examples of weighted project assessment grids are presented in the guide titled “Préparation annuelle du programme triennal d’immobilisations – Guide de bonnes pratiques,” MAMH, 2022, pages 27 and 28.

In our examination of the documents related to the development of the 2022–2031 PDI, we found that the adjustments between the originally submitted PDI and the approved PDI were marginal. Yet some BUs told us that they were obliged to reduce investments because of an insufficient budget and that the maintenance deficit would be affected.

Our audit also found that, in May 2021, well before the allocation of the PDI budget envelopes to the BUs, the budget committee had developed strategies aimed at balancing the financial framework for 2022, which had already forecasted reduced expenditure scenarios. As previously mentioned, additional expenditures arising out of new projects are not known at this stage of the process. We are well aware that the economic environment complicates the exercise for all the municipalities, but the goal is precisely to not be in permanent reactive mode and to make better use of resources.

Historically carrying over the budgets allocated to the BUs is not desirable. Projects should be chosen based on priorities determined through a structured multi-criteria analysis and not based on distribution between them. Appreciation of the risk should also be taken into consideration during prioritization. The current way of working does not enable the City to ensure an alignment between its strategic plan, the municipal administration's priorities, the condition of the assets, and the projects or programs entered in the PDI.

RECOMMENDATION

3.4.A.

We recommend that the Direction générale:

- ◆ Establish priorities on the basis of a uniform, structured multi-criteria analysis for all investments;
- ◆ Establish the allocation of budget envelopes in compliance with these clear priorities.

3.5. The Tools Used by the Ville de Montréal to Plan and Produce its Ten-Year Capital Works Program are Outdated

Production of the Ten-Year Capital Works Program and Project Files

Developing the PDI requires two independent systems, the INVESTI system and the SIMON system.

The budget information related to investment projects is entered in the INVESTI system. In addition to being outdated,²⁶ this system is unable, based on its current functionalities, to integrate qualitative data (the criteria²⁷ used to justify the entry of a program or project into the PDI) about each of the projects.

To compensate for this problem, the BUs must enter all the relevant information for each of the project files in an Excel spreadsheet. Templates of PDI project files are transmitted and completed by the BUs, who send them to the SF for consolidation. In the course of the

²⁶ Located in an IBM environment, this system is saturated since it cannot create all the necessary asset categories. It presents data in thousands of dollars. It is also difficult to obtain technical support for this system.

²⁷ For example, related to the condition of the asset, the needs and priorities of the municipal administration.

exchanges between the BUs and SF that follow, the project file undergoes much back-and-forth,²⁸ giving rise to the risk of distortion or omissions, in addition to rendering the process of producing the PDI inefficient.

As the future asset management strategy should require putting in place a uniform prioritization process for all projects,²⁹ we believe that it is imperative for the City to equip itself with a system that makes it possible to integrate all the data needed to produce a PDI budget. This system would also have the ability to generate automated management reports to eliminate the risk of entry errors and to automate the validation steps.

Investment Funding Forecasts

The scenarios analyzed to assess borrowing needs related to the PDI and forecast the amount of debt in the next ten years, as well as the expenditures related to investment funding to be included in the budget and financial framework, are created in an Excel spreadsheet. This tool is not adapted to the City's needs because of:

- ◆ The large volume of data to be entered and analyzed;
- ◆ The time required to do this;
- ◆ The risk of errors linked to the use of an Excel spreadsheet.

The current information systems, including the debt management system, make it impossible to calculate the debt ratio based on various scenarios studied or to conduct sensitivity analyses. And that does not take into account the slowness associated with updating the data systems to reflect the scenarios retained for the various steps in the budget process and after adoption of the PDI.

Without any interface between the debt management system and the SIMON system, the identification of the assets to be funded when loans are issued and the link with borrowing regulations concerned are not automated and must be done manually using a report produced in the SIMON system. Given the fact that the municipalities' capital funding process is complex and requires various data items, for example whether or not expenditures are capitalizable, the use of efficient integrated tools would facilitate these operations and limit the risk of errors. Data on erroneous or absent capital acquisitions in the SIMON system were found by the Division – Gestion de la dette et de la trésorerie, which could affect the methods of funding these capital assets.

The debt management system should be replaced no later than December 31, 2023, since it will no longer be supported by the supplier after that date. To this end, the Direction du financement, placement et trésorerie, acquired a new debt management application currently in the implementation stage, which is planned for roll-out in fall 2023. There are also plans for this department to acquire a more efficient tool to prepare the debt budget, which will enable it to be more efficient and effective during the budget process. These tools are essential to improving this process, as well as the capital investment funding process.

²⁸ Sometimes, more than 30 versions are produced before the final version of the budget.

²⁹ Projects in the development or execution phase, including projects for which the boroughs are responsible.

RECOMMENDATION

3.5.A

We recommend that the Service des finances acquire more efficient and integrated methods and tools to:

- ◆ Optimize operations aimed at developing the ten-year capital works program and preparing the debt budget;
- ◆ Have the data required to optimize the alignment between the methods of funding capital assets and the funding strategies adopted.

3.6. Accountability That Does Not Perfectly Inform About Budget Hypotheses and Results Obtained Compared With the Various Strategies Implemented

The information that would make it possible to inform elected officials and citizens about the implementation of capital investment and funding strategies is presented in the budget document and the annual accountability report.

Based on best practices, each of the objectives must, on the one hand, be paired with a clear and credible target to enable the reader to evaluate the return. On the other hand, all significant variances between the goals and actual outcome of the activities must be explained. It is important to know to what extent the desired results have been obtained so that elected officials and citizens are able to properly assess the City's performance.

Review of the Budget and Ten-Year Capital Works Program by the Commission sur les finances et l'administration

As with the OB, the PDI was adopted by city council and the UAC. The Commission sur les finances et l'administration is mandated to conduct a study to enlighten their decision-making and recommend the adoption or not of the PDI. Presentations are made by the various departments during the budget review by the Commission sur les finances et l'administration.

Highlights and information regarding debt management are presented by the SF. For example, these include:

- ◆ Strategies and budget directions retained;
- ◆ Distribution of planned investments to protect and develop assets;
- ◆ Distribution of sources of funding.

However, these highlights contain scant information complementary to that presented in the budget document to demonstrate to the authorities the feasibility of the funding strategies established compared with those implemented in recent years.

Information Presented in the Budget Document

The PDI proposes a completion plan for capital works projects. It indicates amounts that the City plans to allocate to projects,³⁰ over a period of ten years, specifying the methods of funding it intends to use.

In the 2022–2031 PDI, the City presents its intentions concerning, in particular:

- ◆ Prioritization of investments matching its *Montréal 2030* strategic plan;
- ◆ Investment in its aging infrastructure;
- ◆ Sustained growth of capital expenditures (since 2015), while taking into account its financial capacity.

It also states that:

- ◆ The City continues to base itself on its *Debt Management Policy*, whose guidelines regarding the debt and debt servicing burden are set;
- ◆ The City pursues the realignment of its PMI, begun in 2015;
- ◆ The debt ratio limit is exempt from the *Debt Management Policy* under an exemption granted by city council and the UAC in effect since 2019, a return below the 100% mark is planned for 2027, and the SF is mandated to develop a financial and fiscal strategy to this effect.

Other than the notion of returning the debt ratio below the 100% mark in 2027, we found that there are no specific objectives or indicators that make it possible to create a link between the City's directions and asset management to show the impact of the sums invested on reducing the asset maintenance deficit or achieving the development objectives.

The information presented does not allow the authorities to properly appreciate the hypotheses used and the extent to which the investment and funding strategies planned during the period covered by the PDI correspond to those that were adopted. We found the following facts:

- ◆ The parameters used to determine revenue forecasts used to calculate the debt ratio, including the indexation rate and sources of revenue considered in the calculation, as well as the factors that ensure the growth of cash payments of \$107 million per year during the period of the PDI, are not presented;
- ◆ The borrowing forecasts presented in the PDI do not correspond to those in the borrowing program that the City expects to carry out. In fact, the borrowed amounts planned in the borrowing program adopted by the City are based on an 80% completion rate of the PDI, whereas the amounts presented in the PDI for the coming ten years³¹ are established using total capital acquisitions planned therein, i.e., 100%. The result is that the reader may interpret incorrectly that the City intends to invest all the amounts that it presents in its PDI and that the planned debt ratio is based on these amounts.

³⁰ Also comprises the programs.

³¹ Statement of capital activities and financing methods – Budget.

Below is the definition found in the 2022–2031 PDI:

[TRANSLATION] “It groups together the investment projects that the City plans to complete on its territory in the next ten years to maintain its infrastructure, encourage economic, cultural and social development and improve the quality of life through better urban planning. Various sources of funding are required for these investments, including long-term loans. All loans thus entered into constitute the City’s debt. A portion of these is reimbursed annually and is incorporated into the expenditures provided in the operating budget. This is what is called servicing the debt.”

Furthermore, in the context where the debt ratio exceeds the limit allowed under the *Debt Management Policy* and must be below the 100% mark between now and 2027, the publication of the anticipated ratio during the next ten years will enable elected officials and citizens to assess the extent to which the City will be able to achieve this.

Information Presented in the Financial Accountability Report

The financial accountability report is a complementary document to the financial report and presents more detailed management information.

As part of our audit, we sought to know the extent to which the City’s financial accountability report for fiscal 2021 presents results regarding the following:

- ◆ Information about the distribution of investments between the “protection” component and the “development” component of the *Policy on Equipment and Infrastructures*;
- ◆ Information about the debt and other sources of funding in the *Debt Management Policy* and the *Policy on Sources of Revenue*;
- ◆ Information about the funding strategy achieved compared with what was planned in the PDI.

Here is what we found:

- ◆ The City adequately takes into account its indebtedness and the evolution of the debt;
- ◆ The City states in its financial accountability report that it has opted, since 2014, for a strategy aimed at substantially increasing, year to year, the portion of investments that will be funded by cash. Nevertheless, no information was presented to compare what has been achieved with what was planned;
- ◆ The annual financial accountability report does not present any comparison between what was planned in the PDI and what was achieved, in particular regarding investments, cash payments, the debt ratio and government subsidies for capital assets. Furthermore, the budget document presents information about the achievements of the past five years, without comparing them with what had been planned in the budgets;
- ◆ No information is presented regarding the proportion of investments that were allocated to asset protection³² in comparison with what was planned in the PDI.

³² The *Policy for Equipment and Infrastructures* provides for a targeted rate of 75% allocated to the protection of equipment and infrastructure.

The information presented in the PDI and the financial accountability report could be improved to inform the City's authorities and population about the result of the implementation of investment and funding strategies. The variances between the forecasts and results are not presented, which does not allow the budget performance and the attainment of the objectives established in the adopted strategies to be assessed.

RECOMMENDATION

3.6.A.

We recommend that the Direction générale's budget document present information making it possible to assess the capital investments and funding strategies by specifying the planned annual debt ratio and the evolution of the debt for the period of the ten-year capital works program.

RECOMMENDATION

3.6.B.

We recommend that the Service des finances, in its accountability report, compare the achievements and forecasts to make it possible to assess the performance of the investment and funding strategies adopted.

4. Conclusion

The Ville de Montréal (the City) owns assets whose replacement value is estimated at approximately 66 billion dollars. The planning and financial management of these investments is currently guided by various administrative frameworks and, from 2015 to 2022,³³ through the Programme montréalais d'immobilisations : perspectives 2015–2024 (PMI).

Given the City's limited financial capacity and the condition of its assets, several of which are reaching the end of their useful life, an asset management strategy is being developed. The objective is to maintain its service offer and, as much as possible, to obtain an optimal return on its assets.

That said, our examination of the various administrative frameworks and their application, as well as the process of developing the ten-year capital works program (PDI) and financial framework, leads us to conclude that some practices aimed at aligning needs and long-term financial resources with the City's strategic vision are not being implemented, not to mention the fact that the investment planning and funding strategies in force are not all complied with.

Furthermore, the information disclosed in the budget document and financial accountability report should also be improved. It makes it difficult to assess the extent to which the PDI aligns with the City's needs and its long-term financial capacity, and that the achievements correspond to the budget forecasts.

More specifically, below are the major findings we took away regarding the evaluation criteria:

Determining Needs to Ensure the Short-, Medium- and Long-Term Maintenance of Assets Based on Their Condition, Lifecycle and Anticipated Service Levels and Operational Planning Tools

- ◆ The annual report of January 31, 2022, required by the City's *Directive sur la connaissance de l'état des actifs*, reveals breaches of the directive by the business units, i.e., absence of the qualification of the condition of some assets identified, percentage of assets audited over a cycle of five years, and asset maintenance deficit not recorded. The work to be done to provide the City with a complete picture of the condition of the assets and then to define its asset management strategy is huge. Defining the stakeholders' roles and responsibilities and ensuring their buy-in to this exercise are essential.
- ◆ To eliminate any confusion about the scope of the pre-budget consultation, the consultation document should be improved by clarifying it and ensuring that its objective is to probe the level of satisfaction of citizens regarding the City's infrastructure and, consequently, to influence the development of the PDI.
- ◆ There is no corporate portfolio identifying all programs and projects.
- ◆ The technology tools used to develop the PDI and project files, as well as the investment funding forecasts, are outdated and not adapted to the City's needs, thus increasing the risk of errors and making the process inefficient.

³³ According to the managers we met, the investment and funding targets detailed in the PMI have no longer been followed since implementation of the PDI in 2021.

Existence of a Long-Term Financial Plan

- ◆ The budget balancing exercise is only done for the coming year, despite the fact that the *Balanced Budget Policy* requires forecasting the short- and medium-term impact of each project on the operating budget (OB).
- ◆ The impact of the PDI on the OB is not considered for all projects and programs within the financial framework, underestimating the expenditures to plan in the OB.

Investment Funding Strategies

- ◆ Some measures provided for in the *Debt Management Policy* have not been applied.
- ◆ For the 2015–2020 period, investments and cash payments made were less than what was planned in the PMI, while loans were greater without the necessary justification being found.

Distribution of Budget ENVELOPES Between Business Units

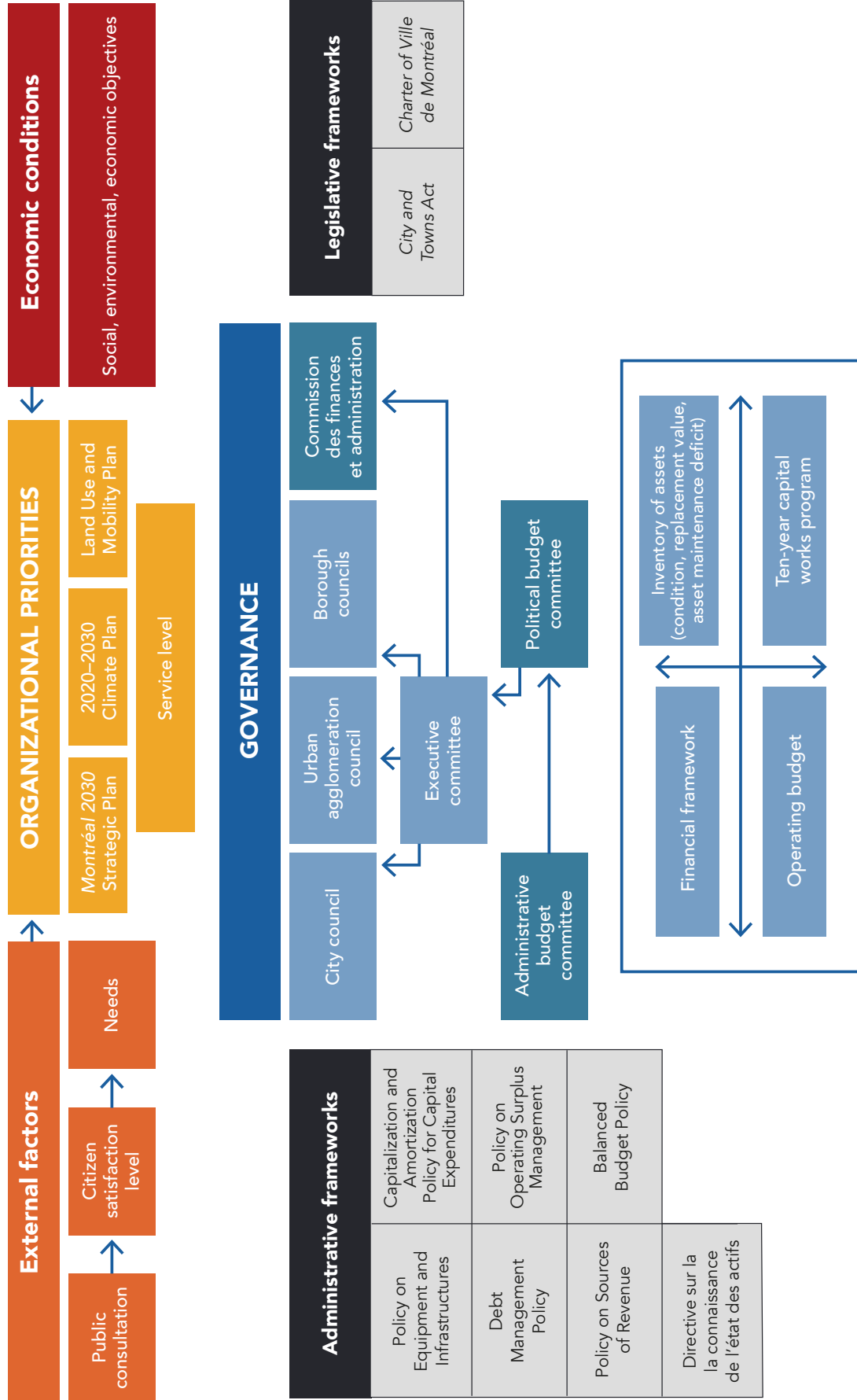
- ◆ The budget envelopes are distributed on a historical basis. There is no uniform, structured multi-criteria analysis to prioritize all the City's investments.

Accountability

- ◆ Other than the notion of returning the debt ratio to below the 100% mark in 2027, there are no specific objectives or indicators making it possible to link the City's directions and asset management in the budget document.
- ◆ The annual accountability report does not present comparative data between what was planned in the PDI and what was achieved, in particular regarding investments, cash payments, the debt ratio and government capital subsidies.

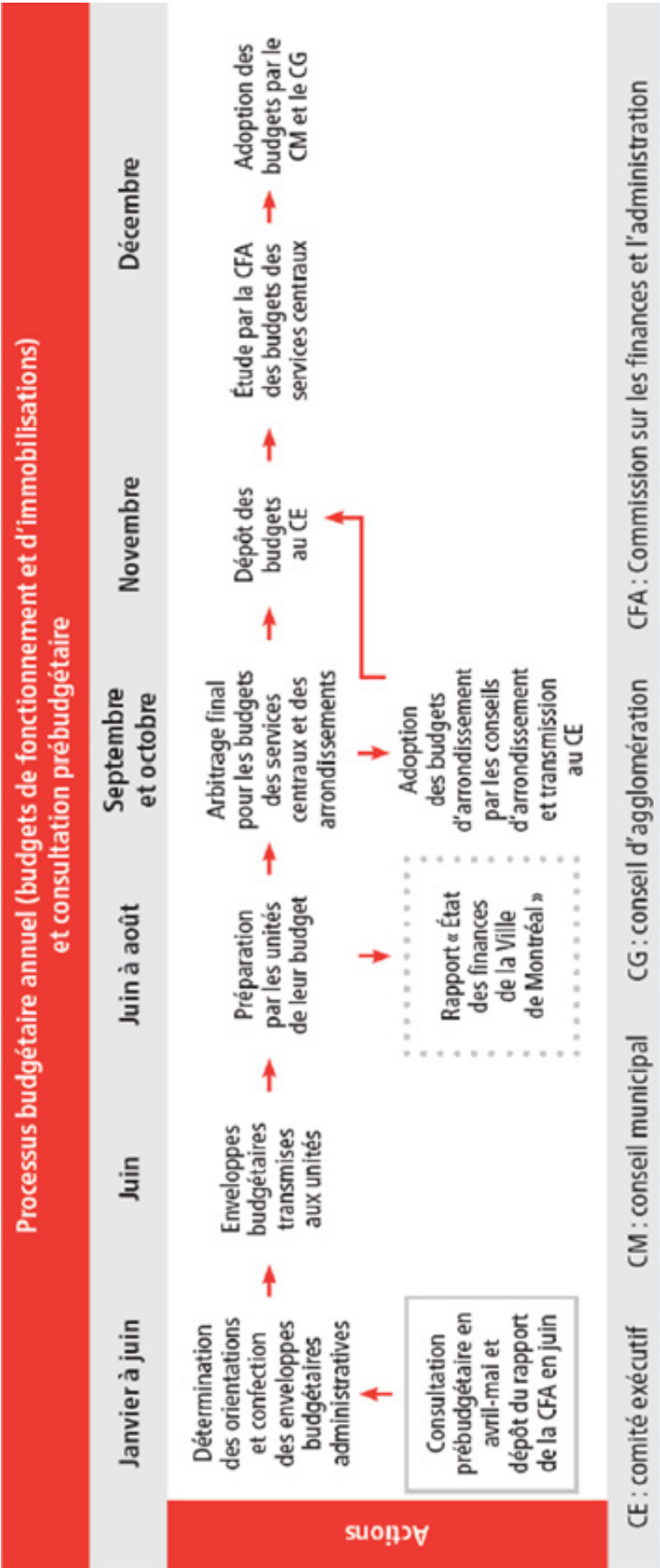
5. Appendices

5.1. Elements Influencing the Ten-Year Capital Works Program Development Process



Source: Figure prepared by the Bureau du vérificateur général.

5.2. Annual Budget Process



OnSource: Budget 2022 – PDI 2022–2031, Figure 2.

5.3. Investments by Asset Category

Tableau 158 – Investissements par catégories d'actifs – Budget de la Ville de Montréal
(en millions de dollars)

Catégories d'actifs - Protection	2022	2023	2024	2025	2026	Total 2022-2026	Total 2027-2031	Total 2022-2031
Protection								
Infrastructures routières	367,4	366,3	333,8	369,9	379,2	1 816,6	2 008,0	3 824,6
Environnement et infrastructures souterraines	534,0	488,0	462,9	417,1	435,8	2 337,8	2 592,2	4 930,0
Parcs, espaces verts et terrains de jeux	164,7	151,4	158,3	140,5	140,1	755,0	682,0	1 437,0
Bâtiments et terrains	230,7	201,4	207,5	200,6	222,8	1 063,0	1 290,1	2 353,1
Véhicules	55,7	42,6	41,7	44,2	45,8	230,0	294,4	524,4
Ameublement et équipements de bureau	55,3	54,6	49,6	53,5	63,0	276,0	265,5	541,5
Machinerie, outillage spécialisé et équipements	15,0	13,4	11,6	11,2	9,9	61,1	62,6	123,7
Total – Investissements	1 422,8	1 317,7	1 265,4	1 237,0	1 296,6	6 539,5	7 194,8	13 734,3
Pourcentage - Protection	69,5 %	62,9 %	61,5 %	65,5 %	69,3 %	65,7 %	75,1 %	70,3 %

Source: Budget 2022 – PDI 2022-2031, page 253.

5.4. Example of a Project File

Source: Budget 2022 – 2022–2031 PDI.

5.5. Programme montréalais d'immobilisations: perspectives 2015-2024 (PMI)

	2014 (in \$ millions)	2015 (in \$ millions)	2016 (in \$ millions)	2017 (in \$ millions)	2018 (in \$ millions)	2019 (in \$ millions)	2020 (in \$ millions)	2021 (in \$ millions)	2022 (in \$ millions)	2023 (in \$ millions)	2024 (in \$ millions)
RECOMMENDED INVESTMENTS	\$1,233	\$1,635	\$1,706	\$1,736	\$1,766	\$1,796	\$1,776	\$1,856	\$1,936	\$2,016	\$2,096
PLANNED INVESTMENTS IN THE 2014–2016 PTI ^[a]	\$1,233	\$1,255	\$1,296	\$1,296	\$1,296	\$1,296	\$1,296	\$1,296	\$1,296	\$1,296	\$1,296
ADDITIONAL INVESTMENTS	-	\$380.0	\$410.0	\$440.0	\$470.0	\$500.0	\$480.0	\$560.0	\$640.0	\$720.0	\$800.0
Funding Strategy											
ADDITIONAL CASH PAYMENTS	-	\$80	\$160	\$240	\$320	\$400	\$480	\$560	\$640	\$720	\$800
ADDITIONAL TEMPORARY LOANS	-	\$300	\$250	\$200	\$150	\$100	-	-	-	-	-
TOTAL	-	\$380.0	\$410.0	\$440.0	\$270.0	\$500.0	\$480.0	\$560.0	\$640.0	\$720.0	\$800.0

^[a] The forecasted investments in the 2014–2016 PTI were maintained in the following years compared with 2016.

Source: Table produced by the Bureau du vérificateur général, with data presented integrally in the Programme montréalais d'immobilisation : perspectives 2015-2024 (PMI), page 6.

5.6. Condition of the Assets

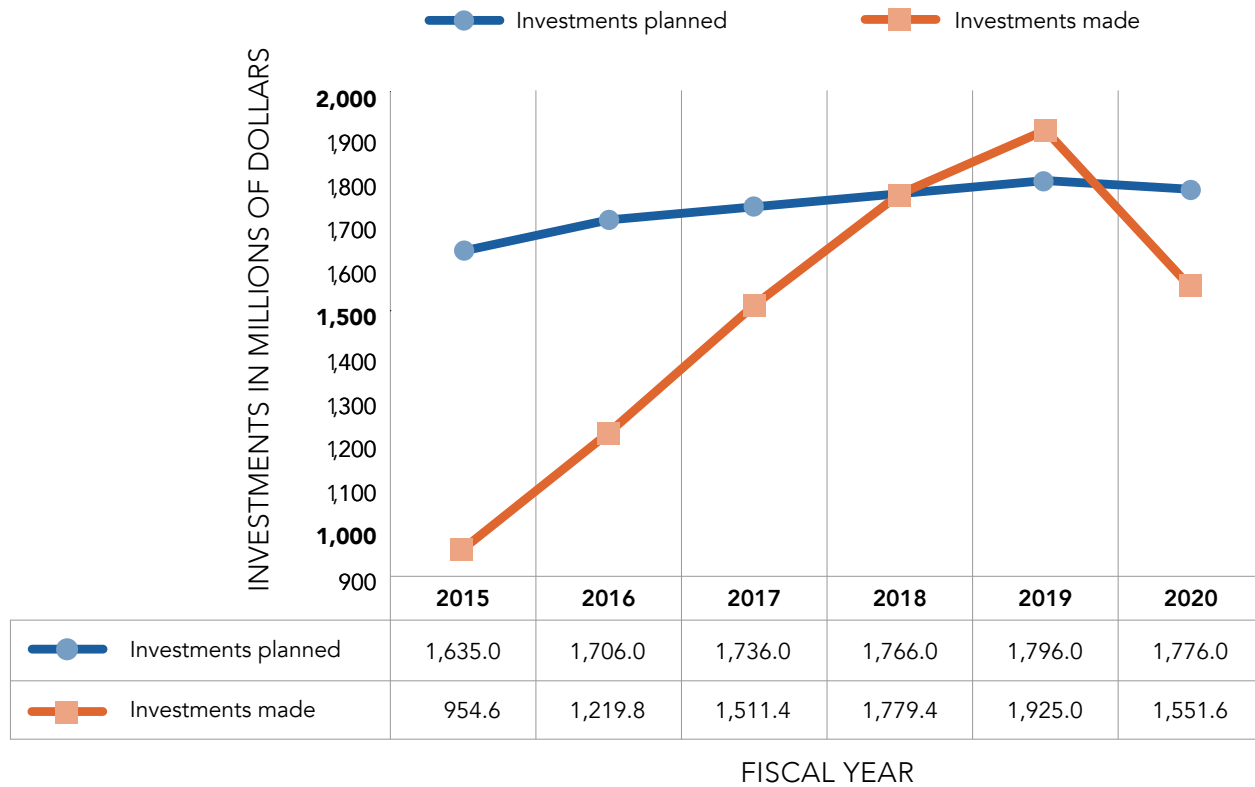
MUNICIPAL ASSET CONDITION INDEX ¹ (Immovable, civil engineering work or significant equipment)		
Index	Condition	Description
A	Very good Satisfactory for the future	The asset is usually recent, well maintained or restored to new. It delivers the service without interruption or slowdown, ensures the safety of people and does not affect their health.
B	Good Acceptable for the time being	The asset is in an acceptable condition. It presents a slight level of deterioration and defect. It requires some asset maintenance work. Usually, it has reached half of its useful life. Problems may occasionally arise, but the safety and health of people are not affected.
C	Satisfactory Follow-up needed	The asset presents a moderate level of deterioration and defect. It requires regular asset maintenance. Usually, the asset has reached the final third of its useful life. Problems may occasionally arise, but the safety and health of people are not affected. If necessary, risk mitigation measures are in place.
Condition threshold ²		
D	Poor Increased risk of compromising service	The asset presents a high level of deterioration and defect. It requires major and often urgent asset maintenance. Usually, it is reaching the end of its useful life. Problems often arise, but the safety and health of persons are not affected. If necessary, major risk mitigation measures are in place. Restoration to at least a satisfactory condition, replacement or removal from service of the asset must be considered.
E	Very poor Unsatisfactory for prolonged use	The asset presents a very high level of deterioration and defect. It may even be unusable. It requires major and often urgent asset maintenance. It is usually past the end of its useful life. Problems arise frequently, but the safety and health of people are not affected. Major risk mitigation measures are in place. Restoration of the asset to at least a satisfactory condition, or its replacement or removal from service, is required.

¹ This grid is adapted from the 2015 infrastructure management framework of the Société québécoise des infrastructures du Québec and the assessment scale of the condition of assets of the Canadian Infrastructure Report Card.

² Boundary between an asset whose condition is deemed satisfactory and another whose condition is deemed unsatisfactory, i.e., in poor or very poor condition. It is also the boundary between an asset that usually suffers from a maintenance deficit and one that does not.

Source: Connaissance de l'état des actifs (DIRECTIVE) – Appendix A.

5.7. Investments Planned in the Programme montréalais d'immobilisations and Made in the Period From 2015 to 2020



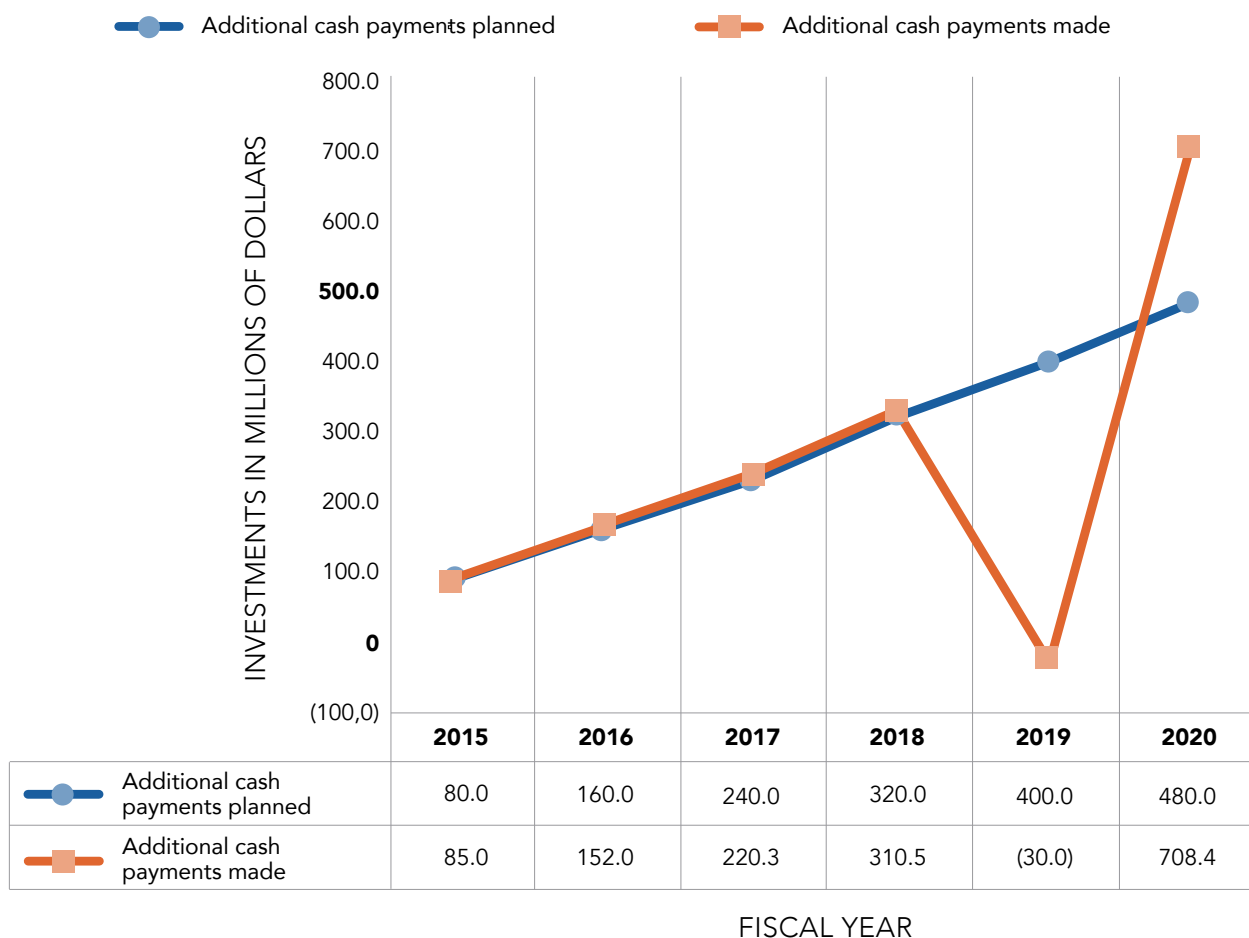
2015–2020 total (in \$ millions).

Planned investments: \$10,415.0 million.

Investments made: \$8,941.8 million.

Source: Graph prepared by the Bureau du vérificateur général based on the PMI.

5.8. Additional Cash Payments Planned in the Programme montréalais d'immobilisations and Made for the Period From 2015 to 2020



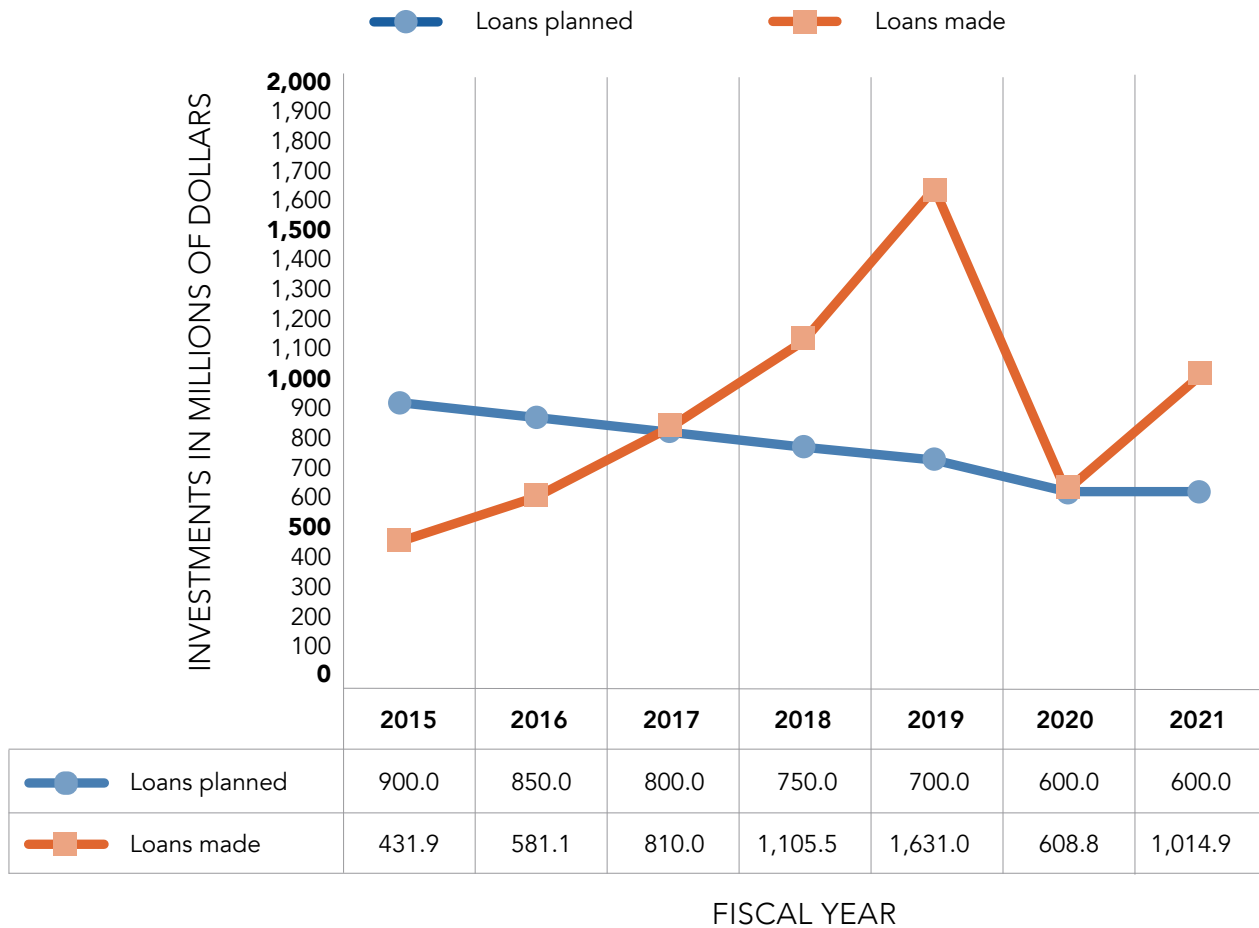
2015–2020 total (in \$ millions).

Additional cash payments planned: \$1,680.0 million.

Additional cash payments made: \$1,446.2 million.

Source: Table prepared by the Bureau du vérificateur général based on the PMI.

5.9. Loans Planned in the Programme montréalais d'immobilisations and Made for the Period From 2015 to 2020



2015–2020 total (in \$ millions).

Loans planned: \$4,600.0 million.

Loans made: \$5,168.3 million.

Source: Table prepared by the Bureau du vérificateur général based on the PMI.



Management of Wastewater Discharge and Overflow Monitoring

3.2.

March 10, 2023

2022 Annual Report

Auditor General of
the Ville de Montréal

Management of Wastewater Discharge and Overflow Monitoring

Background

Between 2012 and 2014, both Environment and Climate Change Canada (ECCC) and Québec's Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP) adopted regulations to manage wastewater and ensure the protection of human health and the environment. These include standards applying to effluent discharges and wastewater overflows. Whereas, in Québec, the *Regulation respecting municipal wastewater treatment works* (RRMWTW) allows for untreated wastewater overflows in rainy weather or in cases of emergency, the federal *Fisheries Act* does not.

The Ville de Montréal (the City) operates two wastewater treatment plants. The Jean-R.-Marcotte wastewater treatment plant, which has been in operation since 1984, can treat the equivalent of 3,040 Olympic-size pools of wastewater per day of rain. The second plant is much smaller and is located on Île Notre-Dame. Wastewater is collected on 63% of the territory by a combined sewer system carrying both domestic wastewater and rainwater. In the event the collection system overloads, overflows of untreated wastewater can occur through the 161 overflow structures located along the collection system.

Purpose of the audit

To ensure that the City has adequate mechanisms in place for the sound management of wastewater discharge and overflow monitoring in accordance with the regulatory requirements.

Results

In general, the City has implemented a series of mechanisms to ensure the sound management of wastewater discharges and overflows. Nevertheless, these mechanisms are not fully compliant with regulatory requirements. Discharge concentration standards at the treatment plants are being met and all the acute toxicity tests on daphnia and rainbow trout were successfully completed. Almost all (96%) of the overflow structures are equipped with instruments that detect overflows.

However, water sampling frequencies and timeframes for retesting positive toxicity tests were not always met. On several occasions, the telemetric overflow detection instruments failed and the City was unable to identify whether wastewater had overflowed. In addition, the required visits to overflow structures are not all carried out or the frequency of visits is not respected.

Also, the City does not notify ECCC of overflows when it rains. Although it notifies the MELCCFP and ECCC of dry weather overflows, it does not always do so within the required timeframes.

Finally, we observed inaccuracies and inconsistencies in the overflow tracking and operator competency data between the information submitted by the City to the MELCCFP and the data contained in the City's internal records.

Main Findings

Monitoring Compliance with Wastewater Discharge Standards

- For the two wastewater treatment plants:
 - The daily flow measurement is carried out each day;
 - Discharge concentration standards are being met and all acute toxicity tests on daphnia and rainbow trout have been successfully completed.
- The accuracy of the flow measurement is verified for the Jean-R.-Marcotte wastewater treatment plant. This was not the case for Île Notre-Dame plant in 2020 and 2021.
- The discharge monitoring data posted on the MELCCFP's website is of high quality.
- However, for one or the other of the wastewater treatment plants, we observed that:
 - The ultrasonic probe used to measure flows is not calibrated annually;
 - The frequency requirement of physical and chemical test sampling was not always met;
 - For toxicity tests, the sampling frequencies, time limits for repeat tests and minimum time between samples were not respected.

Monitoring Compliance With Wastewater Overflow Standards

- 96% of the overflow structures are equipped with instruments that detect overflows, 79% of which are equipped with an instrument that communicates in real time with the treatment plant when overflows occur.

- Following a hundred or so failures in the instruments connected by telemetry, it was not possible to identify whether or not overflows had occurred.
- 32% of weekly visits and 51% of monthly visits to overflow structures were not conducted.
- There are inaccuracies and inconsistencies between the overflow data contained in the internal database and that presented on the MELCCFP's website.

Operation and Event Reports

- 98% of monthly and annual reports are submitted to the MELCCFP on time.
- The City does not notify ECCC of overflows when it rains.
- The City does not provide timely notifications to the MELCCFP/ECCC of overflows in dry weather, in the event of an emergency or during planned work.
- There are inaccuracies in the information regarding the qualifications of the operators presented on the MELCCFP's website.

Operator Qualifications

- For 2019 and 2020, two staff members who performed duties related to treatment plant operations did not hold valid qualification certificates.

In addition to these results, we made various recommendations to the business units, which are presented in the following pages.



List of Acronyms

BVG

Bureau du vérificateur général

CBOD₅

carbonaceous biochemical oxygen demand

City

Ville de Montréal

DEEU

Direction de l'épuration des eaux usées

ECCC

Environment and Climate Change Canada

EOB

electronic overflow recorder

MELCCFP

ministère de l'Environnement, de la Lutte
contre les changements climatiques,
de la Faune et des Parcs

RRMWTW

Regulation respecting municipal wastewater
treatment works

SE

Service de l'eau

SOMAEU

Municipal wastewater treatment plant
monitoring system

SS

suspended solids



Glossary

Affluent

Wastewater received at a treatment plant for treatment.

Bypass

Any discharge of partially treated wastewater into the environment due to the bypassing of a treatment stage of the wastewater treatment plant.

CBOD₅

Measurement of the oxygen required, under controlled conditions, to biologically oxidize organic matter.

Calibrator

Device that is used as a baseline whose value is recognized with high accuracy.

Calibration

Operation which consists of ensuring that a device's measurements are similar to the results of a reference device (known as a calibrator).

Daphnia

Small freshwater crustacean.

Dry weather

Period beginning 24 hours after the end of a rainfall.

Effluent

Wastewater released by a treatment plant.

Electronic overflow recorder

Device that provides local compilation and real-time reporting of sewer overflows.

Grenade

Type of local overflow recorder that looks like a grenade.

Hydroweb

Technological solution used to (among other things) collect and analyze overflow structure monitoring data.

LIMS

Management software used to (among other things) monitor the results of water quality analyses conducted by the DEEU's internal laboratory.

Municipal wastewater treatment facility

Any structure used to collect, store, transport and treat wastewater, in whole or in part of domestic origin, prior to its discharge into the environment or into a stormwater management system and operated by an intermunicipal board, a municipality or a person acting as a grantee for a municipality.

Outfall

Structure designed to discharge treated wastewater into a receiving body of water.

Overflow

Any discharge of untreated wastewater into the environment or into a stormwater management system.



Glossary

Overflow structure

Site for the discharge of untreated wastewater into the environment when inflows exceed the capacity to transport the water to the treatment plant.

PI system

System that stores, in real time, the operating data of different applications in order to analyze them.

Pumping motor unit

Pump that is used to lift wastewater that has arrived at the wastewater treatment plant through the interceptors to the treatment facilities.

SICOS

Computerized control and monitoring system used to operate and supervise sewage structures.

SOMAEU

Interactive application used to transmit data related to the operation of a municipal wastewater treatment facility to the MELCCFP for regulatory control purposes.

Spillway

Structure within a wastewater treatment plant through which treated wastewater passes to be discharged into the river.

SS

Suspended solids – insoluble solids suspended in water that are visible to the naked eye.

Telemetry

Equipment used to continuously record overflow events and transmit this information to a central station for remote viewing.

Totalizer

Device that records and totals the volume.

Ultrasonic probe

Device for reading a distance to measure the height of water, needed to calculate a water flow.

Visual feature

Floating object (attached to a rope) installed in an overflow structure to indicate that wastewater has overflowed since the last visit.

Water treatment plant

Municipal wastewater treatment facility used to treat wastewater prior to its discharge into the environment, including an associated facility used to treat sludge, waste and air.

XML

File type that allows information originating from databases/data warehouses to be shared in other file types, such as text files.



Table of Contents

1. Background	93
2. Purpose and Scope of the Audit and Evaluation Criteria	99
2.1. Purpose of the Audit	99
2.2. Evaluation Criteria	99
2.3. Scope of the Audit	100
3. Audit Results	101
3.1. Effluent Discharge Tracking	101
3.1.1. Flow Measurement	101
3.1.2. Effluent Discharge Standards	104
3.1.2.1. Concentration Standards	104
3.2. Overflow Monitoring	109
3.2.1. Inventory of Overflow Structures	109
3.2.2. Devices Used to Measure Overflows	110
3.2.3. Overflow Survey	111
3.2.3.1. Visit	111
3.2.3.2. Electronic Overflow Recorders	113
3.2.4. Transmission of Notices	114
3.3. Annual and Monthly Reports	118
3.3.1. Transmission of Reports	118
3.3.2. Data Quality for Annual and Monthly Reports	118
3.3.2.1. Wastewater Treatment Plant Monitoring Data	119
3.3.2.2. Overflow Structure Monitoring Data	119
3.4. Qualifications of the Operators Performing Duties at the Wastewater Treatment Facilities	121
3.4.1. Qualification Certificates	121
3.4.2. Declaration of Operators' Qualifications in the Annual report	121
4. Conclusion	123

1. Background

Water is an important natural resource. Although it is renewable, it is not infinite. To protect and preserve it, the federal government is committed to cleaning up and decontaminating waterways so that all Canadians have access to clean water. One of the measures introduced is to ensure that wastewater (domestic, industrial and agricultural) is treated before it is discharged into lakes and rivers.

In 2009, the Canadian Council of Ministers of the Environment developed a Canada-wide strategy to guide the management of wastewater and ensure the protection of human health and the environment. However, it was only in 2012 that the federal government, in collaboration with the provinces and territories, develop a regulation¹ that sets out the requirements for wastewater treatment.

In 2014, the provincial government introduced the *Regulation respecting municipal wastewater treatment works* (RRMWTW),² which echoes the objectives of the federal regulation and allows for continued efforts to clean up municipal wastewater. Thus, in addition to respecting the basic standards, the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP), through municipal depollution attestations, sets specific requirements on discharge and overflow standards based on the context of municipal wastewater treatment facilities and the need to protect the environment into which the wastewater is discharged.³ In addition, since the RRMWTW incorporates the federal regulation's requirements, this has allowed the Ville de Montréal (the City) to opt out of the federal regulation pursuant to an agreement reached with the federal government. However, untreated wastewater overflows, which are regulated under the *Fisheries Act* (RSC 1985, c. F-14) and enforced by Environment and Climate Change Canada (ECCC), are not covered by this agreement, and the City must therefore comply with the Act. For example, the Act prohibits the discharge of deleterious substances into waters frequented by fish.⁴

Wastewater Treatment

The City has been treating wastewater on its territory since only June 1984, when the wastewater treatment plant currently known as the Jean-R.-Marcotte plant began operations. Prior to June 1984, most of the wastewater was discharged, untreated, into the waterways surrounding the island of Montréal. Furthermore, it is only since 1996 that all of the wastewater from the island of Montréal and Île Bizard has been routed to the plant.

¹ *Wastewater Systems Effluent Regulations under the Fisheries Act* (SOR/2012-139).

² (CQLR, c. Q-2, r. 34.1).

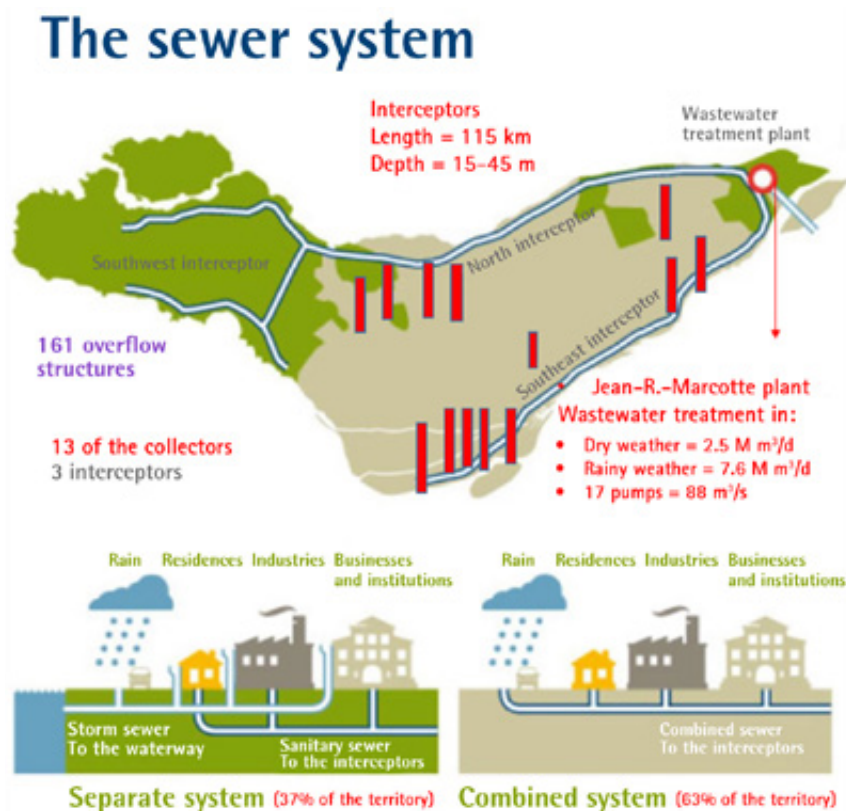
³ The MELCCFP issued the first municipal depollution attestations for both of the City's treatment plants effective January 2023. These attestations include specific requirements for discharge and overflow standards that plants are obliged to meet.

⁴ Under the *Fisheries Act*, no person shall deposit or permit the deposit of a deleterious substance of any type in water frequented by fish or in any place under any conditions where the deleterious substance or any other deleterious substance that results from the deposit of the deleterious substance may enter any such water.

The Jean-R.-Marcotte wastewater treatment plant is the largest in North America and the third largest in the world. It treats an average of close to 2.3 million cubic metres of wastewater per day in dry weather (and nearly 7.6 million cubic metres on rainy days [the equivalent of 920 to 3,040 Olympic-size swimming pools]). This represents 45% of the wastewater routed to wastewater treatment plants in the province. The City operates a second and considerably smaller treatment plant, Île Notre-Dame, which treats the wastewater routed from Île Notre-Dame and Île Sainte-Hélène.

Before reaching the treatment plants where it is treated, this wastewater follows a long route through domestic or industrial sewer systems that converge into larger-diameter pipes called collectors. The collectors discharge into very deep and large pipes called interceptors that carry the water to the treatment plant. The entire infrastructure that collects, stores, transports, and treats wastewater before returning it to the environment (see Figure 1) is called a municipal wastewater treatment facility, commonly referred to as a sewer system.

FIGURE 1 | **DIAGRAM OF THE AGGLOMERATION OF MONTRÉAL'S SEWER SYSTEM**



Source: Service de l'eau (SE). Image modified by the Bureau du vérificateur général (BVG) of the City.

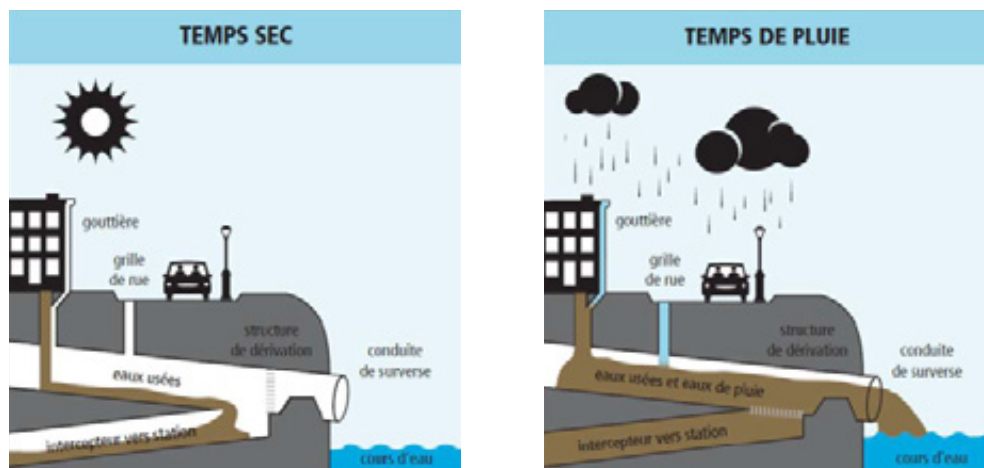
The water in the sewer system flows through pumps or through the action of gravity, i.e., the water flows from the collectors to the interceptors which are located deeper in the ground. The interceptors were dug with a west-to-east slope to allow water to be routed to the treatment plant. There are two types of domestic or industrial sewer systems found on the territory of Montréal: separate systems and combined systems.

- ◆ The **separate** system includes one pipe that collects the sanitary wastewater from homes, factories and businesses and another pipe that collects rainwater. Only sanitary wastewater is routed to the interceptors, whereas the rainwater is routed directly to the waterways via storm sewers. The separate system is present on 37% of the territory and is located mainly on Montréal's West Island.
- ◆ The **combined** system collects both sanitary wastewater and rainwater. It covers approximately 63% of the territory of the island of Montréal and is located mainly in the centre and east of the City. Most of the overflows during heavy rainfalls originate from this system.

Three interceptors surround the island of Montréal and carry wastewater to the Jean-R.-Marcotte wastewater treatment plant: the north interceptor (in operation since the 1970s), the southwest interceptor, connected to the north interceptor (in operation since 1988), and the southeast interceptor (in operation since 1992).

Along the sewer system, water inflows may sometimes exceed the system's capacity to carry wastewater to the treatment plant. This is particularly the case during heavy rainfalls or snowmelt, but other factors can also be involved, for example maintenance or emergency work (following equipment failure). This excess water results in untreated water overflowing (see Table 1) into the environment at one or more of the territory's 161 "overflow structures" (see Figure 2).

FIGURE 2 | **DIAGRAM OF AN OVERFLOW STRUCTURE DURING DRY WEATHER VERSUS DURING WET WEATHER (COMBINED SEWER SYSTEM)**



Source: SE.

Untreated water containing certain contaminants (e.g., fecal coliforms, bacteria) is thus discharged directly into the receiving waterways (the St. Lawrence River south of the island of Montréal and the Rivière des Prairies to the north).

TABLE 1
**NUMBER OF UNTREATED WASTEWATER OVERFLOWS
BY CATEGORY FROM JANUARY 2019 TO JUNE 2022**

YEAR	PRECIPITATION (RAIN AND SNOW, IN MILLIMETRES)	NUMBER OF OVERFLOWS THROUGH OVERFLOW STRUCTURES				
		RAIN AND SNOWMELT	DRY WEATHER	EMERGENCY	PLANNED WORK	TOTAL
2022 (6 months)	609	634	1	6	2	643
2021	812	547	2	12	1	562
2020	1,071	1,201	0	30	1	1,232
2019	1,196	1,295	42	115	2	1,454

Source: Data from the MELCCFP's SOMAEU (Municipal wastewater treatment plant monitoring system) from 2019 to 2021 and from the Hydroweb database for 2022, for overflows that lasted more than 12 minutes.

The City does not advocate restricting overflows to the environment during wet weather, as this causes backflows into residential or commercial sewer systems. To minimize overflows, the City therefore relies on a dynamic management of its wastewater infrastructure by maximizing its treatment plants' pumping and treatment capacities as well as by maximizing the conveyance or retention capacities in its collectors, interceptors and retention basins. To prevent backflows into citizens' homes, overflows at various points along the interceptors are a means to relieve the pressure on the system.

For several years now, the City has implemented a number of mechanisms to reduce the likelihood of overflows, including:

- ◆ a drinking water system leak detection and water and sewer line rehabilitation program;
- ◆ the reduction of industrial, commercial and institutional water consumption;
- ◆ the construction of retention basins;
- ◆ the implementation of an integrated interceptor control system.

Also, since 2019, as presented in Table 1, the City has experienced a decrease in the number of annual overflows, primarily in 2021, largely attributable to low rainfall during the spring snowmelt period.

In addition, the City adopted its Plan de gestion des débordements to meet the MELCCFP's regulatory framework. This plan incorporates the requirement that sewer system expansion projects for new residential developments do not result in increased wastewater overflows.

Roles and Responsibilities

Treatment of the City's wastewater is the responsibility of the Direction de l'épuration des eaux usées (DEEU) of the Service de l'eau (SE). Its mission is to intercept and treat wastewater generated on the Montréal territory to contribute to cleaning up waterways, in a spirit of resource preservation and waste reclamation. The DEEU is primarily responsible for this mission's regulatory aspect. In order to be able to enforce and measure regulatory compliance, particularly the RRMWTW, the DEEU decided to instrument and monitor most of the overflow structures (with the exception of a few structures that are operated and monitored by a related municipality or a borough).

The DEEU also has two teams that operate and maintain the treatment plants and their system of interceptors.

Regulatory Framework

Municipalities that are subject⁵ to the RRMWTW and the *Fisheries Act* must comply with the following provisions, among others:

- ◆ Operating standards:
 - Measure the daily flow of treated wastewater using a device that measures the flow within a 15% margin of error. This device must be calibrated annually.
- ◆ Effluent discharge standards:
 - Meet standards for five-day carbonaceous biochemical oxygen demand (CBOD₅),⁶ suspended solid (SS) concentration and hydrogen potential (pH);
 - The effluent may not be acutely toxic to rainbow trout and/or daphnia.
- ◆ Standards applying to overflows:
 - Do not discharge untreated or partially treated wastewater into the environment in dry weather;
 - Identify all wastewater overflows that occur at the structure.
- ◆ Staff qualifications:
 - The staff subject to the Act must hold a valid qualification certificate or apprentice card issued by the Ministère de l'Emploi et de la Solidarité sociale.

⁵ Québec municipalities with wastewater facilities, except those with an annual average flow of less than 10 cubic metres/day or those located north of the 54th parallel.

⁶ The City, like about 60 other cities, is exempt from the CBOD₅ standards until December 31, 2030.

◆ Reports and records:

- Notify ECCC and the MELCCFP of overflows in accordance with each entity's requirements;
- Submit monthly and annual reports electronically to the MELCCFP within the prescribed timeframes.

Administrative and monetary penalties ranging from \$250 to \$6,000,000 may be imposed for violations of the RRMWTW.

Wastewater management has become a priority for the municipalities, which must improve the quality of the water that is returned to the waterways in order to protect this collective wealth. The St. Lawrence River is the waterway into which the City discharges its treated wastewater. Untreated overflows occur at various locations on the outskirts of Montréal, in the Rivière des Prairies as well as in the St. Lawrence River. The latter is the source of drinking water for several municipalities located downstream and is an area where many citizens engage in activities such as swimming and fishing.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Under the provisions of the *Cities and Towns Act* (CTA), we conducted a performance audit mission on the management of the municipal wastewater treatment facility. We carried out this mission in accordance with the *Canadian Standard on Assurance Engagements (CSAE) 3001* of the CPA Canada Handbook – Assurance.

The purpose of this audit was to ensure that the City has adequate mechanisms in place for the sound management of wastewater discharge and overflow monitoring in accordance with regulatory requirements.

2.2. Evaluation Criteria

Our assessment is based on criteria we deemed valid under the circumstances, namely the following:

- ◆ Mechanisms are in place to monitor compliance with wastewater discharge standards and generate quality data;
- ◆ Mechanisms are in place to track wastewater overflow standards and generate quality data;
- ◆ Operation and event reports contain quality information and are sent in a timely manner;
- ◆ Staff members are qualified to perform duties related to wastewater treatment plant operations.

The role of the City's Auditor General is to provide a conclusion regarding the purpose of the audit. To that end, we gathered sufficient and appropriate relevant evidence on which to base our conclusion and obtain a reasonable level of assurance.

The City's Auditor General applies the Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Review of Financial Statements, or Other Assurance or Related Services Engagements*. This standard requires the City's Auditor General to design, implement and operate a quality management system that includes policies and procedures to ensure compliance with ethical rules, professional standards and applicable legal and regulatory requirements. In the performance of the work, the City's Auditor General also complied with the rules regarding independence as well as with the other ethical rules of Québec's *Code of ethics of chartered professional accountants*, which are based on the principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

2.3. Scope of the Audit

Our audit work covered the period from January 1, 2019, to June 30, 2022. Our work consisted of conducting interviews with employees, reviewing various documents and conducting surveys that we deemed appropriate to gather the necessary evidence. Our work was mainly carried out between May and November 2022. However, we also took into account information that was sent to us up to March 2023.

We excluded from the scope of our mission the application and follow-up of *Regulations 2008-47 and 2013-57* which aim to reduce the discharge of contaminants into wastewater treatment structures by businesses and industries on the territory of the Communauté métropolitaine de Montréal. We also excluded the accreditation exercise of the internal and external analytical laboratories used to measure effluent discharge standards, activities related to wastewater infrastructure management, and the operationalization of wastewater treatment systems (e.g., wastewater and sewage sludge treatment). Finally, the impact on the environment receiving discharges of treated and untreated pollutants was not covered by our work.

This work was mainly carried out with the SE, more specifically with the Division ingénierie et procédés and the Division études et plan directeur under the Direction de l'épuration des eaux usées.

At the end of our work, a draft audit report was presented for discussion to the relevant managers of the SE. The final report was then sent to the management of this department for the purpose of obtaining an action plan and a timetable for the implementation of the recommendations laid out in this report. A copy of the final report was also sent, for information purposes, to the Direction générale and the Direction générale adjointe à l'urbanisme, la mobilité et aux infrastructures.

3. Audit Results

3.1. Effluent Discharge Tracking

3.1.1. Flow Measurement

Jean-R.-Marcotte Wastewater Treatment Plant

Compliance with daily flow requirements

The RRMWTW requires the City to measure the daily flow of treated wastewater. It is preferable to measure the flow at the effluent (the outlet of the treatment plant) to better assess the contaminant loads that are discharged. However, flow can also be measured at the affluent (the plant's inlet).

The flow measured at the affluent is derived from the sum of the flows recorded by each of the flowmeters associated with the 17⁷ pumping motor units. The calculation is done in the SICOS system, which adds up every second and the data is archived every 30 seconds in the PI application. In dry weather, 1 or 2 pumps per interceptor operate, whereas in wet weather or snowmelt, almost all of the pumps are in operation.

The effluent flow is measured by an ultrasonic probe located upstream of a spillway that measures the water level. A formula appropriate to the type of spillway is applied to derive the flow rate.

Calibration – Checking the accuracy of the flow measurement

Under the RRMWTW, the accuracy of the flow measurement must be verified annually using a calibrator or other method recognized by the MELCCFP. A margin of error of less than 15% is tolerated. The City checks the accuracy on a daily basis using the reference method. Each day, the average affluent flow is compared with the effluent flow.

From January 1, 2019, to June 30, 2022, the margin of error between the affluent and effluent flow measurements was always less than 15%, mostly below 5% (in 96.4% to 99.5% of cases) depending on the year (see Table 2).

⁷ There are eight pumps on the north interceptor and nine on the south interceptor.

TABLE 2**DISTRIBUTION OF FLOW MEASUREMENT DEVIATIONS
AT THE JEAN-R.-MARCOTTE WASTEWATER TREATMENT PLANT**

PERCENTAGE DIFFERENCE	2022 (6 MONTHS)		2021		2020		2019	
	NUMBER OF DAYS	PERCENTAGE OF DAYS	NUMBER OF DAYS	PERCENTAGE OF DAYS	NUMBER OF DAYS	PERCENTAGE OF DAYS	NUMBER OF DAYS	PERCENTAGE OF DAYS
Less than 5 %	176	97.2%	352	96.4%	363	99.2%	363	99.5%
Between 5 % and 10 %	5	2.8%	12	3.3%	3	0.8%	2	0.5%
Between 10 % and 15 %	0	0%	1	0.3%	0	0.0%	0	0.0%
TOTAL	181	100%	365	100%	366	100%	365	100%

Source: Table produced by the City's BVG based on data collected during our audit work.

According to Book 7 — *Flow Measurement Methods* — of the *Sampling Guide for Environmental Analysis* of the Centre d'expertise environnementale du Québec, which deals with the theoretical aspects and good practices of flow measurement, an ultrasonic probe such as the one used by the City to measure flow must:

- ◆ Have a manufacturer's accuracy of less than or equal to 2.5%;
- ◆ Be calibrated annually.

According to the manufacturer, the probe has an accuracy of 1% for daily dry weather flows and 0.4% for wet weather flows, which meets the less than or equal to 2.5% requirement. However, the ultrasonic probe is not calibrated annually by the City. A test to assess its accuracy was conducted during the winter of 2020. According to the results, the differences are below 2%. However, this test cannot be considered a calibration, as only 1 of the 3 tests required by the methodology was performed.

Maintenance of the flow measurement equipment

Pursuant to the RRMWTW, the City must maintain the device used to measure flows in good working order at all times. The MELCCFP recommends that routine tests be performed, in addition to the accuracy measurement calculated annually.

Flowmeters at the affluent are not routinely maintained as such. The City's recommended method to ensure that the flowmeters are functioning properly is to monitor flow measurements in real time and to use alarms to quickly detect any anomalies. The flowmeters

are ultrasonic and are secured to the outer walls of the 17 pumping motor units. Since they are not in contact with the water, there is no real wear. In addition, since the flow is measured at the affluent and effluent, if there is a significant difference in the measurement, an analysis is performed to detect the problem and adjust the flowmeters as needed.

Île Notre-Dame Wastewater Treatment Plant

Compliance with daily flow requirements

Pumps and a level probe are used to measure the flow on a daily basis at the affluent. There were occasional abnormal measurements (41 out of 1,277 days [3%]), especially at the beginning or end of the month when the volume totalizer was reset. Prior to July 2021, a mathematical formula was used to estimate the abnormal value. After this date, the raw data was retrieved and manually indexed in the SOMAEU. This issue was resolved in June 2022 by commissioning new pumps as part of the pump station rehabilitation work.

Calibration – Checking the accuracy of the flow measurement

Flow measurement accuracy was not checked in 2020 and 2021 due to the pandemic, as only essential water treatment tasks were maintained, and because of the rehabilitation work at the pumping station. However, when the station was commissioned with new pumps in May 2022, the flow measurement was validated using a method recognized by the MELCCFP. To remain compliant, the City must carry out this validation process on an annual basis.

In addition, our audit revealed that only one probe is in operation for each station. Although certain anomalies in the flow calculation were identified and the values were recovered, it is questionable whether the City has an alternative in the event the probes fail. Such a situation would put the City at risk of not being able to measure the daily flow and thus not complying with this requirement.

Overall, the City has mechanisms in place to ensure that treated wastewater flows are measured daily.

RECOMMENDATION 3.1.1.A.

We recommend that the Service de l'eau implement a calibration plan for the ultrasonic probe at the effluent of the Jean-R.-Marcotte wastewater treatment plant to ensure the accuracy of the probe measurements.

RECOMMENDATION 3.1.1.B.

We recommend that the Service de l'eau develop and implement an affluent flow measurement accuracy verification plan for the Île Notre-Dame wastewater treatment plant to ensure the accuracy of the flow measurement on an annual basis.

RECOMMENDATION 3.1.1.C.

We recommend that the Service de l'eau evaluate the need for a second device to provide redundancy in the event of probe failure at both wastewater treatment plants, to enable the Ville de Montréal to continue to measure flows.

3.1.2. Effluent Discharge Standards

Pursuant to the RRMWTW, the City's effluent must meet discharge standards. Samples for concentration standards are analyzed by the SE's in-house laboratory, and acute toxicity testing on rainbow trout and daphnia is performed by an external laboratory. For the years covered by our audit, the internal and external laboratories had a valid accreditation issued by the Centre d'expertise en analyse environnementale du Québec for their field and area of activity.

3.1.2.1. Concentration Standards

To protect the receiving environment, the effluent must meet the concentration standards set out in the RRMWTW:

- ◆ The CBOD₅ must be less than or equal to 25 mg/L;
- ◆ SS concentrations must be less than or equal to 25 mg/L, unless it is demonstrated that the excess is caused by algal blooms in sewage lagoons;
- ◆ The hydrogen potential (pH) value should be between 6.0 and 9.5.

For CBOD₅ and SS measures, the sample analysis results are compiled to establish an average according to the category of the plant. For example, in the case of the very large Jean-R.-Marcotte wastewater treatment plant, samples must be taken five days per week and the averaging period must be monthly. For the Île Notre-Dame wastewater treatment plant, which is of medium size, samples are required once every two weeks and the averaging period is quarterly.

Jean-R.-Marcotte Wastewater Treatment Plant

Pursuant to the RRMWTW, the Jean-R.-Marcotte wastewater treatment plant is exempted from complying with the CBOD₅ and SS requirements until December 31, 2030. However, it is exempt only from the CBOD₅ requirement, as its municipal depollution attestation prescribes a discharge standard for SS. As required, on December 15, 2022, it filed its action plan with the MELCCFP on the measures it would be taking to comply with the CBOD₅ standard as well as a timetable establishing the implementation of the measures.

As Table 3 shows, the SS and pH test results are within acceptable ranges. Although the City is required to measure SS and pH at a rate of 5 days per week, it does so daily. Between January 1, 2019, and June 30, 2022, there were only 4 days (0.31%) when no sample was collected. Despite this, the required sampling frequency of 5 days per week was always met.

Although it is not required to meet the CBOD₅ standard before January 2031, the City is analyzing discharges for this parameter to validate where it currently stands. As illustrated below, the requirement concerning CBOD₅ is not met. Secondary treatment will be required to enable the City to comply with the requirement.

TABLE 3 | **RESULTS OF CHEMICAL AND PHYSICAL ANALYSES OF EFFLUENT DISCHARGES AT THE JEAN-R.-MARCOTTE WASTEWATER TREATMENT PLANT**

PARAMETERS ANALYZED AND REQUIREMENTS TO BE MET		2022 (6 MONTHS)	2021	2020	2019
CBOD ₅ (as of 2031)	less than or equal to 25 mg/L	min: 54.1 max: 83.4	min: 63.0 max: 80.9	min: 46.3 max: 74.0	min: 39.6 max: 70.5
SS	less than or equal to 25 mg/L	min: 15.8 max: 18.9	min: 16.0 max: 18.8	min: 16.5 max: 19.7	min: 14.8 max: 19.2
pH ^[a]	between 6.0 and 9.5	min: 6.9 max: 7.9	min: 6.7 max: 8.1	min: 6.2 max: 8.3	min: 6.8 max: 8.3

^[a] pH results are evaluated on an ad hoc basis.

Source: Table produced by the City's BVG based on data collected during our audit work.

Île Notre-Dame Wastewater Treatment Plant

Unlike the Jean-R.-Marcotte wastewater treatment plant, the Île Notre-Dame wastewater treatment plant, given its category, must comply with the aforementioned CBOD₅, SS and pH requirements. However, samples must be collected every two weeks. For CBOD₅ and SS, the averaging period is quarterly, whereas pH results are assessed on an ad hoc basis. Although regulations require testing every two weeks, the City carries out tests on a weekly basis.⁸

As Table 4 shows, all of the CBOD₅, SS and pH test results are within acceptable ranges.

TABLE 4 RESULTS OF CHEMICAL AND PHYSICAL ANALYSES OF EFFLUENT DISCHARGES AT THE ÎLE NOTRE-DAME WASTEWATER TREATMENT PLANT

PARAMETERS ANALYZED AND REQUIREMENTS TO BE MET		2022 (6 MONTHS)	2021	2020	2019	COMPLIANT YES/NO
CBOD ₅	less than or equal to 25 mg/L	min: 2.4 max: 5.1	min: 1.0 max: 1.8	min: 1.0 max: 13.9	min: 6.5 max: 13.7	yes
SS	less than or equal to 25 mg/L	min: 4.8 max: 7.9	min: 4.1 max: 6.5	min: 4.2 max: 21.8	min: 11.4 max: 18.5	yes
pH	between 6.0 and 9.5	min: 7.1 max: 8.3	min: 7.1 max: 8.4	min: 6.5 max: 8.0	min: 6.7 max: 7.6	yes

Source: Table produced by the City's BVG based on data collected during our audit work.

However, tests were not conducted every two weeks as required. A total of 3 tests were not performed, as presented in Table 5. For 1 case in 2019, pH values were not available because the sample conservation times had been exceeded. The other 2 cases occurred in February 2021 and March 2021. CBOD₅, SS and pH were not measured because it was not possible to collect effluent samples. The pandemic (less traffic on Île Notre-Dame) and the rehabilitation work that took place at the pumping station resulted in extremely low effluent flows during these periods. With the cold weather in February and early March, the effluent froze, preventing the DEEU from collecting samples.

⁸ Corresponds to the value obtained during the test.

TABLE 5 | **RATE OF COMPLIANCE WITH EFFLUENT SAMPLING FREQUENCIES AT THE ÎLE NOTRE-DAME WASTEWATER TREATMENT PLANT**

	2022 (6 MONTHS)	2021	2020	2019
CBOD ₅ , SS et pH	100% (13/13)	92% (24/26)	100% (26/26)	96% (25/26)

Source: Table produced by the City's BVG based on data collected during our audit work.

3.1.2.2. Acute Toxicity Testing

To protect aquatic organisms, a wastewater treatment plant's effluent cannot be acutely toxic to rainbow trout or daphnia.⁹ To comply with the RRMWTW, both toxicity tests must be performed, and both must be negative. An acute toxicity test result is considered positive if the mortality rate of organisms exposed to the undiluted effluent is greater than 50%. If a positive result is obtained for an acute toxicity test, the operator must conduct a second test on the same species using a new sample within 7 days of the positive result. If the result of this second test is negative, the operator must conduct a third test on the same species, within 7 days, to determine the final test result.

The City contracts with accredited private laboratories to have these acute toxicity tests performed. The agreements between the City and these laboratories contain various clauses that stipulate the number of tests to be analyzed, the timeframe for reporting results and the need to establish a regular sample collection schedule. Nonetheless, the MELCCFP made a point of reminding municipal wastewater treatment facilities in late 2021 that, while some laboratories were having difficulty meeting testing deadlines due to labour shortages, it is the responsibility of the latter to make every effort to ensure they meet their obligations.

Jean-R.-Marcotte Wastewater Treatment Plant

In the case of the Jean-R.-Marcotte wastewater treatment plant, toxicity tests must be conducted monthly and at least three weeks apart.

Over the period covered by our audit, 5 toxicity tests showed positive results (see Table 6), namely 1 for rainbow trout and 4 for daphnia. However, toxicity is only confirmed following another positive result for the second or third test. The 5 positive tests were each followed by 2 negative tests. Toxicity was therefore never confirmed.

⁹ Rainbow trout and daphnia have been identified as the standard coldwater fish and crustacean for freshwater pollution studies and aquatic toxicology research.

TABLE 6 | **ACUTE TOXICITY TEST RESULTS**

Rainbow trout				
YEAR	PERCENTAGE OF SUCCESS BEFORE THE 2 ADDITIONAL TESTS		PERCENTAGE OF SUCCESS AFTER ADDITIONAL TESTS	
2019	100%	(12/12)	100%	(12/12)
2020	100%	(12/12)	100%	(12/12)
2021	92%	(11/12)	100%	(12/12)
2022	100%	(5/5)	100%	(5/5)

Daphnia				
YEAR	PERCENTAGE OF SUCCESS BEFORE THE ADDITIONAL TEST		PERCENTAGE OF SUCCESS AFTER ADDITIONAL TESTS	
2019	92%	(11/12)	100%	(12/12)
2020	83%	(10/12)	100%	(12/12)
2021	92%	(11/12)	100%	(12/12)
2022	100%	(5/5)	100%	(5/5)

Source: Table produced by the City's BVG based on data collected during our audit work.

However, in 2 cases, the second and third tests following a first positive result were not performed within the required timeframe. In one case in 2019 concerning daphnia, the second test was performed 8 days after the first test result. In another case, in 2021 for rainbow trout, the third test was performed 10 days after a negative result.

The required monthly sampling frequency was not met on 3 occasions. The May 2020 daphnia test was not performed because the City did not receive the necessary container in the collection kit. This happened when the City changed laboratories. In addition, the March 2022 tests were not conducted for rainbow trout and daphnia because the water sample container spilled during transport to the external laboratory. The remaining volume of water was

insufficient to conduct the tests. The City was notified late and was unable to collect new samples in a timely manner, resulting in regulatory non-compliance.

Also, the minimum period of at least 3 weeks (21 days) between 2 samples was not respected on 2 occasions. In 1 case, in 2019, 18 days separated the collection of the 2 samples for both rainbow trout and daphnia. A sample was taken but was cancelled due to a problem at the external laboratory. Sampling was repeated 5 days later, thus reducing the time separating it from the next sample. In another case, in 2021, 19 days separated the 2 samples for both rainbow trout and daphnia. This was due to a scheduling error.

Île Notre-Dame Wastewater Treatment Plant

In the case of this wastewater treatment plant, acute toxicity tests must be conducted on a quarterly basis and at least 2 months apart. All first-trial toxicity tests were successful, and the sampling frequency was respected. However, the two-month minimum period between tests was not respected in 1 instance in 2020. A first test was performed on February 6 and a second one on April 2. The reason given was a lack of coordination with the external laboratory.

Generally, as evidenced by the limited number of cases of non-compliance found, the City is in substantial compliance with wastewater discharge monitoring requirements.

RECOMMENDATION 3.1.2.2.A.

We recommend that the Service de l'eau establish a sample collection schedule that takes into account the requirements of the *Regulation respecting municipal wastewater treatment works* and update it following any sample that was not collected to ensure that the minimum time between sample collections is met.

3.2. Overflow Monitoring

The *Fisheries Act* and the RRMWTW require the City to identify all wastewater overflows that occur on its territory.

3.2.1. Inventory of Overflow Structures

In order to identify all wastewater overflows that occur on its territory, the City must first inventory all of the overflow structures on its sewer system. To date, the City accounts for 161 overflow structures that it monitors. Since the construction of the first sewer systems on the island of Montreal, the sewer systems of the different cities and boroughs have been modified and the modifications have been documented in a variety of ways over the decades. As a result, the DEEU is informed of or discovers new overflow sites during inspections or work performed on the system. These sites are verified to confirm that they are indeed overflow structures. Thereafter, they must be instrumented and monitored. Since 2016, a total of 37 potential overflow structures have been identified. Of these, 9 have been confirmed as overflow structures, 24 are under review, and 4 have been classified as non-overflow structures following analysis. Of the 9 confirmed, 3 were instrumented as a result of a project and now figure among the 161. There are plans to instrument the remaining 6 in order of priority of the

SE's projects. Instrumentation requires a construction project, and it is one of hundreds of the SE's pending projects.

3.2.2. Devices Used to Measure Overflows

To detect overflows (section 9 of the RRMWTW), the City has installed devices at overflow structures where feasible.¹⁰ Some devices record the frequency of overflows, when they occur, and a cumulative daily total of how long they last (e.g., electronic overflow recorder [EOR]). For others, a weekly visit needs to be made to note whether the visual feature has been displaced. This feature makes it possible to determine whether there has been an overflow between 2 visits, but it gives no indication as to the duration or frequency of a possible overflow. The different devices used are listed in an inventory as presented in Table 7. Currently, of the 161 overflow structures, 127 (79%) have overflow data transmitted to the treatment plant via telemetry.

TABLE 7 | CATEGORIES OF DEVICES USED TO MEASURE OVERFLOWS

DEVICE FEATURES	DEVICE CATEGORY (NUMBER OF OVERFLOW STRUCTURES EQUIPPED WITH SUCH A DEVICE)	NUMBER AND PERCENTAGE
With telemetry	<ul style="list-style-type: none"> • HWM sensor (43) • Inclinator (15) • Level (32) • Pump (2) • Regulator (35) 	127 (79%)
Without telemetry	<ul style="list-style-type: none"> • Local recorder (grenade) (4) • Manual [a] (9) • Visual feature (6) • Boroughs (14) • Unmonitored (1) 	34 (21%)
TOTAL		161 (100%)

[a] Human intervention is required to trigger the overflow.

Source: Table produced by the City's BVG based on data received by the SE.

Of the 161 overflow structures, only 1 is considered "unmonitored" because no device has yet been installed to monitor overflows. According to the DEEU, this overflow structure, along with the other 6 structures confirmed above, as well as those not connected by telemetry (visual feature) are on an instrumentation project list prepared by the SE. The reason given for this site is that the structure is difficult to access, as it is located in the middle of Notre-Dame

¹⁰ Some sites do not require a device, as human intervention is required for an overflow to occur (e.g., the use of a portable pump to discharge water outside the sanitary system during heavy rain or snowmelt).

street, i.e., on the territory of the Ministère des Transports du Québec. Gaining access to it involves teams from the Ministère des Transports du Québec and the City and requires closing a section of the street.

3.2.3. Overflow Survey

For devices equipped with telemetry, overflows are usually identified when an alarm is triggered in the SICOS system. For devices that do not communicate via telemetry, overflows are recorded during visits. The DEEU has implemented an administrative guideline in the form of a decision-making logic diagram.¹¹ This guides the internal teams through the different steps that need to be followed in order to confirm whether or not there has been an overflow when an overflow is detected or the displacement of a float is observed. The logic diagram also outlines the steps to be taken to notify the MELCCFP/ECCC as soon as possible in the event of a dry weather overflow. Also, on a daily basis, the DEEU analyzes the report of overflows occurring at devices that communicate through telemetry to detect any anomalies, such as an overflow that did not actually occur.

3.2.3.1. Visit

As stipulated in the RRMWTW, the City must visit overflow measuring devices at specified frequencies depending on the type of device¹² to detect overflows or to ensure that they are in good working condition. As part of our audit, we selected sample visits to test whether the required visits had been made.

Weekly Visits

For these visits, we selected 6 weeks per year, for a total of 21 weeks from January 2019 to June 2022.¹³

The devices covered are visual features, local recorders (e.g., grenades) and manually operated devices. Based on the audit work conducted, the City visited 68% of the overflow structures on a weekly basis, including the 6 structures equipped with visual features. We nevertheless made the following discoveries:

- ◆ The 4 structures equipped with local recorders were visited on a monthly basis rather than weekly as required, since they are local;
- ◆ Of the 9 structures equipped with manually operated devices, 2 were not listed on the visit forms and were therefore not visited. Among the 7 others:
 - 1 site was not visited because it is operated by the borough and the borough was not aware of the visit requirement;
 - For the other 6, 3 visits (1%) were not made (1 case) or cannot be demonstrated (2 cases, the forms were not found).

¹¹ A diagram that describes the steps in a process.

¹² Required visits are dictated in the RRMWTW for visual features and in the SOMAEU program for other devices.

¹³ 21 weeks x 19 structures = 399 audited visits.

Monthly Visits

For these visits, we selected 2 months for the years 2019 to 2021 and 1 month for 2022, for a total of 7 months.¹⁴

a) Device connected by telemetry

The 127 overflow structures equipped with a device that communicates by telemetry must be visited monthly to ensure that the device is functioning properly. The targeted devices are HWM sensors, inclinometers, levels and pumps.

We observed that 49% of the visits were made during the periods we sampled:

- ◆ The 43 structures equipped with an HWM device were indeed visited monthly. Of these structures, 4% of the visits were not completed;
- ◆ 21 structures were visited weekly even though the requirement is monthly, meaning that the requirement is met;
- ◆ There is no evidence that the remaining 63 structures were visited. According to the DEEU, some of these structures are visited, either frequently or only when there is a breakdown, but these visits are not documented.

b) Manual or automated pump

Overflow structures equipped with manual or automated pumps and operated and monitored by the related municipality of Beaconsfield (11 sites) and the boroughs of Pierrefonds-Roxboro (1 site) and Lachine (2 sites) must be visited monthly. However, the DEEU receives overflow data only from the boroughs and related municipalities.

Furthermore, as mentioned above, the main purpose of the visits is to determine whether an overflow has occurred and to verify whether the equipment is operating properly. However, when the paper forms for visits were reviewed, only those used for visual feature visits indicated whether or not there had been an overflow. Also, it was found that there is no clear indication of what needs to be checked to ensure that the equipment is functioning properly. In addition, certain devices are difficult to access, and it is not possible to identify the overflows during the visit, which is why these devices have been equipped with telemetry.

RECOMMENDATION 3.2.3.1.A.

We recommend that the Service de l'eau conduct overflow facility visits at the scheduled frequencies, document them properly and specify what needs to be checked for each type of device, so as to identify wastewater overflows and ensure that the devices are functioning properly.

¹⁴ 7 weeks x 127 structures = 889 audited visits.

RECOMMENDATION**3.2.3.1.B.**

We recommend that the Service de l'eau, in collaboration with the related municipality of Beaconsfield and the boroughs of Pierrefonds-Roxboro and Lachine, ensure that it receives information concerning visits that are followed up by either a related municipality or a borough, such that the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs is provided with complete information.

3.2.3.2. Electronic Overflow Recorders

Periodically, the EORs experience failures or problems with data transmission via telemetry, which result in some occasions where no overflow data was available for certain overflow structures. When this situation occurs, there is an "unmonitored" note in the monthly report. Based on the analysis of reports for the period from January 2020 to June 2022, there were 127 of these "unmonitored" events (see Table 8). These involved 44 separate overflow structures for which either the devices did not record data locally or, for certain devices without local recording capabilities, telemetry transmission did not work. The duration of the events varies between 1 and 30 days with an average duration of 11 to 23 days for the two and a half years analyzed. Of the 44 structures, 6 recorded a total of 39 events (31%) during this period. Of these, 2 structures recorded recurring events for the months of February through May 2022. When there is an equipment failure and overflow data is not collected, other temporary equipment must be installed and visited according to the requirements that apply to the replacement equipment. However, from the tests performed on the visits as well as information received by the DEEU it is unclear if visits were made when the equipment did not collect the overflow data or whether redundancy equipment was installed.

TABLE 8 | BREAKDOWN OF "UNMONITORED" EVENTS BY YEAR

YEAR	NUMBER OF "UNMONITORED" EVENTS	NUMBER OF OVERFLOW STRUCTURES CONCERNED	AVERAGE DURATION (IN DAYS) OF THE EVENTS
2022 (up to June)	21	15	11
2021	33	20	23
2020	73	29	18
TOTAL	127	64	17

Source: Table produced by the City's BVG based on data collected during our audit work.

In the absence of evidence that a mechanism has been put in place to collect overflow data when EORs fail, the DEEU is unable to demonstrate that it is identifying all overflows as required.

Dry Weather Overflows

Since the RRMWTW does not allow dry weather overflows, an analysis of Hydroweb data for the period from January 2019 to June 2022 was performed as part of our work to identify whether there were any other dry weather overflows that were not identified by the DEEU and of which the MELCCFP was not informed.

Based on the results, out of approximately 50 overflows examined during this period, only 6 occurred in late 2019 and should have been reported to the MELCCFP because there had been no rain or snowmelt in the preceding days.

Although these cases were also identified by the DEEU during this period, no justification was documented to explain the fact that they had not been reported.

Despite these cases, for those overflows that the City is able to identify in dry weather, i.e., where the EORs have not failed, the City adequately identifies them as dry weather cases.

RECOMMENDATION 3.2.3.2.A.

We recommend that the Service de l'eau implement redundancy mechanisms when overflow data cannot be collected due to equipment, recording, or telemetry failure, so as to ensure that all overflows occurring on its territory are inventoried in a timely manner as required.

3.2.4. Transmission of Notices

In the event of a wastewater overflow that is not permitted by the regulation, the City must immediately notify an ECCC fisheries officer (section 38(5) of the *Fisheries Act*) as well as the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks (section 15). To this end, the SE has developed an administrative guideline that outlines the steps to be taken to produce these notices, particularly in the event of dry weather overflows. To date, it is the DEEU that transmits the notices when overflows occur.

Notice to the Environment and Climate Change Canada Fisheries Officer

As provided in the *Fisheries Act* (s. 38 [7]), as soon as feasible after the occurrence of a deposit of a deleterious substance in water frequented by fish, a fisheries officer must be informed thereof and provided with a written report on the occurrence. To date, the City has only notified fisheries officers of dry weather overflows, emergencies or planned work through notices sent to the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks. As part of our audit work, we found that the City was unable to demonstrate that it had notified a fisheries officer for 4 of the 16 notices analyzed (25%).

The City does not notify ECCC of wet weather overflows, contrary to its obligation to do so pursuant to the *Fisheries Act*. In October 2019, the City received a warning from ECCC's enforcement branch regarding discharges that occurred in August 2018 and April 2019.

The warning alleged a violation for discharging a deleterious substance in water frequented by fish and failing to notify a fisheries officer promptly. The warning informed the City to “take the necessary steps to comply with the Fisheries Act.” Although no administrative or criminal sanctions were levied against the City:

“...this warning and the circumstances to which it refers are part of ECCC’s records and will be taken into consideration in the event of a repeat offence, another violation, and in making internal decisions such as those regarding inspection frequency.” According to ECCC, it “may consider taking further action if the city does not take the necessary steps to comply with the law”.

Three years after this warning was issued, the City has yet to implement any measures to correct the situation.

Notice Sent to the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks

According to the RRMWTW (s. 15), unlike the federal government, there is no need to notify the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks when an overflow occurs during rainy weather or snowmelt. Only dry weather overflows or overflows that occur during an emergency or planned work at an overflow structure must be reported.

Notice in Dry Weather or in the Event of an Emergency

Notice must be given promptly when any of the following events occur:

- ◆ Discharge of the effluent elsewhere than at the final point of discharge of the outfall;
- ◆ A bypass or an overflow from an overflow structure or bypass structure in the event of an emergency or in dry weather;
- ◆ Equipment shutdown or failure having an impact on the quality of discharges or on the frequency or volume of overflows or bypasses;
- ◆ A bypass or an overflow elsewhere than from an overflow structure or a bypass structure.

The notice may be provided to the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks verbally or in writing. If the notice is provided verbally, the City has 48 hours to send an electronic copy. If it is provided in writing, it has 24 hours to do so.

For the period running from January 2019 to June 2022, the DEEU issued 9 verbal notices, including 2 (22%) for which the written notice was not provided within 48 hours. In those 2 cases, the notices were sent in 8 and 12 days respectively.

With respect to the written notices (see Table 9), for this same audit period, the DEEU issued 75 notices specifically for dry weather or emergency overflows. Of these notices, 18 out of 64 (28%) for the Jean-R.-Marcotte wastewater treatment plant and 3 out of 11 (27%) for the Île Notre-Dame wastewater treatment plant were not provided within the prescribed timeline. Overruns ranged from 2 to 190 days, the majority being less than 10 days.

TABLE 9

NUMBER OF WRITTEN NOTICES SENT TO THE MINISTER OF THE ENVIRONMENT, THE FIGHT AGAINST CLIMATE CHANGE, WILDLIFE AND PARKS FOR THE PERIOD FROM JANUARY 2019 TO JUNE 2022 (JEAN-R.-MARCOTTE AND ÎLE NOTRE-DAME WASTEWATER TREATMENT PLANTS)

YEAR	NOTICES CONCERNING DRY WEATHER OVERFLOWS		NOTICE CONCERNING OVERFLOWS IN THE EVENT OF EMERGENCIES	
	JEAN-R.-MARCOTTE WASTEWATER TREATMENT PLANT	ÎLE NOTRE-DAME WASTEWATER TREATMENT PLANT	JEAN-R.-MARCOTTE WASTEWATER TREATMENT PLANT	ÎLE NOTRE-DAME WASTEWATER TREATMENT PLANT
2022	2	0	8	0
2021	3	1	4	1
2020	2	0	30 ^[a]	0
2019	0	5	15	4
TOTAL	7	6	57	5

^[a] A total of 23 notices were issued on October 8, 2020, for the same reason following a bitumen spill in the system the day before. The decision was taken to proceed with overflows to protect the wastewater treatment plant's equipment.

Source: Table produced by the City's BVG based on data collected during our audit work.

In addition, certain overflow structures are monitored by the City of Beaconsfield and the Pierrefonds-Roxboro borough. The DEEU consults them monthly to obtain overflow information. This does not allow the DEEU to notify the MELCCFP within 24 hours in the event of an overflow.

Also, in the case of the 2 structures monitored by the Lachine borough, the City has set up an operating procedure to be informed if overflows occur. This came about after 7 dry weather overflows occurred in 2021 for which notices were sent nearly 2 months later because the borough did not notify them within the required timeframe. It should be noted that an IT problem prevents the DEEU from accessing the data remotely. Until the problem is corrected (which is planned in 2023), the DEEU has decided to collect the information directly on a weekly basis in order to avoid further situations of non-compliance. However, this operating mode does not guarantee that the reporting deadlines will be met; for example, we observed that an overflow had occurred on September 29, 2022, and that the DEEU had sent the notice concerning it on October 10, 2022.

While each of these events may seem insignificant, taken together, they demonstrate that current operations must be improved in order to meet the timelines set by the RRMWTW.

Notice of Planned Work

Notice must be given at least 45 days prior to any bypass or overflow that is required as part of planned work to modify, repair or maintain the structure.

Various mechanisms have been put in place over the years to enable the DEEU to identify this work (e.g., meetings with the DEEU's maintenance team, training for DEEU project managers and reminders to boroughs, related municipalities and central departments). In addition, a decision-making logic diagram was produced to allow stakeholders to know whether or not a notice must be issued for the planned work.

Despite these mechanisms, the DEEU is not always informed of all upcoming work or is not informed in a timely manner to be able to meet the reporting deadline. For example, in the case of work scheduled for January 17, 2022, at an overflow structure, the DEEU sent the notice on January 7, 2022, i.e., only 10 days before the work was scheduled. In addition, in the case of sewer line rehabilitation work where a bypass was required in October 2019, the DEEU was notified by the Service des infrastructures du réseau routier only once the bypass had occurred. The notice was therefore never sent.

Also, during the analysis of the 14 notices sent for work planned during the period from January 2019 to June 2022, at both the Jean-R.-Marcotte and Île Notre-Dame wastewater treatment plants, the reporting deadline had not been met for 3 notices, i.e., in 21% of cases. The transmission times ranged from 1 to 22 days before the start of the work.

The analyses thus show that, despite the mechanisms in place, the DEEU does not have a formal process to identify all upcoming planned work to ensure that notices can be issued in a timely manner.

RECOMMENDATION 3.2.4.A.

We recommend that the Service de l'eau establish a mechanism to immediately notify Environment and Climate Change Canada of any wastewater overflows from overflow structures and wastewater treatment plants.

RECOMMENDATION 3.2.4.B.

We recommend that the Service de l'eau review the mechanism for providing notices to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, including notices for structures that are monitored by a borough or related municipality, so as to ensure that they are sent within the required timeframe.

RECOMMENDATION 3.2.4.C.

We recommend that the Service de l'eau establish a mechanism to identify all upcoming work on the wastewater treatment facility and communicate it to the various stakeholders in order to notify the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs within the required timeframe.

3.3. Annual and Monthly Reports

3.3.1. Transmission of Reports

The City is required to report monthly and annually to the MELCCFP on the monitoring of its municipal wastewater treatment facilities by operating segment. The 7 segments were determined based on the location of the wastewater treatment facilities or overflow structures and whether they are local or agglomeration jurisdiction under the criteria used in the RCG 11-017.¹⁵ For segments with facilities that are local jurisdiction, the DEEU has been mandated by the related municipalities of Beaconsfield, Dollard-des-Ormeaux, Sainte-Anne-de-Bellevue, Kirkland and Pointe-Claire to produce monthly and annual reports. The City must submit a monthly report electronically no later than 42 days following the end of each month. The annual report must be submitted by April 1 of the year following the end of the calendar year. These reports include wastewater flow measurements and analytical results,¹⁶ meteorological data as well as overflow records (e.g., overflow structure visits, duration and volume of overflows).

Based on a review of the various reports submitted during the period running from January 2019 to June 2022, it is apparent that the City has been largely compliant with respect to the submission deadlines. The reporting deadline was not met for only 4 of the 294 monthly reports the City produced (1%) and 1 of the 21 annual reports produced (5%). Two late monthly reports were due to problems with the SOMAEU platform, and one delay in 2020 happened because no one had been identified to take over when the person in charge was absent. At the time of our audit, a minimum of 3 people were identified as resource persons in the SOMAEU platform, thus allowing for backup in cases of absence.

3.3.2. Data Quality for Annual and Monthly Reports

Pursuant to the RRMWTW, the information provided in the annual report is public information. This report includes information on the monitoring of the wastewater treatment plant and of the overflow structures. It consists of the compilation of information provided by the City in the monthly reports. Since it is public information, it must be of high quality (i.e., it must be accurate and complete).

The information required for monthly reporting is stored in two internal City databases/warehouses. They are fed either directly from operational data provided by software¹⁷ or from various files (e.g., visits to overflow structures, overflow data received by telemetry). These are transmitted to the SOMAEU in the form of two XML files. The use of XML files avoids having to manually enter the information in the SOMAEU. However, it is possible to enter information directly into the file or to make modifications as needed.

¹⁵ RCG 11-017 is the regulation of the agglomeration council that identifies the water and sewer system pipes that are under the agglomeration's jurisdiction.

¹⁶ (SS, CBOD₅, pH, toxicity test results).

¹⁷ The LIMS for laboratory test data and the PI application for flow measurements.

3.3.2.1. Wastewater Treatment Plant Monitoring Data

Jean-R.-Marcotte Wastewater Treatment Plant

To ensure that the daily flow measurement data and discharge analysis results (excluding toxicity test results) reported in the SOMAEU match the operational data from the software applications, the DEEU implemented a documented monthly control as of January 2021. As part of our audit work, an analysis of this control for 5 months between January 2021 and May 2022 demonstrated that it is effective, as no deviations were identified. For the 2019 and 2020 data, only 6 discrepancies on all daily flow measurements for those years were identified, whereas none were identified for the discharge analysis results.

With regard to the toxicity test results presented in the SOMAEU, our audit work identified only one deviation out of the 23 tests performed (4%). For example, a result was submitted in January 2019 for the Jean-R.-Marcotte wastewater treatment plant without it being possible for the DEEU to find evidence of the external laboratory's test results.

Île Notre-Dame Wastewater Treatment Plant

Up to June 2022, an issue during the reset of the flow volume totalizer caused an abnormal daily flow rate approximately once a month that needed to be corrected. The totalizer issue was resolved with the commissioning of the new pumping station in June 2022. In addition to these deviations, which were always corrected, an analysis of the results of the discharge analysis and toxicity tests did not identify any deviations in the tests performed.

Thus, the mechanisms in place ensure that the information in the software applications' operational data is consistent with that in the SOMAEU.

3.3.2.2. Overflow Structure Monitoring Data

To monitor the overflow structures, the DEEU uses the Hydroweb database. Several steps are taken and various sources of information¹⁸ are used to populate the database used to produce the monthly report. Although there is a procedure in place and a monthly checklist is used to verify that all of the steps have been completed, there is no evidence of a peer review being conducted to ensure the integrity and completeness of the data processed. For example, in the case of an overflow that occurred in January 2022 during planned work at an overflow structure, no data had been reported in Hydroweb. It was not until the notice to the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks was closed in August that the error was detected and the correction made.

Also, in order to verify that the SOMAEU data is consistent with the data in the database, a comparison was carried out for the period from January 2020 to June 2022.

Several discrepancies were identified, primarily in relation to the data from the Jean-R.-Marcotte wastewater treatment plant. They are presented in Table 10.

¹⁸ For example: File of weekly and monthly visits, follow-up email concerning certain overflow structures.

TABLE 10**DISCREPANCIES BETWEEN THE INFORMATION IN THE HYDROWEB DATABASE AND THE INFORMATION IN THE MUNICIPAL WASTEWATER TREATMENT PLANT MONITORING SYSTEM**

YEAR	DISCREPANCIES
2022 (6 months)	<ul style="list-style-type: none"> • 3 visits presented in the SOMAEU and not in Hydroweb. • 4 cases where a volume was reported in Hydroweb, but these were reported in the comment section of the SOMAEU instead of in the section provided for that purpose. • 9 overflows that occurred during emergency/dry weather/planned work were not reported in the column provided for this purpose in Hydroweb but rather in the comment column. However, the information is well documented in the SOMAEU. According to the DEEU, some changes are made directly in the SOMAEU, but they are not reflected in the Hydroweb database.
2021	<ul style="list-style-type: none"> • 2 cases where an overflow duration and volume are indicated in Hydroweb and not in the SOMAEU. • 1 overflow classified as “dry weather” was reclassified as “emergency” in the SOMAEU, but the correction was not made in Hydroweb. • 18 cases where the reason for the displacement of a visual feature was not specified in Hydroweb (e.g., rainy weather, snowmelt).
2020	<ul style="list-style-type: none"> • 9 visits presented in Hydroweb and not in the SOMAEU. • 8 visits presented in the SOMAEU and not in Hydroweb. • 4 visits where the date was offset by one day between the SOMAEU and Hydroweb for the same sites. • 6 cases where there is a discrepancy in the duration of overflow between Hydroweb and the SOMAEU. • 5 cases where an overflow duration is indicated in Hydroweb and not in the SOMAEU. • 4 cases where there is a discrepancy in the overflow volume between Hydroweb and the SOMAEU. • 10 cases where the reason for the displacement of a visual feature was not specified in Hydroweb (e.g., rainy weather, snowmelt).

Source: Table produced by the City’s BVG based on data collected during our audit work.

In addition, the DEEU exports the Hydroweb data to an Excel spreadsheet in which it has programmed formulas that return information for analysis and internal reporting purposes. Anomalies were identified in the 2022 spreadsheet, such as missing values¹⁹ or formulas in certain cells or inconsistent formatting. To ensure accountability, the DEEU should review how this spreadsheet was programmed to detect and correct any errors.

The lack of peer review of the data during the production of the monthly report in Hydroweb as well as the various discrepancies identified between the internal database and the SOMAEU’s database do not ensure the quality of the data. This creates a situation that could mislead different users.

¹⁹ For example: File of weekly and monthly visits, follow-up email concerning certain overflow structures.

RECOMMENDATION

3.3.2.2.A.

We recommend that the Service de l'eau, in order to maintain traceability of the reporting process to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, implement controls to ensure that:

- ◆ the overflow data contained in the internal database and the data disclosed in the Municipal wastewater treatment plant monitoring system are complete, accurate and consistent;
- ◆ any changes made to the data directly in the Municipal wastewater treatment plant monitoring system are documented.

3.4. Qualifications of the Operators Performing Duties at the Wastewater Treatment Facilities

3.4.1. Qualification Certificates

Pursuant to section 10 of the RRMWTW, the operations and monitoring of a wastewater treatment plant, including the control and supervision of operations related to the collection and treatment of wastewater, must be carried out by a person holding a valid qualification certificate or apprenticeship card issued by the Ministère de l'Emploi et de la Solidarité sociale.

Nearly sixty staff members annually perform duties subject to qualification requirements and it is their responsibility to hold a valid certificate at all times. However, the Division des opérations of the DEEU monitors these on a regular basis to ensure compliance, especially when the certificate expires. Yet, the monitoring process does not ensure that staff members have their certificate at the time of operation, as two of the staff members (3%) who performed duties in 2019 and 2020 did not hold a valid certificate. In one of the cases, a staff member worked for 11 months prior to retiring without renewing his expired certificate; in the other, 2 years elapsed before a staff member applied for their certificate despite the DEEU's follow-up in 2020.

3.4.2. Declaration of Operators' Qualifications in the Annual report

The City must declare in the annual report all qualified operators who have performed at least one day of work during the year in connection with the operation or monitoring of the wastewater treatment plant. However, an analysis of the information reported in the 2019 to 2021 reports revealed several inaccuracies, primarily regarding the Jean-R.-Marcotte wastewater treatment plant (see Table 11). Staff members subject to the regulation who worked at least 1 day were not declared or staff members not subject to the regulation were declared. In the Île Notre-Dame wastewater treatment plant, only 2 inaccuracies were identified, i.e., 2 staff members who worked in 2021 were not declared in the annual report.

TABLE 11**INACCURACIES IN STAFF QUALIFICATIONS IDENTIFIED IN THE ANNUAL REPORTS FOR THE JEAN-R.-MARCOTTE WASTEWATER TREATMENT PLANT**

YEAR	STAFF MEMBERS WHO WORKED AT LEAST ONE DAY AND WERE NOT DECLARED IN THE REPORT (PROPORTION OF TOTAL STAFF MEMBERS)	STAFF MEMBERS WHO WERE DECLARED IN THE REPORT BUT ARE NOT SUBJECT TO THE REGULATION (PROPORTION OF TOTAL STAFF MEMBERS)	INCOMPLETE INFORMATION TO JUSTIFY WHETHER OR NOT THE STAFF MEMBER SHOULD BE DECLARED IN THE ANNUAL REPORT (PROPORTION OF TOTAL STAFF MEMBERS)
2021	9 (14%)	7 (11%)	0
2020	4 (6%)	3 (5%)	6 (10%)
2019	1 (2%)	2 (3%)	1 (2%)

Source: Table produced by the City's BVG based on data collected during our audit work.

This situation resulted in false cases of non-compliance being declared in the 2019 and 2021 annual reports. Thus, for 5 of the 6 qualification certificates expired in 2021 (4) and in 2019 (2), 4 were for staff members who should not have been declared because they were not subject to the regulation. In another case, the staff member was on maternity leave and had not worked during the reporting year.

RECOMMENDATION
3.4.2.A.

We recommend that the Service de l'eau review the mechanism for tracking operators' qualification certificates to ensure that staff subject to the *Regulation respecting municipal wastewater treatment works* hold a valid certificate at all times and that accurate and complete qualification information is provided in the annual report.

4. Conclusion

In general, we conclude that the Ville de Montréal (the City) has implemented a series of mechanisms to ensure sound management of wastewater discharge and overflow monitoring. Nevertheless, these mechanisms are not fully compliant with regulatory requirements.

That being said, the City is doing well in monitoring treated wastewater discharges, with the majority of discharges meeting expected requirements. For example, the Jean-R.-Marcotte and Île Notre-Dame wastewater treatment plants measure their flows on a daily basis and comply with the discharge concentration standards they are required to meet. Also, all toxicity tests conducted on rainbow trout and daphnia produced satisfactory results. However, depending on the wastewater treatment plant, for certain toxicity tests, the sampling frequencies, the time limits for repeat tests and the minimum time between samples were not respected. In addition, neither the accuracy of the affluent flow measurement of the Île Notre-Dame wastewater treatment plant, nor the calibration of the ultrasonic probe used to measure effluent flow at the Jean-R.-Marcotte wastewater treatment plant were verified yearly as required.

With respect to overflow monitoring, although 96% of overflow structures are equipped with an instrument to detect overflows, the mechanisms in place do not ensure that all overflows are recorded. Of the instrumented structures, nearly 79% are equipped with a device that communicates with the plant during an overflow. However, on more than a hundred occasions, the device failed, and the City was unable to identify whether an overflow had occurred, as there was no evidence that a redundancy had been put in place. Also, not all visits requirements are being met, as not all weekly (32%) and monthly (51%) visits are being conducted or their frequency is not being met. Also, the City does not notify Environment and Climate Change Canada (ECCC) of any wet weather overflows. Although it notifies the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP) and ECCC of dry weather overflows, it does not always do so within the required timeframes.

In addition, although the operational data on discharge tracking was consistent with that presented on the MELCCFP's website, inaccuracies and inconsistencies were identified for the data on overflow monitoring and operator qualifications.

More specifically, the major findings that we note in relation to the evaluation criteria are as follows:

Criterion 1: Mechanisms are in place to monitor compliance with wastewater discharge standards and to generate quality data.

- ◆ For both wastewater treatment plants:
 - The daily flow measurement is carried out each day;
 - The concentration standards with which the plants are required to comply (SS and pH for the Jean-R.-Marcotte wastewater treatment plant and CBOD₅, SS and pH for the Île Notre-Dame wastewater treatment plant) are met;
 - All toxicity tests performed on daphnia and rainbow trout were successful, although five tests failed in the first trial;
 - The discharge monitoring data posted on the MELCCFP's website are of high quality.

- ◆ For the Jean-R.-Marcotte wastewater treatment plant:
 - Flow measurement accuracy is verified daily and differences between affluent and effluent measurements are below 15% as required;
 - The sampling frequencies for concentration tests are always met.
- ◆ Nevertheless, for one or the other of the plants:
 - The ultrasonic probe used to measure effluent flows is not calibrated annually;
 - The annual verification of the accuracy of the flow measurement has not been performed for the years 2020 and 2021;
 - The samples for concentration test did not always meet frequency requirements;
 - For toxicity tests, in a few cases, the sampling frequencies, the time limits for repeat tests and the minimum time between two samples for toxicity tests were not respected.

Criterion 2: Mechanisms are in place to track wastewater overflow standards and generate quality data.

- ◆ 96% of overflow structures are equipped with an overflow recording device.
- ◆ 79% of the overflow structures are equipped with an instrument that communicates overflows in real time to the wastewater treatment plant.
- ◆ The 6 overflow structures equipped with a visual feature are visited as required to identify any overflows.
- ◆ However, we found in our tests that:
 - 32% of weekly visits and 51% of monthly visits to overflow structures were not conducted. Due to non-compliant visit frequencies, some sites are visited monthly rather than weekly;
 - After about 100 failures of electronic overflow recorders over a period of two and a half years, it was not possible to identify whether or not overflows had occurred, as there was no evidence of any redundancy device having been installed on a temporary basis;
 - There are inaccuracies and inconsistencies between the overflow monitoring data contained in the internal database and that presented on the MELCCFP's website.

Criterion 3: Operation and event reports contain reliable information and are sent in a timely manner.

- ◆ Monthly and annual reports for all 7 segments are submitted to the MELCCFP by the deadline, with the exception of 4 reports over the reporting period (3 monthly reports and 1 annual report).
- ◆ The City does not have a process in place to notify ECCC of wet weather overflows as required by the *Fisheries Act*.

3.2. Management of Wastewater Discharge and Overflow Monitoring

- ◆ The City is not able to provide timely notifications to the MELCCFP/ECCC of overflows in dry weather, in the event of emergencies or during planned work on these wastewater treatment facilities.
- ◆ The information on operators' qualifications presented on the MELCCFP's website contains inaccuracies in that some staff who worked at least 1 day were not declared and some staff who were not subject to the regulation were declared.

Criterion 4: Staff members are qualified to perform duties related to wastewater treatment plant operations.

- ◆ Overall, only 2 of the approximately 60 staff members assigned to duties related to wastewater treatment plant operations did not hold a valid qualification certificate when they performed work in 2019 and 2020.



Knowledge and Enhancement of Heritage Buildings

3.3.

February 28, 2023
2022 Annual Report
Auditor General of
the Ville de Montréal

Knowledge and Enhancement of Heritage Buildings

Background

The heritage of the Ville de Montréal (the City), widely recognized, consists of municipal and private buildings that are of heritage interest because of their architectural, historic, landscape, urban or archeological value. This heritage is governed by municipal provisions, such as the *Cultural Heritage Act* (CHA), which are aimed at ensuring its knowledge, protection, enhancement and transmission. Added to this are new provisions of the CHA (2021) that require the City, by 2026, to adopt an inventory of heritage buildings (HB) constructed before 1940. Despite existing frameworks, several factors, in particular the lack of maintenance, can threaten the preservation of HB. In the 2005 *Heritage Policy* (Policy) and its 2017–2022 *Heritage Action Plan* (HAP), the municipal administration committed to act in an exemplary fashion towards its heritage.

Purpose of the audit

To ensure that the City has sound knowledge of the HB on its territory and that it enhances them adequately.

Results

The City does not have complete, centralized knowledge of the HB on its territory or of their preservation status. While an action plan was defined for the adoption of an inventory of HB constructed prior to 1940, its implementation would not eliminate this knowledge gap because no provision was made to integrate the inventory data into the tools used by the City. Incomplete knowledge also limits the scope of the enhancement measures the City can take, measures which are already insufficient for the identified HB. Not only are the Preventive Maintenance Programs (PMPs) not fully implemented, but they do not provide for specific maintenance work on HB, in accordance with the HAP. As for private HB, the measures deployed by the City are insufficient to ensure that their owners maintain them in good condition. Consequently, the enhancement of HB is not fully assured by the City, which exacerbates the issue of vulnerable HB. This underscores the consequences of the investment deficit that results in the partial, if not total, demolition of some HB being the best alternative. In summary, several actions in the Policy and the HAP, aimed at increasing knowledge and enhancement of HB, remain to be completed. The absence of a follow-up of these actions prevents the Direction générale from adequately regulating issues related to the HB on its territory.



Main Findings

Knowledge of Heritage Buildings

- The City has not implemented the actions set out in the Policy, which is aimed at increasing the knowledge and enhancement of HB.
- Municipal and private HB located on the territory of the City have not all been identified.
- The City does not have a centralized picture of the HB identified on its territory. They are spread out across various tools, consisting of data that is neither comprehensive nor accurate.
- The methodology and terminology used to designate the heritage interest of HB is not consistent across the City.
- The methodology used to assess the state of preservation and the investment deficit is not consistent or applied to all municipal HB.

Inventory of Heritage Buildings Constructed Prior to 1940

- The planning and methodology for drawing up the inventory of HB constructed prior to 1940 have been well established and communicated to the agglomeration's stakeholders.
- The inventory process will not, however, eliminate all the gaps in the knowledge of HB.

Enhancement of Municipal Heritage Buildings

- Standards for the upkeep and maintenance of the condition of the HB are not defined or reflected in the PMPs, as stipulated in the Policy.
- The PMPs (regular and safety) that apply to all municipal buildings are only programmed for 68% of HB and only partially completed.
- The investment deficit for municipal HB has been growing for several years, which notably reflects a high number of important HB left vacant or abandoned.

Enhancement of Private Heritage Buildings

- Follow-up inspections of projects under way and upon completion are not carried out systematically to ensure that the work complies with the permits issued and conditions established by the authorities and to avoid the potential and irreversible alteration of HB.
- The methods deployed for rapid repairs to vulnerable HB by their owners are insufficient, leading to increasingly profound deterioration of their state, if not their potential demolition.

In addition to these results, we formulated various recommendations to the business units, which are presented on the following pages.



List of Acronyms

CC

city council

CDN-NDG

Côte-des-Neiges–Notre-Dame-de-Grâce borough

CHA

Cultural Heritage Act

City

Ville de Montréal

CPM

Conseil du patrimoine de Montréal

CRV

current replacement value

HAP

2017–2022 Heritage Action Plan

HB

heritage buildings

MCC

Ministère de la Culture
et des Communications

MP

Master Plan (2004)

PMP

Preventive Maintenance Program

PMR (le)

Le Plateau-Mont-Royal borough

Policy

Heritage Policy

PUM

2050 Land Use and Mobility Plan

SGPI

Service de la gestion et de la planification
des immeubles

SIGI

Système intégré de gestion des immeubles

SUM

Service de l'urbanisme et de la mobilité

VM

Ville-Marie borough



Table of Contents

1. Background	135
2. Purpose and Scope of the Audit and Evaluation Criteria	143
2.1. Purpose of the Audit	143
2.2. Evaluation Criteria	143
2.3. Scope of the Audit	144
3. Audit Results	144
3.1. The Ville de Montréal does not have a Complete Picture of the Municipal and Private Heritage Buildings on its Territory	144
3.1.1. Gaps in Knowledge of Heritage Buildings	145
3.1.2. Status quo Despite the Inventory Project of Heritage Buildings Constructed Prior to 1940	150
3.1.3. Lack of Knowledge of the Condition of all the Heritage Buildings on the Territory of the Ville de Montréal	152
3.2. The Mechanisms in Place do not Ensure the Enhancement of all the Municipal and Private Heritage Buildings on the Territory of the Ville de Montréal	156
3.2.1. Absence of Guidance for Projects to Preserve the Facade of Heritage Buildings	156
3.2.2. Shortcoming in the Maintenance and Preservation of Municipal Heritage Buildings	157
3.2.3. Shortcoming in the Enhancement of Private Heritage Buildings	161
3.2.4. Absence of Documentation Related to Issuing Permits, and Gaps in Following up	163
3.3. The Ville de Montréal has not Implemented all the Actions set out in its <i>Heritage Policy</i> or 2017–2022 Heritage Action Plan	165

4. Conclusion	166
5. Appendices	168
5.1. Cultural Heritage According to the Ministère de la Culture et des Communications	168
5.2. Summary of the 2017–2022 Heritage Action Plan	169
5.3. Protection Status of the Ville de Montréal’s Heritage Buildings Under the <i>Cultural Heritage Act</i>	170

1. Background

As the Ville de Montréal (the City) celebrates 380 years¹ since its founding, several elements serve as a testament to its origins and are of heritage interest because of their architectural, historic, landscape, urban or archeological value. This concentration of heritage elements, exceptional in Québec and in Canada, make Montréal a city recognized for its historic character.

Cultural heritage (see Appendix 5.1.), comprised of a multitude of properties and elements of various natures, such as historic buildings, has a high emblematic value specific to the community from which it evolved, requiring its transmission to future generations.

Heritage buildings (HB)² contribute to the development of the economy and tourism, to the revitalization of some neighbourhoods, and to various dimensions (social, economic and environmental) of sustainable development.

Legislative Framework Governing Heritage

Cultural Heritage Act

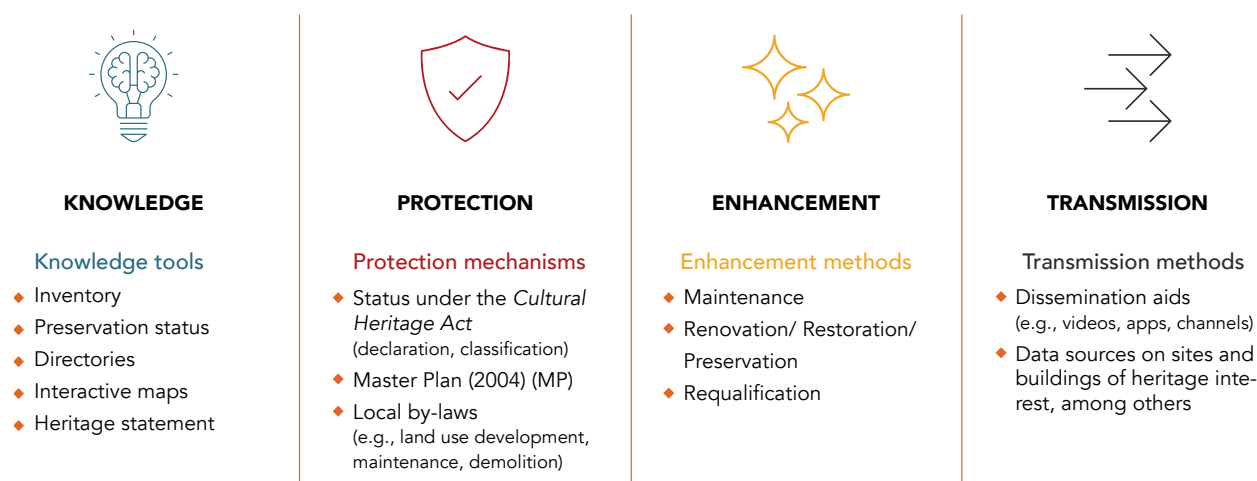
The protection of Québec's cultural heritage is regulated by the *Cultural Heritage Act* (CHA),³ which came into effect in 2012, with the specific objective (see Figure 1) of promoting knowledge, protection, enhancement and transmission of cultural heritage. Each of these involve implementation methods.

¹ Year of the founding of Montréal: 1642.

² HB are buildings that are of interest because of their archeological, architectural, artistic, emblematic, ethnological, historic, landscape, scientific or technological value.

³ The CHA was passed on October 19, 2011, and came into effect on October 19, 2012.

FIGURE 1 | **PURPOSE OF THE CULTURAL HERITAGE ACT AND IMPLEMENTATION METHODS**



Source: Figure produced by the Bureau du vérificateur général (BVG) based on the definitions presented in the CHA.

Act to Amend the Cultural Heritage Act and Other Legislative Provisions

The *Act to amend the Cultural Heritage Act and other legislative provisions*⁴ (SQ 2021, c.10), passed on March 25, 2021, aims primarily to amend the CHA and the *Act respecting land use planning and development*.⁵

Among the new provisions,⁶ the urban agglomeration councils have the obligation to adopt, between now and April 1, 2026, an inventory of buildings constructed prior to 1940 that are located on their territory and have heritage value. The objectives of this inventory are:

- ◆ To create better transparency regarding the protection mechanisms for heritage immovable;
- ◆ To implement protection and maintenance mechanisms and regulations for the demolition of these buildings;
- ◆ To promote improved protection and enhancement of these buildings.

Inventoried HB are subject to specific municipal provisions under the *Règlement de démolition* and the *Règlement sur l'occupation et l'entretien*.

⁴ The majority of the provisions in the *Act to amend the Cultural Heritage Act and other legislative provisions* (SQ 2021, c. 10) came into effect on the date of its approval, April 1, 2021.

⁵ The *Act respecting land use and development*, which has a direct impact on the built framework, including the protection and management of heritage, is defined in several ways at the municipal level, including by-laws.

⁶ The two other provisions are: that regulations governing demolition must, before April 1, 2023, include criteria for the evaluation of requests for the demolition of HB; and that the future *Règlement sur l'entretien et l'occupation des bâtiments* must, between now and April 1, 2026, contain standards that require their owners to protect them from weather damage and preserve their structural integrity.

As the central municipality, the City⁷ is responsible⁸ for coordinating this inventory for the agglomeration's entire territory and for submitting it to the urban agglomeration council for adoption.

The City recognizes the value and benefits of its heritage and is committed to ensuring its preservation, including through the Charter of the Ville de Montréal, metropolis of Québec, its *Heritage Policy* (Policy) and the 2017–2022 Heritage Action Plan⁹ (HAP).

In May 2005,¹⁰ city council (CC) adopted the Policy to organize and guide the actions of the City and of its partners. The intended objective is to encourage the development of a collective vision and shared responsibility for Montréal's heritage, whose enhancement is seen as a cultural, social and economic lever.

In 2017, the Policy's directions were deemed to be adequate and relevant. In line with this, the HAP, which is essentially a series of priority actions (see Appendix 5.2.), was implemented to regulate issues that engage Montrealers and that require immediate action by the City, including:

- ◆ Preserving and enhancing vacant buildings;
- ◆ Maintaining public and private buildings;
- ◆ Sustainably managing buildings and places;
- ◆ Developing knowledge of the elements that make up the urban identity.

The HAP reiterates the City's commitment, stated in its Policy, to act as the exemplary property owner and manager of the preservation and enhancement of its heritage.

Stakeholders in the Ville de Montréal's Heritage

The knowledge, protection, enhancement and transmission of HB (municipal and private) on the City's territory involve stakeholders from various business units, as well as private owners where applicable, as shown in the following table.

⁷ Division du patrimoine of the Service de l'urbanisme et de la mobilité (SUM).

⁸ The City is responsible for drawing up the inventory for the agglomeration, in compliance with section 17 of the *Act respecting the exercise of certain municipal powers in certain urban agglomerations*.

⁹ The HAP was established following a public consultation before the Commission municipale sur la culture, le patrimoine et les sports, and passed in August 2017.

¹⁰ CM05 0356 – May 30, 2005 – Adoption of the Policy.

TABLE 1 | STAKEHOLDERS IN THE VILLE DE MONTRÉAL'S CULTURAL BUILDINGS

STAKEHOLDER AND RESPONSIBILITIES	HERITAGE BUILDING		OBJECTIVE OF THE CULTURAL HERITAGE ACT			
	Municipal	Private	Knowledge	Protection	Enhancement	Transmission
Service de l'urbanisme et de la mobilité (SUM) Directs and coordinates actions related to heritage, including the Policy and the HAP. Responsible for the City's Land Use and Mobility Plan ^[a] .	×	×	●	●	●	●
Service de la gestion et de la planification des immeubles (SGPI) Manages (maintenance, renovation, restoration and construction) the building inventory of the City operated by the central services and those of Ville-Marie borough (VM), in addition to maintaining buildings under some other boroughs.	×		●		●	
Service de la stratégie immobilière Manages building transactions that include emphyteutic leases ^[b] .	×				●	
Boroughs Contribute to the knowledge, protection (by-laws), enhancement and transmission of municipal HB under their responsibility and private HB on their territory.	×	×	●	●	●	●

^[a] The MP, passed by CC on November 23, 2004, is the municipality's most important official document regarding land use planning on its territory, establishing the guidelines for the organization of the City's space and physical features (*Règlement d'urbanisme 04-047*). The SUM is preparing the 2050 Land Use and Mobility Plan (PUM), scheduled to be adopted in 2023.

^[b] "Emphyteusis is the right which, for a certain time, grants a person the full benefit and use of an immovable owned by another provided he does not endanger its existence and undertakes to make constructions, works or plantations thereon that increase its value in a lasting manner." (*Civil Code of Québec, CCQ-1991, c. 64, s. 1195*).

STAKEHOLDER AND RESPONSIBILITIES	HERITAGE BUILDING		OBJECTIVE OF THE CULTURAL HERITAGE ACT			
	Municipal	Private	Knowledge	Protection	Enhancement	Transmission
Conseil du patrimoine de Montréal (CPM) Advisory body on heritage, named by the City's CC, whose role and mandate are to comment on and make recommendations to CC to inform position statements and decision-making on projects affecting HB and sites.	X	X	●	●	●	●
Owners of private buildings Under municipal by-laws, owners must maintain their buildings in good condition and ensure that the maintenance work required for the preservation and conservation of their buildings is performed. Under the CHA, owners have the obligation to preserve the heritage value of their classified or recognized heritage properties.		X			●	

Source: Table produced by the BVG based on information collected during the audit.

Knowledge of Heritage Buildings

The City's territory includes a significant number of municipally and privately owned heritage sites and HB,¹¹ some of which enjoy protected status (see Table 2) granted by the government (called a declaration), the Ministère de la Culture et des Communications (MCC) (called a classification) or the City (called a recognition), recognizing their heritage value (see Appendix 5.3.).

¹¹ Private buildings include vernacular, industrial and institutional buildings.

TABLE 2 | **HERITAGE STATUS UNDER THE CULTURAL HERITAGE ACT**

CULTURAL HERITAGE ELEMENT	DECLARATION (GOVERNMENT OF QUÉBEC)	CLASSIFICATION (MINISTÈRE DE LA CULTURE ET DES COMMUNICATIONS)	RECOGNITION (VILLE DE MONTRÉAL)
Heritage site [a]	●	●	●
Heritage building		●	●

[a] A heritage site is a place, a group of immovables or, in the case of a heritage site declared by the government, a land area, that is of interest for its archaeological, architectural, artistic, emblematic, ethnological, historical, identity, landscape, scientific, social, urbanistic or technological value.

Source: Table produced by the BVG based on definitions presented in the CHA.

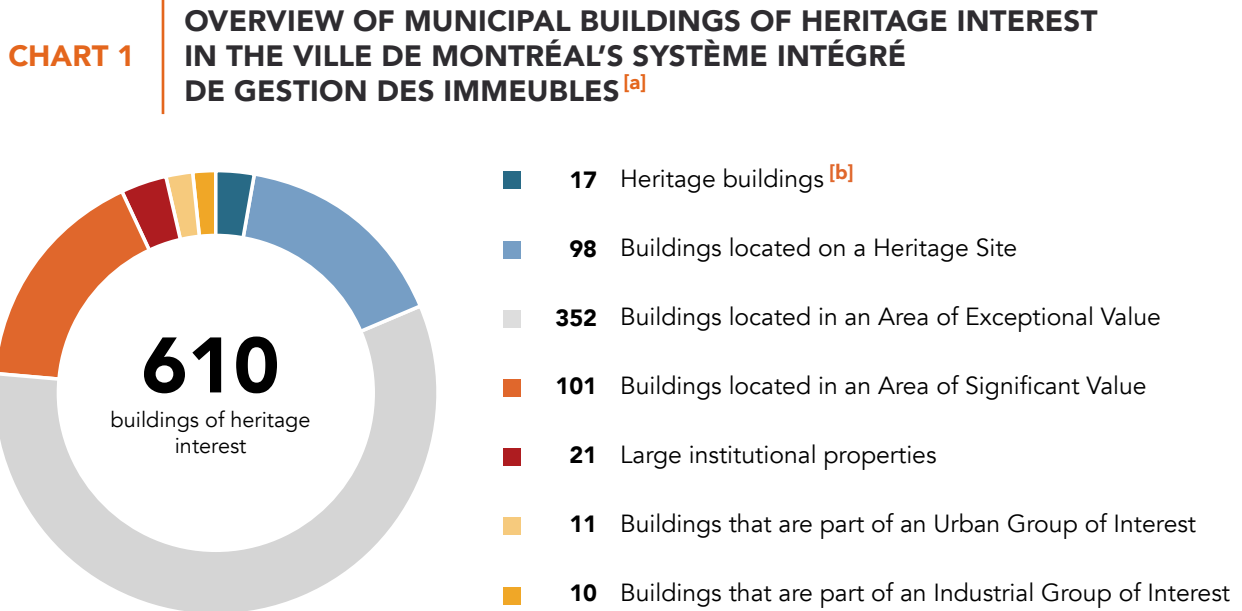
In addition, in its MP, the City uses two further designations: buildings and areas " ... of exceptional value" and "...of significant value". These have been selected on the basis of criteria such as, in particular, their ability to reflect a theme or historical event, their architectural quality or their participation in the quality of urban life and of the landscape.

These sectors and HB, recognized by the CHA and in the UP, are the subject of regulatory measures (Protection) aimed at providing a framework for construction, renovation or landscaping work. The objective is to preserve their architectural characteristics and their transmission to future generations.

In this report, the term HB is used to encompass HB under the CHA and other buildings designated as being of heritage interest in the MP or by the boroughs.

Enhancement of Municipal Heritage Buildings

The City aims to ensure the exemplary nature of its practices and interventions on its municipal heritage properties, especially through maintenance or renovation and restoration projects aimed at preserving the value of municipal HB, presented below:



^[a] SIGI is the City's *Système intégré de gestion des immeubles*, operated by the SGPI and the boroughs, in particular for the inventory and management of building maintenance programs.

^[b] Buildings having a status under the CHA (classified and recognized buildings).

Source: Chart produced by the BVG based on excerpts from the *Système intégré de gestion des immeubles* (SIGI) municipal works inventory.

The SGPI is responsible for maintaining just over 600 of the 1,300 buildings that make up the City's building stock, which includes HB. This involves buildings operated by the central departments and those operated by the boroughs created out of the former City.¹² Major restoration or renovation projects are the responsibility of either the SGPI or the boroughs themselves. The boroughs created out of the former suburbs¹³ independently manage the maintenance of buildings under their jurisdiction and related projects.

The integration of the heritage dimension into the framework of municipal projects is set out in the *"Guide concernant la gestion de projets de rénovation et de restauration d'immeubles patrimoniaux"*.

Note that, between 1974 and 2018, the City entered into emphyteutic leases ranging from 25 to 75 years for 302 municipal buildings, 163 of which are of heritage interest. These leases contain obligations for the beneficiary (lessee), including the restoration of the building and maintaining it in good condition, and fines in the event of default.

¹² Ahuntsic-Cartierville, Côte-des-Neiges–Notre-Dame-de-Grâce (CDN-NDG), Le Plateau-Mont-Royal borough (Le PMR), Le Sud-Ouest, Mercier–Hochelaga-Maisonneuve, Rivière-des-Prairies–Pointe-aux-Trembles, Rosemont–La Petite-Patrie, Ville-Marie and Villeray–Saint-Michel–Parc-Extension boroughs.

¹³ Anjou, Lachine, LaSalle, Montréal-Nord, Outremont, Pierrefonds-Roxboro, Saint-Laurent, Saint-Léonard, Verdun and Île-Bizard-Sainte-Geneviève boroughs.

Enhancement of Private Heritage Buildings

The boroughs are responsible for applying the by-laws that regulate the work of private owners to ensure that the original characteristics (e.g., architectural components and materials) of buildings of heritage interest on their territory are preserved. The City's by-laws also include the obligation for owners to maintain their HB in good condition, as stipulated in the CHA.

Heritage Issues

The news regularly mentions the loss of HB. One need only think of the Redpath Mansion, a bourgeois home built in 1886. In 1986, the City accepted its demolition by a new owner, to construct an apartment building. The demolition began in 1987 at the back of the house and was interrupted following an injunction by an outside organization. All that was left was the facade. Abandoned and unprotected, it deteriorated from exposure to the elements. The house was destroyed on March 19, 2014, despite several attempts to save it.

Despite existing by-laws and frameworks (e.g., implementation and architectural integration plans and maintenance by-laws), the City estimates that several factors can threaten the integrity of HB,¹⁴ including:

- ◆ Lack of knowledge of the heritage interest of these buildings;
- ◆ Pressure from real estate development and densification, leading to partial preservation ("Facadism"),¹⁵ if not, demolition;¹⁶
- ◆ Lack of funds of owners wishing to do work.

The CPM is also concerned about the deterioration of municipal and private HB, especially those that are abandoned to the point that they are almost beyond repair.

Given that, in adopting the Policy, the municipal administration committed to acting in an exemplary manner toward its heritage, and that knowledge of HB is an essential prerequisite for an enlightened decision about their future (protection, enhancement or official recognition by the City), the choice was made to examine the knowledge and enhancement of the municipal and private HB on its territory.

¹⁴ HAP, page 32.

¹⁵ The term "facadism" is used to designate a project that [TRANSLATION] "consists of the demolition of a building and the preservation of its facade, which is integrated into a new construction. Secured to a new structure, it becomes a reminder, an artifact within the new project" (CPM).

¹⁶ Source: Report of the CPM "Les défis du façadisme – Réflexion et prise de position", November 2021.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Pursuant to the provisions of the *Cities and Towns Act*, we conducted a performance audit of the knowledge and enhancement of HB. We conducted this audit in accordance with the Canadian Standard on Assurance Engagements (CSAE) C3001 of the *CPA Canada Handbook – Assurance*.

The purpose of this audit was to ensure that the City has sound knowledge of the HB on its territory and that it adequately enhances them.

2.2. Evaluation Criteria

Our evaluation was based on the following criteria that we deemed to be valid under the circumstances, i.e., that the City:

- ◆ Has the required and ongoing knowledge of the municipal and private HB on its territory;
- ◆ Has developed an action plan that ensures the adoption of the inventory of the agglomeration's HB within the timelines prescribed by the CHA;
- ◆ Has put mechanisms in place to ensure the enhancement of its municipal HB;
- ◆ Deploys measures to ensure the enhancement of private HB.

The City's Auditor General is responsible for providing a conclusion on the objective of the audit. To this end, we collected sufficient and appropriate evidence to arrive at our conclusion with a reasonable degree of assurance.

The City's Auditor General applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. This standard requires the City's Auditor General to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. In addition, it complies with the independence and other ethical requirements of the Code of ethics of chartered professional accountants, which are founded on fundamental principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

2.3. Scope of the Audit

Our audit work covered the period from January 1, 2017, to September 30, 2022, but, for certain aspects, earlier data was also considered. The audit was conducted primarily between the months of February and November 2022. We also took into account information that was sent to us up to February 28, 2023.

This work primarily involved the following business units:

- ◆ the Service de l'urbanisme et de la mobilité (SUM);
- ◆ the Service de la gestion et de la planification des immeubles (SGPI);
- ◆ the Service de la stratégie immobilière;
- ◆ Côte-des-Neiges-Notre-Dame-de-Grâce (CDN-NDG) borough;
- ◆ Ville-Marie (VM) borough;
- ◆ Le Plateau-Mont-Royal (Le PMR) borough.

Our audit was limited to the objectives of knowledge and enhancement of HB. We thus excluded from the scope of our work activities related to protection and transmission, which are two other objectives of the CHA.

Upon completing our audit, we submitted a draft audit report to the managers concerned in the audited business units and to the Direction générale for discussion purposes. The final report was then forwarded to the management of each of the business units concerned, as well as to the City's Direction générale, to obtain action plans and timelines for implementing the recommendations. A copy of the final report was also forwarded to the non-audited boroughs, the Direction générale adjointe de l'urbanisme, de la mobilité et des infrastructures, the Direction générale adjointe du Service aux citoyens, the Direction du Service de concertation des arrondissements and the Direction générale adjointe de l'économie et du rayonnement de la métropole.

3. Audit Results

3.1. The Ville de Montréal does not have a Complete Picture of the Municipal and Private Heritage Buildings on its Territory

Knowledge of the composition and condition of HB is a basic foundation for effective and efficient management of the City's work for their protection, enhancement and transmission. A comprehensive inventory is necessary to validate the heritage character of a given building, identify vulnerable ones, plan work on municipal HB, or guide decisions to issue work permits. Through its Policy, the City plans to increase knowledge of Montréal's heritage and put in place methods to foster its sharing and dissemination.

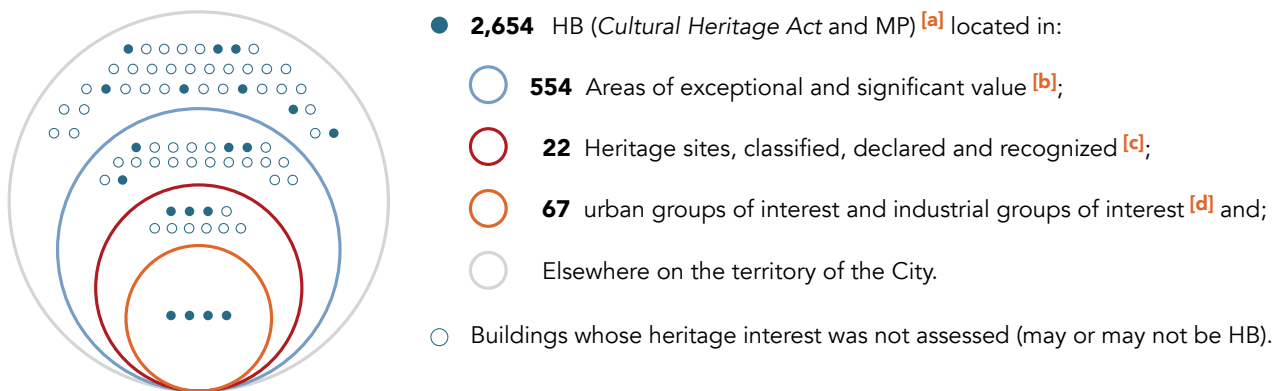
3.1.1. Gaps in Knowledge of Heritage Buildings

Not all Heritage Buildings are Identified

Currently, knowledge of the City's HB comes from the work of identifying urban heritage established within the framework of the MP. This knowledge is presented in the form of lists of individually identified buildings and maps defining areas of interest, within which buildings may or may not have heritage value (see Figure 2).

Given their unduly high number, only buildings of exceptional and interesting value located outside areas of interest were listed individually. Accordingly, the heritage value is presumed for all the other buildings without a heritage designation that are located in an area of interest.

FIGURE 2 OVERVIEW OF HERITAGE BUILDINGS, AREAS AND SITES IDENTIFIED ON THE TERRITORY OF THE VILLE DE MONTRÉAL WITHIN THE FRAMEWORK OF THE MASTER PLAN (2004)



[a] Municipal and private HB¹⁷ (e.g., No. 37 Firehall, Outremont Theatre).

[b] Areas of exceptional and significant value (e.g., Ancien-Village-du-Sault-au-Récollet heritage site).

[c] Heritage sites (e.g., Mount Royal heritage site, Old Montréal heritage site).

[d] Groups of interest (e.g., former Montréal General Hospital consisting of several buildings).

Source: Figure produced by the BVG based on data provided by the SUM.

In 2005, the City planned in its Policy to refine knowledge of its heritage, but little progress has been made since then. Among the three audited boroughs, VM borough is the only one to make provision for ongoing identification of new buildings of heritage interest. In fact, 73 buildings were added in February 2020 to the list presented in the borough's *Règlement d'urbanisme*. CDN-NDG and Le PMR boroughs did not carry out a characterization of their territory beyond the UP.

¹⁷ Private buildings include vernacular, industrial and institutional buildings.

The SUM's Division du patrimoine estimates that, to date, the data identified within the framework of the MP remains the primary source of knowledge of HB. The City thus does not have a complete inventory of the HB on its territory.

Knowledge has not been Established Based on a Common Methodology and Terminology

Beyond designations required under the CHA and those retained in the UP, the boroughs use other designations (see Table 3) to qualify buildings of interest.

TABLE 3

HERITAGE DESIGNATIONS UNDER THE CULTURAL HERITAGE ACT, HERITAGE QUALIFICATIONS OF THE MASTER PLAN (2004) AND OTHER DESIGNATIONS FOR BUILDINGS OF HERITAGE INTEREST

STATUS OF THE CULTURAL HERITAGE ACT (DESIGNATIONS)	MASTER PLAN (2004) (QUALIFICATIONS)	OTHER IDENTIFIED DESIGNATIONS (BY-LAWS, COMMUNICATION TOOLS, INVENTORIES)
<ul style="list-style-type: none"> Heritage site (declared, classified and recognized). Classified heritage building. Recognized heritage building. 	<ul style="list-style-type: none"> Area of exceptional heritage value. Area of significant heritage value. Building of exceptional heritage value. Building of significant heritage value. Urban group of interest. Industrial group of interest. 	<ul style="list-style-type: none"> Significant area subject to standards or criteria. Significant architectural example. Place of worship of interest. Large institutional property. Buildings of heritage and architectural interest. Significant building. Buildings of interest. Vernacular heritage. Shoebox house.

Source: Table produced by the BVG based on information identified during the audit.

Some other labels arise out of a designation specific to the borough, or from simple local vocabulary, as seen in the following:

- ◆ Le PMR borough identifies "significant architectural examples" based on criteria such as rarity, authenticity, integrity, age or innovation.
- ◆ VM borough uses a methodology aimed at refining knowledge of the HB on its territory, based on their year of construction and architectural characteristics. The result is three designations: "*vernacular heritage*", "*buildings of interest*" and "*shoebox houses*".
- ◆ CDN-NDG borough assigns the designation "*significant building*" to the HB already identified in the UP.

Given the proliferation of terms assigned to the identified HB and the absence of a common methodology and terminology supporting these designations, one has to wonder about the possibility of differences in dealing with buildings that have the same heritage interest depending on the importance afforded to heritage by each borough. This does not ensure coherent and consistent recognition of the City's HB, regardless of their location.

Shortcomings in the Comprehensiveness and Accuracy of Data on Heritage Buildings Available in the Tools

The data on buildings and areas of heritage interest arising out of the MP is recorded in different tools, such as Internet directories, the MapInfo system and interactive maps (see Table 4) made available to the City's stakeholders. This data is useful in managing the maintenance of municipal HB and projects involving HB as well as processing permit applications for work on HB. However, not all these tools are integrated, as shown below.

TABLE 4

SHORTCOMINGS IN THE COMPREHENSIVENESS AND ACCURACY OF INVENTORY DATA ON IDENTIFIED MUNICIPAL AND PRIVATE HERITAGE BUILDINGS

INVENTORY TOOLS	CONTENT	USEFULNESS	SHORTCOMINGS IN THE COMPREHENSIVENESS OF DATA	SHORTCOMINGS IN THE ACCURACY OF DATA
Heritage directories [a] Users: <ul style="list-style-type: none"> SUM; SGPI; Boroughs. 	Files of areas of heritage value and certain HB identified within the framework of the MP.	Makes it possible to determine the heritage interest or protected status of a building when processing work permit applications.	×	×
(SIGI) Users: <ul style="list-style-type: none"> SGPI 	Inventory of municipal buildings: <ul style="list-style-type: none"> Indicates the protected status or heritage interest of municipal HB concerned. 	Reference tool for property managers: <ul style="list-style-type: none"> Inventory; Maintenance programs; Management of restoration, renovation and construction projects. 	×	×
MapInfo Users: <ul style="list-style-type: none"> Boroughs 	Geomatics app that contains certain information about HB, including the heritage designation, legal protection status, building's location in an area of interest, or the owner's name.	Makes it possible to determine the heritage interest or protected status of a building when processing work permit applications.	×	×
Interactive maps of the boroughs [b] Users: <ul style="list-style-type: none"> Boroughs 	Data related to urban planning and development of the territory.	Makes it possible to locate certain HB.	×	×

[a] The three directories (website) are: L'inventaire des propriétés municipales d'intérêt patrimonial, Le Grand répertoire du patrimoine bâti and Le répertoire du patrimoine du Vieux-Montréal. These directories are accessible to the public.

[b] The interactive maps present data that is accessible to the public. Their content and the way the information is organized differ from one borough to the next (e.g., the inventory of all the identified HB is not systematically reflected).

× Shortcomings found.

Source: Table produced by the BVG based on information identified during the audit.

The Policy considers the directories to be a source of knowledge and sharing of Montréal's heritage. In this sense, they were meant to continue to be developed to improve the inventory of HB. However, since their creation some 20 years ago, no new HB have been added. Only an update of those already identified has been done when required (e.g., change of the protection status). The databases of these directories are also aging and are no longer supported by the Service des technologies de l'information, which can result in loss of the data in these directories. The willingness to modernize the directories or develop a single digital inventory platform was raised in the HAP and during the preparation of the inventory process for buildings constructed prior to 1940 but has never materialized to date.

To ensure that all work is effective and efficient, the SIGI, MapInfo and interactive maps of the boroughs must show all the City's HB, or at least reflect the HB identified to date. We found that the data presented in these tools can be repetitive without being comprehensive in any one of the tools. For example:

- ◆ Among the 90 HB of VM borough that have heritage status under the CHA, 82 are identified in MapInfo, and the other 8 only on the borough's interactive map;
- ◆ Only 16 of the 19 private HB of CDN-NDG borough that have heritage status under the CHA, according to the directory, are presented in MapInfo. The 3 that are missing are not found either on the borough's interactive map.

In addition, differences were found in the data on municipal HB between the SIGI and the heritage directories:

- ◆ The protection status in the SIGI differs from that shown in the directories for 21% (38/183)¹⁸ of municipal HB. For example, the Biosphere is shown as a recognized heritage site in the SIGI but has no legal protection in the City's directories;
- ◆ The Bibliothèque Maisonneuve, the Bain Morgan and the former Marché Maisonneuve were classified by the MCC in March 2021, without this status being reflected in the SIGI;
- ◆ No. 2 Firehall, ceded in emphyteusis, is wrongly identified as a municipal property in the directory of municipal properties of heritage interest;
- ◆ The Maison du Meunier bears work number 8661 in the SIGI, whereas the heritage directory shows work number 3281 for the same building.

Documenting the main heritage characteristics (e.g., materials and components) of buildings is good practice for refining and sharing heritage knowledge. Nevertheless, only VM has established files detailing the components and materials of interest present on the facades of its vernacular heritage. This enables it to have information that it can quickly use when making decisions about issuing permits for these HB.

Validating the heritage character of the identified HB requires consulting various non-integrated tools, whose data does not always match, which is inefficient and fails to ensure that the available information is accurate.

¹⁸ HB of heritage value in both the directories and in the SIGI.

3.1.2. Status quo Despite the Inventory Project of Heritage Buildings Constructed Prior to 1940

To meet the provisions of the amended CHA, the Division du patrimoine produced various documents aimed at defining, planning and regulating the steps leading to the adoption of an inventory of HB constructed prior to 1940 on the agglomeration's territory between now and 2026. This includes:

- ◆ Governance of the project, established and communicated to the boroughs and related municipalities;
- ◆ Deliverables, defined in the stocktaking methodology;
- ◆ Completion timeline, established for the stocktaking phase (planning of the "inventory adoption" phase is expected to proceed progressively as stocktaking is completed);
- ◆ A budget (\$10 million), 50% of which comes from the MCC, specifically for stocktaking (professional and technical service fees). However, the internal resources needed to coordinate the next phases of the process (the Division du patrimoine, boroughs and related towns) have not yet been determined.

The SUM first began with two pilot projects (Saint-Laurent borough and the City of Hampstead) to hone its methodology and to confirm it with the MCC, since the latter had not yet issued definitive instructions on an inventory methodology.

The inventory process steered by the SUM provides for an individual survey of HB, which represents progress compared with the way the knowledge of HB is currently organized. The number of HB (constructed prior to 1940) to be inventoried is estimated at 87,842 (see Figure 3), compared with 2,654 identified within the framework of the UP.

FIGURE 3 | **RELATIONSHIP BETWEEN BUILDINGS OF INTEREST CONSTRUCTED PRIOR TO 1940 AND HERITAGE BUILDINGS IDENTIFIED ON THE TERRITORY OF THE VILLE DE MONTRÉAL**



■ HB identified within the framework of the MP (2004).

■ Buildings of interest constructed prior to 1940 targeted by the inventory (2026).

[a] Estimate made by the SUM of the number of buildings of interest constructed prior to 1940 on the City's territory.

Source: Figure produced by the BVG based on data provided by the SUM.

The MCC was to create a platform to enter inventory data from all of Québec that, at the time of the drafting of this report, was still not available. Since the City does not have a centralized tool for the inventory of HB, data from the pilot projects is recorded on a temporary computer platform. Knowing that the tool to come from the MCC is only intended for data collection, the City should acquire its own unique centralized tool, that it controls, to manage its HB.

While this process is an opportunity for the City to refine knowledge of its HB and make more complete and consistent data available to the stakeholders concerned, its aim is solely to meet the obligation of the new CHA.

Consequently, the knowledge gaps exposed previously, resulting from the absence of a complete inventory tool and the inconsistent designation of HB, are likely to remain. Given that tens of thousands of HB will be added to those already identified and that they will be subject to occupancy, maintenance and demolition by-laws,¹⁹ it is imperative that the City's stakeholders have tools to help easily distinguish buildings of interest from those that are not. This would make it possible to take appropriate measures to enhance HB.

RECOMMENDATION **3.1.2.A.**

We recommend that the Service de l'urbanisme et de la mobilité, in collaboration with Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs and the Direction générale, standardize citywide the designations of buildings of heritage interest on the territory so that all buildings with similar characteristics have the same designation.

¹⁹ *Règlement municipal relatif à l'occupation et à l'entretien des bâtiments*, as well as the by-law pertaining to the demolition of buildings.

RECOMMENDATION

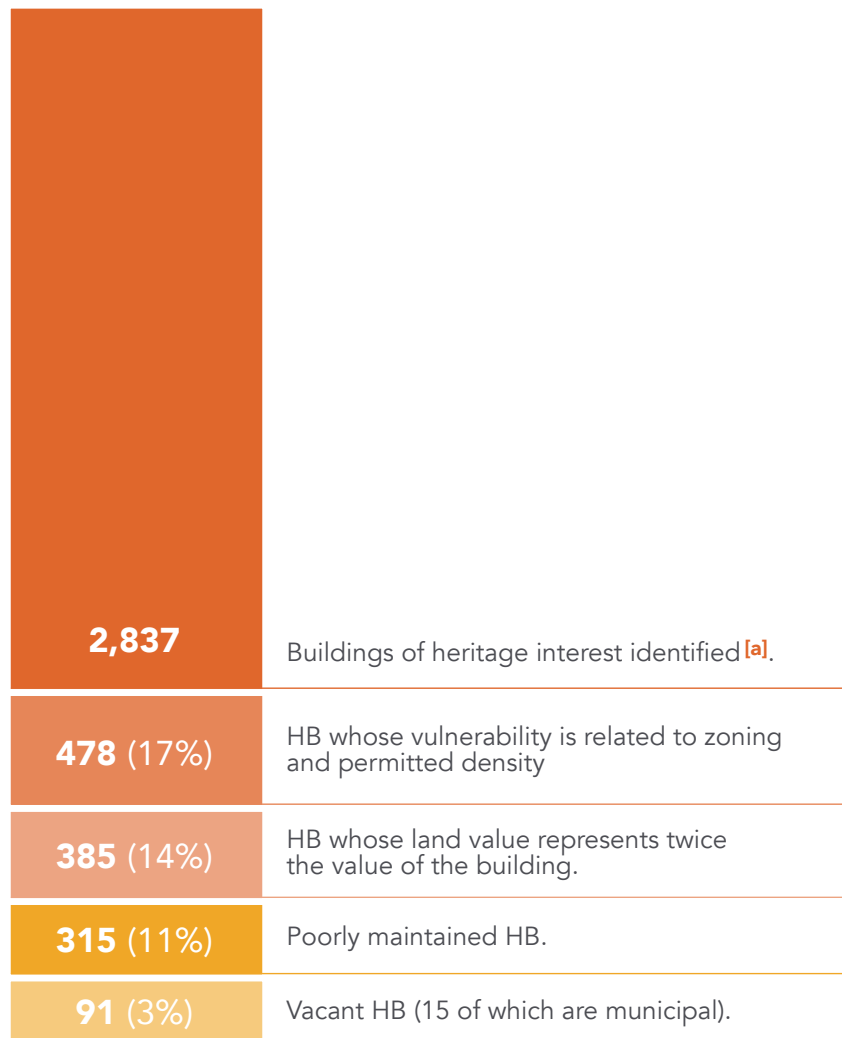
3.1.2.B.

We recommend that the Service de l'urbanisme et de la mobilité have and make accessible to all the concerned stakeholders of the Ville de Montréal a consistent and centralized inventory of municipal and private heritage buildings, integrating all the data required to facilitate their identification and preservation, and that it continually add to it, including with data from the 2026 census, so that all the stakeholders have access to the same data.

3.1.3. Lack of Knowledge of the Condition of all the Heritage Buildings on the Territory of the Ville de Montréal

In 2014, following the demolition of the Redpath Mansion and the tabling of a motion by CC, the Direction générale mandated the boroughs, in collaboration with the SUM, to identify buildings of heritage interest on the territory, whether public or private property, and those that were vacant, at risk of being demolished or whose future was uncertain. Through this mandate, which was aimed at preventing new cases of HB deteriorating or being demolished, the Direction générale also expected that it would receive recommendations regarding necessary amendments to the by-laws to ensure the effective protection of vulnerable HB.

This study helped identify vacant HB and those possibly vulnerable based on four vulnerability criteria (see Figure 4).

FIGURE 4 | OVERVIEW OF VULNERABLE HERITAGE BUILDINGS IN 2015

[a] List of HB on the territory drawn up based on existing data and tools within the City in 2015 (SGPI and boroughs).

Source: Figure produced by the BVG based on data provided by the SUM.

Since this overview was compiled, the process has been interrupted. The HAP only took up the issue again two years later, including through actions aimed at the implementation of a vulnerability register and a maintenance and vacancy register. However, these actions have not been completed to date.

Preservation Status is not Established Reliably for all Municipal Heritage Buildings

Knowing the condition of buildings makes it possible to identify their defects and determine maintenance priorities to ensure their optimal functioning and preservation and thus prevent avoidable costly repairs.

Currently, the condition of municipal buildings (heritage or not) relies on audits that consist in a visual and qualitative inspection of the various systems present (e.g., the architecture, structure, and civil, mechanical and electrical systems), aimed at identifying all defects and estimating the cost of the work required and prioritizing it. Formerly carried out by an outside firm (2009–2015), the task of auditing municipal buildings was returned in 2020 to the SGPI for both the buildings under it and those of certain boroughs. Only the audits conducted internally since 2020 provide an assessment of the heritage elements of the buildings concerned. These audits carry a warning, nevertheless, specifying that the scope and seriousness of the defects may be greater than that observed.

Buildings Under the SGPI

Based on these audits, the SGPI refined the assessment of the condition of buildings (54) under its authority. Their investment deficit is determined using modelling²⁰ of the disrepair of their components (e.g., foundation) that cannot be identified by visual inspection (audit). This modelling also takes into account deficits arising from former audits and the current replacement value (CRV),²¹ which is assessed using a new methodology specific to the SGPI that provides a markup of 30% to account for the additional cost attributable to the heritage elements of buildings under its responsibility. The investment deficit amounting to \$501 million (see Table 5) for the 54 HB of the SGPI, i.e., work equivalent to 47% of their value, is only a fraction of the total deficit of HB citywide.

TABLE 5

INVESTMENT DEFICIT [a] OF HERITAGE BUILDINGS HAVING HERITAGE STATUS UNDER THE CULTURAL HERITAGE ACT OR LOCATED IN A PROTECTED AREA UNDER THE SERVICE DE LA GESTION ET DE LA PLANIFICATION DES IMMEUBLES

HERITAGE BUILDINGS UNDER THE SERVICE DE LA GESTION ET DE LA PLANIFICATION DES IMMEUBLES	
Number	54
Current replacement value	\$1,073 million
Investment deficit	\$501 million
Physical disrepair index [b]	47%

[a] The physical disrepair index is the result of the relationship between the investment deficit and the current value of replacing the building (CRV).

[b] Investment deficit at the end of 2021, established through modelling of the data from audits and the CRV.

Source: Table produced by the BVG based on data provided by the SGPI.

²⁰ Modelling consists of complex calculations based on hypotheses of the deterioration of the buildings' components according to their useful lifespan and indexed value, which take into account investments made and work done in the past and currently under way.

²¹ The CRV (cost of the construction project) represents all the expenses that the City would have to assume to replace a property asset.

Buildings under the Boroughs

Regarding the HB under the audited boroughs, the SGPI affirms that audits were done for all of them. However, while some of these audits were done in 2020 or more recently, others go back to between 2009 and 2015, a time when audits did not take into consideration the condition of heritage elements. Without knowing precisely the investments made by the boroughs in their buildings, the SGPI considers that the value of the investment deficit it calculated is not sufficiently reliable to be used to manage its assets. It was impossible, therefore, to draw a picture of the investment deficit for the audited boroughs.

Thus, the boroughs' knowledge of the condition of its HB is limited to audits, unlike those of the SGPI, for which the investment deficit is established through modelling that also considers completed investments. The use of different methodologies does not ensure an accurate picture of the condition of all HB to assess the scope of the investments and prioritize them. In addition, estimates of the investment deficit do not reflect the marked increase in the cost of the work on the construction market, noted by the SGPI through its recent projects.²²

In short, the SGPI and the boroughs have an inventory that gives them limited knowledge of the condition of the identified municipal HB, making it riskier to determine investment priorities to preserve the integrity of the HB.

Considering that the heritage value of all the buildings located in areas of interest will be refined by the inventory process (HB constructed prior to 1940 and earlier), implementing a strategy to prioritize the assessment of the condition of municipal HB is necessary to increase knowledge.

Furthermore, the City continues to have a vacancy problem in some of its buildings, whose conservation status has seriously deteriorated over time. The SIGI identifies 82 vacant and surplus municipal buildings, 46% of which are HB, including:

- ◆ The former Craig pumping station, abandoned since 1987;
- ◆ The Hélène-de-Champlain Pavilion, vacant since 2009;
- ◆ Fort-Lorette, a building located on a site classified as a historic monument, sold to a real estate developer for a condominium project in 2017 and bought back by the City in 2018.

Limited Knowledge of Vulnerable Private Heritage Buildings

Currently, each of the audited boroughs has drawn up a list of vacant buildings based on inquiries (citizens' reports) or observations made by inspectors of the built framework during other work. Nevertheless, this knowledge remains limited since none of the audited boroughs has monitored the condition of private HB on its territory or updated the study of vulnerable HB since 2015. The boroughs should have an ongoing picture of vulnerabilities (vacant buildings or ones that are not being maintained) on their territory to ensure that appropriate measures are taken with the owners.

The absence of such a practice prevents borough stakeholders from having a complete picture of vulnerable HB to be able to target appropriate work to encourage their preservation.

²² Average increase of 49% in the cost of work in 2022.

RECOMMENDATION
3.1.3.A.

We recommend that the Service de la gestion et de la planification des immeubles, in collaboration with Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs and the Direction générale, develop a common methodology to assess the condition of municipal heritage buildings, establish a calendar for the work to be done, and demonstrate that implementation has begun.

RECOMMENDATION
3.1.3.B.

We recommend that the Direction générale, in collaboration with the Service de l'urbanisme et de la mobilité and Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs, maintain a directory of vulnerable municipal and private heritage buildings to establish and deploy measures to encourage their preservation.

3.2. The Mechanisms in Place do not Ensure the Enhancement of all the Municipal and Private Heritage Buildings on the Territory of the Ville de Montréal

3.2.1. Absence of Guidance for Projects to Preserve the Facade of Heritage Buildings

According to the CPM, some preservation practices of HB could prove harmful for heritage, especially some projects that only preserve the facade of buildings, called "facadism".²³ Concerned about the issue that this practice represents, the CPM, in its advisory role, gave itself the mandate to study this practice, which is gaining in momentum on the City's territory.

In 2019, it formed a working committee, composed of professionals from the boroughs and central services, to identify why some projects were able to preserve only the facade of HB and to establish the criteria for a successful "facadism" project. In April 2020, the committee issued its recommendations to the City to include its vision of "facadism" within its MP and to develop prevention and guideline measures beforehand to avoid arriving at the need for such demolition projects. The City has still not commented on these recommendations.

In the absence of guidelines to inform decision-making on the acceptability of projects for both private and municipal HB, these projects run the risk that vital heritage characteristics will be altered, if not destroyed. The City is thus compromising efforts already undertaken to ensure compliance with its commitment (Policy and HAP) to the preservation of its HB.

²³ The term "facadism" is used to designate a project that [TRANSLATION] "consists of demolishing a building and conserving its facade, which is integrated into a new construction. Affixed to a new structure, it becomes a reminder, an artifact within a new project." (CPM).

RECOMMENDATION

3.2.1.A.

We recommend that the Service de l'urbanisme et de la mobilité provide guidance on the practice aimed at preserving only the facade of municipal and private heritage buildings to optimize the heritage value preserved within the framework of the projects.

3.2.2. Shortcoming in the Maintenance and Preservation of Municipal Heritage Buildings

The CPM identifies the lack of maintenance of HB as one of the main reasons for their demolition. Likewise, the vacancy of the buildings has serious consequences for their condition. Given the importance of the integrity of heritage components, carrying out regular inspections and maintenance protects the character of HB and reduces the need for more costly repairs in the long term.

Concerned with preserving the value of its municipal HB, the City provided in its HAP for the establishment of a Preventive Maintenance Program (PMP) that would take into account the distinctive features of heritage sites and prioritize the work (e.g., major components of a building, typical problems of deterioration). Such a PMP would make it possible to schedule the regular work required to preserve the condition and heritage value of HB.

Preventive Maintenance Programs Specific to Municipal Heritage Buildings are not Established

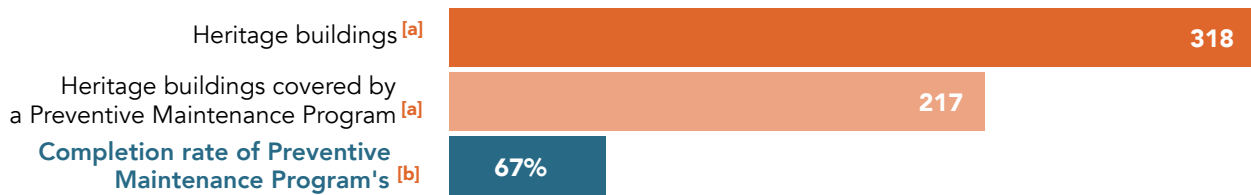
Like the various electromechanical and architectural systems, safety devices or other systems, heritage components require the implementation of a PMP.

Existing PMPs are aimed at maintaining the proper operation of the buildings' equipment and components, independent of their heritage character. Among these PMPs are regular PMPs (e.g., inspection and maintenance of roofs and heating equipment) and regulatory PMPs (e.g., inspection and maintenance of elevators, plumbing equipment and panels and fire alarms).

The preventive elements specific to HB (e.g., maintenance of the masonry) have not been determined. Consequently, the maintenance program stipulated in the HAP, which would take into account the distinctive features of HB, has not been implemented to date.

Of the 318 HB²⁴ under the SGPI and those of the audited boroughs whose maintenance was delegated to it, PMPs are programmed for only 217 (68%). We have no proof that PMPs were implemented for these HB. However, between 2017 and 2022, only 67% of the PMPs were completed, on average, for all buildings combined (see Figure 5). Not only do HB not all have PMPs, but the implementation of these PMPs is incomplete.

²⁴ Buildings that have a status under the CHA or are located in a (declared or recognized) heritage site, protection area or area of interest.

FIGURE 5
**IMPLEMENTATION OF PREVENTIVE MAINTENANCE PROGRAMS
FOR MUNICIPAL HERITAGE BUILDINGS[A] BETWEEN JANUARY 2017
AND JUNE 2022**


[a] HB under the SGPI and those under the audited boroughs whose maintenance is delegated to the SGPI.

[b] Completion rate of PMPs for all buildings combined.

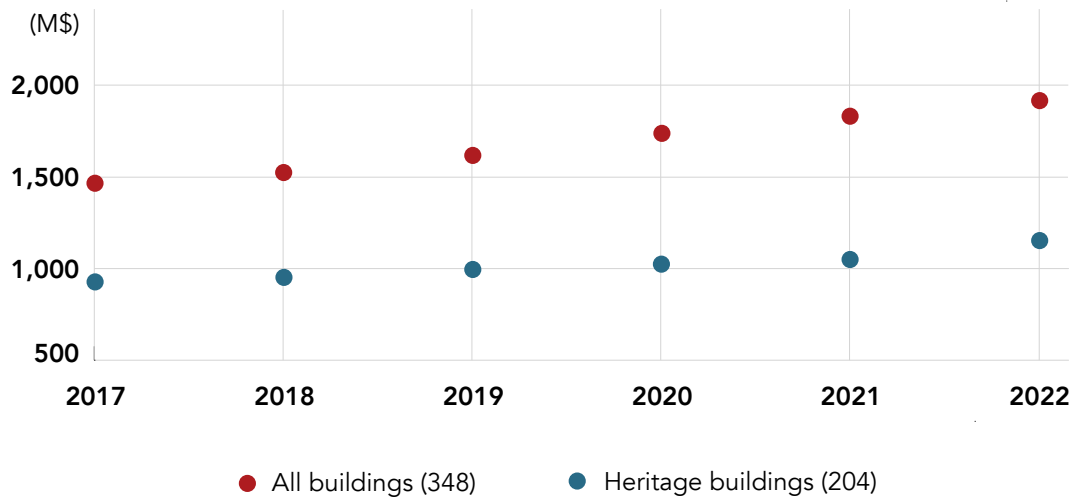
Source: Graph produced by the BVG based on information provided by the SGPI.

For several years now, the City has faced underfunding of its building maintenance budget. Based on industry practices, to maintain the condition, comfort and value of their building stock, owners must have an annual budget equivalent to 5%²⁵ of its CRV. The average annual budget dedicated to maintenance by the SGPI is approximately 2.5%. It is clear that the investment deficit in the buildings under the SGPI has increased since 2017, from approximately \$1,500 to \$2,000 million in 2022 (see Chart 2). HB, especially the vacant and surplus buildings, are not immune to this situation, accounting for almost 60% of the total deficit. This lack of maintenance affects the state of preservation and value of the City's building stock, which will require greater and more costly restoration work in the future. In the end, this lack of maintenance will also impact the transmission of HB to future generations.

²⁵ The annual budget equivalent to 5% of the CRV of buildings comprises 2% maintenance, 2% protection and 1% modernization.

CHART 2

GROWTH OF THE INVESTMENT DEFICIT OF 348 BUILDINGS UNDER THE SERVICE DE LA GESTION ET DE LA PLANIFICATION DES IMMEUBLES BETWEEN 2017 AND 2022 (IN MILLIONS OF \$)



Source: Graph produced by the BVG based on data provided by the SGPI.

Issue of Vacant and Surplus Municipal Heritage Buildings

Like lack of maintenance, vacancy carries many risks that worsen with time, both for the building and for its environment (e.g., deterioration, fire, vandalism and, ultimately, demolition). As the building's architectural and heritage value decreases, it becomes more and more difficult to restore its condition.

To address the issue of vacant and surplus municipal buildings (heritage or not), the City put in place the *Programme d'urbanisme transitoire* in 2021, intended to find temporary uses for them while they await a new vocation. It is not possible to assess the benefits of the pilot project²⁶ currently under way.

The CPM is deeply concerned that the City is slow to act in limiting the lack of maintenance or the prolonged vacancy of its vacant and surplus HB. The Cité-des-hospitalières was the focus of a pilot project in 2021, more than four years after its acquisition (2017), at which time it was already in poor condition.

In the meantime, in the case of vacant and deteriorated buildings that are more vulnerable to the risk of accidents or fire, the SGPI has only secured the premises to limit access (e.g., by squatters) and to ensure that they are protected against inclement weather (e.g., bricks do not fall off).

²⁶ The pilot projects under way are aimed at the transitory uses of the following HB: Craig Station, No. 14 Firehall, Fort-Lorette, and Cité-des-Hospitalières.

Failing adequate maintenance, partial, or in some cases, total demolition remains the only alternative justified by an advanced state of disrepair. Such is the case with the former Craig pumping station, built in 1887, which is an outstanding testament to the history of the neighbourhood and the management of the City's water supply and sewer system, and one of the oldest pumping stations of its kind in North America. Abandoned since 1987, and therefore not maintained for almost 40 years, its poor condition led to a project costing an estimated \$9 million and scheduled to end in 2031. Phase 1 of the project consists of dismantling, securing and protecting the remains (\$3 million). Phase 2 will be focused on identifying a new vocation for what remains of the building and new construction (\$6M).

Absence of any Follow-up of Heritage Buildings Ceded in Emphyteusis

In leasing HB, the City expects that emphyteutes (organizations) will invest in the building and maintain them in good condition. The SGPI's stakeholders estimate that leased buildings, of which 163/302 (54%) have heritage value, are more prone to the deterioration of their condition because some emphyteutes do not have the means to ensure their maintenance or repair, regardless of the specific clauses contained in agreements with the City.

Despite this, neither the SGPI nor the Service de la stratégie immobilière has established follow-up mechanisms to ensure that the buildings are maintained in good condition and that insurance is taken out on them. Furthermore, the Service de la stratégie immobilière was unable to provide proof of any follow-up on the emphyteutes' obligation to carry out construction in the years following the transfer of property.

Yet the main interest in leasing HB for a nominal fee is that the new owners will make the necessary investments to preserve them. While the emphyteutic leases also contain clauses for the upkeep of the ceded building and maintaining them in good condition, the City does not conduct any follow-up to ensure that this is being done.

In the absence of such follow-up, the City is unable to determine the condition of the leased HB or to enforce the emphyteutes' obligations. It is therefore impossible for the City to foresee the use to which it might put these buildings once the property is handed back to it, nor plan the work and budgets required for their preservation.

In short, despite the City's commitment to be exemplary in the management of its heritage, current practices fail to ensure appropriate enhancement of municipal HB. In an environment in which available resources are limited, the efficient management of maintenance work on HB is vital to avoid their premature deterioration and loss.

RECOMMENDATION 3.2.2.A.

We recommend that the Service de la gestion et de la planification des immeubles determine the maintenance work specifically required for municipal heritage buildings, reflect it in Preventive Maintenance Programs and implement these to ensure that the buildings' heritage value is preserved.

RECOMMENDATION 3.2.2.B.

We recommend that the Direction générale, in collaboration with the Service de la gestion et de la planification des immeubles and Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs, prioritize the actions aimed at restoring the condition of the vulnerable municipal heritage buildings already identified

RECOMMENDATION 3.2.2.C.

We recommend that the Service de la stratégie immobilière define the mechanisms for conducting a periodic follow-up of emphyteutes' compliance with the obligations set out in the leases and seek the recourse provided for in the event of default to ensure that heritage buildings are maintained in good condition.

3.2.3. Shortcoming in the Enhancement of Private Heritage Buildings

In the case of private HB, under the CHA, owners are responsible for their preservation. And the City is responsible, through regulatory mechanisms, for ensuring that the HB are maintained in good condition by their owners. The CHA enables CC to issue orders when it believes that a heritage property is threatened with deterioration. Added to this is the *Règlement sur l'entretien des bâtiments*, which prohibits anyone from causing or allowing a building to deteriorate due to lack of maintenance. Penalties are provided in the event of default, such as requiring the owner to perform certain specific work to restore the condition of the private HB.

In order for these by-law provisions to be applied to all HB in a neglected state, the boroughs must have a continuous picture of the vulnerabilities on their territory. We found that the condition of private HB was not being monitored systematically to ensure that all the vulnerable HB were identified.

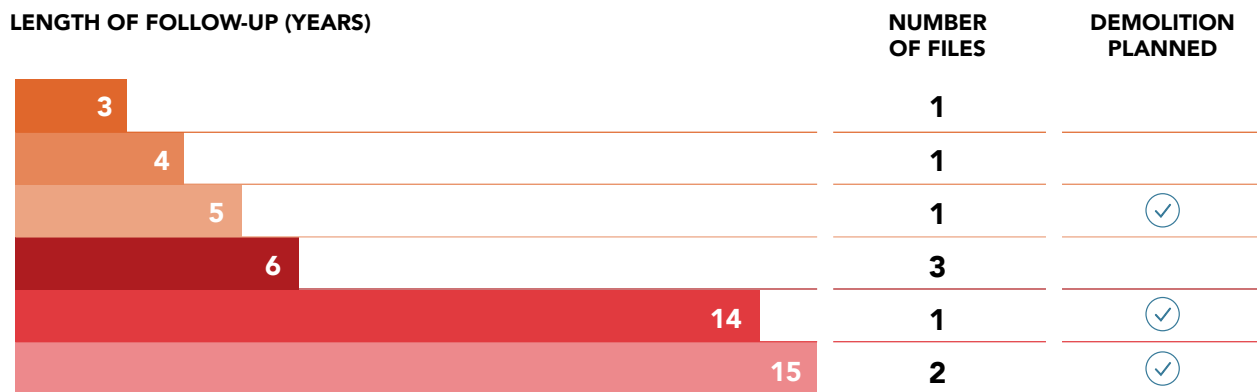
Nevertheless, a follow-up mechanism is in place for the vacant private HB identified by the audited boroughs. Upon receipt of an inquiry (e.g., report by a citizen, borough stakeholder or the Service de sécurité incendie de Montréal), an inspection is carried out to confirm the condition of the building. As required, a notice of failure to comply with the maintenance by-law is issued to the owner requiring work to be done to correct the condition observed. This follow-up is intended solely to notify owners of the safety defects so that measures can be taken²⁷ (e.g., barricading the access points, securing the bricks or ledges that threaten to fall) and not to see that work is done to preserve the building's heritage interest.

Faced with inaction by the owner after issuing a notice, the boroughs can secure the premises themselves (e.g., by installing a safety perimeter).

These follow-up measures taken by the boroughs span a broad timeframe (see Figure 6), ranging from 3 to 15 years for the sample examined, during which the HB are progressively deteriorating to the point that some HB are targeted for demolition.

²⁷ [TRANSLATION] "The owner of a vacant building must shutter it to prevent access through any of its openings, such as a door, window, roof access, trapdoor, or chimney." R.07-034, s.16.

FIGURE 6 | **LENGTH OF FOLLOW-UP OF WORK ON VACANT PRIVATE HERITAGE BUILDINGS IN THE AUDITED BOROUGH**



Source: Graph produced by the BVG based on information taken from the Système de gestion des demandes de permis pour travaux (Permis GT).

Despite numerous findings of the degradation of private HB on their territory, the boroughs stated that they had never issued an order (under sect. 148 of the CHA) against the owners. In addition, the boroughs found it challenging to apply the *Règlement sur l'entretien des bâtiments*, especially because the stipulated fines are minimal in relation to the cost of the work to restore the condition of the HB. In the case of private individuals, the maximum fine is \$2,000 for the first offence and \$10,000 for a repeat offence versus a maximum of \$4,000 and \$20,000 respectively for corporate entities. This by-law is currently being revised by the SUM as part of the formulation of the 2024–2050 Land Use and Mobility Plan (PUM).

In short, the methods currently being deployed are insufficient to ensure the enhancement of private HB and fail to limit the risk of their demolition due to poor maintenance. In the meantime, vacant or abandoned HB negatively impact the aesthetics of their environment and the quality of life of the neighbourhood. Added to this are the costs associated with numerous follow-up measures, inspections, notices and safety measures taken by the City.

RECOMMENDATION 3.2.3.A.

We recommend that the Service de l'urbanisme et de la mobilité, in collaboration with Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs and the Direction générale work to prevent the loss of private heritage buildings by:

- ◆ Developing a methodology to take more effective steps regarding identified vulnerable heritage buildings;
- ◆ Deploy actions adapted to the various vulnerable conditions (e.g., vacancy, poor maintenance, development pressure).

RECOMMENDATION

3.2.3.B.

We recommend that the Service de l'urbanisme et de la mobilité, in collaboration with Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs and the Direction générale, especially as part of the review/improvement of the *Règlement sur l'entretien des bâtiments* currently under way, increase the ability of the boroughs to deploy measures aimed at maintaining the value of private heritage buildings.

3.2.4. Absence of Documentation Related to Issuing Permits, and Gaps in Following up on Work Permits

Issuing and following up on permits for work on municipal and private HB must ensure compliance with regulatory requirements (Protection):

- ◆ *Règlement d'urbanisme;*
- ◆ *Règlement sur les plans d'implantation et d'intégration architecturale;*
- ◆ *Règlement de démolition.*

The process for authorizing work permit applications depends on:

- ◆ The type of project (e.g., work visible from the street, modification or construction);
- ◆ The location of the building that is the subject of the work (e.g., in an area of architectural value);
- ◆ The heritage interest and status of the building that is the subject of the work (declared, classified or recognized building).

Under the CHA, work on classified or declared HB must be submitted for approval to the SUM.²⁸ In the case of other HB, work visible from the street requires authorization from the Urban Planning Advisory Committee²⁹ of the borough concerned. These authorities can authorize work under certain conditions (e.g., type of materials, other work, warranties).

Issuing of Permits

Although the audited boroughs deploy measures to ensure that the work being done on HB is compliant and that the required authorizations have been obtained before permits are issued, none of the boroughs had documented the procedure involved. This could compromise consistent processing of applications, regardless of the participant involved in the file.

Gaps were also found in the documentation for three of the nine permits delivered by Le PMR borough, for which the required authorizations from the Urban Planning Advisory Committee and the CPM were not accounted for.

²⁸ The MCC delegated to the City (SUM) its power to authorize work on declared and classified HB.

²⁹ The boroughs' Urban Planning Advisory Committees are mandated by CC to issue notices regarding land use planning and development.

In the absence of such documentation, the participants involved do not have the requirements accompanying the work authorization issued by the authorities, where applicable.

Follow-up of Permits Issued

The boroughs must inspect the work after permits are issued to ensure that it is being done in accordance with the authorizations and in compliance with the conditions established by the authorities.

The follow-up done by the audited boroughs shows shortcomings in 39% (12/31) of permits examined for work done on private and municipal HB:

- ◆ Among the 12 permits examined for CDN-NDG borough, four³⁰ were not inspected to assess the compliance of the work;
- ◆ In Le PMR borough, there was no documentation of inspections for one of the nine issued permits that were analyzed;
- ◆ Among the 10 permits examined for VM borough, five were not inspected to assess the work's compliance. For another permit, the inspection was not performed in a timely manner.

The absence of follow-up of work under way or after completion does not make it possible to detect non-compliant work, exacerbating the risk that the heritage character of the HB is irreversibly altered. In addition, in cases in which the work is non-compliant, the absence of detailed documentation of the follow-up performed could limit the actions (recourses and notices of violation) that can be taken against the owners involved.

RECOMMENDATION 3.2.4.A.

We recommend that Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs establish a procedure to process requests for permits for work on municipal and private heritage buildings and document their processing to ensure that all the required authorizations have been obtained to enable sufficient follow-up of the work for which the permits were issued and the related requirements, where applicable.

³⁰ Inspections were carried out for the eight other permits. For one of these permits, the inspection revealed non-compliance with the approved plans, which was corrected after a notice of corrections was issued by the City. In the case of another permit, however, results of the inspection of the work were not recorded. It was impossible, therefore, for the BVG to determine whether the inspection was actually performed and whether the work done complied with the conditions of the permit.

RECOMMENDATION

3.2.4.B.

We recommend that Côte-des-Neiges–Notre-Dame-de-Grâce, Le Plateau-Mont-Royal and Ville-Marie boroughs ensure that work does not alter the heritage value of municipal and private buildings by:

- ◆ Clearly establishing the requirements for follow-up and documentation of the work's compliance after permits are issued;
- ◆ Systematically following up on and documenting the permits issued.

3.3. The Ville de Montréal has not Implemented all the Actions set out in its *Heritage Policy* or 2017–2022 *Heritage Action Plan*

The municipal administration has primary responsibility for implementing the Policy, in which it committed to act in an exemplary manner by obtaining the necessary tools to "preserve and enhance the elements of Montréal's identity." Yet 17 years after the Policy was drawn up, four of the nine actions aimed at encouraging the development of knowledge remain incomplete.

Up until 2010, implementation of the actions contained in the Policy³¹ was assessed through a status report. Only seven years after the last report did the HAP confirm the Policy's directions, always deemed sufficient, by prioritizing actions that addressed the current issues and challenges. However, the bases for completing and following up the HAP's actions, i.e., budget, persons responsible for ensuring the actions, timelines and performance indicators, were not established. In addition, the HAP, which is set to expire in 2022 and whose actions remain unfinished to date, will not be recreated, resulting in the City losing its Policy's implementation tool.

While knowledge gaps persist, illustrated by the absence of a picture of HB and of their condition, the creation of an inventory of HB constructed prior to 1940, in accordance with the Act amending the CHA, represents a significant challenge. Added to that are major shortcomings in the enhancement of municipal and private HB, which underscores the risk of their condition deteriorating, or even their loss.

Considering the many issues that threaten the HB and that have been continually raised by the CPM in recent years, it seems necessary for the City to monitor the achievement of the directions and commitments of its Policy to preserve the HB on its territory.

RECOMMENDATION

3.3.1.A.

We recommend that the Direction générale establish accountability mechanisms to enable it to follow up the implementation of the commitments stipulated in the 2005 *Heritage Policy* regarding the knowledge and enhancement of heritage buildings, and take measures to achieve them.

³¹ The last status report of the Policy was prepared on December 2, 2010, and presented to CC in April 2021.

4. Conclusion

We conclude that the Ville de Montréal (the City) has incomplete knowledge of the composition and condition of the heritage buildings (HB) on its territory. Added to this are insufficient enhancement interventions to ensure the preservation of all the HB.

In fact, not all HB are identified or described in a consistent manner throughout the City. This limitation is also valid for the state of preservation of municipal HB, which is not established consistently, to determine and prioritize the required conservation work. As for vulnerable private HB (e.g., vacant, poorly maintained), in the absence of monitoring, the City cannot be certain of having identified them all. The project aimed at adopting, between now and 2026, the inventory of the agglomeration's buildings of heritage interest constructed prior to 1940, as set out in the *Act to amend the Cultural Heritage Act*, was planned by the Service de l'urbanisme et de la mobilité (SUM). However, while it is an opportunity to increase the comprehensiveness and consistency of the data that the City's stakeholders have, there is no plan for this within the framework of the project.

This incomplete knowledge limits the scope of the enhancement work carried out by the City, which is already insufficient. Not only are there no maintenance standards or Preventive Maintenance Programs (PMPs) specific to the HB, although this is set out in the 2017–2022 Heritage Action Plan (HAP), but the other standard PMPs are not fully completed. Consequently, even the non-heritage components of HB may not be properly maintained, contributing to the disrepair of the buildings. As for the private HB, measures taken by the City to ensure that their owners maintain them in an appropriate state of preservation are limited. The issue of vulnerable buildings, both municipal and private, whose deterioration has been worsening for many years, reflects the inadequacy of the measures taken by the City to preserve them.

Several actions in the *2005 Heritage Policy* (Policy) and in the HAP, aimed at increasing the knowledge and enhancement of HB, have not been completed. In the absence of any follow-up of these actions, the Direction générale cannot take adequate steps to solve the issues related to the HB on its territory.

More specifically, below are the major findings that we drew from these evaluation criteria:

Evaluation Criterion – Ongoing Knowledge of Municipal and Private Heritage Buildings on the Territory of the Ville de Montréal

- ◆ Since knowledge is mainly organized by area of interest, only a portion of HB is identified individually. The identified HB are not all reflected in the City's tools, which contain inaccurate data.
- ◆ The state of preservation of all municipal HB and their investment deficit are not assessed using a consistent methodology. The actual market cost of the work to be done to restore the HB to good condition is not taken in consideration.
- ◆ The boroughs have a list of vacant private HB identified during other work or reporting, but they do not have any assurance that all the vulnerable private HB have been identified. The picture of vacant and vulnerable HB created in 2015, at the request of city council (CC), has not been updated since then.

Evaluation Criterion – Action Plan for the Adoption of the Agglomeration's Inventory of Heritage Buildings Within the Prescribed Deadline

- ◆ The SUM established, and communicated to the agglomeration's stakeholders, the planning and methodology to adopt the inventory of buildings of heritage interest constructed prior to 1940.
- ◆ No provision was made, however, to use the data from this process to supply the City's tools with more comprehensive and consistent data or to deploy a centralized HB inventory tool. As requested, the City plans to forward the information collected in this way to the Ministère de la Culture et des Communications (MCC), without using it to update its knowledge base.

Evaluation Criterion – Enhancement of its Municipal Heritage Buildings

- ◆ The PMPs specific to HB, provided for in the Policy, have not been implemented. Added to this is the absence of standards, which prevents the scheduling of the required work to maintain the condition of HB. The regular and safety PMPs, which apply to all municipal buildings, are programmed for only 68% of the HB. In addition, these PMPs are not fully carried out.
- ◆ For several years, municipal HB have incurred a growing investment deficit, which is reflected in the high number of important HB left vacant or abandoned. This represents more than half of the investment deficit of all the buildings that fall under the Service de la gestion et de la planification des immeubles (SGPI).

Evaluation Criterion – Enhancement of Private Heritage Buildings

- ◆ Follow-up inspections on projects under way or upon completion of projects, which help detect actions that alter HB, are not systematically carried out to ensure their compliance with the permits issued and the conditions set out by the authorities.
- ◆ The methods deployed are inadequate to ensure prompt maintenance of vulnerable HB by their owner. This applies to vacant HB over a period of up to 15 years, during which time the boroughs have identified increasing deterioration. For some of these buildings, this ends with a planned demolition.

5. Appendices

5.1. Cultural Heritage According to the Ministère de la Culture et des Communications

CULTURAL HERITAGE [a]		
TANGIBLE HERITAGE		INTANGIBLE HERITAGE
Heritage property Heritage immovable <ul style="list-style-type: none"> • Archeological heritage • Heritage property (Document, object) 	Heritage site <ul style="list-style-type: none"> • Archeological site • Protected area • Historic site 	<ul style="list-style-type: none"> • Cultural landscapes • Historic figures, events and sites

[a] Definition of cultural heritage elements taken from the *Cultural Heritage Act*.

Source: Table produced by the Bureau du vérificateur général (BVG) based on the definitions presented in the *Cultural Heritage Act*.

5.2. Summary of the 2017–2022 Heritage Action Plan

ACTIONS AND SUB-ACTIONS OF THE 2017–2022 HERITAGE ACTION PLAN		
ACTION 1 – ACT AS AN EXEMPLARY PROPERTY OWNER AND MANAGER		
	1.1	Framework for municipal heritage projects
	1.2	Municipal properties
	1.3	Archeological resources
ACTION 2 – ENSURE THAT VERNACULAR HERITAGE IS APPRECIATED		
	2.1	Enhancement of private heritage buildings
	2.2	Maintenance and vacancy
	2.3	Financial assistance and tax measures
	2.4	Vulnerability register
ACTION 3 – SUPPORT THE TRANSFORMATION OF EMBLEMATIC HERITAGE COMPLEXES		
	3.1	Institutional heritage
	3.2	Religious heritage
	3.3	Site of the Religious Hospitallers of Saint Joseph
ACTION 4 – DISSEMINATE KNOWLEDGE AND ENCOURAGE RECOGNITION		
	4.1	Digital tools
	4.2	Municipal framework for commemorative action
	4.3	Visibility in the place names of groups that have contributed to forging Montréal's identity
	4.4	Celebration of heritage and recognition of exemplary actions

■ Actions identified by the BVG involving immovables.

Source: Table produced by the BVG based on the HAP.

5.3. Protection Status of the Ville de Montréal's Heritage Buildings Under the *Cultural Heritage Act*

STATUS	PROVINCIAL	MUNICIPAL	EXAMPLES
Classified heritage property (121 classified properties in Montréal) All immovables of interest for their heritage value(s), including a building, structure, vestige or land area. The classification of a property is done by the minister.	×		<ul style="list-style-type: none"> Bibliothèque Saint-Sulpice Corona Theatre Saint Patrick Basilica Maison Nivard-De Saint-Dizier
Classified heritage site (11 classified sites in Montréal) A place or group of immovables of interest for its heritage value(s). The classification of a site is done by the minister.	×		<ul style="list-style-type: none"> Birthplace of Montréal Le Ber-Le Moyne site Église-des-Saints-Anges-de-Lachine archeological site
Declared heritage site (3 declared sites in Montréal) A land area that is of interest for its heritage value(s). The declaration of a site is done by the government since the elements that make up such a land area (larger than a classified site) can involve several government departments.	×		<ul style="list-style-type: none"> Montréal (Old Montréal) Mount Royal Bois-de-Saraguay
Protection area (28 areas in Montréal) An area surrounding a classified heritage immovable, defined by the minister to protect the immovable.	×		<ul style="list-style-type: none"> Mount Stephen Club protection area Église du Sault-au-Récollet protection area
Recognized heritage property (45 buildings recognized in Montréal) All immovables of interest for their heritage value, especially a building, structure, vestige or land area. The recognition of an immovable is done by CC through a by-law.		×	<ul style="list-style-type: none"> Blumenthal Building Maison Brignon-dit-Lapierre Former LaSalle City Hall
Recognized heritage site (8 sites recognized in Montréal) A place, a group of immovables or a land area that is of interest for its heritage value. The recognition of a site is done by CC through a by-law.		×	<ul style="list-style-type: none"> Vieux-Village-de-Rivière-des-Prairies Site of the Église-Saint-Esprit-de-Rosemont

Source: Translation of excerpts from the "Mémoire de la Ville de Montréal sur le projet de loi 69" – Presentation to the table of the heads of the Division en urbanisme.



Awarding and Management of Financial Contributions by Central Departments to Non-Profit Organizations

3.4.

April 17, 2023

2022 Annual Report

Auditor General of
the Ville de Montréal

Awarding and Management of Financial Contributions by Central Departments to Non-Profit Organizations

Background

Every year, the Ville de Montréal's (City's) central departments award and pay out large financial contributions to non-profit organizations (NPOs). In 2020 and 2021, central departments contributed a total of \$109.6 million and \$127.5 million, respectively. This funding allows the City to offer a wide range of services to the Montréal community, including sports activities, cultural events and festivals; support for vulnerable individuals and local businesses; and training for young people. The contributions are awarded through calls for projects or undertaken by mutual agreement. Several guidelines provide a framework for awarding and managing financial contributions. These include the *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide), which sets out the life cycle stages of a contribution and provides guidelines to follow that ensure an optimal approach to managing contributions.

Purpose of the audit

To ensure that financial contributions to NPOs by the City's central departments are awarded impartially and in compliance with the City's management frameworks and that they are used for the intended purposes.

Results

While the City has several management frameworks in place, its central departments are unable to provide documented proof of impartiality in the awarding of financial contributions to NPOs or of compliance with those frameworks for any of the contributions examined. Moreover, we could find no evidence that the City is able to demonstrate that the funding provided is used in its entirety for the intended purposes.

Our work sheds light on shortcomings at every life cycle stage in awarding and managing contributions to NPOs by central departments.

During the analysis of an organization's eligibility, not all criteria set out in the Guide are taken into consideration, and documents used to determine such eligibility are not always present in the files.

Some financial contributions were paid before the agreements were even officially signed by the parties. While, on the whole, the NPOs submitted the documents required to release subsequent payments, we did not always find evidence of a satisfactory analysis of those documents. In addition, while nearly all of the files examined contained accountability documents produced by the NPOs, only a fraction contained documented proof of an analysis by the central departments of how the funding was used.

Main Findings

Evaluation of Financial Contributions

- Based on a sample of 47 financial contributions, we found that:
 - None of the nine eligibility criteria for an NPO set out in the Guide was applied in every contribution program;
 - The documents on file do not confirm that the organization's eligibility was based on the Guide's nine criteria;
 - The business units (BUs) were unable to demonstrate that the eligibility criteria were analyzed in each file;
 - 25 financial contributions were awarded without defined and documented criteria in support of the application's evaluation;
 - 14 contributions, whose evaluation is not documented, lack predefined and documented evaluation criteria, and only 9 of 17 programs (53%) had a documented evaluation on file based on all established program criteria;
 - 55% of funding agreements were not signed by NPOs prior to the file being presented to the authorities as required by the management framework.
- None of the calls for projects submitted under the directive¹ on the composition of the analysis committee and the evaluation process of calls for proposals met all of the requirements, and in only 36% of cases does the committee membership comply with that directive.

Payment of Financial Contributions

- For 97% of contributions governed by an agreement, the NPOs signed the agreement before the City, and in 15% of cases, requests for payment were processed prior to the City signing the agreement.
- In two cases, the initial payment was made before the City had signed the agreement, including a payment of \$800,000 made before the agreement was signed by the NPO.
- Prerequisites for payment are not always respected, or such respect is not supported by a documented analysis.

Monitoring of Non-Profit Organizations' Compliance with Obligations

- While all contributions have accountability requirements, only 57% complied with recommendations set out in the Guide and agreement models.
- For 53% of contributions, the agreement does not include accountability guidelines.
- 88% of contributions with accountability requirements recorded in the file show no evidence of a documented analysis.
- The files for 47% of contributions examined contain no financial statements, and, for those that do, the BUs were not able to provide evidence of a documented analysis.

In addition to these results, we formulated various recommendations to the business units, which are presented in the following pages.

¹ Directive sur la Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif.



List of Acronyms

BU

business unit

BVG

Bureau du vérificateur général

Charter

*Charter of the Ville de Montréal,
metropolis of Québec*

City

la Ville de Montréal

CTA

Cities and Towns Act

DG

Direction générale

Directive

*directive sur la Composition du comité
d'analyse et du processus d'évaluation des
appels de propositions ou de projets visant
à attribuer des contributions financières à
des organismes à but non lucratif*

FS

financial statements

GDD

decision-making record management system

Guide

*Guide de gestion des soutiens financiers
aux organismes à but non lucratif*

MPA

Municipal Powers Act

NPO

non-profit organization

OQLF

Office québécois de la langue française

SC

Service de la culture

SDÉ

Service du développement économique

SDIS

Service de la diversité et de
l'inclusion sociale

SEAO

electronic invitation to tender system

SGPMRS

Service des grands parcs, du Mont-Royal
et des sports

SIMON

Système intégré Montréal



Table of Contents

1. Background	179
1.1. The Process for Awarding and Managing Financial Contributions	182
1.2. Administrative Frameworks and Procedures of the Direction générale	182
2. Purpose and Scope of the Audit and Evaluation Criteria	184
2.1. Purpose of the Audit	184
2.2. Evaluation Criteria	184
2.3. Scope of the Audit	185
3. Audit Results	187
3.1. Evaluation of Financial Contributions (Sample)	189
3.1.1. Frameworks and Operational Procedures of the Audited Business Units for Awarding and Managing Contributions	190
3.1.2. Eligibility of a Non-Profit Organization	191
3.1.3. Evaluation of Applications and Recommendation for Support	197
3.1.4. Financial Contribution Agreements and the Approval of Files by the City's Decision-Making Bodies	202
3.2. Payment of Financial Contributions	205
3.3. Follow-Up Mechanisms to Ensure that Non-Profit Organizations Fulfill Their Obligation	207
3.3.1. Accountability Reports	207
3.3.2. Financial Statements	209
3.3.3. Annual Reports	210
3.3.4. Registration of Contracts for \$25,000 or More in the Electronic Invitation to Tender System	210
3.4. Overall Recommendations for the Entire Process	213
4. Conclusion	215
5. Appendices	218
5.1. Administrative Frameworks and Procedures of the Direction générale	218
5.2. Support Programs in the Sample	219

1. Background

Under the *Municipal Powers Act* (MPA), a municipality may award any funding it deems appropriate in areas under its jurisdiction,² including:

- ◆ Culture, recreation, community activities and parks;
- ◆ Local economic development (subject to the provisions of the MPA).

Furthermore, the Ville de Montréal (the City) has funding powers under certain laws and areas É of jurisdiction, including:

- ◆ The *Charter of the Ville de Montréal, metropolis of Québec* (the Charter), which shares powers between city council and the borough councils;
- ◆ The *Act respecting the exercise of certain municipal powers in certain urban agglomerations*, which assigns powers to Montréal's urban agglomeration council.

The borough councils, city council and urban agglomeration council can therefore award financial contributions in their respective areas of jurisdiction.

In that regard, the City awards a large amount of funding every year to many non-profit organizations (NPOs). In return, the City benefits from the expertise and resources of organizations operating in various areas of activity, which enables it to offer a range of services to the Montréal population. This includes organizing sports activities, cultural events and festivals, supporting vulnerable individuals and local businesses, and providing training for young people.

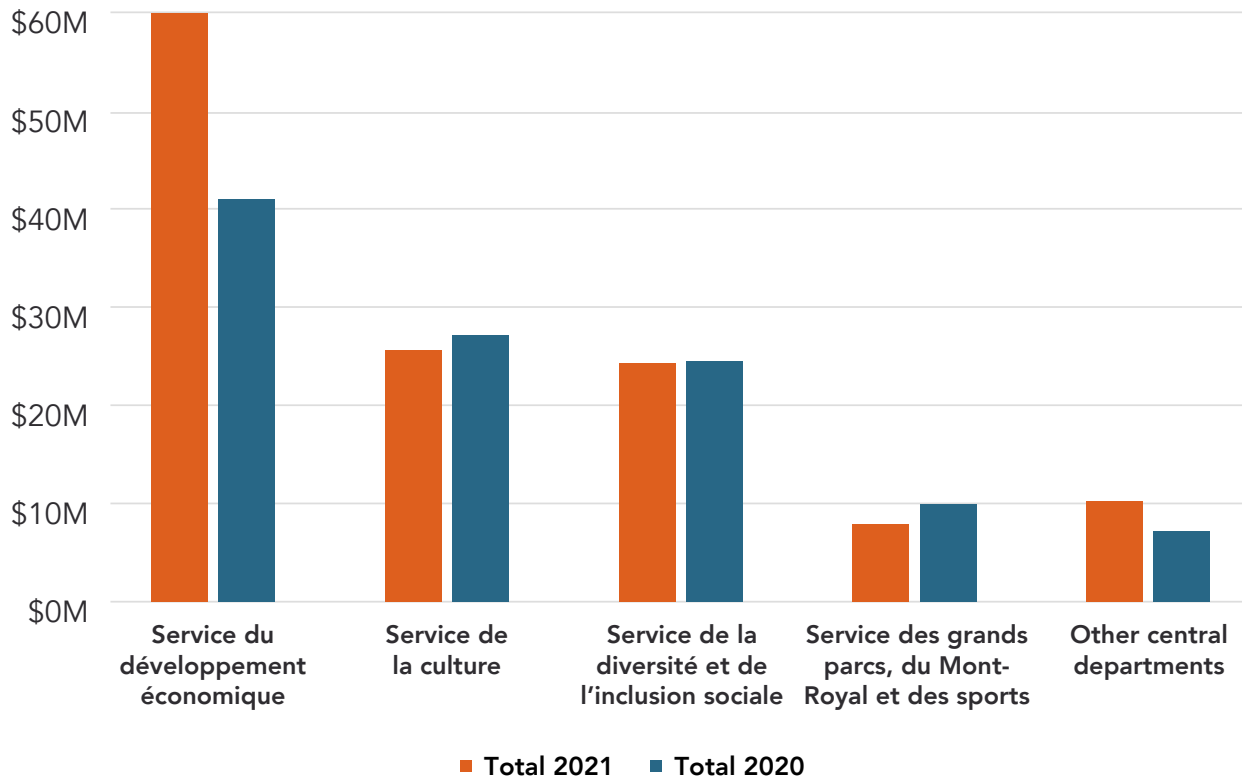
It should be noted that the *Municipal Aid Prohibition Act* states that no municipality shall, directly or indirectly, assist any industrial or commercial establishment.³

² Primarily sections 4, 90 and 91 of the MPA.

³ Section 1 of the *Municipal Aid Prohibition Act*.

In 2020 and 2021,^{4,5} the central departments awarded funding to non-profit organizations totalling \$109.6 million and \$127.5 million, respectively. The Service du développement économique (SDÉ), Service de la culture (SC), Service de la diversité et de l'inclusion sociale (SDIS), and Service des grands parcs, du Mont-Royal et des sports (SGPMRS) accounted for 93% and 92% of this funding in 2020 and 2021, respectively. The share of each central department is shown in Graph 1 below.

GRAPH 1 | BREAKDOWN OF CONTRIBUTIONS PAID TO NON-PROFIT ORGANIZATIONS BY CENTRAL DEPARTMENTS IN 2020 AND 2021



Source: Data compiled by the City's Bureau du vérificateur général (BVG) based on information obtained from the Qlik Sense application.

- ⁴ The City also funds various programs as well as organizations such as the Autorité régionale de transport métropolitain, Communauté métropolitaine de Montréal, Conseil des arts de Montréal, and Société du parc Jean-Drapeau. Contributions to reporting organizations, municipal and governmental organizations, as well as to various programs are beyond the scope of this audit.
- ⁵ It should be noted that during this period, the City, like the rest of the province and the country, was dealing with the COVID-19 pandemic public health crisis. The result was a period of adjustment for employees of the City's central departments dealing with a context of emergency management as well as the widespread use of new computer tools for remote work.

The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) identifies four types of financial support:

- ◆ One-time support, e.g., the purchase of tables at an event, a sponsorship or assistance in holding a short-term event;
- ◆ Support for an NPO awarded for a project, event or activity (but not for services) under a program or a measure taken by the City;
- ◆ Support for a mission, a project or the organization of activities that may be held one time, seasonally or annually;
- ◆ Support under an agreement between the City and another level of government.

Financial contributions to organizations are broken down into different categories or allocation schemes, for which the City has no common lexicon. Each business unit⁶ (BU) has its own terminology to describe types of allocation. For the purposes of this audit, we have chosen to standardize the various terms used to categorize the types of financial contributions granted. These are presented in Table 1.

TABLE 1 | ALLOCATION CATEGORIES FOR FINANCIAL CONTRIBUTIONS

ALLOCATION TYPE	SHORT DESCRIPTION
Open call for proposals or projects ⁷	Any non-profit organization that meets the eligibility requirements for the call for proposals may submit an application.
Call for proposals or projects by invitation	The Ville de Montréal (City) determines a pool of target non-profit organizations that are then invited to submit an application under the call for proposals.
One-time support	The City may support a non-profit organization following: <ul style="list-style-type: none"> • An application by the non-profit organization, and/or; • A suggestion by the City inviting the non-profit organization to submit an application or; • The joint development of a project by the City and the non-profit organization (partnership).
Renewal	The City decides to renew support previously awarded to a non-profit organization.

Source: Terminology used by the BVG based on information obtained from the audited business units in order to standardize the various terms used to categorize allocation types for financial contributions.

⁶ For the purposes of this audit, the term “business unit” refers to an audited central department.

⁷ We have determined that the terms “call for proposals,” “call for applications” and “call for projects” are used synonymously.

1.1. The Process for Awarding and Managing Financial Contributions

The City's process for awarding and managing financial contributions to NPOs works as follows:

1. Awarding the financial contribution:

- a) The application is received and the organization's eligibility verified;
- b) The application is evaluated and a recommendation is made to award a contribution.

2. Managing the financial contribution:

- a) A draft funding agreement, decision-making file and approval by the decision-making body with jurisdiction are prepared;
- b) The file is monitored;
- c) The file is closed and archived.

This process is structured by guidelines that recommend or impose practices on both the City and the NPOs. Some guidelines are defined by the City through management frameworks. In addition, some BUs have operational procedures. Finally, the City, sometimes in collaboration with other levels of government, also establishes programs⁸ with budgets dedicated to financial contributions. The awarding and management of contributions under those programs are structured by guidelines defined by the program itself.

1.2. Administrative Frameworks and Procedures of the Direction générale

Several administrative frameworks have been put in place by the City to mitigate certain risks associated with the allocation and management of financial contributions. Consequently, the central departments are subject to a number of the City's administrative frameworks (described below) and must comply with them:

Guide de gestion des soutiens financiers aux organismes à but non lucratif⁹

This procedure came into effect in October 2017. It describes the life cycle stages of a financial contribution and provides broad guidelines to follow for an optimal approach to managing financial contributions. The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) states that "These guidelines must, when required, be adapted to the particular circumstances of each file." The procedure suggests eligibility criteria for NPOs, eligibility criteria for applications and clauses to include in agreements. It also refers the BUs to other applicable administrative frameworks.

⁸ The terms "fund," "initiative," "reference framework" and "call for projects" are also used by the BUs to refer to guidelines providing a framework for awarding and managing contributions. We use the term "program" to simplify the text and refer to the various reference frameworks that define guidelines for awarding and, in some cases, managing contributions as a whole.

⁹ Framework reference number: C-RF-DG-P-17-001.

Other administrative frameworks applicable to central departments include:

- ◆ *Règle selon laquelle un fonctionnaire ou un employé ne peut être administrateur d'un organisme dans le cadre ou à l'occasion de ses fonctions;*¹⁰
- ◆ *Publication des contrats dans le système électronique d'appel d'offres;*¹¹
- ◆ *Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif;*¹²
- ◆ *Qualifier le type de contrat à conclure avec un organisme sans but lucratif;*
- ◆ *Conformité à l'article 107.9 de la Loi sur les cités et villes (LCV).*¹³

Details of these guidelines are presented in Appendix 5.1.

In addition to the guidelines, a checklist and two guides are available for the use of employees:

- ◆ *Aide-mémoire – Exigences en vue de la signature et de la conservation d'une convention approuvée par les instances centrales;*
- ◆ Two separate guides to the development of decision-making record:
 - *Accorder une contribution sans appel de candidatures;*
 - *Accorder une contribution avec appel de candidatures dans le cadre d'un programme.*

During the period of our audit, legislative changes came into effect. Since June 1, 2022,¹⁴ municipal organizations cannot sign contracts with businesses¹⁵ having 50 or more employees nor award them a contribution if the business:

- ◆ Does not hold a registration certificate issued by the Office québécois de la langue française (OQLF);
- ◆ Has not provided, within the prescribed timeframe, an analysis of the language situation;
- ◆ Holds neither a certificate of program application nor a francization certificate;
- ◆ Appears on the list of businesses for which the OQLF has refused to issue a certificate or has suspended or cancelled a certificate (section 152.1).

¹⁰ Framework reference number: C-OG-DG-D-16-004.

¹¹ Framework reference number: C-RM-APP-D-18-002.

¹² Framework reference numbers: C-OG-DG-D-21-001 and C-OG-DG-D-21-002.

¹³ Framework reference number: C-OG-DG-20-003.

¹⁴ *An act respecting French, the official and common language of Québec and the Charter of the French language.*

¹⁵ NPOs are included in the definition of a business set out in the *Charte de la langue française*.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Pursuant to the provisions of the *Cities and Towns Act* (CTA), we completed a performance audit on the optimization of resources related to awarding and managing financial contributions to non-profit organizations (NPOs) by the central departments. We performed this mission in accordance with the *Canadian Standard on Assurance Engagement* (CSAE) 3001, described in the *CPA Canada Handbook – Certification*.

The purpose of this audit was to ensure that financial contributions awarded to NPOs by the Ville de Montréal's (City's) central departments are handled impartially and in compliance with the City's management frameworks, and that they are used for the intended purposes.

2.2. Evaluation Criteria

Our evaluation is based on criteria that we considered relevant in the circumstances, specifically that:

- ◆ Financial contributions awarded to organizations are evaluated and authorized impartially and in compliance with the City's management frameworks;
- ◆ Financial contributions are paid to NPOs only after all conditions have been met;
- ◆ Monitoring mechanisms are in place to ensure that organizations fulfill their obligations, and that funding is used for the intended purposes.

The role of the City's auditor general is to provide a conclusion regarding the audit objectives. To do so, we collected a sufficient amount of relevant evidence on which to base our conclusion and obtain a reasonable level of assurance.

The City's auditor general applies the *Canadian Standard on Quality Control* (CSQM) 1, *Quality Management for Firms that Perform Audits or Review of Financial Statements (FS), or Other Assurance or Related Services Engagements*. This standard requires the City's auditor general to design, implement and operate a quality management system that includes policies and procedures pertaining to compliance with ethical guidelines, professional standards and applicable legal and regulatory requirements. In conducting the audit, the City's auditor general complied with the independence and other ethical requirements of the *Code of ethics of chartered professional accountants*, which are founded on fundamental principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

2.3. Scope of the Audit

Our audit work covered the period from January 1, 2020, to July 31, 2022. However, for certain aspects, data from before this period was also taken into consideration. Our work was mainly carried out between the months of April 2022 and February 2023, but we also took into account information that was sent to us up until April 2023.

The audit work on the financial contributions examined was based on documents recorded in audited files provided by the business units (BUs). We requested the complete record of documents that resulted in making decisions, paying each selected contribution and monitoring them. When documents were not found in the file, reminders were sent to the audited bodies in order to confirm whether or not the documents in question existed. We conducted tests based on the documents provided by the BUs.

The purpose of the audit was not to express an opinion on the relevance of awarding a contribution to an NPO, but rather to ensure compliance with the City's management frameworks.

Most of the work was carried out with the following BUs:

- ◆ Service du développement économique;
- ◆ Service de la culture:
 - Direction du cinéma, des festivals et des événements;
 - Direction du développement culturel.
- ◆ Service de la diversité et de l'inclusion sociale;
- ◆ Service des grands parcs, du Mont-Royal et des sports:
 - Direction des sports, Division des sports et de l'activité physique.

Upon completing our audit, we submitted a draft audit report to the managers concerned in each audited BU for discussion purposes. The final report was then forwarded to the management of the BUs concerned as well as to the City's Direction générale (DG) to obtain an action plan and timeline for implementing recommendations applicable to those units. A copy of the final report was also sent to the Direction générale adjointe – Économie et rayonnement de la métropole, Direction générale adjointe – Qualité de vie, and the Direction générale adjointe – Service aux citoyens.

Earlier audit missions conducted by the BVG pertaining to awarding and managing financial contributions include:

- ◆ "Management of Financial Contributions" in 2014, which concluded that the provisions in agreements and follow-up carried out did not make it possible to evaluate whether the contributions paid out were used for the intended purposes and, consequently, to recover funds that were not used or were used for purposes other than those intended;
- ◆ "Allocation of Financial Contributions" in 2015, which showed that the application evaluation process lacked transparency and objectivity, was insufficiently documented, and did not include accountability mechanisms to evaluate the achievement of measurable objectives.

Following those two audits, action plans were put in place by the BUs in order to mitigate the risks identified by the BVG. In particular, the DG published administrative frameworks. At the time this report was published, all of the recommendations contained in earlier audits had been implemented by the BUs concerned.

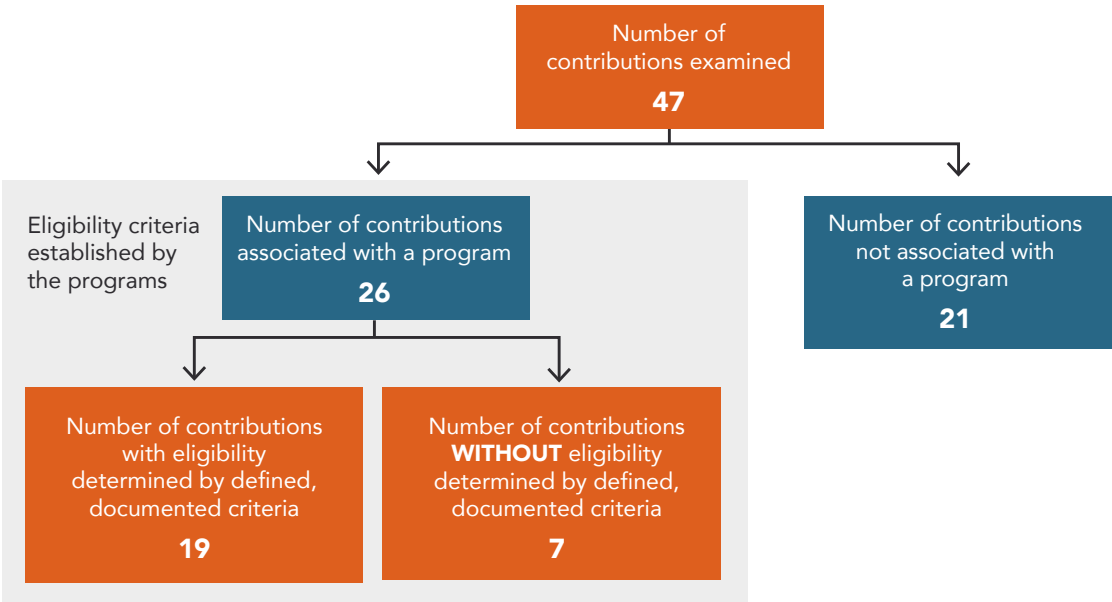
3. Audit Results

In order to verify that financial contributions were awarded in compliance with the *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) and other applicable management frameworks, including support programs, a random sample of 47 contributions awarded by the 4 audited business units (BUs) and paid out between January 1, 2020, and July 31, 2022, was selected. Those files represent funding in the amount of nearly \$14 million. It should be noted that the files examined were awarded during the pandemic, and it is possible, without any evidence to this effect, that they were analyzed under emergency conditions.

Characteristics of the Sample Used in the Audit

Figure 1 shows the distribution of the 47 files in the sample, which comprised 26 financial contribution files awarded under programs¹⁶ and 21 files awarded outside the context of a program, hereinafter called “mutual agreements.” Financial contributions awarded under a program are subject to guidelines prescribed by the program reference framework.¹⁷

FIGURE 1 | **PROFILE OF CONTRIBUTIONS WITH ELIGIBILITY CRITERIA DEFINED BY PROGRAMS**



Source: Figure produced by the BVG from the City’s data compiled using information recorded in audited files provided by the BUs.

¹⁶ The list of programs is found in Appendix 5.2.

¹⁷ For example, this applies to the SC through the *Balises générales pour l'accueil de projets ponctuels et de mandats spécifiques en dehors des programmes normés*. However, no one-time support under a program was identified in the sample. Support not associated with a program may be either one-time support or recurring (renewed) support. The BVG made no distinction between those two types of contribution awarded outside a program, given that no specific guidelines apply.

Table 2 shows the distribution of the 47 contributions in the sample by applicable reference framework and allocation type, while Table 3 provides an overview of the amounts of contributions in the sample. Table 3 shows that mutual agreement contributions are, on average, for the largest amounts. Compared with other types of contribution, there are fewer guidelines and criteria defined for the awarding of those contributions, given that they are negotiated through a mutual agreement.

TABLE 2 | BREAKDOWN OF THE 47 CONTRIBUTIONS IN THE SAMPLE BY NUMBER

APPLICABLE REFERENCE FRAMEWORK	CONTRIBUTIONS SUBJECT TO THE VILLE DE MONTRÉAL'S MANAGEMENT FRAMEWORKS AND PROCEDURES				TOTAL
	CONTRIBUTIONS UNDER A PROGRAM			MUTUAL AGREEMENT	
BUSINESS UNIT / ALLOCATION TYPE	OPEN CALL FOR PROJECTS	CALL FOR PROJECTS BY INVITATION	RENEWAL	ONE-TIME / RENEWAL	
Service de la culture	7	1	0	5	13
Service du développement économique	2	0	0	12	14
Service de la diversité et de l'inclusion sociale	5	4	4	2	15
Service des grands parcs, du Mont-Royal et des sports	3	0	0	2	5
SUBTOTAL	17	5	4	21	47
TOTAL	26				

Source: Data compiled by the City's BVG based on information recorded in audited files provided by the BUs.

TABLE 3 | FINANCIAL CONTRIBUTIONS IN THE SAMPLE BY ALLOCATION TYPE

TYPE OF SUPPORT	TOTAL	AMOUNT OF THE CONTRIBUTION		
		AVERAGE	MINIMUM	MAXIMUM
Open call for projects	\$915,396	\$53,847	\$5,952	\$184,802
Call for projects by invitation	\$514,457	\$102,891	\$30,000	\$300,000
Renewal	\$275,938	\$68,985	\$37,988	\$112,950
Mutual agreement	\$12,245,179	\$583,104	\$25,000	\$3,000,000
TOTAL	\$13,950,970	\$296,829	\$5,952	\$3,000,000

Source: Data compiled by the City's BVG based on information collected from the analysis and data visualization tool in the Qlik Sense application.

3.1. Evaluation of Financial Contributions (Sample)

When evaluating an application for a financial contribution, BUs must follow the guidelines set out in the administrative framework found in the Guide. While the Guide specifies that the diversity of non-profit organizations (NPOs) and purposes of financial support do not allow for the implementation of a single, uniform management approach, certain activities must be carried out in awarding financial contributions—in compliance with the applicable frameworks. In addition, support programs provide a framework for awarding and managing financial contributions through guidelines specific to each program. Programs can govern awarding contributions through calls for projects that are open or by invitation, renewals or one time support.¹⁸

¹⁸ As previously mentioned, we are using the term “program” to refer to guidelines governing the awarding and management of certain contributions.

3.1.1. Frameworks and Operational Procedures of the Audited Business Units for Awarding and Managing Contributions

Over and above the Direction générale's (DG's) administrative frameworks and procedures for awarding and managing financial contributions, we identified all the other management frameworks of the audited BUs applicable to awarding and managing contributions, as well as the reference frameworks for the various programs setting out guidelines for the contributions in the sample.

At the time of the audit, it turns out that two audited BUs had additional internal operational or guideline procedures governing the awarding and management of financial contributions other than those imposed by the City and the applicable support programs:

- ◆ The Service de la culture's (SC's) *Cadre de référence concernant les versements lors d'une contribution financière à des organismes culturels*, which specifies that at least 2 instalments are required when paying contributions in the amount of \$5,000 or more and that the final instalment must represent at least 10% of the total contribution;
- ◆ A procedure at the Service des grands parcs, du Mont-Royal et des sports's (SGPMRS's) Division des sports regarding SEAO registrations, which incorporates obligations found in the administrative framework *Directive sur la publication des contrats* for the electronic invitation to tender system (SEAO).

Note, however, that at the time of our audit some initiatives were ongoing to develop reference frameworks to provide better guidelines for certain contributions, specifically:

- ◆ The SC's Division des Festivals et événements was working to overhaul 2023 recurring financial support programs for the purpose, in part, of making the contribution allocation process and accountability fairer and more transparent by including "non program" contributions;
- ◆ At the SC, an ongoing process implemented by the Service de l'approvisionnement that began in February 2021 involves recording data in SEAO through a bulk data load, except for information pertaining to the amount of the contribution.

The Service du développement économique (SDÉ), for its part, has developed¹⁹ various tools, including an operational procedure called the *Guide d'octroi de contributions financières à des organismes à but non lucratif*, which governs all stages in awarding and managing financial contributions. This guide is intended to set out clear, precise methods and rules to be applied in carrying out activities at the SDÉ related to the awarding of financial contributions. The issues addressed are grouped into four categories:

- ◆ The legislative and regulatory framework;
- ◆ Types of agreements and applicable eligibility criteria;

¹⁹ Implementation of this procedure was planned for June 2022. Other tools to support SDÉ professionals, as well as some intended for applicants, were also developed as part of a continuous improvement process. However, they do not apply to the contributions in our sample given that the analysis and awarding of the support took place before the tools were developed. The tools developed to date are: *Guide d'octroi de contributions financières*, *Guide du demandeur*, *Formulaire électronique d'une demande de contributions financière* and *Liste de contrôle*.

3.4. Awarding and Management of Financial Contributions by Central Departments to Non-Profit Organizations

- ◆ The application evaluation process, including general criteria and budgetary aspects of the project;
- ◆ Negotiating a contribution agreement, including follow-up and management of the agreement.

Finally, the Service de la diversité et de l'inclusion sociale (SDIS) developed a *Politique montréalaise pour l'action communautaire*, whose purpose is to recognize, support and promote community actions. Adopted in June 2021, this policy sets out the main principles in relationships between the City and community organizations, as well as principles guiding the management and follow-up of financial contributions. While it does not contain guidelines specifically structuring the process for awarding and managing financial contributions, the policy stipulates that a large portion of financial support is subject to guidelines established in agreements between the City and the various ministries of the Québec government.

3.1.2. Eligibility of a Non-Profit Organization

The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) states that the file manager must ensure that the organization is eligible for financial support by verifying, *inter alia*,²⁰ that it:

- ◆ Is a legally constituted NPO;
- ◆ Has a mission recognized by the BU concerned;
- ◆ Is free to determine its mission, approaches, practices and direction;
- ◆ Conducts its non-profit activities on the territory concerned or in the interest of the citizens of that territory;
- ◆ Is not in default with the Registraire des entreprises or under any applicable law;
- ◆ Is not in debt to the City according to the Service des finances;
- ◆ Is in sound financial health as indicated by its financial statements (FS);
- ◆ Has no public servant on the board of directors acting other than as an observer, unless so required in the letters patent;
- ◆ Is registered under its legal name in the City's list of suppliers recorded in the Système intégré Montréal (SIMON).

The Guide is the City's only management framework for the central departments providing guidelines on the eligibility of organizations by defining, among other things, nine eligibility criteria. At the least, therefore, those criteria should be met by organizations in order to qualify for financial support from the City. Additional eligibility criteria for organizations are sometimes defined in the various programs concerned.

²⁰ The expression "inter alia" means "notably among other things" and "notably" means "especially" or "particularly" according to Merriam-Webster's 11th Collegiate Dictionary. On the basis of those definitions, the BVG interprets "inter alia" as expressing minimum criteria to be met in verifying an NPO's eligibility, to which the BU may add other criteria as required.

Eligibility Criteria in the *Guide de gestion des soutiens financiers aux organismes à but non lucratif* Included in Programs

Eligibility criteria for organizations are defined for 15 of the 20 programs (75%) listed in our sample of 26 financial contributions awarded in the context of a program. The fact that a support program does not include eligibility criteria does not mean that no criteria were taken into consideration by the BU. Given that programs are often public and serve as a reference document for NPOs looking to determine whether they are eligible for support, the eligibility criteria for NPOs used by the BUs should be set out in the programs.

Table 4 shows that none of the 9 eligibility criteria in the Guide are to be found in every program in the sample. For example, 3 criteria are not found in any program and only the criterion “is a legally constituted NPO” is included in a majority of programs, specifically 14 of the 20 (70%).

TABLE 4
ELIGIBILITY CRITERIA FROM THE GUIDE DE GESTION DES SOUTIENS FINANCIERS AUX ORGANISMES À BUT NON LUCRATIF FOUND IN THE SAMPLED REFERENCE PROGRAMS

ELIGIBILITY CRITERION	NUMBER OF PROGRAMS THAT INCLUDE THE VARIOUS ELIGIBILITY CRITERIA FOUND IN THE GUIDE DE GESTION DES SOUTIENS FINANCIERS AUX ORGANISMES À BUT NON LUCRATIF				TOTAL
	SERVICE DE LA CULTURE	SERVICE DU DÉVELOPPEMENT ÉCONOMIQUE	SERVICE DE LA DIVERSITÉ ET DE L'INCLUSION SOCIALE	SERVICE DES GRANDS PARCS, DU MONT-ROYAL ET DES SPORTS	
Number of programs	6	2	9	3	20
Non-profit organization	6	2	4	2	14
Mission recognized	4	0	3	0	7
Free to determine its mission	0	0	0	0	0
Territory of activity	3	0	3	2	8
In compliance with the Registre des entreprises du Québec and applicable law	1	0	1	2	4
No debt owed to the City	6	0	0	0	6
Sound financial health	2	1	2	0	5
No employee of the Ville de Montréal on the board of directors	0	0	0	0	0
Legal name recorded in Système intégré Montréal	0	0	0	0	0

Source: Data compiled by the City's BVG based on information contained in audited files provided by the BUs.

Information Used to Determine an Organization's Eligibility

The fact that a support program does not include eligibility criteria from the Guide does not mean that those criteria were not verified by the BUs. The Guide states that the file manager must record in a file any information used in assessing an organization's eligibility, such as:

- ◆ The letters patent or proof that the NPO's legal status was verified with the Registre des entreprises du Québec;
- ◆ FS confirming the organization's sound financial health.

Our audit work shows that for none of the 47 contributions in the sample did the documents recorded in the files demonstrate the organization's eligibility based on the 9 criteria in the Guide. For example, no records were found for any of the 47 contributions indicating whether the NPO was free to determine its mission or owed a debt to the City (see Table 5).

TABLE 5

BREAKDOWN OF THE FILES CONTAINING DOCUMENTS USED TO ASSESS COMPLIANCE WITH THE NINE ELIGIBILITY CRITERIA IN THE GUIDE DE GESTION DES SOUTIENS FINANCIERS AUX ORGANISMES À BUT NON LUCRATIF

ELIGIBILITY CRITERION	NUMBER OF FILES CONTAINING DOCUMENTS USED TO EVALUATE THE ELIGIBILITY CRITERIA FOUND IN THE GUIDE DE GESTION DES SOUTIENS FINANCIERS AUX ORGANISMES À BUT NON LUCRATIF				TOTAL
	SERVICE DE LA CULTURE	SERVICE DU DÉVELOPPEMENT ÉCONOMIQUE	SERVICE DE LA DIVERSITÉ ET DE L'INCLUSION SOCIALE	SERVICE DES GRANDS PARCS, DU MONT-ROYAL ET DES SPORTS	
Number of files	14	13	15	5	47
Non-profit organization	13	7	14	4	38
Mission recognized	13	8	14	3	38
Free to determine its mission	0	0	0	0	0
Territory of activity	13	10	14	5	42
In compliance with the Registre des entreprises du Québec and applicable law	1	0	6	2	9
No debt owed to the City	0	0	0	0	0
Sound financial health	6	4	8	0	18
No employee of the City on the board of directors	6	2	1	0	9

Source: Data compiled by the City's BVG based on information contained in audited files provided by the BUs.

While the broad lines of the Guide can be adapted as required, no rationale justifying why all the eligibility criteria were not retained or applied by the BUs could be found.

In 19 files, eligibility was evaluated using criteria defined by the program (see Figure 1). The information used to verify that the NPO met all the criteria defined in the applicable program was recorded in only 5 of those files (at the SDIS and the SDÉ). The eligibility criteria for which the BUs did not record information used to evaluate the NPO's compliance included, for example, that the organization:

- ◆ Had fulfilled its obligations when prior financial contributions had been allocated (at the SC and the SDÉ);
- ◆ Was in good standing with the City's various departments (at the SC and the SDÉ);
- ◆ Was in compliance with municipal, provincial and federal laws, standards, and regulations in effect, specifically in the area of safety (at the SGPMRS);
- ◆ Was in compliance with municipal regulations pertaining to permits and taxes (at the SC);
- ◆ Was in good standing with the Registre des lobbyistes²¹ in the case of organizations subject to the *Lobbying Transparency and Ethics Act* (at the SDIS).

In brief, documentation on record with the BUs was insufficient to demonstrate the eligibility of organizations with respect to the nine criteria in the City's Guide. As for files under a program, only five of those in our sample contained information making it possible to determine the NPO's eligibility based on the criteria for the program concerned.

Documents Confirming the Verification of Eligibility for Contributions Awarded Under a Program

When a file lacked documents containing information used to confirm the organization's compliance with the various criteria, we observed that the BUs had filed other documents confirming the verification of an NPO's eligibility, such as a grid or checklist completed by the file manager.

Among the 19 contributions for which eligibility is determined by criteria defined and documented under a program, 11 (58%) contained a document in the file confirming that eligibility had been verified. However, we observed differences in the use of such documents, for instance:

- ◆ In 7 of the 11 files (64%), documents detailed the applicable eligibility criteria and, for each, indicated whether or not the organization meets the criterion;
- ◆ In the other 4 files (36%), the BU indicated whether the organization is eligible but without providing any other details.

This means that the remaining 8 files (42%) for which eligibility is governed by criteria defined and documented under a program, no documented evidence confirms verification of the organization's eligibility.

²¹ Registre des lobbyistes was closed on October 13, 2022, and has been replaced by the Carrefour Lobby Québec platform.

Consequently, none of the files in our sample contained the complete information required showing that the BU had conducted an eligibility evaluation of the NPO in accordance with the Guide and, if applicable, the program. Furthermore, the BUs were unable to demonstrate that the eligibility criteria were analyzed for each file.

Rather than make piecemeal recommendations concerning the various stages in awarding and managing financial contributions, the Bureau du vérificateur général lays out overall recommendations in the final section of this report. It is therefore normal that only recommendations bearing on a specific topic are to be found in the body of the report.

3.1.3. Evaluation of Applications and Recommendation for Support

Criteria Used to Evaluate an Application for Financial Support

Once the eligibility of an NPO has been determined, the file manager evaluates the application. The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) does not provide a framework for evaluating the information provided in an application for support but does stipulate that the file manager must specifically ensure that the application:

- ◆ Is complete and duly signed and dated by an authorized representative of the NPO;
- ◆ Includes a description of the proposed project or activities, as well as the expected results in measurable terms;
- ◆ Demonstrates the relevance of the proposed project or activities and the ability of the NPO to carry it out;
- ◆ Includes a budget detailing the proposed use of the financial support.

In cases where the application is submitted under a program, the manager verifies eligibility for that program and, if required, forms a selection committee.

For 17 of the 20 programs in the sample, evaluation or selection criteria are defined for applications and proposals. Examples include:

- ◆ The project contributes to social cohesion in Montréal (SC);
- ◆ The organization has expertise in the area of intervention targeted by the project (SDIS);
- ◆ The project has media impact (SGPMRS);
- ◆ The project contributes to the resilience of the Montréal food system (SDÉ).

The results of our audit work show that:

- ◆ 22 of the 26 (85%) contributions awarded under a program were selected on the basis of evaluation criteria defined and documented prior to receiving applications;
- ◆ 25 financial contributions (53%) were awarded in the absence of defined and documented evaluation criteria (more specifically, 21 mutual agreement contributions and 4 contributions awarded under a program).

Table 6 shows that the 25 contributions awarded without their evaluation being supported by defined and documented criteria were all for larger amounts than those governed by such criteria.

TABLE 6

BREAKDOWN OF FINANCIAL SUPPORT AWARDED ON THE BASIS OF CRITERIA VS. FUNDING AWARDED WITHOUT PREDEFINED, DOCUMENTED CRITERIA

DEFINED AND DOCUMENTED EVALUATION CRITERIA	NUMBER	AMOUNT OF THE CONTRIBUTION			
		TOTAL	AVERAGE	MINIMUM	MAXIMUM
Yes	22	\$1,490,791	\$67,763	\$5,952	\$300,000
No	25	\$12,460,178	\$498,407	\$25,000	\$3,000,000
TOTAL	47	\$13,950,969	\$296,829	\$5,952	\$3,000,000

Source: Data compiled by the City's BVG based on information collected from the analysis and data visualization tool in the Qlik Sense application.

Support for a Non-Profit Organization vs. a Service Contract

As explained in the reference document *Qualifier le type de contrat à conclure avec un organisme sans but lucratif produit* prepared by the Service des affaires juridiques in August 2020, proposals and projects must also meet certain conditions in order to receive a financial contribution

This document lists questions in the form of a decision tree to guide BUs in determining which type of contract to sign with organizations (e.g., a financial contribution, service contract, supply contract or execution of work contract).

Although not mandatory, this tool is made available to employees to determine which type of contract to sign. However, for none of the 36 contributions in our sample evaluated following the publication of this reference document could we find a completed decision tree in the records provided by the audited business units in response to our requests.

Without having validated whether the 47 contributions were indeed eligible for a financial contribution and not a service contract, we did observe that, in one case, the NPO subcontracted the entire funded project to a business for \$350,000. We do not have assurance that this file

was compliant with provisions of the *Cities and Towns Act* (CTA) regarding contributions to an NPO, and we have doubts as to the eligibility of the project to receive a financial contribution. In this context and following discussions with the City's Bureau de l'inspecteur général, we decided to forward the file for this contribution to that office.

Compliance with the *Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif* Directive

The process of evaluating proposals received through a call for proposals with financial support in the amount \$25,000 or more is governed by the directive²² *Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif* (the Directive). This Directive took effect in March 2020 and was revised in November 2021.

The Directive applies only to open calls for proposals or projects²³ (not issued by invitation). In the context of this audit, the scope is limited to just 11 of 20 programs covering 17 of 47 contributions (36%) in the sample. On the basis of an analysis of the files in our sample impacted by the Directive, we observe that calls for projects by invitation offer, on average, much larger contributions (see Table 7). In other words, large financial contributions are exempt from the Directive.

TABLE 7

BREAKDOWN OF CONTRIBUTIONS AWARDED THROUGH OPEN CALLS FOR PROPOSALS (OR PROJECTS) VS. THOSE BY INVITATION

ALLOCATION TYPE	NUMBER	AMOUNT OF THE CONTRIBUTION			
		TOTAL	AVERAGE	MINIMUM	MAXIMUM
Open	17	\$915,396	\$53,847	\$5,952	\$184,802
By invitation	5	\$514,457	\$102,891	\$30,000	\$300,000
TOTAL	22	\$1,429,853	\$64,993	\$5,952	\$300,000

Source: Data compiled by the City's BVG based on information collected from the analysis and data visualization tool in the Qlik Sense application.

²² Framework reference numbers: Directive C-OG-DG-D-21-001 (version 1) and C-OG-DG-D-21-002 (version 2).

²³ The Directive defines a call for proposals as a transparent process allowing any eligible NPO to submit an application for financial support in response to the call for proposals.

For contributions subject to the Directive, we verified whether the decision to award the contribution met the following conditions:

- ◆ Approval of the project evaluation criteria issued by the department authorities or management (depending on the applicable version of the Directive);
- ◆ Documentation of the evaluation process using an analysis grid;
- ◆ Evaluation by a selection committee with at least three members;
- ◆ Declaration of conflicts of interest by external committee members, if applicable;
- ◆ Exclusion of the file manager with decision-making authority from the selection committee;
- ◆ Composition of the committee;
- ◆ Approval of the committee composition by department authorities or management.

Given that the evaluation process and selection committee are the same for all contributions under a given program, the results are presented here in terms of the number of programs appearing in the sample and not the number of contributions.

For the 11 programs under which funding was awarded by an open call for projects, our analyses show that for:

- ◆ None of the 11 programs could the BUs demonstrate documented approval of the evaluation criteria as required by the Directive;
- ◆ 10 of the 11 programs (91%), the evaluation process was documented using an evaluation grid;
- ◆ 10 of the 11 programs (91%), the evaluation was conducted by a committee composed of at least three members;
- ◆ 6 of the 10 programs (60%) for which the committee included external members, a declaration of conflict of interests was signed by the external members;
- ◆ 9 of the 11 programs (82%), the file manager with decision-making authority was excluded from the evaluation committee;
- ◆ 4 of the 11 programs (36%), conditions pertaining to the composition of the committee were respected, such as not having 1 or 2 (depending on the amount of the support) division heads or executive sponsors;
- ◆ Only 1 of the 11 programs (9%) was the BU able to demonstrate approval of the committee as required by the Directive;
- ◆ 1 of the 11 programs (9%), at the SDIS, it was not demonstrated to us that the evaluation was conducted by a selection committee.

In addition, in the case of two calls for projects, our audit showed that the files had not been evaluated by all committee members. In those cases, the committee comprised between seven and nine members, but each file had been evaluated by only three members.

In short, none of the calls for projects subject to the Directive met all applicable requirements. Therefore, with respect to the Directive, the audited BUs were unable to demonstrate that the financial contributions awarded to organizations were evaluated in compliance with the City's management frameworks to ensure an impartial evaluation.

Documentation of the Evaluation Process

In order to ensure the impartiality and transparency of the evaluation process, we verified whether the evaluation was documented other than in the decision making file and included justification for the amount of the contribution for all 47 contributions.

Overall, for 33 of the 47 contributions (70%), we found a documented record of the proposal's evaluation, and, in 29 of those 33 contributions (88%), the evaluation documents included justification of the recommended contribution. It should be noted that the Division des sports of the SGPMRS documented the evaluation for all of its financial contributions.

The 14 contributions for which the evaluation was not documented all lacked predefined, documented evaluation criteria. The fact that evaluation criteria were not determined prior to the evaluation and that the evaluation itself is not documented make it impossible to demonstrate the impartiality of the evaluation process.

Consistency Between Established Program Criteria, Criteria Communicated to Non-Profit Organizations and Criteria Actually Evaluated

Given that criteria established by programs and those included in project analysis grids are the same for all contributions under a given program, the results in this section are presented by program and not by contribution. As previously mentioned, 17 of the 20 programs have defined evaluation criteria.

For 9 of the 17 programs (53%), the documented evaluation was based on all established program criteria. Shortcomings observed for the other 8 programs were as follows:

- ◆ In 1 case at the SC, the evaluation document provided no information as to whether the evaluation criteria were met for the project under study;
- ◆ In the other 5 programs under the SC and in 2 at the SGPMRS, the evaluation grid did not include all defined program criteria.

In addition, for programs in which funding is offered through a call for projects (either open or by invitation) and for which a program presentation guide is given to NPOs, that guide should indicate the evaluation criteria actually used by evaluators.

Out of 13 calls for projects having an application guide for the program in question, only 8 (62%) accurately indicate all the evaluation criteria. This lack of transparency in communicating evaluation criteria may limit the number of NPOs that submit proposals under the call for projects due to a misunderstanding of the program requirements.

It should be noted that we observed an excellent practice at the Direction des sports of the SGPMRS and at the SDÉ whereby evaluation grids specify which sections of the application form contain information used to evaluate the defined criteria. This approach maximizes standardization and consistency in evaluating applications by the various members of the selection committees.

RECOMMENDATION 3.1.3.A.

In order to ensure the impartiality of the process for selecting projects under any category of call for proposals valued at more than \$25,000, we recommend that the Direction générale:

- ◆ Update its administrative framework entitled *Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif*; and
- ◆ Put control mechanisms in place to ensure that the business units are implementing the framework and provide evidence of its application.

RECOMMENDATION 3.1.3.B.

In order to ensure complete transparency in the application evaluation process, we recommend that the Service de la culture, Service du développement économique, Service de la diversité et de l'inclusion sociale and Service des grands parcs, du Mont-Royal et des sports:

- ◆ Clearly identify the criteria that are used to evaluate applications;
- ◆ Document the application evaluation process to show that all the criteria have been taken into consideration and justify the amount recommended.

3.1.4. Financial Contribution Agreements and the Approval of Files by the City's Decision-Making Bodies

To follow up decisions by the business units (BUs) to award support, a financial contribution agreement and decision-making file need to be prepared for approval by the City's decision-making bodies. The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) stipulates that signing a contribution agreement is critical to awarding and monitoring financial support, which may take the form of a support form setting out the NPO's obligations in cases where the support falls under a program.

For the purposes of the next section, the term "contribution agreement" also includes forms unless another type of agreement is specified, in which case that type of agreement is applicable to the file in question.

Consistency Between Requirements in the *Guide de gestion des soutiens financiers aux organismes à but non lucratif* and Contribution Agreement Models

The Guide identifies information that is to be included in the contribution agreement, for example, a description of the project or activities, the objectives and expected results, an estimated budget how the contribution will be used, terms of payment, accountability filing requirements, and information to be included in the required reports. Agreement models that have been preapproved by the Service des affaires juridiques are available to the BUs.²⁴

Generally speaking, the various requirements identified in the Guide are found in the financial contribution agreement models applicable to the audited BUs. In the case of terms of payment, for example, the Guide states that payments should be "...conditional upon the production and approval of a report or the objectives being attained."

In the agreement models, payment is conditional only upon a report being submitted to the satisfaction of the manager. They make no reference to achieving objectives. Having payment conditional upon the production and approval of a report is nevertheless a sound management practice.

Implementation of the Contribution Agreement

The Guide makes reference to a checklist, *Exigences en vue de la signature et de la conservation d'une convention approuvée par les instances centrales*, which incorporates the main requirements and specifies that, without exception, the listed steps must be completed before submitting the file to the authorities. The Guide specifies that the file manager must ensure that the agreement is approved and signed by the NPO's representative before submitting the file to the authorities.

The amounts of the 10 contributions in our sample that were processed using a form ranged from \$6,000 to \$52,000. This is consistent with the Guide, which, however, offers no clear guideline as to the maximum amount of support that can be awarded using a form as the basis for the agreement.

Our analyses show that 24 of the 37 draft agreements were not signed by the NPO before the file was presented to the City's decision-making bodies.²⁵ As for agreements made using a form, although all were signed, an evaluation could not be made in 2 cases where the date was missing.

None of the agreements presented by the SDIS had been signed by the NPO at the time the file was presented to the authorities.

In the vast majority of cases, the agreements were prepared using the legal name of the NPO. For only 2 of the 47 agreements (4%), the NPO's legal name was not properly entered by the BU, and in one other case (2%), the law used to incorporate the NPO was not correctly recorded in the agreement.

²⁴ The models are available in the legal documents bank of the GDD decision-making record management system.

²⁵ For the purposes of the audit, the BVG used documents in the City's GDD system, such as draft agreements with NPOs receiving funding or contribution forms.

Only 21 agreements (45%) were signed by the NPO before the date they were presented to the decision-making authorities as required in the management framework. By presenting a file to the authorities in which the contribution agreement was not duly signed by the NPO, the BU failed to comply with the City's administrative framework.

Approval by the City's Decision-Making Bodies

Contributions must be approved by the City's decision-making body with jurisdiction for the proposed activity's sector and territory. Regarding the preparation of a decision-making file for approval by the body with jurisdiction, the Guide offers a short reminder of the delegation of authority for determining which decision-making body is authorized to approve the contribution and associated agreement, as shown in Table 8.

TABLE 8 | **DECISION-MAKING BODY WITH JURISDICTION OVER FINANCIAL SUPPORT FOR NON-PROFIT ORGANIZATIONS**

SUPPORT	BODY
For a project under local jurisdiction on the borough's territory	Borough council
For a project under the jurisdiction of the central city	Support of \$150,000 or less: Executive committee Support of more than \$150,000: City council
For a project under the jurisdiction of the agglomeration	Support of \$50,000 or less: Executive committee Support of more than \$50,000: Urban agglomeration council

Source: The Guide.

A consultation of resolutions in the GDD system served to validate up to the highest authority whether financial contributions were approved at the appropriate level. All of the contributions in the sample were approved by the body with jurisdiction and were therefore in compliance with the City's management framework and applicable laws.²⁶

It should also be noted that, for the 47 files, our tests confirmed that the amount of financial support set out in the agreement corresponds with the amount approved by the authorities.

²⁶ The Charter and the Act respecting the exercise of certain municipal powers in certain urban agglomerations.

3.2. Payment of Financial Contributions

Once approval has been obtained from the decision-making body, BUs may issue payments if all conditions have been met.

The Guide stipulates that no payment may be issued before the agreement has been signed by the NPO and the City, and the City may not sign before the agreement has been approved by the authorities. The Guide also states that payment authorizations must be recorded.²⁷

Signature of the Agreement by the Parties

The agreement must be signed by the City as soon as possible once the resolution for approval has been adopted, as set out in the checklist *"Exigences en vue de la signature et de la conservation d'une convention approuvée par les instances centrales"*.

Although only a fraction (13 of the 37 agreements) were signed by the NPOs before being presented to the body with jurisdiction, our tests showed that, in general (36 of 37 cases), the NPOs signed the agreement before the City. Only one case could not be evaluated, as the agreement signed by the City was not in the file at the SGPMRS.

Compliance with Conditions Respecting the Initial Payment

In the light of conditions pertaining to payment, we verified whether requests by the file manager to make the initial payment were submitted after the agreement had been signed by the City. Since agreements made through contribution application forms are not signed by the City, in those cases, we verified that the first payment took place following signature of the resolution by the decision-making body with jurisdiction.

For 7 of the 47 files (15%), requests for payment were submitted before the agreement was signed by the City, sometimes up to 3 months in advance. Among those 7 files we observed the following:

- ◆ In 2 cases, the request for payment was completed even before the agreement had been signed by the NPO;
- ◆ In 2 cases, the initial instalment of the contribution (cash outflow) by the Service des finances was paid before the City signed the agreement. One of these was in the amount of nearly \$800,000 and was paid before either the City or the NPO had signed the agreement.

These situations show that some payments took place without all conditions having been met or the document file being complete at the time payment was requested.

²⁷ It should be noted that the agreement models stipulate that each payment is conditional upon the organization having complied with the terms and conditions of the agreement and leave space to add specific payment conditions, if applicable, for agreements with a term longer than one year.

Other Obligations Pertaining to the Initial Payment

In addition to conditions established in the Guide, some agreements define conditions specific to the first payment. We identified 7 of the 47 contribution files in which conditions other than signing the agreement were prerequisite to the first payment (e.g., receiving a program, receiving support from a source other than the City, or receiving an adequate action plan). Two requests for an initial payment out of 7 files (29%) were submitted without the BUs concerned having been able to demonstrate that the established conditions had been met. Those payments were conditional upon the delivery of documents "to the satisfaction of the file manager." While in both cases, the BUs were unable to provide documentary evidence of an analysis supporting the manager's "satisfaction," in 1 case, the documents in question were not even in the file.

The SC's *Cadre de référence concernant les versements lors d'une contribution financière à des organismes culturels* specifies that, for contributions in the amount of \$5,000 or more, the funding must be paid in at least 2 instalments and that the final payment must represent at least 10% of the contribution. The 13 SC files in our sample meet this requirement, with the exception of one case in which the final payment was for 7% rather than the stipulated 10%.

While none of the BUs other than the SC are under any obligation to make a contribution in more than one instalment, our tests showed that only 4 contributions in our sample (9%) were paid in 1 instalment. The amounts of those four contributions ranged from less than \$7,500 to \$93,000.

The approach adopted by the SC appears to us to be a sound practice when large amounts are involved or the agreement is spread over a long period of time. This allows the City to ensure it has better control over the use of funds as a project is rolled out.

Compliance with Conditions Respecting Subsequent Payments

The BUs are not subject to any obligation to establish specific conditions for payments other than the first instalment. However, our audit work shows that this is a widespread practice. For this section, the results are presented in terms of payments rather than contributions allocated.

During the audit period, 41 subsequent payments, not counting first instalments, were made. Of those 41 payments:

- ◆ 40 payments (98%) were subject to conditions, such as:
 - Presenting accountability reports (a progress report or final report). This was the case in 14 of the files concerned;
 - Presenting accountability reports to the manager's satisfaction. For 15 of the 24 files in our sample (63%) where this was the case, no documented trace of an analysis of the rendering of accounts meeting with the manager's satisfaction was recorded in the file;
 - Other conditions in 2 cases: the delivery of legal documents and an end-of-project meeting. The required documents were in the file in both cases.
- ◆ 1 subsequent payment was not subject to any conditions.

The file manager must ensure that the conditions have been met before the initial and subsequent payments of the contribution are made. Our results show that conditions prerequisite to payment are not always honoured or that their fulfilment was not demonstrated by a documented analysis. An incomplete document file pertaining to the payment of contributions does not allow for the optimization of disbursements or the sound management of public funds.

3.3. Follow-Up Mechanisms to Ensure that Non-Profit Organizations Fulfill Their Obligations

The *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide) states that it is important to conduct a thorough follow-up of activities and projects that receive funding through regular communication with the funded organization. This specifically makes it possible to verify that the funding awarded has been used for the intended purposes and to record information demonstrating that follow-up has taken place or to serve as a reminder in future relations with the NPO. The nature of the follow-up can vary from one case to another. For example, support for an NPO's mission would not require the same monitoring as support for a project. The only information the Guide provides about contribution follow up and management is which documents to keep on file.

Considering that the Guide calls for accountability reports and FS to be recorded in the file, and based on the document filing obligations in the *Aspects financiers* section of agreements, our audit work on the follow-up to contributions focused on the filing of:

- ◆ Accountability reports;
- ◆ FS, including audited FS in cases where the City's annual contribution is \$100,000 or more;²⁸
- ◆ Annual reports.

3.3.1. Accountability Reports

Accountability Obligations of Non-Profit Organizations Defined in Agreements

Accountability refers to information produced by NPOs and submitted to the City so the latter can verify, among other things, that the funding awarded was used for the intended purposes. The agreements signed with the City inform the NPOs that they must produce accountability reports. According to the Guide, the agreements must specifically:

- ◆ Require, minimally, an activity report or final report to be filed specifying the results achieved with respect to the defined objectives;
- ◆ Indicate, as appropriate, information the required reports must contain, notably regarding the results achieved with respect to the defined objectives;
- ◆ Specify the due date for the final project report and for any interim reports that may also be required;

²⁸ Pursuant to section 107.9 of the CTA.

- ◆ Provide for statements of project or activity income and expenses to be produced and filed that allow for comparisons with the estimated budget;
- ◆ Provide for audited FS in the case of annual contributions by the City of \$100,000 or more.

The agreement models available to the BUs contain a clause requiring NPOs to submit accountability reports in the form and according to the parameters that will be provided by the manager of the contribution file. According to the definition of “accountability report” in those models, the reports must include the funds used from the City’s financial contribution, as well as the purposes for which they were used and the extent to which measurable objectives were achieved.

Our audit showed that while all the contribution agreements in the sample include accountability obligations:

- ◆ 39 contributions (83%) contained documented guidelines (form and parameters) defining the information to be disclosed by the NPOs in their accountability reports:
 - 27 of 39 financial contributions (69%) were subject to accountability requirements that meet the definition in the Guide and in the agreement, and so provide the BUs with sufficient information for follow-up purposes.
- ◆ 8 financial contributions (by the SC, SDIS and SDÉ) contain no guideline governing accountability requirements. Moreover, in one case, no accountability requirement was formulated by the SDÉ.

Consequently, while all the financial contributions had accountability requirements, only 27 (57%) were in keeping with what the Guide and agreement models recommend for accountability reporting.

In addition, our analyses show that only 22 of the 39 financial contributions (56%) that had documented accountability guidelines had these guidelines set out in the contribution agreement. In the other 17 cases, accountability requirements were communicated to the NPOs by email or accountability templates that were not attached to the agreement. In those cases, therefore, the NPOs were not aware of the City’s accountability requirements at the time they signed the agreement.

When this is added to the eight financial contributions for which no accountability guidelines are documented, a total of 25 contribution agreements (53%) did not include accountability guidelines.

Recording and Verifying the Accountability Reports

Depending on the accountability form and parameters defined—a statement of accounts, interim report or final report—we verified whether the BUs had documents on file demonstrating verification of the amount of the financial contribution from the City actually used and for what purposes, as well as that the defined objectives were met.

Of the 47 financial contributions in our sample, all of which included an accountability obligation, 36 had a deadline that fell within the audit period. For 34 of them (94%), accountability was documented in the file.

However, documented proof of an analysis of the use of the funds and the achievement of objectives was provided to us for only 4 of the 34 files (12%). For the other 30 financial contributions, although the BUs claimed that accountability was verified, we received no demonstration of such verification in the form of a comparative analysis between the estimated and actual results (gaps), a justification of those gaps, or details of the use of the funding for the intended purposes and the achievement of objectives.

3.3.2. Financial Statements

Obligation to Submit Financial Statements

Pursuant to section 107.9 of the CTA, NPOs receiving annual financial support from the City in the amount of \$100,000 or more must submit their audited FS to the City's auditor general. The Guide contains a reminder of that obligation and states that FS, whether audited or not, must be recorded in the financial contribution files.

The agreement models available to BUs include two clauses pertaining to filing FS, which can be summarized as follows:

- ◆ To the extent that the City's cumulated financial contributions to an NPO for a given calendar year amount to \$100,000 or more, the NPO shall submit to the auditor general its audited FS for each year of the current agreement and also send them to the file manager;
- ◆ To the extent that the City's cumulated financial contributions to an NPO for a given calendar year amount to less than \$100,000, the NPO shall submit to the file manager its FS for each year of the current agreement.

These 2 requirements under section 107.9 of the CTA were included in 44 of the 47 contribution agreements (94%). The three agreements for which those requirements were not included are all under the authority of the SGPMRS.

Recording and Verification of Financial Statements

Based on the accountability deadlines that fell within the audit period, the files for 40 financial contributions should contain FS. Our audit showed that for:

- ◆ 21 files (53%) that contained FS:
 - The BUs were unable to provide a documented analysis of those FS.
- ◆ 19 files (47%) that contained no FS:
 - 6 of those financial contributions were for more than \$100,000;
 - 13 of the financial contributions were for less than \$100,000, including 9 at the SC alone, which confirmed not requiring FS for financial contributions in an amount of less than \$100,000 (even though the agreements signed with the NPOs in question contain a clause requiring their FS to be filed).

Therefore, even though the agreements stipulate requirements for the NPOs to submit FS, in practice, about one NPO in two actually does so and the BUs do not appear to require this of the NPOs. The absence of those documents, or a failure of the BUs to analyze them, hinders the BU's ability to follow up the contributions they award.

3.3.3. Annual Reports

Obligation to Submit Annual Reports

The agreement models require NPOs to submit their annual reports²⁹ to the file manager within 90 days of the end of the financial year (the deadline can be changed by the BUs). The Guide makes no mention of the annual report.

Of the 47 contributions, the 37 files with an agreement (79%) stipulate the NPO's obligation to submit its annual report. The 10 financial contributions whose agreement is set out in a form do not include this requirement. Those contributions are managed by the SC, SDÉ and SGPMRS.

Recording and Verification of Annual Reports

The scope of our audit shows that the files for 32 financial contributions should contain annual reports. Annual reports were found in the file for only 16 contributions (50%) without, however, any evidence that they were analyzed.

In cases where SC files did not contain annual reports, the SC confirmed not having requested the reports. However, all of the agreements between the SC and an NPO required that a report be filed.

Likewise, although some agreements require NPOs to submit annual reports to the City as evidence of their activities, in practice, compliance with that requirement is not enforced.

RECOMMENDATION

3.3.A.

We recommend that the Service de la culture, Service du développement économique, Service de la diversité et de l'inclusion sociale and Service des grands parcs, du Mont-Royal et des sports put controls in place to ensure that non-profit organizations provide their financial statements and annual reports when so required by their agreement with the Ville de Montréal.

3.3.4. Registration of Contracts for \$25,000 or More in the Electronic Invitation to Tender System

Pursuant to section 477.5 of the CTA,³⁰ since April 1, 2011 (Bill 76), every municipality has been required to publish on the SEAO site, approved by the Québec government, a list of every contract involving an expenditure of \$25,000 or more, including grants and financial contributions, as well as leases. Consequently, any contract whose purpose is the payment of a grant to an NPO is covered by section 477.5. The CTA specifically requires the following:

- ◆ The list must be updated at least once a month;

²⁹ The generic model of a contribution agreement defines "annual report" as a document containing a profile of the NPO, the names of the managers and directors, and a report on the activities and achievements for each year of the agreement.

³⁰ Sections 477.5 and 477.6 of the CTA.

3.4. Awarding and Management of Financial Contributions by Central Departments to Non-Profit Organizations

- ◆ If the contract is entered into by mutual agreement, the list must identify the legislative or regulatory provision under which the contract was legitimately awarded without a call for tenders;
- ◆ In all cases, as soon as possible following the end of the contract, the total expenditure actually incurred must be registered on the SEAO.

The Guide reiterates the requirement, pursuant to the CTA, to register information in the SEAO pertaining to support awarded under any contract for an amount of \$25,000 or more. That requirement is also stipulated in the administrative framework *Publication des contrats dans SEAO* (Directive).³¹

Furthermore, section 4.1.3 of the Directive states that [TRANSLATION] “the unit in charge authorized to manage the tendering process is also responsible for recording the information in the SEAO and must complete all of the steps.”

In the context of our audit, we tried to evaluate whether publications in the SEAO were compliant regarding:

- ◆ The contract and the amount awarded in the case of financial contributions of \$25,000 or more;
- ◆ The final information;
- ◆ The average time taken to publish contracts.

The results of our audit (see Table 9) show that while 42 of the 47 contributions were for more than \$25,000, only 33 (79%) were registered in the SEAO. The average time to register the contribution was 250 days, which is not in keeping with the City’s obligation to update the list of contracts at least once a month. Moreover, while 18 of the contributions were concluded as at November 30, 2022, no final disbursement had been recorded in the SEAO. This represents another failure by the City to fulfill a requirement pursuant to the CTA.

³¹ Framework reference number: C-RM-APP-D-18-002, in effect since August 2018.

TABLE 9**DETAILED RESULTS OF THE PUBLICATION OF CONTRACTS AWARDED TO NON-PROFIT ORGANIZATIONS IN THE ELECTRONIC INVITATION TO TENDER SYSTEM**

CENTRAL DEPARTMENTS	NUMBER OF FILES TESTED	NUMBER OF CONTRIBUTIONS > \$25,000	NUMBER OF CONTRIBUTIONS PUBLISHED IN THE ELECTRONIC INVITATION TO TENDER SYSTEM	AVERAGE TIME TO PUBLISH THE CONTRACT (IN DAYS)	NUMBER OF CONTRACTS CONCLUDED BY NOVEMBER 30, 2022	FINAL DISBURSEMENT PUBLISHED IN THE ELECTRONIC INVITATION TO TENDER SYSTEM
Service de la culture	13	11	6 (55%)	382	4	0
Service du développement économique	15	15	13 (87%)	143	6	0
Service de la diversité et de l'inclusion sociale	14	14	13 (93%)	276	8	0
Service des grands parcs, du Mont-Royal des et sports	5	2	1 (50%)	520	0	0
TOTAL	47	42	33 (79%)	250 [a]	18	0

[a] Weighted average based on the number of contributions published per department.

Source: Data compiled by the BVG based on information recorded in the files and on the SEAO site, as well as data published by the SEAO.

In addition to the findings presented above, among the 33 contracts published in the SEAO, we observed that for:

- ◆ One SDÉ file, the CTA provision under which the contract was entered into by mutual agreement was not recorded in the SEAO;
- ◆ One SDÉ file, the published amount did not correspond to the financial contribution awarded according to the GDD system;
- ◆ The SC's Direction Cinéma, festivals et événements, several files were entered in the SEAO, including 5 contributions in the sample, in September 2022, whereas they were concluded between March 2021 and June 2022.

Regarding the file for which the amount published in the SEAO did not correspond with the amount actually awarded, in reading the decision-making file, we found that it was a bipartite³² contribution. The directive on the publication of contracts in the SEAO specifies, however, that the unit authorized to manage the tendering process is also responsible for recording the information in the SEAO and completing all of the steps.

Although the City has put in place an administrative framework concerning the publication of contracts in the SEAO, results show that it is not adequately applied across every BU.

RECOMMENDATION
3.3.4.A.

We recommend that the Direction générale put in place mechanisms to ensure application of the legal and regulatory requirements pertaining to the publication of financial contributions by the business units in the electronic invitation to tender system in order to ensure compliance with applicable requirements on the *Cities and Towns Act*.

3.4. Overall Recommendations for the Entire Process

In the context of this audit, rather than make a series of piecemeal recommendations pertaining to the various sections of the *Guide de gestion des soutiens financiers aux organismes à but lucratif* (Guide) that need to be updated, the BVG is formulating three overall recommendations to the DG and another to the audited BUs concerning a majority of the findings formulated in this report.

RECOMMENDATION
3.4.A.

In order to ensure impartiality, transparency and consistency in awarding and managing financial contributions to non-profit organizations, we recommend that the Direction générale update the administrative framework for awarding and managing financial contributions to non-profit organizations specifically by stipulating:

- ◆ The minimum eligibility criteria that organizations must meet for contributions governed by either a program or mutual agreement;
- ◆ The documents required in support of decisions pertaining to eligibility;
- ◆ The guidelines on the analysis that the business units must conduct of organizations' accountability and use of fund.

³² Funding was provided by two groups.

**RECOMMENDATION
3.4.B.**

We recommend that the Direction générale ensure that the content of the administrative framework pertaining to awarding and managing financial contributions to non-profit organizations (NPOs) is consistent with the model agreements to be signed by the Ville de Montréal and NPOs.

**RECOMMENDATION
3.4.C.**

We recommend that the Direction générale put in place a mechanism to ensure that the business units comply with administrative frameworks applicable to awarding and managing financial contributions to non-profit organizations.

**RECOMMENDATION
3.4.D.**

In order to ensure impartiality, transparency and follow-up in awarding and managing financial contributions to non-profit organizations, we recommend that the Service de la culture, Service du développement économique, Service de la diversité et de l'inclusion sociale and Service des grands parcs, du Mont-Royal et des sports put in place a documentation mechanism and demonstrate its application intended to:

- ◆ Evaluate organizations' eligibility and apply eligibility criteria defined in the management framework, as well as those defined in support programs, when applicable;
- ◆ Record information in the file that makes it possible to assess each of the organizations' eligibility criteria;
- ◆ Ensure that agreements are signed before being filed with the authorities;
- ◆ Evaluate and meet all prerequisites before paying the initial and subsequent instalments of the contribution;
- ◆ Evaluate the organizations' accountability reporting and use of the Ville de Montréal's funding.

4. Conclusion

We conclude that although the Ville de Montréal (City) has put in place a series of management frameworks, the central departments are not in a position to provide documented evidence of impartiality in the awarding of financial contributions to non-profit organizations (NPOs) and compliance with those frameworks for all of the contributions examined. In addition, we did not find evidence that the City can demonstrate in every case that the funding provided was used in its entirety for the intended purposes.

It is worth repeating that central department contributions to NPOs represent a large expenditure, with total annual funding exceeding \$100 million in both 2020 and 2021. While some of the contributions are in the order of a few thousand dollars, the average of the 47 contributions examined during this audit was just under \$300,000 and one contribution alone was for more than \$3 million.

The City has developed and distributed a series of directives and processes, most notably the *Guide de gestion des soutiens financiers aux organismes à but non lucratif* (Guide), published in 2017, which provides guidelines to follow for an optimal approach to managing financial contributions.

Our work sheds light, however, on shortcomings at every life cycle stage in awarding and managing financial contributions to NPOs by the central departments. In analyzing an NPO's eligibility and application, not all criteria in the Guide are taken into consideration, and, in some cases, documents required to determine eligibility are not in the file. The central departments have difficulty justifying what information was used to determine an NPO's eligibility or why its project was selected.

With respect to agreements between NPOs and the City, we also observed irregularities in the signing dates.

Regarding the payment of contributions, we observed that some contributions were paid out before the agreements had even been officially signed by the parties. We also noted a failure to conduct analyses, or at least to demonstrate that an analysis had been conducted, of the documents submitted by NPOs when subsequent payments were conditional upon documents being provided to the City's satisfaction.

At the end of the life cycle of contributions, we noted shortcomings in accountability reporting. Without being able to conclude that it was the sole cause of those shortcomings, we found that accountability requirements are not always communicated to NPOs at the time the parties sign the contract.

More specifically, our main findings regarding evaluation criteria are listed below:

Evaluation of Financial Contributions

- ◆ 75% of the financial contribution programs in our sample used criteria found in the City's Guide, but none of the programs took all 9 criteria into consideration.
- ◆ None of the 47 contribution files examined contained all of the documents required to evaluate the NPO's eligibility in accordance with the Guide's criteria.
- ◆ For contributions awarded under a program, 58% of the files examined contained a document attesting to the organization's eligibility.
- ◆ 25 financial contributions were awarded without defined and documented criteria in support of the application's evaluation.
- ◆ 14 contributions whose evaluation was not documented lacked predefined, documented evaluation criteria, and for 9 of 17 programs (53%), the documented evaluation was based on all of the established program criteria.
- ◆ The funding awarded to projects without eligibility criteria was, on average, much higher than the contribution awarded when criteria were used to determine the application's eligibility.
- ◆ In 36% of cases, the composition of the analysis committee for applications under a program complied with requirements set out in the directive *"Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des OBNL"*.
- ◆ 55% of agreements between the City and NPOs in the form of an agreement were not signed by the NPO when submitted for approval by the decision-making authorities. This goes against a requirement in the Guide.

Payment of Financial Contributions

- ◆ In 15% of the files examined, the request for the first instalment of the contribution was submitted before the City had signed the agreement. In 1 case, a payment of nearly \$800,000 was made before the NPO had even signed the agreement.
- ◆ When the agreement stipulated that subsequent payments were conditional upon the NPO filing specific documents to the City's satisfaction, in 63% of cases the file contained no evidence that the City had assessed compliance with the condition, even though payment had been made.

Follow-Up of Non-Profit Organizations' Fulfilment of Their Obligations

- ◆ While 83% of contributions have guidelines in terms of accountability requirements, we found that in 31% of cases the NPOs did not provide accountability reports regarding the spending of funds awarded by the City.
- ◆ Moreover, in 44% of cases where such guidelines were in place, they were not included in the agreements signed between the City and the NPOs. In those cases, the guidelines were communicated separately to the NPOs, making it harder for the organizations to be aware of all the City's requirements when signing the agreement.
- ◆ While nearly all of the files examined contained accountability documents produced by the NPOs, only 12% of files contained documented evidence of an analysis by the central department of how the funds were used.
- ◆ Only 53% of the files that should have contained the NPOs' financial statements actually did.
- ◆ In cases where NPOs were required to provide the City with annual reports, only 50% of files contained the reports.
- ◆ Although required by the *Cities and Towns Act* (CTA), only 79% of contributions in our sample that should have been registered in the electronic invitation to tender system (SEAO) actually were, and, on average, it took 250 days to register the contribution whereas the CTA stipulates that updates are to be made at least once a month.
- ◆ None of the 18 contributions in our sample that were concluded and recorded in the SEAO specified the final amount of the contribution even though the funding was finished.

5. Appendices

5.1. Administrative Frameworks and Procedures of the Direction générale

"Règle selon laquelle un fonctionnaire ou un employé ne peut être administrateur d'un organisme dans le cadre ou à l'occasion de ses fonctions" ³³

This framework is in the form of a directive that took effect in September 2017. Its purpose is to prevent public servants and Ville de Montréal (City) employees from being placed, in the performance of their duties, in a real, potential or apparent conflict of interest. To that end, the directive explains the general obligations set out in the City's *Code de conduite des membres du personnel* pertaining to conflicts of interest.

"Publication des contrats dans le système électronique d'appel d'offres" ³⁴

This framework is in the form of a directive that took effect in August 2018. It spells out the standards to be met in publishing information about contracts in the electronic invitation to tender system (SEAO). It specifies that pursuant to section 477.5 of the *Cities and Towns Act* (CTA), since April 1, 2011, every municipality has been required to publish in the SEAO a list of all contracts involving an expenditure of \$25,000 or more, including grants and financial contributions.

"Composition du comité d'analyse et du processus d'évaluation des appels de propositions ou de projets visant à attribuer des contributions financières à des organismes à but non lucratif" ³⁵

This framework is in the form of a directive that took effect in March 2020 and was revised in November 2021. It defines the terms and general principles applicable to the composition of committees responsible for analyzing and evaluating applications submitted in response to calls for proposals.³⁶ It applies to the City's central departments for all financial contributions in the amount of \$25,000 or more.

"Qualifier le type de contrat à conclure avec un organisme sans but lucratif"

Published in August 2020, this reference document lists questions in the form of a decision tree as a guide to business units (BUs) in determining the type of contract (financial contribution or service contract) to negotiate with organizations. The purpose is to ensure that the choice of contract specifically complies with the requirements of the CTA.³⁷

³³ Framework reference number: C-OG-DG-D-16-004.

³⁴ Framework reference number: C-RM-APP-D-18-002.

³⁵ Framework reference numbers: C-OG-DG-D-21-001 and C-OG-DG-D-21-002.

³⁶ The definition of "call for proposals" in this directive reads: [TRANSLATION] "Transparent process allowing any eligible NPO to submit an application for a financial contribution in response to a call for proposals or projects."

³⁷ Primarily section 573.3, paragraph 1 (2.3) of the CTA.

"Conformité à l'article 107.9 de la Loi sur les cités et villes" ³⁸

This directive, which took effect in January 2021, requires that BUs inform non-profit organizations (NPOs) of their obligation to submit audited financial statements if they receive support from the City in an amount greater than \$100,000.

"Aide-mémoire - Exigences en vue de la signature et de la conservation d'une convention approuvée par les instances centrales"

Published in May 2021, this checklist, referred to in the Guide, outlines the requirements to be met regarding the signature and filing of agreements approved by the authorities through the adoption of a resolution.

"Guides – Élaboration des dossiers décisionnels (two separate guides)"

These 2 guides produced in July 2021 pertain to the preparation of a decision-making file and explain the various sections of the decision-making summary to be completed, as well as the nature of the details and information to provide. The first guide is specific to contributions without an invitation to tender, while the second deals with contributions with an invitation to tender under a specific program.

5.2. Support Programs in the Sample

Within the sample, there are 15 financial support programs or reference frameworks³⁹ representing a total of 20 applicable editions of financial support (through calls for projects or the renewal of support). For example, one program (the *Programme de soutien aux festivals et aux événements culturels* of the Service de la culture) oversees the awarding of financial contributions in the sample for 2 calls for projects: 1 for the 2020 edition and another for the 2021 edition. Similarly, a program called the *Fonds québécois d'initiatives sociales* governs a call for projects by invitation for one year (2020) and renewals for another (2022). Considering that changes are made to a program from one year to another, we selected the program for the year funding was awarded as the denominator in presenting our results. To simplify the presentation of the audit results, we refer to the 20 structured programs.

List of applicable programs in the sample

Service de la culture:

- ◆ Programme de soutien aux festivals et aux événements culturels (PSFEC) 2020;
- ◆ Programme de soutien aux festivals et aux événements culturels (PSFEC) 2021;
- ◆ Fonds de soutien aux marchés et vitrines culturels et créatifs 2021;
- ◆ Patrimoines montréalais: une mise en valeur dans les quartiers, Programme de soutien financier 2020;

³⁸ Framework reference number: C-OG-DG-20-003.

³⁹ Bear in mind that we use the term "program" to refer to the various reference frameworks that define guidelines for granting financial contributions and, in some cases, managing them.

- ◆ Patrimoines montréalais: une mise en valeur dans les quartiers, Programme de soutien financier 2021;
- ◆ Programme de soutien financier et d'accompagnement 2020-2021, Médiations culturelles MTL.

Service de la diversité et de l'inclusion sociale:

- ◆ Appel de projets régionaux – Diversité et inclusion sociale en faveur des enfants et des familles vulnérables – Cadre de référence 2021-2022 (Politique de l'enfant);
- ◆ Fonds québécois d'initiatives sociales dans le cadre des alliances pour la solidarité (Ville-MTESS 2018-2023);
- ◆ Programme territoires d'inclusion prioritaires (2021 – 2024): Reconduction des projets dans le programme territoires d'inclusion prioritaires;
- ◆ Amélioration du Français dans les milieux de vie: L'appropriation du Français par le biais de l'échange, la lecture et le loisir;
- ◆ Appel à projets régionaux - Insécurité alimentaire et impacts de la COVID-19 à Montréal – Cadre de référence 2021-2023;
- ◆ Initiative de subvention de Fondation AMC au titre du Fonds COVID-19 d'aide communautaire pour populations vulnérables;
- ◆ Appel sur invitation – Sécurité alimentaire 2020 (MTESS-Ville 2018-2023).

Service de grands parcs, du Mont-Royal et des sports:

- ◆ Appel de projets aux associations sportives régionales;
- ◆ Programme de soutien aux événements sportifs internationaux, nationaux et métropolitains – Année 2020;
- ◆ Programme de soutien aux événements sportifs internationaux, nationaux et métropolitains, Année 2022.

Service de développement économique:

- ◆ Appel de propositions pour les OBNL aux fins d'offrir du soutien technique aux entreprises;
- ◆ Agir pour la relance économique et sociale – Appel à projets pour le secteur bioalimentaire – Modalités Automne 2020.



Effectiveness and Efficiency of the Use of the Patrol Vehicles of the Service de police de la Ville de Montréal in Emergency Settings

3.5.

March 31, 2023

2022 Annual Report

Auditor General of
the Ville de Montréal

Effectiveness and Efficiency of the Use of the Patrol Vehicles of the Service de police de la Ville de Montréal in Emergency Settings

Background

The mission of the Service de police de la Ville de Montréal (SPVM) is to ensure the safety and integrity of individuals, the population and property. Patrol officers across the territory of the agglomeration of Montréal intervene when emergency calls are made to the 911 Emergency Centre. Depending on the severity of the situation, the SPVM has set targets for the average time it takes to respond to these calls, i.e., the total time between the moment a call is received at the 911 Emergency Centre and the moment a patrol vehicle arrives on the scene. To get to the scene as quickly as possible, the following conditions must be met:

1. The emergency call must be assigned to the patrol vehicle that is best positioned, i.e., the vehicle that is closest to the scene of the emergency;
2. The patrol vehicle must be in good working order, especially as regards the quality of its tires, since the intervention can unfold on any type of roadway;
3. The patrol officer must be comfortable operating an emergency vehicle in a variety of weather and urban conditions.

Purpose of the audit

To ensure that the Ville de Montréal (the City) makes effective and efficient use of the patrol vehicles of the Service de police de la Ville de Montréal when responding to calls and travelling on the road network.

Results

For obvious security reasons we cannot disclose the details of the results or our findings in this annual report. We made recommendations to the various business units concerned in relation to these findings and they have committed to developing and implementing action plans to correct the deficiencies found.





List of Acronyms

CAD

Computer-aided dispatch

City

Ville de Montréal

CNESST

Commission des normes, de l'équité,
de la santé et de la sécurité du travail

GPS

global positioning system

MWS

mobile workstation

NPS

neighbourhood police station

SMRA

Service du matériel roulant et des ateliers

SPVM

Service de police de la Ville de Montréal

STI

Service des technologies de l'information



Table of Contents

1. Background	227
2. Purpose and Scope of the Audit and Evaluation Criteria	233
2.1. Purpose of the Audit	233
2.2. Evaluation Criteria	233
2.3. Scope of the Audit	234

1. Background

The service levels of Québec's police forces range from 1 to 6 and are established under the *Police Act*. A level 1 police force is expected to be able to control a peaceful crowd, whereas level 5 and 6 police forces are expected to be able to control crowds associated with a high risk of unrest, overflow or riot. Considering that the Service de police de la Ville de Montréal (SPVM) serves a population of approximately 2 million people and covers an area of 496 square kilometres, it is a level 5 police force. It is the only level 5 police force (only the Sûreté du Québec is at the higher level of 6).

In 2021, the SPVM had 4,523 police officers¹ and more than 1,294 civilian employees,² making it the second-largest municipal police force in Canada and the eighth largest in North America. For comparison purposes, the Toronto Police Service has approximately 7,600 employees (police officers and civilians combined).

The mission³ of the SPVM is to protect the lives and property of citizens, maintain peace and public safety, prevent and combat crime, and enforce current laws and regulations. The police officers of the Ville de Montréal (the City) operate on a daily basis against the backdrop of a diverse socio-demographic and economic landscape.

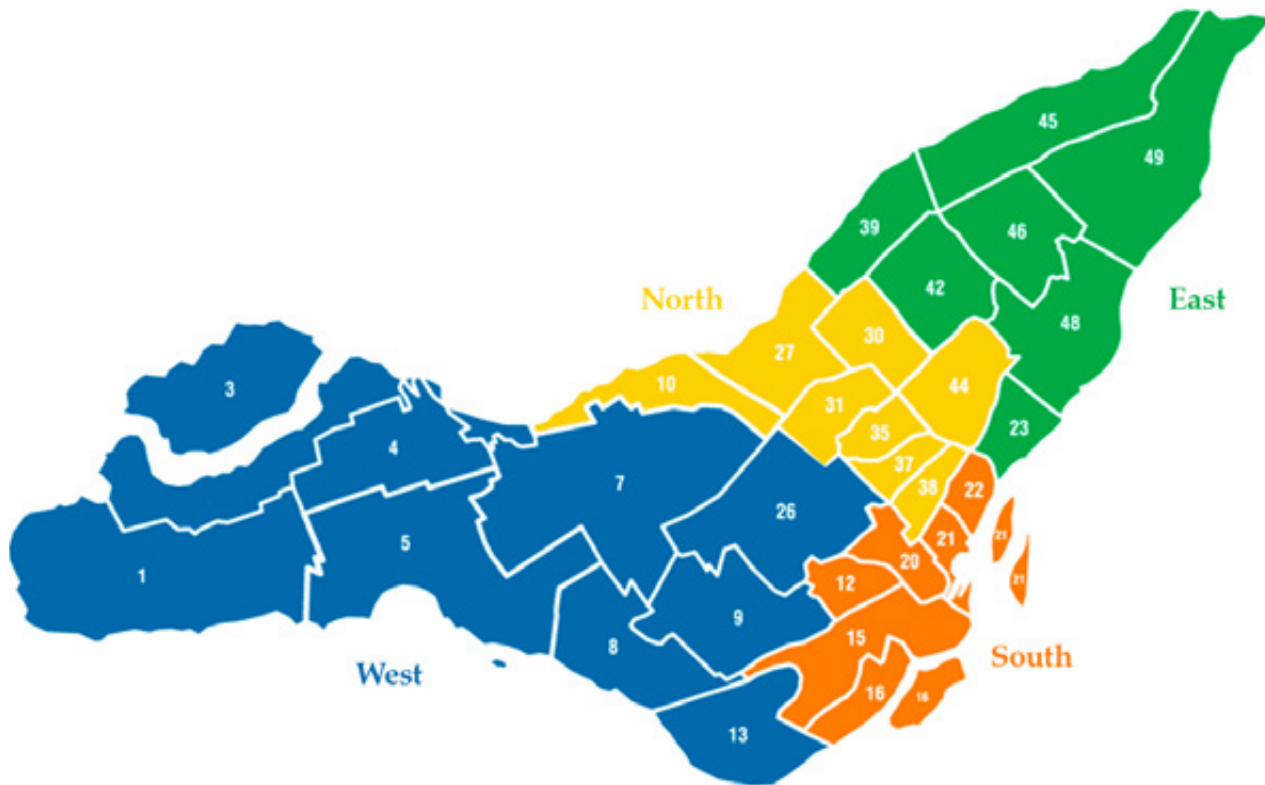
The SPVM serves the territory that covers the entire island of Montréal. This territory is subdivided into 4 distinct geographic regions (West, South, North and East) over which the 29 neighbourhood police stations (NPSs) are distributed to serve citizens (see Figure 1). Two units also provide direct service to the public: the airport unit and the metro unit.

¹ The term "police officer" is used in this report in reference to all employees of the SPVM other than civilians.

² In 2021, the SPVM had 496 unfilled positions (377 police officer positions and 119 civilian positions); 2021 Activity Report, SPVM, p. 5.

³ 2021 Activity Report, SPVM, p. 4.

FIGURE 1 | PORTRAIT OF THE FOUR GEOGRAPHIC REGIONS OF THE ISLAND OF MONTRÉAL COVERED BY THE SERVICE DE POLICE DE LA VILLE DE MONTRÉAL



Source: <https://spvm.qc.ca/en/Fiches/Details/Crime-profiles>.

Adapted by the Office of the Auditor General to reflect the merger of NPS 33 into NPS 31.

In 1985, the Communauté urbaine de Montréal (today the Communauté métropolitaine de Montréal) inaugurated the 911 Emergency Centre, which receives all emergency calls on the territory of the Communauté urbaine de Montréal. In 2008, the 911 Emergency Centre and the SPVM's call handling division merged their operations. Since then, the operators who answer 911 calls have been directly handling those destined for the SPVM.

The mission of the 911 Emergency Centre is "[t]o receive and process all emergency calls from the public and from emergency responders, in order to dispatch the proper response with the goal of safeguarding individuals, the public and property." The actions taken by the 911 Emergency Centre contribute fulfilling the SPVM's mission.

Prioritization of the Calls Made to the 911 Emergency Centre

Incoming calls are assessed and priority codes are established on a scale of 1 to 7, as shown in Table 1. As a general rule, the different NPSs respond to the calls of their own jurisdictions, without, however, being limited to these jurisdictions.

TABLE 1 | **PRIORITY OF THE CALLS MADE TO THE 911 EMERGENCY CENTRE
OF THE SERVICE DE POLICE DE LA VILLE DE MONTRÉAL**

PRIORITY	DEFINITION	EXAMPLES
Urgent calls	1 Immediate intervention	<ul style="list-style-type: none"> • Crime in progress against a person that is life-threatening or where a person has been threatened or harmed. • Domestic violence. • Any life-threatening incident involving a body of water.
	2 Prompt intervention	<ul style="list-style-type: none"> • Crime against a person that has just occurred where there is no threat to a person's life or physical safety, but where it may be necessary to secure the victim. • Disappearance of an individual whose physical safety is at risk. • Ongoing or apprehended conflict or event involving a factor of violence or risk to physical safety. • Crime against property in progress. • Alert for the immediate arrest of a wanted suspect.
	3 Rapid intervention	<ul style="list-style-type: none"> • Crime against a person that has occurred and no longer poses a threat to life or physical safety. • Ongoing conflict with no violence factor. • Event requiring a rapid police presence for verification or reporting purposes.
Non-urgent calls	4 Non-urgent intervention	<ul style="list-style-type: none"> • Break and enter call where the premises are secured. • Graffiti-related event. • Information call regarding a sex crime or an abandoned or abused child.
	5 Police presence not required / Reminder to the citizen	<ul style="list-style-type: none"> • Any call where the citizen is unable to get around because of a lack of mobility due to age, disability or humanitarian reasons. • Any call for which citizens are invited to come to a neighbourhood police station to have their call processed.
	6 Delayed treatment	<ul style="list-style-type: none"> • Information requiring analysis by the operations manager before call is processed internally or externally.
	7 Complaints, call from Transplant Québec	<ul style="list-style-type: none"> • Complaint about the service of an employee of the Service de police de la Ville de Montréal. • Request for the transport of organs or a medical team at the request of Transplant Québec.

Source: SPVM.

According to the SPVM's 2021 Annual Report,⁴ the average response time for priority 1 calls increased by 10.2%, from 5 minutes 29 seconds in 2020 to 6 minutes 3 seconds in 2021.

In 2021, the employees of the 911 Emergency Centre responded to 1,445,082 calls requiring the presence of an emergency service (e.g., the police department, the fire department, the ambulance service). Of these, just over 425,000 calls (30%) required the intervention of the SPVM⁵ and were dispatched to police officers. Of the calls handled, more than 81% were considered urgent calls, i.e., priority 1, 2 or 3 calls. This statistic remains relatively stable from year to year. Table 2 shows the annual volume of calls received for each geographic region from 2019 to 2021. This data is taken from the SPVM's annual reports.

TABLE 2 | **ANNUAL VOLUME OF CALLS BY PRIORITY AND REGION FOR 2019–2021** [a]

PRIORITY		WEST REGION	SOUTH REGION	NORTH REGION	EAST REGION	ANNUAL AVERAGE	%
Urgent calls	1	2,344	1,871	2,134	2,128	8,477	2.5%
	2	45,260	41,915	45,215	41,816	174,206	50.3%
	3	43,367	36,937	46,938	36,263	163,505	47.2%
	SUBTOTAL	90,971	80,723	94,287	80,207	346,188	100%
	PERCENTAGE	86%	82%	76%	84%	82%	
Non-urgent calls – Priorities 4 to 7	SUBTOTAL	14,616	17,243	29,186	14,798	75,844	
	PERCENTAGE	14%	18%	24%	16%	18%	
TOTAL		105,587	97,966	123,473	95,005	422,032	

[a] The 2022 data had not yet been released by the SPVM at the time this audit report was produced.

Source: SPVM.

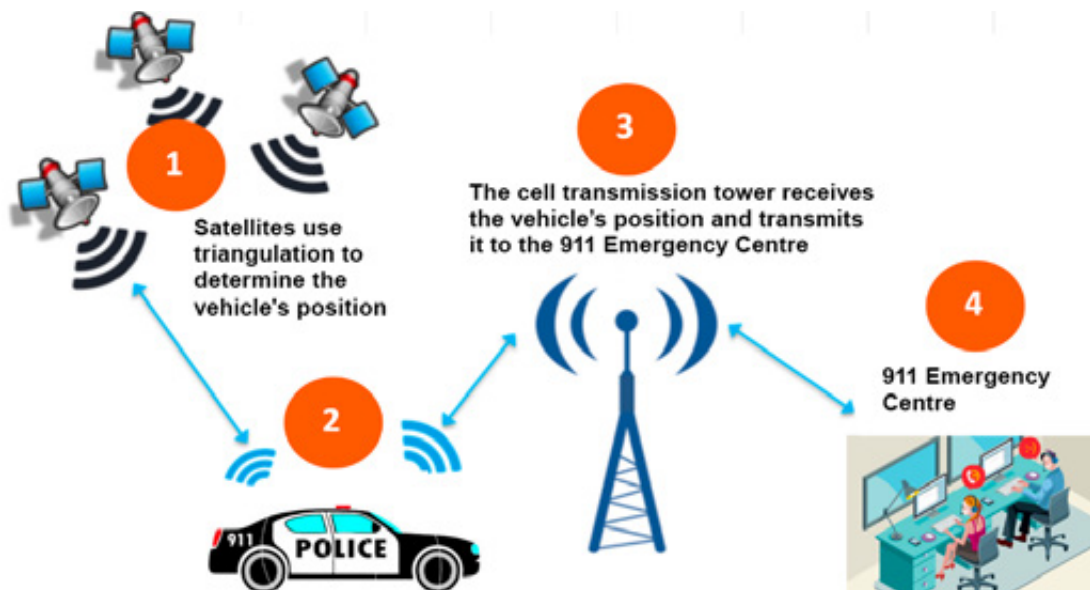
⁴ This is the most recent annual report published by the SPVM at the time of producing this report.

⁵ This statistic remains relatively stable from one year to the next according to the SPVM's "2021 Activity Report" (p. 11).

Dispatching of Calls to Patrol Vehicles

Geolocation is a process used to determine the geographical position of an object, a vehicle or a person, fixed or mobile, on the Earth's surface. A GPS (global positioning system) satellite positioning system⁶ makes it possible to geographically locate a vehicle and communicate its position by cellular waves if necessary. Figure 2 illustrates how a GPS satellite positioning system operates. Knowing the location of patrol vehicles allows a police force to dispatch the closest available patrol vehicle to the scene of a call.

FIGURE 2 OPERATION OF A SATELLITE GLOBAL POSITIONING SYSTEM (GPS)



Source: Figure produced by the Office of the Auditor General.

In 2004, the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) made a recommendation regarding the need to implement geolocation in SPVM vehicles, following the death of a police officer in 2002. In 2007, during a follow-up of the action plan, the CNESST emphasized that [translation] "... the implementation of a real-time geolocation system is a priority for the SPVM."

Geolocation systems began to be installed in vehicles in 2009. At the request of the SPVM and to meet health and safety needs, the system deployed by the Service des technologies de l'information (STI) at that time was aimed at locating police officers who had triggered their emergency button. The 911 Emergency Centre could not use this software for actual proximity dispatches. In 2013, following the death of a citizen, the public inquiry report filed by the coroner noted that the Court of Québec recommended that the SPVM [translation] "... examine the possibility of equipping its vehicles with satellite-based global positioning systems (GPS)."

⁶ Different types of geolocation systems exist that also provide positioning data.

The geolocation technology selected by the SPVM is based on the application of computer-aided dispatch (CAD). The patrol vehicles are equipped with mobile workstations (MWSs – computers), which are similar to laptop computers with geolocation capability. Prior to the start of their shift, patrol officers plug their MWS into the patrol vehicle, and they remove it at the end of their shift and return it to the NPS.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Pursuant to the provisions of the *Cities and Towns Act*, we performed a value-for-money audit on the effectiveness and efficiency of the use of SPVM patrol vehicles in emergency situations. We carried out this mission in accordance with the *Canadian Standard on Assurance Engagements* (CSAE) 3001 of the CPA Canada Handbook – Assurance.

The purpose of this audit was to ensure that the Ville de Montréal (the City) makes effective and efficient use of SPVM patrol vehicles in response to calls and while travelling on the road network.

2.2. Evaluation Criteria

Our assessment is based on criteria we deemed valid under the circumstances, namely the following:

- ◆ The SPVM's patrol vehicles travel effectively and efficiently on the territory;
- ◆ Police officers have the skills required to operate patrol vehicles in such a way as to travel and interact in a safe, lawful and efficient manner while operating a vehicle;
- ◆ The patrol vehicles are parked in locations that promote their safe access and efficient use.

The responsibility of the Auditor General of the City is to provide a conclusion regarding the purpose of the audit. To that end, we gathered sufficient and appropriate evidence on which to base our conclusion and obtain a reasonable level of assurance.

The City's Auditor General applies the Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Review of Financial Statements, or Other Assurance or Related Services Engagements*. This standard requires the City's Auditor General to design, implement and operate a quality management system that includes policies and procedures to ensure compliance with ethical rules, professional standards and applicable legal and regulatory requirements. In the performance of the work, the City's Auditor General also complies with the rules regarding independence as well as with the other ethical rules of Québec's Code of ethics of chartered professional accountants, which are based on the principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

Our audit work covered the period from January 1, 2019, to December 31, 2022. However, for certain aspects, data from before this period was also taken into consideration. Our work was mainly carried out between August 2022 and January 2023. We also took into account information that was sent to us up to March 2023.

At the end of our work, a draft audit report was presented for discussion to the relevant managers at the SPVM, the Service du matériel roulant et des ateliers (SMRA) and the STI. The final report was then sent to the management of each of these departments for the purpose of obtaining, where applicable, an action plan and a timetable for the implementation

of the recommendations laid out in this report. A copy of the final report was also sent, for information purposes, to the Direction générale, the Direction générale adjointe à la Sécurité urbaine et la conformité and the Direction générale adjointe du Service aux citoyens.

2.3. Scope of the Audit

Most of the work was carried out with the following business units:

- ◆ Service de police de la Ville de Montréal;
 - Direction des services corporatifs;
 - › Service du soutien aux opérations policières (911 Emergency Centre),
 - › Division de la prévention et de la sécurité urbaine (survey on parking safety),
 - › Service des ressources matérielles et technologiques (operation of technology such as the automatic licence plate reader);
 - Direction de la gendarmerie;
 - › Services de la gendarmerie Sud-Ouest et Service de la gendarmerie Nord-Est (to which the different NPSs report),
 - Direction de l'intégrité et des normes professionnelles;
 - › Division de la formation,
 - › Division de l'intégrité et des services externes (background checks),
 - Direction des communications, des pratiques d'affaires et des relations avec les partenaires;
 - › Division intelligence d'affaires (data mining),
- ◆ Service du matériel roulant et des ateliers (SMRA);
 - Direction des ateliers mécaniques et de proximité,
 - › Division de la sécurité publique,
- ◆ Service des technologies de l'information (STI);
 - Direction de la sécurité publique et justice;
 - › Division de la sécurité publique.

Exclusions

We limited our mission to the use of patrol vehicles, thus excluding the use of other types of vehicles belonging to the SPVM. The use of patrol vehicles takes into account travel times to respond to calls, driver training and the security of parking areas at NPSs. However, we excluded from this audit vehicle layout, fuel consumption and idling, equipment related to the use of vehicles such as license plate readers or radar systems, vehicle maintenance, vehicle purchases and the definition of needs in terms of vehicle types and numbers.

3.5. Effectiveness and Efficiency of the Use of the Patrol Vehicles
of the Service de police de la Ville de Montréal in Emergency Settings

For obvious security reasons we cannot disclose the details of the results or our findings in this annual report. We made recommendations to the various business units concerned in relation to these findings and they have committed to developing and implementing action plans to correct the deficiencies found.



Management of the Metro's Industrial Control Systems

Société de transport de Montréal

3.6.

January 31, 2023

2022 Annual Report

Auditor General of
the Ville de Montréal

Management of Industrial Control Systems

Background

The Société de transport de Montréal (STM) provides the population of the Island of Montréal with public transit services, including metro, bus and paratransit.

The metro network consists of 4 lines serving 68 stations over 71 kilometres. This represents a service offer of 85.3 million kilometres travelled annually. The metro is centrally controlled by a Supervisory Control and Data Acquisition (SCADA) System, which monitors and manages the metro's operations. This management requires the use of industrial control systems (ICS) consisting of operational technology (OT) and information technology (IT).

Like all traditional information systems, the ICS can face emerging threats in the form of cyberattacks that cause damage, theft of information, and destruction or alteration of the proper functioning of the metro's ICS.

This report discusses our findings which are public in nature. A separate detailed report has been released internally only due to the highly sensitive and confidential information it contains.

Purpose of the audit

To determine whether the mechanisms in place at the STM ensure the sound management and high degree of availability of the ICS used by the metro.

Results

We conclude that management of the ICS by the STM needs improvements to ensure that it is more effectively managed and to reduce the risks of loss of availability of the metro.

Inadequate management of logical access to the ICS increases the risk of unauthorized access, which could damage the functioning of the metro. In addition, the absence of a formal IT recovery plan carries the risk of loss of availability of the ICS.

Several other elements require improvements, in particular in the areas of:

- Formalizing roles and responsibilities;
- The absence of an awareness program specific to the metro's ICS;
- Systems monitoring; and
- The comprehensiveness of the change management process.

Nonetheless, the STM has the following adequate control mechanisms:

- The Division Livraison des services technologiques métro's human resources are adequate;
- The IT/OT architecture is documented, with adequate segmentation of the networks;
- The firewalls are regularly updated.

Main Findings

Roles and responsibilities

- There is no formal document detailing the sharing of roles and responsibilities for the metro's Industrial Control Systems.

Sufficiency and Suitability of Human Resources

- The human resources in place at the Division Livraison des services technologiques métro are sufficient to meet its needs.
- There is no awareness program specific to the metro's ICS for the resources of the Division Livraison des services technologiques métro.

Management of Logical Access

- Logical access control frameworks are not adapted to the metro's ICS, nor systematically applied.

Security of the Industrial Environment Networks

- The technology architecture is documented and consists of an adequate segmentation of the networks.
- The firewalls are regularly updated.
- There is no formal assessment mechanism or procedure for installing updates on the ICS server.

Systems Monitoring

- A monitoring and security incident warning tool is in place. However, there is no monitoring framework for the metro's ICS.

Change Management

- A formal change management process is applied. However, it is incomplete according to sound industry practices.

IT Recovery of Systems

- There is no formal recovery plan for the computer systems.

In addition to these results, we formulated various recommendations to the business units, which are presented on the following pages.



List of Acronyms

ICS

Industrial control systems

IT

Information technology

OT

Operational technology

RACI

Responsible, Accountable,
Consulted, Informed

SCADA

Supervisory Control and Data
Acquisition System

SOC

Security Operations Centre



Table of Contents

1. Background	245
2. Purpose and Scope of the Audit and Evaluation Criteria	246
2.1. Purpose of the Audit	246
2.2. Evaluation Criteria	246
2.3. Scope of the Audit	247
3. Audit Results	248
3.1. Roles and Responsibilities	248
3.2. Sufficiency and Suitability of Human Resources	249
3.3. Logical Access Management	249
3.4. Security of Industrial Environment Networks	250
3.5. Systems Monitoring	251
3.6. Change Management	251
3.7. IT Recovery of Systems	252
4. Conclusion	253

1. Background

The Société de transport de Montréal (STM) provides the population of the Island of Montréal with public transit services, including metro, bus and paratransit.

The metro network consists of four lines serving 68 stations over 71 kilometres of underground tunnels. This represents a service offer of 85.3 million kilometres travelled annually. In 2022, a budget of \$338M was allocated to the metro service.

The metro is centrally controlled by a Supervisory Control and Data Acquisition (SCADA) System that monitors and manages the metro's operations. This management requires the use of industrial control systems (ICS), consisting of operational technology (OT) and information technology (IT), to:

- ◆ Automate the processes, thereby reducing the risk of the ICS becoming unavailable and the possibility for human error;
- ◆ Accelerate responses to incidents (e.g., equipment breakdowns, computer failure) by having real-time information and adequate monitoring tools;
- ◆ Increase customer satisfaction by quickly making improvements to infrastructure and applications.

Two stakeholders are involved in managing the ICS. They report to the STM's Direction exécutive des technologies de l'information et de l'innovation:

- ◆ The Division Livraison des services technologiques métro is responsible for development, operations, change management and technology infrastructure;
- ◆ The Direction Sécurité des actifs informationnels is responsible for cybersecurity, which also includes monitoring and managing incidents, as well as staff awareness.

The threats that can affect the availability of the service provided to users come mainly from:

- ◆ Human error or equipment breakdown making metro service unavailable;
- ◆ Cyberattacks (e.g., ransomware) causing damage, the theft of information, or the destruction of or damage to the proper functioning of the metro's ICS.

Currently, every type of ICS (e.g., public transit, drinking water processing, electrical distribution) is potentially subject to these threats. It is important, therefore, to ensure that ICS monitoring measures are in place to reduce these risks

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Pursuant to the provisions of the *Cities and Towns Act*, we conducted a performance audit of the management of the metro's Industrial Control Systems. We carried out this mission in accordance with the *Canadian Standard on Assurance Engagement (CSAE) C3001* of the *CPA Canada Handbook – Assurance*.

The objective of this audit was to determine whether the mechanisms in place at the STM ensure the sound management and high degree of accessibility of the industrial control systems used by the metro.

2.2. Evaluation Criteria

Our evaluation was based on the following criteria, which we deemed to be valid under the circumstances:

1. Roles and responsibilities

The roles and responsibilities of the stakeholders involved with the industrial control systems used by the STM for the metro are formally documented, complete and up to date, and they are disseminated to them and applied by them.

2. Sufficiency and Suitability of Human Resources

The human resources available to design and apply sound practices regarding the development, operation and security of the ICS used by the STM for the metro are sufficient and suitable.

3. Logical Access Management

Logical access management of the main ICS used by the metro adheres to sound practices.

4. Security of the Industrial Environment Networks

The architecture and configuration of the networks used for the ICS adhere to sound security practices.

5. Systems Monitoring

The metro's main ICS are continually monitored to detect various threats in a timely manner that could compromise service to metro customers.

6. Change Management

The change management process for the metro's ICS (equipment and software) adheres to

sound practices and is applied systematically.

7. IT Recovery of Systems

The recovery procedure for the metro's ICS is documented and tested regularly and provides solutions in the event of a major incident (e.g., a disaster, such as a fire, forcing the evacuation of a building).

The City's Auditor General is responsible for providing a conclusion on the objective of the audit. To this end, we collected sufficient and appropriate evidence to arrive at our conclusion with a reasonable degree of assurance.

At the end of our work, an audit report was presented to the managers of the audited business units for the purpose of discussion. The final report was then forwarded to the management of the business units involved, as well as to the STM's management.

The City's Auditor General applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. This standard requires the City's Auditor General to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. In addition, it complies with the independence and other ethical requirements of the Code of ethics of chartered professional accountants, which are founded on fundamental principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

Our audit covered the period from September 2021 to November 2022. The work consisted of interviewing staff, examining various documents and conducting surveys that we deemed appropriate to obtain the necessary evidence. We also took into consideration information that we received up to January 31, 2023.

2.3. Scope of the Audit

Our work dealt with the SCADA and the IT systems used for planning, managing, monitoring and controlling of the metro's ICS.

These systems also include network equipment, computer servers and operating systems.

This report discusses our findings which are public in nature. A separate detailed report has been released internally only due to the highly sensitive and confidential information it contains.

3. Audit Results

3.1. Roles and Responsibilities

Having formal, clear and detailed documentation of the roles and responsibilities of the various stakeholders involved is important to ensure sound governance and management of the ICS used by the metro. Such documentation can take the form of an approved roles and responsibilities matrix (e.g., RACI [Responsible, Accountable, Consulted, Informed]), disseminated to the stakeholders.

Two sectors within the Direction exécutive des technologies de l'information et de l'innovation at the STM are stakeholders on the metro's ICS:

- ◆ The Division Livraison des services technologiques metro, which is responsible for operating the ICS, such as SCADA, owned by the division;
- ◆ The Direction Sécurité des actifs informationnels, which is responsible for cybersecurity, including monitoring and managing cybersecurity, managing incidents and building awareness.

While the roles seem to be known to all, there is no formal document (e.g., a RACI matrix) detailing the sharing of roles and responsibilities for the metro's ICS for the STM.

Some documents exist detailing roles and responsibilities within the Division Livraison des services technologiques métro, especially for the automation, integration, monitoring and control sectors, as well as traffic and communications. However, these documents contain only descriptions of tasks and responsibilities and do not represent a formal RACI matrix per se.

As for the Direction Sécurité des actifs informationnels, it underwent a reorganization during the first quarter of 2022. The STM's total cybersecurity resources tripled, and a new manager was hired at the Direction. Given these recent changes, no RACI matrix has yet been documented.

The absence of such documentation increases the risk that major activities will be omitted, executed inadequately, or performed by the wrong people. The materialization of these risks could ultimately lead to a loss of effective metro operations.

RECOMMENDATION 3.1.A.

We recommend that the Division Livraison des services technologiques métro and the Direction Sécurité des actifs informationnels:

- ◆ Create a formal document detailing the sharing of roles and responsibilities between the Division Livraison des services technologiques métro and the Direction Sécurité des actifs informationnels;
- ◆ Ensure that these roles and responsibilities are disseminated to, well understood by and implemented by the stakeholders.

3.2. Sufficiency and Suitability of Human Resources

Maintaining qualified and experienced human resources in sufficient number is vital to the STM's success in achieving its objectives for metro operations.

During our audit, we found the following elements in the business units that are stakeholders in managing the metro's industrial control systems:

◆ Resources of the Division Livraison des services technologiques métro

According to the capacity management documents provided to us, the current resources (e.g., automation engineers, network architects, operators) are sufficient to meet the operational and project needs of the metro's ICS. We did not detect any significant issues at this level based on the information provided.

◆ Resources of the Direction Sécurité des actifs informationnels

We found that the resources of the Division Livraison des services technologiques métro lacked an awareness program specific to the ICS. As a result, the staff's knowledge may not be up to date regarding the threats that could affect the ICS.

RECOMMENDATION 3.2.A.

We recommend that the Direction Sécurité des actifs informationnels develop and implement an awareness plan for the resources of the Division Livraison des services technologiques métro specific to the industrial control systems.

3.3. Logical Access Management

Logical access management is a crucial information security control. It ensures that only authorized persons can access an organization's systems, with that access limited to what is required to perform their work.

Upon completion of our audit, we found the following shortcomings:

- ◆ While frameworks exist for logical access management at the STM, none is adapted to the reality of the metro's ICS (including granting, deleting, modifying and reviewing access and remote access);
- ◆ Contrary to the STM's procedure, access requests are not formal for one of the metro's systems;
- ◆ We were unable to obtain access review documents for access to the metro's server room. Accordingly, we are unsure whether such verification is done.

Frameworks that are not adapted and applied systematically could increase the risk of unauthorized access to the ICS.

RECOMMENDATION
3.3.A.

We recommend that the Division Livraison des services technologiques métro adapt the STM's frameworks for logical access management to the reality of the metro's industrial control systems.

RECOMMENDATION
3.3.B.

We recommend that the Division Livraison des services technologiques métro implement a recurring process to review access to the metro's server room and keep the related documents.

3.4. Security of Industrial Environment Networks

The metro's networks are composed of equipment (e.g., automatons,¹ servers, firewalls²) linked through cable, wireless and radio connections and communication protocols that enable the exchange of information. Networks security consists of implementing a process to maintain them in good working order by protecting their components against unauthorized intrusions, modifications or inappropriate disclosure.

During our audit, we uncovered the following positive elements:

- ◆ A network architecture was graphically depicted in the form of several documents. The documents were duly approved;
- ◆ The metro's network is adequately segmented by virtual networks. In addition, these networks are isolated from the corporate network and the Internet. This segmentation adheres to sound network security practices;
- ◆ The firewalls are regularly updated to protect network equipment and application servers;
- ◆ The servers are not accessible from the Internet, nor can they connect with the Internet.

We noted, however, that there is no formal assessment mechanism or procedure to install updates on the ICS servers. This increases the risk that important updates are not installed, which could impact the availability of the metro's ICS.

RECOMMENDATION
3.4.A.

We recommend that the Division Livraison des services technologiques métro implement a formal assessment mechanism and a procedure to install updates.

¹ Automaton: Machine that performs tasks automatically, without human intervention.

² Firewall: Security system designed to filter data flow between networks.

3.5. Systems Monitoring

Monitoring is a computer activity that allows for continuous surveillance of computer systems. This monitoring is generally done using specialized software that enables administrators to surveil their systems and continuously measure unauthorized access and intrusion attempts, among other things.

We found the following:

- ◆ A security incident surveillance tool was implemented in April 2022;
- ◆ A resource is dedicated to analyzing these security incidents;
- ◆ In the event that an incident occurs, an alert is sent to an on-duty resource of the STM's Security Operations Centre's (SOC) team.

However, we discovered that no formal framework exists to monitor the metro's ICS. This increases the risk that related activities will not be performed efficiently and consistently.

RECOMMENDATION 3.5.A.

We recommend that the Direction Sécurité des actifs informationnels, in collaboration with the Division Livraison des services technologiques métro, develop and implement the formal frameworks needed for sound governance of the monitoring of the metro's industrial control systems.

3.6. Change Management

The objective of change management is to ensure that all changes to a production environment³ are recorded, evaluated, authorized, prioritized, planned, tested and implemented in a controlled manner by following formally documented, approved and updated frameworks that are disseminated to the stakeholders, who then adhere to them. This is a basic element of ICS risk management.

During our audit, we found that a formal change management process for the metro's ICS was documented, updated and known to the stakeholders. However, this process is incomplete in terms of sound industry practices.

The quality assurance team is aware of all changes to be made to the control environment. Weekly follow-up meetings are held at which changes are presented.

Our analysis of the documentation for four changes led us to conclude that there is compliance with the requirements of the STM's change management process.

With an incomplete change management process, the STM could be exposing itself to risks that impact the availability of the metro's ICS and the integrity and confidentiality of their data.

³ Production environment is a term used to describe the framework in which software is actually put into service for its intended end uses.

RECOMMENDATION
3.6.A.

We recommend that the Division Livraison des services technologiques métro, in collaboration with the Direction Sécurité des actifs informationnels, complete the change management process to comply with sound industry practices.

3.7. IT Recovery of Systems

Metro operations rely heavily on the ICS. It is critical, therefore, for the STM to prepare itself for any potential disaster that could disrupt or interrupt the functioning of these ICS. Threats can come from outside, such as a cyberattack, or from inside, e.g., equipment sabotage, major technical failure or equipment breakdown. The process consists, among other things, of a testing program over several years that includes recovery exercises and testing procedures, as well as solutions in the event of an incident.

While recovery tests have been conducted on all of the metro's ICS, they have not been performed regularly since 2019. We also found that there is no formal recovery plan.

The absence of a formal IT recovery plan prevents the STM from being sufficiently prepared in the event of a disaster, which could lead to interruption of metro service and increase the time required to resume operations.

RECOMMENDATION
3.7.A.

We recommend that the Direction Sécurité des actifs informationnels implement a formal IT recovery plan for the metro's industrial control systems.

4. Conclusion

The management of the metro's industrial control systems (ICS) by the Société de transport de Montréal (STM) requires improvements to ensure that these systems are managed more effectively to reduce potential risks of loss of availability of the metro.

Inadequate management of logical access to the ICS increases the risk of unauthorized access. In addition, the lack of a formal IT recovery plan carries the risk of loss of availability of the ICS.

Several other elements require improvements in the following areas:

- ◆ Formalizing roles and responsibilities;
- ◆ The absence of an awareness program specific to the metro's ICS;
- ◆ Systems monitoring;
- ◆ The comprehensiveness of the change management process.

Nonetheless, the STM has the following adequate control mechanisms:

- ◆ The human resources in place at the Division Livraison des services technologiques métro are sufficient to meet its needs;
- ◆ The technology architecture is documented and includes adequate segmentation of the networks;
- ◆ The firewalls are regularly updated;
- ◆ A technological surveillance and warning tool is used;
- ◆ There is a formal change management process that is applied and followed up.

The details below are based on the following evaluation criteria:

Roles and Responsibilities

While roles and responsibilities are known to all, the absence of a formal document that lists the stakeholders responsible for managing the metro's ICS increases the risk that major activities will be omitted, performed by the wrong people or executed inadequately. The materialization of these risks could ultimately lead to a decrease in efficiency of the metro's operations.

Sufficiency and Suitability of Human Resources

The Division Livraison des services technologiques métro has sufficient human resources. However, there is no awareness program specific to the metro's ICS for these resources. As a result, the staff's knowledge may not be up to date regarding threats that could affect the ICS.

Logical Access Management

Logical access management frameworks are not adapted to the metro's ICS, nor systematically applied. This could increase the risk of unauthorized access to the metro's ICS.

Security of the Industrial Environment Systems

The technology architecture is documented, and the metro's network is adequately segmented by virtual networks and isolated from the corporate network and the Internet. On the other hand, there is no formal assessment mechanism or procedure for installing updates on the ICS servers. This increases the risk that important updates are not installed, which could impact the availability of the metro's ICS.

Systems Monitoring

A security incident monitoring tool is in place. However, there is no formal framework for monitoring all the metro's ICS, which increases the risk that related activities will not be performed efficiently and consistently.

Change Management

A formal change management process is applied. However, it is incomplete according to sound industry practices, which could expose the STM to risks that impact the availability of the metro's ICS and the integrity and confidentiality of their data.

IT Recovery of Systems

There is no formal IT recovery plan, which prevents the STM from being sufficiently prepared in the event of a disaster. This could lead to interruption of metro service and increase the time required to resume operations.



Management of the Artemis System

Service de sécurité incendie de Montréal
Service des technologies de l'information

3.7.

March 1st, 2023

2022 Annual Report

Auditor General of
the Ville de Montréal

Management of the Artemis System

Background

In order to continuously respond to calls, and in line with fire departments in several large Canadian cities, the Centre de communication en sécurité incendie (CCSI) of the Service de sécurité incendie de Montréal (SIM) has been using a computerized call-dispatch system named Artemis since November 2007. The SIM, which operates 67 stations, is the only fire department of its kind in the entire agglomeration of Montréal, ensuring the safety of Montréal's population.

To effectively fight fires and respond to calls, it is crucial that the SIM, specifically the CCSI, be able to rely on a highly efficient system with high availability to dispatch incoming calls among the service's 2,739 staff members. In 2022, they responded to 118,916 calls for fire emergencies or as first responders throughout the Ville de Montréal (the City).

Purpose of the audit

To determine whether the existing control mechanisms ensure the sound management and high availability of the SIM's Artemis system.

Results

Overall, we conclude that the City has several control mechanisms in place to ensure the sound management of the Artemis system. Indeed, the definition of the roles and responsibilities, the process used to manage patches and updates, the monitoring of service levels, the specialized human resources, the high-privilege accounts and the IT succession plan are adequate.

However, some areas require improvement, including the Artemis system's authentication parameters, the procedure used to manage high-privilege logical access, the functional documentation of the Artemis system's environment as well as the automated incident alert mechanisms.

Main Findings

Governance

- The stakeholders' roles and responsibilities with respect to the governance and management of the Artemis system are documented.

Logical Access Management

- There are no obsolete high-privilege accounts in the Artemis system.
- The City's logical access management standard, which outlines the requirements pertaining to the authentication parameters, is not applied to version 2.6 of Artemis.
- There is no procedure for managing high-privilege logical access to Artemis, Smartemis and Artemis Web.

Patch and Update Management

- The new version of Artemis was implemented in accordance with best practices. However, this process is not documented in any given procedure.

Incident Management

- The process for managing incidents in Artemis is based on good practices.
- There are no automated alert mechanisms in place in the Artemis environment. However, CCSI staff is present at all times and would therefore be able to detect any problems in real time.

Monitoring

- Service levels with the integrating supplier are defined and monitored during steering committee meetings.

Specialized Resources

- The SIM and the Service des technologies de l'information (STI) have sufficient specialized human resources to maintain the Artemis system in operational condition.

Functional Documentation

- Artemis's functional documentation is not systematically updated every time changes are made to the system's environment.

System Continuity

- An adequate system continuity plan has been developed and is tested annually.

In addition to these results, we made various recommendations to the business units, which are presented in the following pages.



List of Acronyms

Artemis

Artemis system

CAC

Comité d'approbation des changements

CAD

Computer-assisted dispatch

CCSI

Centre de communication
en sécurité incendie

CDS

Centre de service TI

City

Ville de Montréal

DSP

Division Sécurité publique

GPRAO

Artemis troubleshooting solution

MOP

Manuel d'organisation de projet

RACI

Responsible, Accountable, Consulted
and Informed

RFC

Request for change

RMS

Response management system

SIM

Service de sécurité incendie de Montréal

SSDO

Système de suivi des données opérationnelles

STI

Service des technologies de l'information



Table of Contents

1. Background	263
1.1. Description of the Artemis System	264
2. Purpose and Scope of the Audit and Evaluation Criteria	267
2.1. Purpose of the Audit	267
2.2. Evaluation Criteria	267
2.3. Scope of the Audit	269
3. Audit Results	270
3.1. Governance	270
3.2. Logical Access Management	271
3.2.1. Authentication Parameters	271
3.2.2. Procedure for Managing High-Privilege Logical Access	273
3.3. Patch and Update Management	276
3.4. Incident Management	277
3.5. Monitoring	279
3.6. Specialized Resources	280
3.7. Functional Documentation	280
3.8. System Continuity	281
4. Conclusion	283

1. Background

The 9-1-1 service officially began operations in Montréal on December 1, 1985. With the advent of mobile phones, this service has evolved and is today able to receive all calls from landline phones and smartphones. The Centre de communication en sécurité incendie (CCSI) of the Service de sécurité incendie de Montréal (SIM) was dispatching calls and having to deal with a significant increase in the number of calls. In 2002, following the municipal mergers, the SIM decided to replace its obsolete dispatch system.

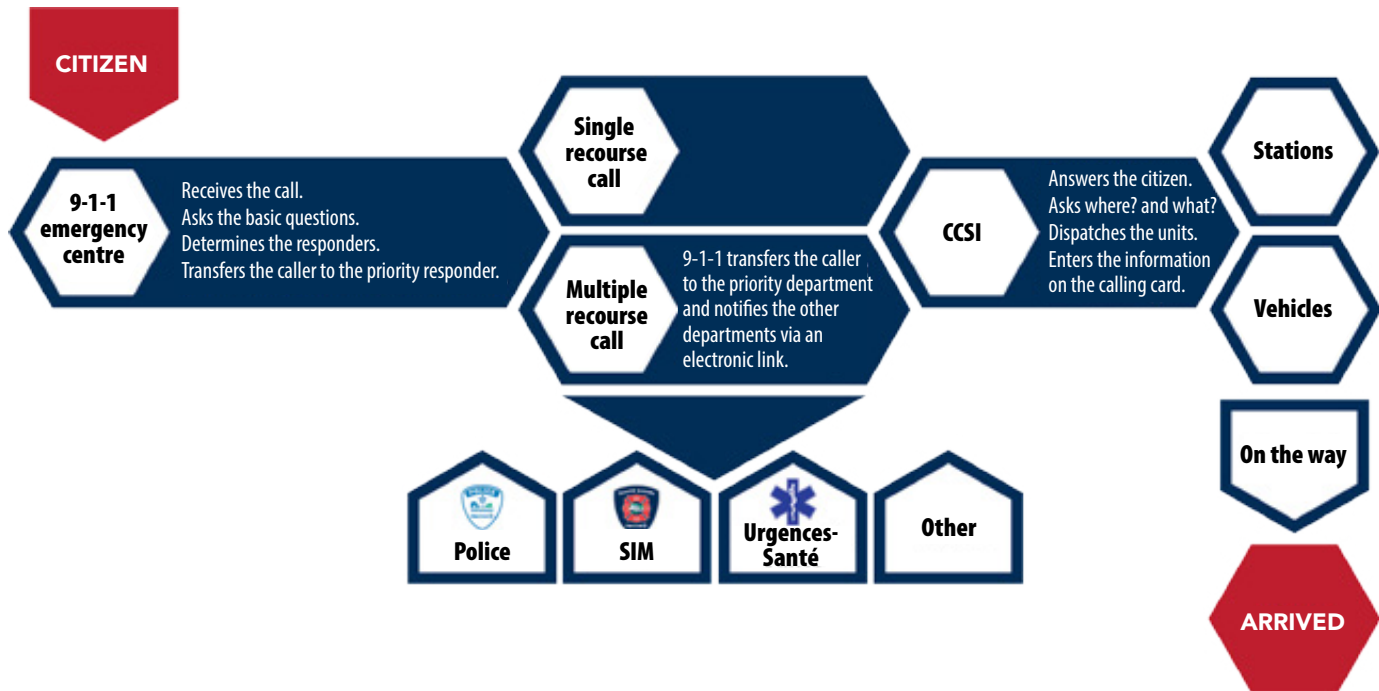
Like the fire departments of several major Canadian cities, the SIM has been using a computerized call dispatch system — i.e., a Computer-assisted dispatch (CAD) system — commonly known as Artemis, since November 2007. That same year, the SIM began providing prehospital emergency care as a first responder to 911 emergency calls.¹ The SIM, which operates 67 stations, is the only fire department of its kind in the entire agglomeration of Montréal, ensuring the safety of Montrealers.

To effectively fight fires and respond to calls, it is crucial that the SIM, specifically the CCSI, be able to rely on a highly efficient system with high availability to dispatch incoming calls among the service's 2,739 staff members. In 2022, they responded to 118,916 calls for fire emergencies or as first responders throughout the Ville de Montréal (the City).

¹ "SIM – 2021 Annual Activity Report," page 21 (available in French only).

1.1. Description of the Artemis System

Here is a diagram of the 911 calls and calls to the CCSI's Artemis CAD system:



Source: Presentation of the CCSI division titled "Module 1 – Présentation du CCSI aux recrues."

Artemis is the SIM's CAD system, historically published by a solutions provider. The system handles calls received from emergency centres. It allows the CCSI's agents to coordinate responses in the field and to dispatch resources throughout the island of Montréal. Every second counts when the SIM is called as a responder, and the Artemis system reduces delays and optimizes operations.

The Artemis system is composed of several connected applications so that the SIM's responders can manage emergencies from start to finish:

- ♦ **Version 2.6 of Artemis (Artemis 2.6):** This system is the main module that the CCSI uses through the dispatch centre's computers, in both the main and backup centres. It communicates with the Artemis mobile and Artemis station modules as well as with Smartemis and Artemis Web.

Its functionalities include taking and processing calls, managing responses and vehicles, relocating,² reassigning vehicles, managing Artemis maps mapping and sending comments or instructions.

² Relocating: consists of redistributing vehicles according to the calls received to ensure optimal coverage of the territory.

- ◆ **Artemis maps:** The CCSI uses Artemis's mapping component to plan, supervise responses and give firefighters in vehicles and fire stations a detailed view of the sector of intervention.
- ◆ **Artemis mobile:** This Artemis module is installed on the computers on board emergency trucks. It communicates with Artemis 2.6 and provides map-based information to determine, among other things, the best route based on street closures. It allows firefighters to record their status regarding the call underway in real time. In addition, it presents key information related to the response site, such as the presence of hazardous materials and the state of the construction.
- ◆ **Artemis station:** This Artemis module is installed on the computers of the stations' control centres, each connected to a printer, for receiving and acknowledging the mission orders for response requests. It provides the information the firefighters need to respond to a call. This information is used to determine the resources required (number and type of trucks, number of firefighters, etc.).

- ◆ **Smartemis:** This application has four functions:

1. Notifications: receives real-time intervention notifications as soon as they are dispatched;
2. Intervention overview: provides a detailed view of the interventions;
3. Vehicle overview: provides a real-time view of the vehicles and their status;
4. Navigation: shows how to get to the intervention sites.

Both the SIM's managers and the firefighters use Smartemis according to their access profile.

- ◆ **Artemis Web:** This application provides access to Artemis's operational data outside of dedicated user stations (the CCSI, the backup centre and the stations) and to certain functions (e.g., intervention overview, vehicle overview, response histories and response timelines) from a web browser. It is accessible to all SIM personnel, with restrictions according to their logical access profile.
- ◆ **Artemis troubleshooting solution (GPRAO):** This is the Artemis solution installed on a stand-alone workstation (laptop). It operates in disconnected/local mode in the event of a CCSI network failure.
- ◆ **Système de suivi des données opérationnelles (SSDO):** This system captures and compiles operational data from the SIM's interventions. The database (DB) contains the data from Artemis that is automatically transcribed into the SSDO's fields. It is a mechanism for reconciling data from the CAD system, actions undertaken and facts recorded at the scene of the response. For approval purposes, the SIM's managers sign off on the interventions using this DB's interface.

The system's main functions are to identify the causes of fires, to enter data on the actions undertaken, to record facts at the scene of the response and to produce reports for the Ministry of Public Security.

At the City level, the Artemis system is managed by two of the City's business units and two vendors:

◆ The SIM:

- The SIM's Centre de services – planification stratégique et opérationnelle provides support for managing logical access to Smartemis and Artemis Web during the transfer to the Division de la planification opérationnelle of the CCSI;
- The Centre de services – intervention, composed namely of the SIM's CCSI, provides support to users and communicates their business needs to the STI's Division Sécurité publique (DSP);

◆ The STI:

- The Division solutions d'affaires – systèmes corporatifs of the DSP of the Direction Sécurité publique et justice of the Service des technologies de l'information (STI) is responsible for the technology infrastructure side and provides operational support as well as support for projects to evolve the Artemis environment. It works closely with the integrating supplier, responsible for the outsourcing of the Artemis environment;
- ◆ The integrating supplier is responsible for the maintenance – operation and evolution – of the Artemis environment. It works with the Artemis solution provider;
- ◆ The Artemis solution provider (solution provider) has developed the Artemis solution and is ultimately responsible for evolving the system as required by the SIM.

2. Purpose and Scope of the Audit and Evaluation Criteria

2.1. Purpose of the Audit

Pursuant to the provisions of the *Cities and Towns Act* (CTA), we performed a performance audit on the SIM's management of the Artemis system. We carried out this mission in accordance with the *Canadian Standard on Assurance Engagements* (CSAE) 3001 of the CPA Canada Handbook – Assurance.

The purpose of this audit was to determine whether the control mechanisms implemented to manage the Artemis system ensure the sound management and high availability of the SIM's Artemis system.

2.2. Evaluation Criteria

Our assessment is based on criteria we deemed valid under the circumstances, namely:

1. Governance

The roles and responsibilities involved with system governance and management are documented, complete, approved, up to date, formally distributed to and implemented by stakeholders.

2. Logical Access Management

Guidance on authentication parameters is defined and applied appropriately to Artemis.

A procedure for managing logical access (creating, modifying, revoking, revising, removing and monitoring privileged access rights) has been developed, and the stakeholders that manage access know and follow the procedure in place.

3. Patch and Update Management

A formal patch and update management process has been defined and is being applied appropriately.

Formal and regular follow-up is carried out with all of the stakeholders involved in the management of patches and updates, and the appropriate actions are applied.

4. Incident Management

An incident management procedure has been developed, approved, distributed to and implemented by stakeholders. The procedure is reviewed at a predetermined frequency.

5. Monitoring

Adequate monitoring is performed by the supplier, including service level definition and reporting, as well as logging predefined security events and tracking them on a regular basis.

6. Specialized Resources

There is a sufficient number of dedicated dispatch resources spread out throughout the Artemis management community.

There is both a human resources succession plan and an Artemis training program.

7. Functional Documentation

Technical documentation covering the configuration, use and environment has been developed by the stakeholders involved in the management of these systems (i.e., the STI, the SIM and the integrating supplier).

The existence of these documents is known, they are up to date and have been approved and they are used by all of the stakeholders concerned.

8. System Continuity

A system continuity plan is in place and is tested annually. If necessary, action plans are developed and implemented based on the test results.

The responsibility of the Auditor General of the City is to provide a conclusion regarding the purpose of the audit. To that end, we gathered sufficient and appropriate evidence on which to base our conclusion and obtain a reasonable level of assurance.

The City's Auditor General applies the Canadian Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Review of Financial Statements, or Other Assurance or Related Services Engagements*. This standard requires the City's Auditor General to design, implement and operate a quality management system that includes policies and procedures to ensure compliance with ethical rules, professional standards and applicable legal and regulatory requirements. In the performance of her work, the City's Auditor General also complies with the rules regarding independence as well as with the other ethical rules of Québec's *Code of ethics of chartered professional accountants*, which are based on the principles of integrity, professional competence and due diligence, confidentiality and professional conduct.

Our audit work covered the period from October 2021 to December 2022. Our work consisted of conducting interviews with employees, reviewing various documents and conducting surveys that we deemed appropriate to gather the necessary evidence. However, we also took into account information that was sent to us up to March 1st, 2023.

At the end of our work, a draft audit report was presented for discussion to the relevant managers in the audited business unit. The final report was then forwarded to the management of the business units concerned as well as to the City's Direction générale.

2.3. Scope of the Audit

Our audit work focused on the Artemis environment, including:

- ◆ Artemis 2.6;
- ◆ Artemis Maps;
- ◆ Artemis mobile;
- ◆ Artemis station;
- ◆ Smartemis;
- ◆ Artemis Web;
- ◆ Artemis troubleshooting solution (GPRAO);
- ◆ Système de suivi des données opérationnelles (SSDO).

3. Audit Results

3.1. Governance

Sound governance of the Artemis system consists foremost of determining the roles and responsibilities of the various stakeholders involved in managing the system. This is formalized in a RACI (Responsible, Accountable, Consulted and Informed) responsibility matrix.

The stakeholders that govern and manage Artemis are the STI, the SIM and the integrating supplier in collaboration with the solution provider.

We found that the governance and management of Artemis have been based on a project governance model – *Système de gestion des interventions (SGI), exploitation et évolution* – since its first draft dating back to 2007. The model therefore consists primarily of a contract monitoring committee that meets as needed, depending on the issues and problems at hand. There is also the SGI's steering committee, which meets every two weeks. This committee tracks incidents and issues, as well as the progress of requests for change, and reports on the various actions assigned to the stakeholders sitting on either committee.

We noted that roles and responsibilities are defined in the following documents:

- ◆ The *Manuel d'organisation de projet (MOP)*, in the *Rôles et responsabilités* and *Gouvernance* sections, as well as in *Annexe A (Tableau des responsabilités contractuelles)*. This is the stakeholders' ultimate reference;
- ◆ The Artemis 2.4 operation file also lists the roles and responsibilities in the responsibility table, by component;
- ◆ The integrating supplier is responsible for the daily operation and evolution activities of the SGI, commonly referred to as maintenance. There is a binding contractual agreement to this effect;
- ◆ The RACI on the Artemis 2.4 upgrade and modernization project is dated October 31, 2016, and lists the roles and responsibilities at each stage of the project.

These documents are not up to date, as Artemis 2.6 rather than 2.4 is the version currently in use. However, this is a recent version change (September 2022) and the changes are only minor. Transfers of responsibilities to the STI — e.g., level 1 support³ — are not reflected, nor are the organizational changes. A request to have the MOP revised has been initiated with the integrating supplier for this purpose.

We consider the items listed above to form a matrix of responsibilities for Artemis, particularly in the context of a project that is outsourced to the integrating supplier with the collaboration of the solution provider. No recommendation is required since the functional documentation is in progress.

³ Level 1 support concerns the IT service centre that answers users' calls and directs them to the appropriate internal or external teams.

3.2. Logical Access Management

Logical access management has two components: authentication parameters and the procedure for managing logical access to the IT systems.

3.2.1. Authentication Parameters

The authentication parameters provide a formal login (user code and password) framework to connect to the IT systems. This required defining an authentication framework and applying it to the IT systems appropriately. These authentication parameters concern the use of user codes and a password strategy (i.e., the minimum length, complexity, password validity period and history, as well as the number of failed attempts, duration of account lockout and other parameters).

We noted the following:

Artemis 2.6 and Its Artemis Maps Submenu

Artemis users with write access in Artemis can only log in from their workstations located in the premises of the CCSI and under the supervision of a supervisor.

Authentication to Artemis 2.6, and to its Artemis maps submenu, consists of logins whose user account formats vary according to function. The CCSI's team uses personal accounts that can be reassigned after employee departures.

The SIM uses an external file to control the use of these accounts, which are associated with users' personnel numbers. The functionalities of the authentication method implemented in Artemis 2.6 — length, complexity and password history — do not comply with the City's access management frameworks (*the Directive sur la gestion des accès logiques* and *the Standard sur la gestion des accès logiques*, dated July 2020 and January 2021, respectively).

Improper configuration of authentication parameters could allow ill-intentioned individuals to gain unauthorized access to Artemis and its components.

RECOMMENDATION 3.2.1.A.

We recommend that the Division Sécurité publique of the Direction Sécurité publique et justice of the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, analyze options to increase the robustness of the Artemis 2.6 authentication parameters in accordance with the *Standard sur la gestion des accès logiques*.

Artemis Mobile and Artemis Station

No human authentication is required to access Artemis mobile and Artemis station. Their authentication to Artemis 2.6 is performed automatically through a script (using the IP address and the physical location of the device—workstation or vehicular computer—in a station or vehicle). These systems do not grant privileged access. They are used to provide firefighters with real-time information on interventions in order to respond efficiently to calls received from citizens. They must be active 24 hours a day, 7 days a week.

No recommendation is necessary.

Smartemis and Artemis Web

Authentication to the Smartemis mobile application, from the same solution provider as Artemis, is performed only when the app is installed on a smartphone. The user is required to provide the personnel number, U code and telephone number. Once Smartemis has been installed, it no longer requires the user to enter authentication information. Exceptionally, the six managers can add another device to Smartemis.

Authentication to Artemis Web is done using the U code, in the case of managers, and the employee's personnel number, for operational teams and firefighters, as well as the Artemis 2.6 password. Following discussions among stakeholders, the option to install a directory for Artemis Web in the extranet⁴ was not deployed.

Users of Smartemis and Artemis Web (accessible only through the City's intranet) access information from Artemis 2.6. No transactions or information updates are allowed or possible. Both systems use the Artemis 2.6 authentication parameters. The password is normally the personnel number. The SIM gives priority to high availability and easy access.

In our opinion, the Smartemis and Artemis Web authentication parameters are adequate. No recommendation is necessary.

GPRAO (Artemis Troubleshooting Solution)

GPRAO is an Artemis troubleshooting solution that is accessible in multi-user mode as well as on a stand-alone workstation. The multi-user version is used when the Artemis servers are down. This solution does not offer the possibility to communicate with the stations. As of November 2022, upon return to normal status (i.e., at the end of an outage), the GPRAO's data is automatically synchronized with the SSDO.

The GPRAO, in both multi-user and stand-alone modes, requires neither a user account nor a password. The multi-user mode requires the entry of the extension number.

The GPRAO stand-alone station is located in a secure room to which only the CCSI's personnel has access.

No recommendation is necessary.

⁴ The extranet is a private network controlled between partners whereas an organization's intranet is accessible only to its employees.

Système de suivi des données opérationnelles (SSDO)

Created in 2001, the SSDO is a reporting application that captures all of the data associated with an intervention and organizes it in the form of a searchable log. Two report formats are associated with a response: one consulted by the dispatchers and one to be completed by the firefighters. Every 10 seconds, the SSDO receives interventions from Artemis.

The SSDO can only be accessed from one of the City's internal workstations or through the VPN,⁵ from the SIM's intranet. Authentication to the SSDO's database is by password — as per the City's password policy — combined with the U code in the case of managers, and the employee's personnel number in the case of operational crews and firefighters.

None of the authentication parameters — password length, complexity and history — in this password policy are consistent with the City's Standard sur la gestion des accès logiques. However, to ensure compliance, the SIM could request that the parameters be changed. No modifications have been made to facilitate access for the firefighters.

Non-robust authentication parameters could result in unauthorized resources being able to access reports.

RECOMMENDATION 3.2.1.B.

We recommend that the Division Sécurité publique of the Direction Sécurité publique et justice of the Service des technologies de l'information and the Service de sécurité incendie de Montréal analyze the relevance of increasing the robustness of the Système de suivi des données opérationnelles authentication parameters.

3.2.2. Procedure for Managing High-Privilege Logical Access

A logical access management procedure details the process for creating, modifying, revoking, reviewing, and deleting accounts as well as for monitoring logical access rights, particularly in the case of privileged access. High-privilege access is granted to system administrators and authorized resources who require more extensive access to data to perform their tasks.

This procedure should cover, among other aspects:

- ◆ Limited and restricted use of privileged access to authorized resources;
- ◆ Formal approval of all requests to use an account with privileged access;
- ◆ Deletion of unused user accounts suspended for a certain period of time;
- ◆ Regular review of the access rights associated with the accounts;
- ◆ Monitoring high-privilege accounts.

We found that the January 2021 Standard sur la gestion des accès logiques has specific requirements for high-privilege accounts. These requirements should be detailed in a logical access management procedure that provides the steps to follow to create, modify, revoke, review and delete accounts as well as to monitor logical access rights for this type of account.

⁵ The VPN is a virtual private network that makes it possible to link two remote computers through a single private connection, or tunnel, using a larger network infrastructure, such as the web or a wide area network (WAN). Once activated, a VPN acts as a direct connection to a private network.

We noted the following:

Artemis 2.6 and Its Artemis Maps Submenu

No procedures for managing privileged logical access to Artemis have been developed, approved and disseminated to the stakeholders in accordance with the January 2021 Standard sur la gestion des accès logiques.

Only the creation of users and the association of users with profiles are described in the solution provider's administrator training document.

Two separate entities have privileged access, namely the integrating supplier responsible for Artemis support and maintenance and certain members of the SIM's personnel. Since the spring of 2021, at the request of the head manager of the Division Centre de communication d'urgence, the integrating supplier processes and closes all logical access requests.

However, there are logical access management processes in place to create and modify privileged access. Contrary to the general rule, user accounts are deactivated and access rights remain associated with the accounts once users have left. Consequently, access rights are not revoked and accounts are not deleted. In addition, there is no review or monitoring of access rights.

Until the former manager left in April 2022, high-privilege logical access requests were processed directly in the system. We did not find any documentary evidence to this effect. A creation form was implemented in November 2022 by the integrating supplier during our work.

In the absence of requests to create, modify or revoke privileged logical access to the Artemis system, no effectiveness testing was conducted for the period from October 2021 to September 2022. However, we found no trace of obsolete accounts in the Artemis 2.6 privileged user lists.

The lack of a procedure for managing high-privilege logical access could result in the mismanagement of high privilege logical access and unauthorized access being granted to Artemis 2.6 and its data.

RECOMMENDATION 3.2.2.A.

We recommend that the Division Sécurité publique of the Direction Sécurité publique et justice of the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, develop, approve and disseminate a privileged logical access management procedure applicable to the Artemis 2.6 system.

Artemis Mobile and Artemis Station

When a fire station and vehicle are integrated into Artemis 2.6, the computers are configured with scripts to establish an automatic connection with the integrating supplier. Thus, no privileged logical access management applies to Artemis mobile and Artemis station.

No recommendation is necessary.

Smartemis and Artemis Web

The integrating supplier processes and closes requests for logical access management to Smartemis and Artemis Web from the SIM. Privileged access is only granted to six of the SIM's resources, the integrating supplier and the Artemis 2.6 solution provider.

No procedures for managing privileged logical access to Smartemis and Artemis Web have been developed, approved and disseminated to the stakeholders in accordance with the January 2021 Standard sur la gestion des accès logiques.

However, the processes applied overall are adequate. A Google form is used to approve requests to access Smartemis on a personal phone.

In the absence of requests to create, modify or revoke privileged access to Smartemis and Artemis Web, no effectiveness testing was conducted for the period from October 2021 to September 2022. However, we found no trace of obsolete accounts in either of these systems' privileged user lists.

The lack of a procedure for managing high-privilege logical access could result in the mismanagement of high-privilege logical access and unauthorized access to Artemis 2.6 data being granted through the Smartemis and Artemis Web systems.

RECOMMENDATION **3.2.2.B.**

We recommend that the Division Sécurité publique of the Direction Sécurité publique et justice of the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, develop, approve and disseminate a privileged logical access management procedure applicable to Smartemis and Artemis Web.

GPRAO (Multi-User and Stand-Alone Mode)

This application does not require a user account or password and works only with system administrator accounts. Thus, no privileged logical access management applies to it.

No recommendation is necessary.

SSDO (Système de suivi des données opérationnelles)

The processes for creating, modifying and revoking access rights involve the use of the IT service management tool to open and close a request for access the SSDO. No formal procedures for managing logical access have been developed by the DSP team of the Direction Sécurité publique et justice of the STI that is responsible for the SSDO. However, in addition to the eight SSDO specialists of the STI, two of the SIM's managers have privileged access rights (access to all SSDO screens and reports).

This division uses a pilot application to manage the logical access. A team of five people processes these SSDO access requests for the SIM. The creation and modification processes are adequate. However, in the event of an employee departure, the SIM does not create a request to revoke access rights and the account therefore remains active.

A single request to create privileged access to the SSDO was made for the period from October 2021 to September 2022, in accordance with sound practices. There were no requests to change or revoke privileged access to the SSDO during this period. We found no trace of obsolete accounts in this system's privileged user lists.

Given the small number of users, the impacts of not having a procedure for managing privileged logical access to the SSDO are minimal. No recommendation is therefore required.

3.3. Patch and Update Management

Upgrading a CAD system such as Artemis is complex, as the system must always be available. Changes that would have significant impacts on the SIM's operations should therefore be avoided. For this type of service, every second counts. It is crucial that Artemis be kept as stable as possible.

The integrating supplier, in collaboration with the solution provider, is responsible for evolving Artemis according to the City's needs.

We found that the relevant stakeholders know and use the patch and update management process that has been in place for several years now.

We were informed of the following elements of this process:

- ◆ It covers patches and updates following an incident, an anomaly on Artemis or a Request for change (RFC). The integrating supplier assumes responsibility and works with the solution provider to develop a patch by following its certification process. Testing takes place on the supplier's side in the laboratory environment, with its test grid, and the SIM performs operational testing in its training environment before approving the final implementation. Otherwise, the failures raised by the SIM are forwarded to the integrating supplier, who sends them back to the solution provider until the SIM grants its final approval;
- ◆ Planning the deployment of a patch takes into account whether the operation is urgent or not. The STI, after having received the SIM's test grid, drafts a documented acceptance report for approval by the SGI's steering committee and a time slot is determined. The STI completes the form of the Comité d'approbation des changements (CAC) with the documentation required by the CAC. The STI presents the type of intervention, its impact and the rollback procedure to the CAC. Once the authorization is obtained, it informs the SIM by email. The deployment date is determined by the CAC in accordance with the authorized change schedule to ensure that Artemis's critical teams are available. The planned deployment is communicated to the affected teams within the STI as well as to the heads of the SIM's sections;
- ◆ While updates and patches are being deployed, the necessary actions are taken to ensure that production is not affected during the process. The integrating supplier then communicates with the SIM. The stakeholders verify that the Artemis system is functioning properly, as problems not related to the patches could occur. If such problems are found, the STI documents them for correction by the integrating supplier;
- ◆ All of the patches and updates are discussed and the steering committee follows up on them at its bi-weekly meetings.

We found that this Artemis patch and update management process was followed and fully implemented during the implementation of the Artemis 2.6 system. It included two patches, one evolution and no RFC. In addition, this process follows good documentation, impact assessment, prioritization and authorization, monitoring, quality control and closure practices.

While all of this is in place, it is not written down in a formal Artemis patch and update management procedure. Each step is documented in an appropriate deliverable.

The absence of an Artemis patch and update management procedure could result in deviations in applying the steps for this critical system.

RECOMMENDATION **3.3.A.**

We recommend that the Division Sécurité publique of the Direction Sécurité publique et justice of the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, develop, approve and disseminate a patch and update management procedure.

3.4. Incident Management

An incident is an unplanned event that can cause the interruption or degradation of a service. Sound incident management therefore aims to restore service as quickly as possible in accordance with contractually defined service levels.

We noted that the Artemis incident management process consists of documentation developed by the STI, in collaboration with the SIM, and by the integrating supplier. The documents are accessible to all of these stakeholders and consist of the following:

- ◆ "Arbre de décision – Système de gestion des interventions (SGI) et Artemis (SIM) V02.2": This document is used to transfer the incident to the most appropriate team;
- ◆ "Documents de connaissance sur le SGI et Artemis": These describe how to create an incident and how the Artemis support provided by the Centre de service TI (CDS) functions with the integrating supplier as well as the support groups.

The incident management procedures that apply to Artemis can be found in the IT service management tool.

We were informed that the integrating supplier remains primarily responsible for managing incidents. After the CDS has entered the incidents, it processes all incidents and closes them in the IT service management tool. As such, the supplier's incident management procedure is governed by the contractual agreement that binds it to the City.

At the bi-weekly meeting of the SGI's steering committee, SGI stakeholders (i.e., at a minimum, the integrating supplier's project manager, a resource from the STI, an operational resource of the SIM and a CCSI resource, with additional participants as needed) track incidents, including major incidents and problems experienced by users.

From the incident list obtained from the STI, we randomly selected 14 incidents out of the 135 critical-, high-, and moderate-priority⁶ incidents and one incident out of the 11 low-priority incidents that occurred during the period from October 1, 2021, to September 30, 2022. This list included only one critical-priority incident and 127 high-priority incidents. Our sample of incidents is detailed as follows:

- ◆ 1 critical-priority incident;
- ◆ 12 high-priority incidents;
- ◆ 1 moderate-priority incident;
- ◆ 1 low-priority incident.

In applying the incident management procedure, we made the following findings:

There is no automated alert mechanism in place for reporting an incident caused by an application problem in the Artemis environment. However, since CCSI personnel is present 24 hours a day, 7 days a week, 365 days a year, these problems would be detected in real time.

The flow of an incident alert is as follows: a call is made by the CCSI to the CDS, which transfers it to the integrating supplier for support. All incidents require this supplier's intervention. A team of 7 people from the CDS is dedicated to supporting the SIM.

The CDS's incident management process follows sound practices for documentation, classification and prioritization, categorization through to incident resolution and closure. Any call from headquarters to the CDS is always considered urgent. A major incident escalation process has been implemented for Artemis. The CDS team dedicated to the SIM and the head of major incidents take charge of the incident. This practice is designed to coordinate the work with the required stakeholders. Otherwise, the SIM communicates directly with the STI to keep managers informed of the outage and its progress.

Since the integrating supplier does not have automated alert mechanisms to detect an outage in real time, it initially relies on the SIM's calls.

The lack of automated alert mechanisms in Artemis could increase the time needed to respond to a critical incident.

RECOMMENDATION **3.4.A.**

We recommend that the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, analyze the relevance of implementing automated real-time alerts to signal Artemis system failures.

⁶ The incident's priority is determined by its impact and its urgency. Priority will determine the relative importance of incidents and resources will be allocated accordingly.

3.5. Monitoring

Active monitoring is done using a tool that allows the user to see in real time the activities or transactions taking place on a computer system. Security event logging (i.e., passive monitoring) aims to keep track on an ongoing basis of who is doing what in a computer system. This applies especially for users whose accounts have elevated privileges (referred to as “super users”).

We found that the MOP defines service levels for operating and evolving Artemis. The following service level is always under the supplier’s responsibility:

- ◆ CAD availability rate (Artemis) = (time of period - downtime - maintenance time) / time of period. This criterion for measuring the quality of the supplier’s maintenance services must reach the threshold of 99.5%. (According to the information obtained for 2022, no failures occurred.) Otherwise, an analysis will be triggered to find the cause and define the required corrective actions.

The service provider monitors the application component for which it is responsible. It uses a tool to monitor the Artemis servers and databases and verify the connection status. No automated alerts were deployed on its end.

The provider also has an operational monitoring tool for Artemis interfaces (GPRAO, SSDO, fire hydrants). The STI uses monitoring tools for the infrastructure underlying Artemis to verify that the servers and network are in good condition.

The SIM also has an operational monitoring tool it uses to synchronize the GPRAO. In addition, because the service is available 24 hours a day, 7 days a week, 365 days a year, the CCSI’s team detects, in real time, any outages or performance problems affecting Artemis.

We noted that both service level monitoring and the announcement of any future intervention by the STI that may have an impact on the Artemis environment are carried out during steering committee meetings. This is coordinated with the resources of the STI, the SIM and the service provider.

Accountability

We found that the provider creates dashboards as agreed upon, based on the service levels defined in the service agreement. As a result of the City assuming responsibility for the single window, the infrastructure and the network on behalf of the SGI, the SIM has requested a redesign of the SGI’s dashboard. This dashboard has been revised to focus solely on the time-in-service service level, the downtime and the percentage of SGI availability including the Artemis environment.

We were informed that the dashboard was not routinely sent to STI and SIM recipients each month in 2022. The list of recipients is under review. The STI made ad hoc requests to analyze the relevance of the metrics, the maintenance time and the failures before the monthly dashboard was reintroduced. In addition, at steering committee meetings, all parties involved in the management of incidents review the current month’s dashboard presenting a summary of the year to date.

Given these items, no recommendation is necessary.

3.6. Specialized Resources

Artemis comes from a solution provider that specializes in computerized dispatch systems. There is a distinct integrating supplier responsible for the evolution and operation of the Artemis environment as per the binding service agreement with the City. It is primarily the integrating supplier that has all the in-depth knowledge of this environment. During a major change, or even a minor change, the integrating supplier works with the Artemis solution provider as well as with the STI and the SIM.

We noted the following:

Service des technologies de l'information (STI)

Within the Division solutions d'affaires – systèmes corporatifs of the DSP, no one is specialized in the Artemis system. The integrating supplier is the expert in this field and provides the City with the services of a dedicated team. However, this division of the STI supports the supplier in managing this environment and operates in a collaboration and task prioritization perspective.

No resource is available at all times to answer the SIM's calls. The goal is to support the SIM by serving as an interface with the integrating supplier. The 13 resources making up this team — 3 who are directly related to Artemis and 11 who are available on an as-needed basis — as well as the 11 resources supporting other STI teams (e.g., a project manager, an administrator, an IT analyst, an operations manager) represent a sufficient number of specialized resources to support operations and projects concerning the Artemis environment.

No recommendation is necessary.

Service de sécurité incendie de Montréal

The SIM's CCSI comprises approximately 60 resources, three of which have administrator access to Artemis and play a liaison role between the CCSI, the integrating supplier and the STI's DSP. The members of this team, composed mainly of agents (i.e., dispatchers and radio operators), a senior attendant responsible for tracking the types of trucks and responses, as well as supervisory managers and a division manager, are Artemis end users for the most part.

The SIM was the object of a reorganization in August 2022. Based on this reorganization, the SIM needs to review the composition of its teams, including the actual needs for resources to support the use of Artemis. Artemis training is primarily derived from the supplier's documentation as well as from internal documents developed for the agents.

We consider that there is an adequate number of specialized support resources.
No recommendation is necessary.

3.7. Functional Documentation

The Artemis environment is composed of several interrelated components and modules. Up-to-date functional documentation ensures the support, operation and evolution of the environment as well as the transfer of knowledge to the specialized resources.

The technical documentation was developed primarily by the Artemis solution provider and the City's integrating supplier. The latter handles all technical changes that relate to Artemis

and is responsible for documenting them. The SIM, for its part, developed training documents for its agents that are accessible in Artemis. Since 2017, the integrating supplier has been responsible for configuring Artemis.

We found that other documents were developed and approved with the collaboration of all stakeholders, including:

- ◆ Artemis 2.4 run book dated August 26, 2020: This document addresses the Artemis 2.4 emergency response dispatch systems upgrade and modernization project. It defines the project's operating methods and aims to support the maintenance of activities as well as to define routine operations that are to be carried out on the system. In addition, it contains a technical description and several diagrams, including a network diagram of the Artemis environment, and a data flow diagram of Artemis 2.4 applications without Smartemis and Artemis Web. These have been in production since October 2020;
- ◆ MOP, dated February 10, 2020: This document is considered the ultimate reference for all the stakeholders. It covers the project organization for the SGI's operation and evolution, of which the Artemis environment is an integral part. This version of the document should be updated annually to reflect the various changes agreed upon between the service provider and the City. This one covers the November 14, 2018, release of version 2.4 of Artemis, Artemis Maps and a new virtual server architecture.

All of this existing documentation concerns version 2.4 of Artemis. Since then, this system was upgraded to version 2.5 on October 8, 2020, and, most recently, to version 2.6, on September 7, 2022.

We were informed that a process was initiated with the service provider in September 2022 to perform the annual MOP review, following the implementation of Artemis 2.6. The Artemis 2.4 run book is a more complex document to update.

The incompleteness and outdatedness of the Artemis system documents could affect the process of adding functionalities, the root cause analysis of problems and the quality of the service provided.

RECOMMENDATION **3.7.A.**

We recommend that the Service des technologies de l'information and the Service de sécurité incendie de Montréal, with the collaboration of the integrating supplier, review and update the technical documents, including the MOP (*Manuel d'organisation de projet*) and the Artemis system's run book

3.8. System Continuity

To operate Artemis, there are procedures that need to be mastered and various methods that are designed to ensure that the service is available at all times. The system continuity plan exists to ensure this availability. It is therefore essential to have a complete and up-to-date system continuity plan (a continuity environment that replicates the production environment) and to perform annual continuity tests. These help to raise any issues and address them with action plans, improve performance and update the continuity environment.

System Continuity Plan

We found that a system continuity plan had been developed. It covers the Artemis environment and all of the components of the SIM's SGI. This was achieved with the collaboration of all the stakeholders involved in this continuity plan, i.e. the integrating supplier, the various teams of the STI and the SIM. The objective is to document the recovery of the SIM's SGI following an outage due to a major incident.

We noted in the MOP that the supplier is responsible for providing documentation for Artemis environment continuity procedures for which it is responsible. In the event of a disaster, to ensure SGI continuity, the supplier's support team then executes these planned and documented continuity procedures.

We were informed that the SIM's "Plan de relève Service de Répartition" is being reviewed and updated to reflect the changes made to the telephone system in October 2022. More changes are expected to the fire station system in 2023. The implementation of Artemis 2.6 on September 7, 2022, constitutes minor changes that have no impact on the system continuity plan. We noted that it includes all the information on the IT and telecommunications portions expected from such a plan. In addition, this plan is updated annually and whenever there is a significant change in the IT environment's components. It is subject to the approval of the relevant STI and SIM directors. It is distributed through an internal platform that is accessible only to the authorized resources of the various internal teams of the STI, the SIM and the supplier.

We were informed that, regardless of the type of major incident affecting the IT component of the SIM's SGI, the switchover to the secondary site requires the involvement of the integrating supplier's team to activate the Artemis system. For redundant infrastructure, the switchover is automatic.

Artemis System Continuity Environment

We found that a system continuity environment was deployed for the Artemis system in two data processing rooms located in two separate remote sites. There are redundant telecommunications with two separate public operators. Finally, active redundancy is integrated into the computerized emergency call management system (telephone consoles), enabling the CCSI to handle emergency and administrative calls.

Continuity Plan Testing

We noted that the continuity plan is tested annually and is also used during planned major changes. A post-mortem is produced when issues or problems arise, and action plans are defined to rectify the situation. No issues were raised during the last annual test conducted in 2021.

We believe that the system continuity plan is adequate. No recommendation is necessary.

4. Conclusion

Overall, we conclude that the Ville de Montréal (the City) has control mechanisms in place to ensure the sound management of the Artemis system.

Indeed:

- ◆ The stakeholders' roles and responsibilities with respect to the governance and management of Artemis are documented;
- ◆ The process applied during the implementation of the new version of Artemis has, at every step, complied with sound patch and update management practices;
- ◆ The service levels provided by the integrating supplier are monitored by the steering committee;
- ◆ There is a sufficient number of specialized human resources to support Artemis;
- ◆ There are no obsolete high-privilege accounts in Artemis or its components;
- ◆ An adequate system continuity plan for the Artemis environment is tested on a regular basis.

However, some areas need improvement:

- ◆ The Artemis 2.6 authentication parameters do not meet the City's logical access management standard. However, write access to Artemis is only allowed from a workstation installed on the premises of the Centre de communication en sécurité incendie (CCSI) of the Service de sécurité incendie de Montréal (SIM) and under the supervision of a supervisor;
- ◆ The procedure for managing high-privilege logical access in Artemis 2.6, Smartemis and Artemis Web is not documented;
- ◆ Artemis's procedure for managing patches and updates in production is not documented;
- ◆ The functional documentation of the Artemis environment is not systematically updated each time a change is made. Nevertheless, there are few differences between Artemis 2.6, implemented in September 2022, and the previous version (2.5);
- ◆ There is no automated alert mechanism in place for reporting an incident in the Artemis environment. However, CCSI staff is present at all times and would therefore be able to detect any production problems in real time.

More specifically, here are the details according to the following evaluation criteria:

Governance

The roles and responsibilities of the stakeholders involved in the governance and management of Artemis are documented, including in the *Manuel d'organisation de projet* (MOP) and the Artemis 2.4 run book. Also, a RACI (Responsible, Accountable, Consulted and Informed) matrix on the Artemis 2.4 upgrade and modernization project was defined in October 2016. These

documents are not up to date, as Artemis 2.6 is the version that has been in production since September 2022. However, a review has been requested to this effect and is underway.

Logical Access Management

The City's January 2021 logical access management standard outlines the requirements pertaining to authentication parameters and follows sound practices. However, these parameters are not applied in Artemis 2.6 or in the Système de suivi des données opérationnelles (SSDO).

Procedures for managing privileged logical access to Artemis, Smartemis and Artemis Web have not been developed, approved and disseminated to the stakeholders, which could lead to cases of unauthorized access. However, overall, the informal privileged logical access management processes in place are adequate for Smartemis and Artemis Web. Processes used to create and modify privileged access to Artemis are also adequate.

Evaluation Criterion – Patch and Update Management

An Artemis patch and update management process was defined and applied appropriately when Artemis 2.6 was implemented. In addition, this process follows good documentation, impact assessment, prioritization and authorization, monitoring, quality control and closure practices. However, this process is not found in an Artemis patch and update management procedure. The lack of this procedure could lead to deviations in applying the steps to be followed for this critical system.

Evaluation Criterion – Incident Management

An Artemis incident management procedure has been developed, approved and disseminated to stakeholders. In addition, the incident management process follows sound practices for documentation, classification and prioritization, and categorization through to incident resolution and closure. Since the integrating supplier does not have automated alert mechanisms to detect an outage in real time, it relies on the calls from CCSI personnel, who are present at all times. The lack of automated alert mechanisms in Artemis could increase the time needed to respond to a critical incident.

Evaluation Criterion – Monitoring

With respect to operation and evolution, service levels with the integrating supplier and service provider are defined in the MOP. This supplier performs the monitoring for the application side. Service levels are monitored during steering committee meetings. Effective reporting the stakeholders is done.

Evaluation Criterion – Specialized Resources

In addition to the integrating supplier, all of the internal stakeholders involved in managing Artemis have sufficient dedicated resources to support the operations and projects within the Artemis environment and to support the use of the system.

Evaluation Criterion – Functional Documentation

The existing documentation developed and approved by all of the stakeholders involved in Artemis management is not reviewed or kept up to date. It covers an earlier version of Artemis that presents few differences with version 2.6 currently in production. The incomplete and outdated Artemis functional documentation could affect the root cause analysis of problems.

Evaluation Criterion – System Continuity

An adequate system continuity plan has been developed. It covers the Artemis environment and all the components of the SIM's SGI (Système de gestion des interventions). The continuity plan is tested annually.

Physical Penetration Tests

4.

2022 Annual Report

Auditor General of
the Ville de Montréal

4. Physical Penetration Tests

4.1. Background

The City of Montréal (the City) and the bodies it controls have many vital and essential assets located, stored or held in various buildings and premises.

Given the importance of these assets, they must be adequately protected — on the one hand, to maintain a level of protection sufficient to ensure the safety of people and property and, on the other hand, to provide the continuity of services that are essential to the functioning, well-being and prosperity of Montréal as a society.

Physical security is the first line of defence that must be implemented to manage the risks associated with protecting the City's assets, as physical penetration is one of the first avenues considered by ill-intentioned people whose objective is to perpetrate acts aimed at stealing, destroying or damaging the assets — or the information housed within those assets.

To prevent acts of theft or sabotage, effective protection, surveillance and access control mechanisms must therefore be put in place.

In order to obtain a reasonable level of confidence in the quality of the controls in place to physically protect the assets, performing physical penetration tests in real-life conditions is what security best practices recommend.

The social engineering method is the main method used for physical penetration tests.

Social engineering is recommended for performing physical penetration tests when employees are present in the premises targeted by the tests. This method uses the art of manipulating people. It exploits procedural loopholes and the judgment of the targeted entity's employees to obtain goods, services, confidential information and so forth from others.

Social engineering is a method of manipulation based on the use of persuasive force. Physical penetration test specialists use their knowledge, charisma and deception to attempt to gain access to the City's premises and property.

More specifically, the social engineering method works as follows:

- ◆ An approach phase to win the employee's trust by, for example, posing as a City employee;
- ◆ An important reason given that has to do with personal safety (e.g., to monitor the fire detection systems);
- ◆ A diversion, i.e., a phrase or situation conceived to reassure the employee and avoid suspicion.

Prior to applying social engineering, a perimeter scan of the exterior of the premises is conducted for each of the targeted buildings to detect possible gaps in access control (e.g., unlocked doors or absence of a security guard).

4.2. Objective and Results of the Physical Penetration Tests

In 2022, we conducted a physical penetration test mission. The main objective of this mission was to test the access control mechanisms to buildings considered critical and to assess their resistance to certain levels of attacks.

For obvious security reasons, we can disclose neither the details of the buildings that were targeted nor the results of our physical penetration tests in this annual report. Furthermore, in the event that we had noted any deficiencies, recommendations would have been made and the recommendations would have been the subject of appropriate action plans by the business units concerned.

Financial Statement Audits and Other Reports

5.

2022 Annual Report

Auditor General of
the Ville de Montréal



Table of Contents

5. Financial Statement Audits and Other Reports	295
5.1. Introduction	295
5.2. Consolidated Financial Statements of the Ville de Montréal for the Year Ended as of December 31, 2021	296
5.3. Consolidated Financial Statements of the Ville de Montréal Ended as of December 31, 2022	297
5.4. New Accounting Standards Applicable for the Next Fiscal Year of the Ville de Montréal and Its Reporting Entities	298
5.5. Other Reports	299
5.6. Financial Statements of Other Legal Entities Subject to the <i>Cities and Towns Act</i>	300

5. Financial Statement Audits and Other Reports

5.1. Introduction

The *Cities and Towns Act* (CTA) no longer subjects the Auditor General to the obligation of conducting the financial audit of the Ville de Montréal (the City), paramunicipal bodies, the breakdown of mixed expenditures¹ and the overall tax rate, but he may continue to do so if he deems it appropriate. We still consider it appropriate to continue our financial audits of the City and the breakdown of mixed expenditures. For paramunicipal bodies, we maintained our strategy of the last three years, which was to use a risk assessment matrix to assess entities for which the Auditor General deemed it appropriate to continue conducting audits and, consequently, to conduct a co-audit with the external auditor appointed by the City.

The Auditor General conducts audits in accordance with Canadian generally accepted auditing standards. The audit is planned and performed to provide reasonable assurance that the financial statements are free of material misstatement. It involves implementing procedures to obtain evidence about the amounts and information provided in the financial statements. An audit also includes assessing the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as assessing the overall presentation of the financial statements.

The Auditor General's audit of the financial statements does not in any way relieve management of its responsibilities, which include the preparation and fair presentation of the financial statements in accordance with the applicable accounting framework and the internal control it considers necessary to enable the preparation of financial statements that are free of material misstatement.

The work done on the risk of fraud by the Bureau du vérificateur général as part of the audit of the financial statements does not relieve the management of the City and of the organizations subject to section 107.7 of the CTA of their responsibility for the prevention and detection of fraud. Therefore, due to the limitations inherent in the financial audit, the risk that some material misstatements resulting from the risk of fraud are not detected remains despite the fact that the audit work has been planned and performed in accordance with Canadian Auditing Standards (CAS).

¹ The Act to amend the Act respecting elections and referendums in municipalities, the Municipal Ethics and Good Conduct Act and various legislative provisions (Bill 49) eliminated the requirement to audit the global tax rate unless requested to do so by the Ministère des Affaires municipales et de l'Habitation (MAMH).

5.2. Consolidated Financial Statements of the Ville de Montréal for the Year Ended as of December 31, 2021

When we published our 2021 annual report in May of last year, we had not issued the auditor's report for the City's consolidated financial statements as of December 31, 2021, since the financial report was still being prepared and had not yet been filed by the treasurer with city council (CC).

Jointly with Deloitte, on May 5, 2022, we issued an unqualified auditor's report on the City's consolidated financial statements as of December 31, 2021.

The auditor's report on the City's consolidated financial statements, as well as the report on mixed expenditures, can be found in the annual financial report that was filed with the City's Service du greffe on May 11, 2022.

Also on May 5, 2022, joint auditor's reports on the City's consolidated financial statements and the City's breakdown of mixed expenditures were issued and included on the form prescribed by the Ministère des Affaires municipales et de l'Habitation (MAMH). In accordance with the provisions of the CTA, the form prescribed by the MAMH and the two above-mentioned joint reports on the consolidated financial statements were filed with the CC and the urban agglomeration council prior to being sent to the MAMH on May 11, 2022.

AUDIT HIGHLIGHTS FOR THE YEAR ENDED AS OF DECEMBER 31, 2021

Auditing the December 31, 2021 financial statements was complicated for a 2nd year in a row by 2 major items, namely the continued application of the revised CAS 540, Auditing Accounting Estimates and Related Disclosures, and the granting of emergency loans to small - and medium-sized enterprises (SMEs) in the context of the COVID-19 pandemic and the processing of loan forgiveness through PME MTL's 6 legal entities.

Pursuant to the revised CAS 540, Auditing Accounting Estimates and Related Disclosures, the City continued to review and document estimates and to update them annually.

The PME MTL loans once again required coordination with these organizations and their respective auditors. As of December 31, 2021, a total of \$150 million had been awarded under the Emergency Assistance Program For Small and Medium-Sized Businesses and its Assistance for Businesses in Regions on Maximum Alert component.

Added to this is the fact that all of the work was carried out remotely once again in 2021–2022. Also, several of the City's business units experienced labour shortages and numerous staff absences (pandemic).

All of these factors had a significant impact on the quality of documents submitted and our audit work. As a result, the schedule was revised by management so there would be sufficient time to provide us with the requested information and allow us to perform the audit.

Considering the extent of the problems encountered, during the months of June and July 2022, we initiated meetings with various people in order to review the procedures and propose solutions aimed at facilitating the financial audit work for the year ended December 31, 2022.

5.3. Consolidated Financial Statements of the Ville de Montréal Ended as of December 31, 2022

In accordance with the provisions of the CTA in force on December 31, 2022, to the extent deemed appropriate by the Auditor General, we audited the City's financial statements.

The *Charter of Ville de Montréal, Québec's Metropolis* (the Charter) and the CTA requires that the City's financial statements be filed to the City's Service du greffe, which will then forward them to the Ministère des Affaires municipales et de l'Habitation (MAMH) in the prescribed form by May 15.

The audit of the financial statements was planned and performed jointly with Deloitte, the independent auditor appointed by the City. Doing this work together avoids duplication of work and costs for the municipality.

The consolidated financial statements include the activities of organizations belonging to the City's reporting entity. The inclusion of an organization in the reporting entity is based on the concept of control, that is, the power to direct the financial and administrative policies of another organization so that its activities will provide the expected benefits to the municipal organization or expose it to a risk of loss. These organizations are the Société de transport de Montréal (STM), the Société d'habitation et de développement de Montréal (SHDM), the Société du parc Jean-Drapeau (SPJD), the Conseil des arts de Montréal, the Office de consultation publique de Montréal (OCPM), Anjou 80, the Agence de mobilité durable (AMD), the Bureau du taxi de Montréal (BTM) and BIXI Montréal.

At the time of publishing our annual report, we had not yet issued the auditor's report for the City's consolidated financial statements at December 31, 2022, given that the financial report was in preparation and had not yet been filed with city council by the treasurer.

ORGANIZATION AND GOVERNANCE OF PUBLIC TRANSIT IN THE MONTRÉAL METROPOLITAN AREA

For the year ended December 31, 2022, the status quo was maintained in terms of the governance of the STM, since the 2017–2019 agreement between the Autorité régionale de transport métropolitain (ARTM) and the STM expired 3 years ago and no new agreement has been reached because of the pandemic. When a new agreement is reached, we will review it and analyze its impacts in the light of the existing legislative and contractual framework and any resulting new practices. Management will assess the potential impacts of this new agreement.

MIXED EXPENDITURES

Under the *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (CQLR, chapter E-20.001), completed by the *Montréal Agglomeration Order* (order-in-council 1229-2005) as subsequently amended, expenditures incurred by the City in the performance by the municipal administration of an act that comes under both urban agglomeration power and another power are considered mixed expenditures. They are broken down between local and agglomeration powers in accordance with the criteria established by management pursuant to *by-law RCG06-054* adopted by the urban agglomeration council on December 13, 2006, and its subsequent amendments.

At the time of publishing our annual report, we had not produced a compliance report, given that the financial report was in preparation and had not yet been filed with city council by the treasurer.

5.4. New Accounting Standards Applicable for the Next Fiscal Year of the Ville de Montréal and Its Reporting Entities

5.4.1. PS 3280 – Asset Retirement Obligations

The new PS 3280 standard guides public sector entities on how to account for a new liability when there is a legal obligation associated with the retirement of an asset. Initially, a colossal amount of work is required to identify all of the legal obligations that could lead to the recognition of a liability for the City's buildings and those of its reporting entities or the entities for which they are responsible. Secondly, the liabilities will need to be evaluated with the help of experts in this field. Examples of items that could be assessed and potentially result in the recognition of a liability include the following:

- ◆ The removal of asbestos from buildings during dismantling operations or renovations;
- ◆ The rehabilitation of leased buildings;
- ◆ The removal of fuel tanks.

5.4.2. PS 1201 – Financial Statement Presentation

PS 1201 – Financial Statement Presentation. This section amends and replaces section PS 1200 – Financial Statement Presentation. It establishes the general principles and reporting standards that apply to a government's financial statements.

5.4.3. PS 3450 – Financial Instruments

Section PS 3450 establishes standards for the accounting and disclosure of all types of financial instruments. The City and its reporting entities will be required to identify and disclose financial instruments in their financial statements.

5.5. Other Reports

On September 30, 2022, a report was issued to the City's management and audit committee by the Auditor General and Deloitte. This report consolidated the internal control deficiencies and observations related to general information technology controls identified during the audit of the December 31, 2021, financial statements as well as the follow-up of deficiencies reported in prior years.

SUMMARY OF THE RECOMMENDATIONS

Over the years, we have made a number of recommendations as part of our audits of the City's financial statements. The following table provides a summary of outstanding recommendations by main topics as of December 31, 2021.

TABLE 1 | **RECOMMENDATIONS BY PROCESS THAT REMAIN UNIMPLEMENTED FOR THE YEAR ENDED DECEMBER 31, 2021**

RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS PER YEAR				
	2017 AND EARLIER	2018	2019	2020	2021
Information technology (financial application)	1	-	-	5	2
Capital assets process	1	-	1	2	3
Procurement process	2	-	-	1	1
Process for establishing provisions and devaluation at the asset or liability level	1	-	1	1	3
Income process	-	1	1	2	2
Transfer income process	-	-	-	-	1
Transfer payment process	1	-	-	-	-
Financial reporting process	-	-	-	1	-
Total recommendations that remain unimplemented as of December 31, 2021	6	1	3	12	12

5.6. Financial Statements of Other Legal Entities Subject to the *Cities and Towns Act*

Pursuant to sections 107.7 and 107.8 of the CTA, the Auditor General must, to the extent deemed appropriate, audit the financial statements of the other legal persons covered by the CTA who meet any of the following conditions:

- ◆ It is part of the reporting entity defined in the municipality's financial statements;
- ◆ The municipality or a mandatory of the municipality appoints more than 50% of the members of the board of directors;
- ◆ The municipality or a mandatory of the municipality holds more than 50% of the outstanding voting shares or units;
- ◆ Any body covered in the first paragraph of section 573.3.5 of the CTA when any of the following conditions is met:
 - i) its budget is adopted or approved by the municipality;
 - ii) more than half of the body's funding is secured by funds from a municipality and its annual revenues are equal to or greater than \$1,000,000;
 - iii) it is a mandatory or agent of the municipality or is designated by the Minister of the MAMH as being subject to municipal contractual regulations and its main place of business is on the territory of the municipality.

The following table identifies the other legal persons covered by the CTA for which, following our risk assessment, we deemed it appropriate to continue the financial audit work and produce a joint report on the financial statements with the auditor appointed by the City.

TABLE 2

LEGAL ENTITIES SUBJECT TO SECTION 107.7 OF THE *CITIES AND TOWNS ACT* FOR WHICH THE AUDITOR GENERAL HAS DEEMED IT APPROPRIATE TO CONTINUE THE FINANCIAL AUDIT WORK AS OF DECEMBER 31, 2022

OTHER LEGAL ENTITIES SUBJECT TO THE <i>CITIES AND TOWNS ACT</i>	REPORTING ENTITY	DATE OF THE AUDITOR'S REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022
Société de transport de Montréal (Financial report and form required by the ministère des Affaires municipales et de l'Habitation)	●	April 5, 2023
Société d'habitation et de développement de Montréal	●	March 30, 2023
Société du parc Jean-Drapeau	●	March 30, 2023
Agence de mobilité durable	●	March 30, 2023
Société en commandite Transgesco	(1)	March 24, 2023

(1) Subsidiary of the Société de transport de Montréal.

SOCIÉTÉ DE TRANSPORT DE MONTRÉAL

The STM was incorporated under the *Act respecting public transit authorities* (CQLR, chapter S-30.01).

Its mission is to provide the ARTM with the public transportation services covered by an agreement concluded under section 8 of the *Act respecting the Autorité régionale de transport métropolitain* (chapter A-33.3) and collaborate, at its request, in the planning, coordination, development, support and promotion of public transportation.

REPORT

On April 5, 2023, we issued 2 reports: an unqualified joint auditors' report for this organization concerning the consolidated financial statements of the STM included in the annual report and an unqualified joint auditors' report included in the form prescribed by the MAMH.

This is an extract from the report:

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the STM as of December 31, 2022, and the results of its operations, changes in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

SOCIÉTÉ D'HABITATION ET DE DÉVELOPPEMENT DE MONTRÉAL

The SHDM is a non-profit organization that reports to the City, incorporated by letters patent on June 15, 2010, by the Government of Québec pursuant to chapter V of schedule C of the *Charter of Ville de Montréal* (CQLR, chapter C-11.4).

Its objectives are:

- ◆ to contribute to economic and social development through the enhancement of residential, institutional, industrial, commercial and cultural property assets in the City's territory;
- ◆ to acquire, renovate, restore, build, demolish, sell, lease or administer buildings in the City's territory;
- ◆ grant subsidies and administer programs for the construction, renovation, restoration, demolition and relocation of buildings in the City's territory.

REPORT

On March 30, 2023, we issued an unqualified joint auditors' report for this organization.

This is an extract from the report:

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the SHDM as of December 31, 2022, and the results of its operations, revaluation gains and losses, changes in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

SOCIÉTÉ DU PARC JEAN-DRAPEAU

The SPJD is a non-profit organization that was incorporated on August 9, 1983, under section 223 of the Charter.

Its purpose is to operate, administer and develop SPJD, which includes Sainte-Hélène and Notre-Dame islands in Montréal. It manages recreational, cultural and tourist activities and carries out any other mandate entrusted to it by the City.

REPORT

On March 30, 2023, we issued an unqualified joint auditors' report for this organization.

This is an extract from the report:

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the SPJD as of December 31, 2022, and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

AGENCE DE MOBILITÉ DURABLE

The AMD is a non-profit organization that was incorporated on February 21, 2019, under section 220.4 of the Charter.

The mission of the AMD is to ensure the management, regulatory enforcement and development of paid on-street and off-street parking throughout the City's territory.

REPORT

On March 30, 2023, we issued a joint auditors' report without reserve for this organization.

This is an extract from the report:

OPINION

In our opinion, the financial statements present fairly, in all material aspects, the financial situation of the AMD as of December 31, 2022, and the results of its operations, changes in its net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

SOCIÉTÉ EN COMMANDITE TRANSGESCO

The société en commandite Transgesco was formed under a partnership agreement on July 2, 2003, within the meaning of the *Civil Code of Québec*.

Its purpose is to manage various partnerships with private sector stakeholders in connection with business activities related to the STM.

REPORT

On March 24, 2023, we issued an unqualified joint auditors' report for this organization.

This is an extract from the report:

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Société en commandite Transgesco as of December 31, 2022, and the results of its operations, changes in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Pre-Election Report – Follow-up

6.

2022 Annual Report

Auditor General of
the Ville de Montréal



Table of Contents

6. Pre-Election Report – Follow-Up	311
6.1. Brief History	311
6.2. Follow-Up on the Report of the Operating Component of the Budget Processes	312
6.3. Potential Pre-Election Report for the 2025 Election	312
6.4. Conclusion	314
6.5. Appendix 1 – Brief History	317
6.6. Appendix 2 - Main Findings of the Report on Budget Processes – Operating Component	321
6.7. Appendix 3 – Actions Plans of Business Units in Response to the Recommendations of the Report on Budget Processes – Operating Component	325
6.8. Appendix 4 – Resolution of the Municipal Council CM22 0137	343
6.9. Appendix 5- Follow-Up Submitted by the General Audit to the Municipal Council on August 22, 2022 - Pre-Election Report Audited by the Auditor General for the Next Election	347
6.10. Appendix 6- Follow-Up and Comments Submitted by the Treasurer to the President of the Executive Committee on September 23, 2022	353
6.11. Appendix 7 - Official Opposition Motion of December 19, 2022	357
6.12. Appendix 8 - Progress Report of the Service des finances Presented to the Municipal Council on February 20, 2023	361

6. Pre-Election Report – Follow-Up

6.1. Brief History

The desire to have an audited Pre-Election Report (PER) was first evoked five years ago, in January 2018. City council passed a resolution in August 2019 requesting that the municipal administration produce such a PER in June 2021 and that the Auditor General (AG) audit the PER and submit her report by September 23, 2021. We immediately pointed out the considerable impacts of producing such a report and added that its implementation represented a colossal task for all of the stakeholders that they should not underestimate.

The request to audit this report was withdrawn by city council in 2020, as the prototype report and supporting documents, submitted by the municipal administration, were insufficient to allow us to express an opinion. Nonetheless, we deemed it appropriate to continue the audit work on the operating component of the budget processes, and a report containing approximately 30 recommendations was issued in May 2021.

On August 23, 2021, the Service des finances (SF) tabled an unaudited document titled “États des finances de la Ville de Montréal (la Ville), Cadre budgétaire préliminaire 2022-2024” with city council.

In January 2022, city council passed a motion regarding the PER, namely:

[TRANSLATION] « *And resolved:*

- 1. that city council mandate the Auditor General and the City’s Service des finances to begin discussions immediately in order to identify the parameters and methodology for preparing an audited Pre-Election report by the next municipal election;*
- 2. that a report on the discussions between the Auditor General and the Service des finances be prepared and presented to city council by August 2022, so that council may mandate the Office of the Auditor General to audit a Pre-Election report prepared by the Service des finances ».*

In addition, a motion was filed at the December 2022 city council meeting requesting that the SF provide a status update on the PER audited by the Bureau du vérificateur général (BVG).

A table outlining the history of some of the important elements of this case is presented in Appendix 1 of this chapter.

6.2. Follow-Up on the Report of the Operating Component of the Budget Processes

Let us recall that, following the issuance of the report on the operating component of the budget processes, the AG indicated in the 2020 annual report that implementing the improvements recommended in the report is desirable if the City's intention is to produce a PER that is compliant with the relevant requirements and that represents a budget transparency tool that allows political parties to present platforms that take into account the City's financial situation.

The boroughs concerned by our recommendations submitted satisfactory action plans in due course, with deadlines ranging from November 30, 2021, to 2023. In fact, one borough has already implemented them.

As for the SF, we received the first draft of the action plan in March 2022. We analyzed this first version, and some elements needed to be improved to ensure their compliance with the recommendations made. Discussions and several meetings took place between the SF and BVG representatives in this regard. The final version was sent to us on April 11, 2023.

Yet, in a document filed with city council in February 2023, the SF indicates that it has actions or mechanisms in place for 11 of the 23 recommendations. Nevertheless, following the analysis of the documents submitted, we can only confirm for the moment that 4 of the recommendations have been closed.

We note that several important actions remain to be taken nearly two years after this report on budget processes was issued. The timelines set for the action plans are spread out over several years and extend to November 2025.

The findings presented in the report and the action plans can be found in Appendices 2 and 3, respectively, of this chapter.

6.3. Potential Pre-Election Report for the 2025 Election

Resolution CM22 0137, passed by city council in January 2022, deals with the initiation of discussions between the SF and AG to identify the necessary parameters and methodology to produce an audited PER by the next municipal election. It was provided to us in June 2022 at our request.

We immediately followed up with the treasurer on this motion, who pointed out the following:

- ◆ To date, the parameters and methodology used by the SF to prepare a Pre-Election Report (PER) remain unchanged from the report titled "États des finances de la Ville de Montréal (la Ville), Cadre budgétaire préliminaire 2022-2024," which was filed on August 23, 2021;
- ◆ Discussions are underway with the municipal administration to determine what improvements can reasonably be made in terms of organizational, financial and human resources to produce an auditable report.

As requested by city council in resolution CM22 0137, the AG filed a follow-up on this matter at city council's August 23, 2022, meeting, stating among other things that:

- ◆ the implementation of a municipal democratic exercise requires certain precautions in order to make use of the independence related to its function, through the completion of an audit mandate;
- ◆ as AG, she cannot at any time participate in the development of a process or the establishment of a methodology that she would later be mandated to audit.

The SF also produced two documents for this file, namely:

- ◆ a follow-up sent to the chair of the executive committee on resolution CM22 0137, which noted the significant impacts of the implementation of an audited Pre-Election Report (*city council meeting held on September 23, 2022*);
- ◆ a status report filed with city council on February 23, 2023, on the PER audited by the BVG in response to the motion filed by the opposition on December 19, 2022 (*city council meeting held on February 23, 2023*).

In the conclusion of the SF's status report, it is stated that the added value of an audit of the PER would only apply to 10% of revenues and expenditures. This demonstrates a lack of understanding of the audit work that must be conducted in order to make a conclusion on the plausibility of the PER. For more than 5 years, we have been explaining to the stakeholders the scope of this type of audit and pointing out to them that all of the data presented must be audited. From the outset, we indicated the parameters that must be implemented before this report can be audited.

As indicated from the beginning, the purpose of the report requested by city council requires a clear definition of the level of assurance. The neutrality of the exercise and its impact on the municipal democratic exercise are at stake.

In this regard, it is important to understand that all assurance work performed by the City's BVG is conducted in accordance with the Canadian Standards on Assurance Engagements as set out by the Auditing and Assurance Standards Board and published in the CPA Canada Handbook – Assurance. This allows us to ensure the quality and credibility of our reports.

These standards establish, among other things, "...preconditions for performing an engagement" that must be met in order to be able to accept an engagement performed in accordance with these standards. These conditions require consideration of certain elements, including:

- ◆ **the appropriateness of the subject matter of the engagement**, i.e., whether the subject matter of the engagement is clearly identifiable, can be measured or evaluated consistently against the applicable criteria and can be subjected to procedures to obtain sufficient and appropriate audit evidence to support the expression of the level of assurance required in the circumstances;
- ◆ **the availability of valid criteria**, i.e., whether the criteria applied in the preparation of the information on the subject matter are valid in view of the conditions of the engagement and have the characteristics set out in the standards;

- ◆ **the possibility of obtaining the necessary evidence** to support the conclusion, i.e., whether reliable evidence is available and accessible.

The various documents referred to in this section can be found in Appendices 4 to 8 of this chapter.

6.4. Conclusion

The desire to have an audited PER continued into 2022, with city council passing two motions, firstly to request the initiation of discussions between the SF and the AG regarding the creation of an audited PER for the 2025 election and, secondly, to have the SF produce a status report in this regard.

Since January 2018, when city council's potential willingness to obtain an audited PER was evoked, we have let it be known that its implementation is a colossal task that should not be underestimated. To be able to present a PER containing reliable financial information that complies with the applicable requirements, the processes that support the production of the PER must be adequate, effective and rigorous and appropriate internal expertise must be assigned to it.

We maintain that the implementation of the recommendations contained in the report on the operating component of the budget processes is desirable if the City's intention is to produce a PER that is compliant with the relevant requirements and that represents a budget transparency tool that allows political parties to present platforms that take into account the City's financial situation. However, it is clear that 2 years after its issue, several important elements have yet to be implemented. The timelines set for the action plans are spread out over several years and extend to November 2025.

It is also important to recall that all assurance work performed by the City's BVG is conducted in accordance with the Canadian Standards on Assurance Engagements as set out by CPA Canada's Auditing and Assurance Standards Board. However, the added value of the audit would be on the entire PER and not just on 10% of its content. We find that there remains a significant gap between what needs to be done to allow for the auditing of the PER and stakeholders' understanding in this regard.

Given the scope of the actions to be implemented, we question whether the municipal administration will be able to produce a PER that is supported by sufficient documentation and that can be audited.

The background is a solid dark red color with a repeating pattern of white line-art icons. These icons include a document with a lock, a pie chart with a percentage sign, a hand holding a document, and three binder rings labeled 'A', 'B', and 'C'.

Appendices

The background is a solid dark red color with a repeating pattern of white line-art icons. These icons include a document with a lock, a pie chart with a percentage sign, a hand placing a document into a folder, and several vertical rectangular tabs labeled 'A', 'B', and 'C'.

Appendix 1

Brief History

6.5. Appendix 1 – Brief History

TABLE 1 | BRIEF HISTORY

RAPPORT PRÉÉLECTORAL ÉLECTIONS NOVEMBRE 2021	
JANVIER 2018	Intention de la Ville de Montréal de se doter d'un rapport préélectoral et d'obtenir un rapport de certification selon le modèle du gouvernement du Québec rendu public.
	Transmission par la vérificatrice générale d'une note confidentielle à l'Administration municipale signifiant : <ul style="list-style-type: none"> • l'ampleur des travaux qui devront s'échelonner sur 3,5 ans; • l'obligation que la demande provienne au conseil municipal, et ce, sans contrevenir à ces obligations principales.
19 AOÛT 2019	Adoption de la résolution CM19 0930 (assemblée ordinaire du 19 août 2019) demandant à la vérificatrice générale d'auditer un rapport préélectoral préparé par le Service des finances.
24 FÉVRIER 2020	Dépôt au conseil municipal d'un rapport de suivi afin de l'informer que le Bureau du vérificateur général n'est pas en mesure de déterminer s'il pourra répondre à la demande du conseil municipal, n'ayant toujours pas reçu le prototype du rapport attendu le 30 septembre 2019.
23 MARS 2020	Dépôt au conseil municipal par la vérificatrice générale d'un second rapport de suivi faisant état que depuis le 24 février 2020, un échéancier détaillé nous avait été remis incluant l'engagement de produire un modèle (prototype) du rapport préélectoral pour le 30 juin 2020. Adoption par le conseil municipal d'une résolution pour allouer un budget supplémentaire au BVG de 900 000 \$ pour ce dossier.
30 JUIN 2020	Réception du prototype du rapport préélectoral.
16 OCTOBRE 2020	Présentation par la vérificatrice générale au comité d'audit de ses conclusions à la suite de l'analyse du prototype reçu. La vérificatrice générale indique son intention de poursuivre les travaux d'audit sur les processus budgétaires – volet fonctionnement.
NOVEMBRE 2020	Dépôt au conseil municipal par le comité d'audit d'un document recommandant de retirer la demande de produire un rapport préélectoral par le Service des finances et de l'auditer par la vérificatrice générale. Maintien de la demande au Service des finances de produire un cadre budgétaire 2022-2024 d'ici le 31 août 2021. Retrait de la demande d'un audit du rapport par la vérificatrice générale. Remise par la vérificatrice générale du budget supplémentaire alloué par le conseil municipal de 900 000 \$ malgré des coûts encourus pour ce dossier de l'ordre de 500 000 \$.
26 JANVIER 2021	Présentation en plénière du conseil municipal par la vérificatrice générale du document déposé le 16 octobre 2020 au conseil municipal.
23 AOÛT 2021	Dépôt par le Service des finances au conseil municipal d'un document intitulé « <i>États des finances de la Ville de Montréal (la Ville), Cadre budgétaire préliminaire 2022-2024</i> » non audité.

RAPPORT SUR LES PROCESSUS BUDGÉTAIRES – VOLET FONCTIONNEMENT	
27 MAI 2021	Transmission du rapport d’audit aux unités d’affaires concernées.
11 JUIN 2021	Dépôt du rapport annuel 2020 incluant le rapport sur les processus budgétaires – volet fonctionnement au conseil municipal.
30 AOÛT AU 24 SEPTEMBRE 2021	Réception des plans d’action finaux des arrondissements concernés.
11 AVRIL 2023	Réception du plan d’action final de la Direction générale et du Service des finances quant aux recommandations les concernant. (Première version transmise le 8 mars 2022)
RAPPORT PRÉÉLECTORAL POTENTIEL ÉLECTIONS NOVEMBRE 2025	
25 JANVIER 2022	Adoption de la résolution CM22 0137 (assemblée ordinaire du 24 janvier 2022 – séance tenue le 25 janvier 2022) quant à l’amorce de discussions entre la vérificatrice générale et le Service des finances afin d’identifier les paramètres et la méthodologie permettant la préparation d’un rapport préélectoral audité pour la prochaine élection ainsi que la production d’un rapport à cet égard pour le conseil municipal du mois d’août 2022.
22 AOÛT 2022	Dépôt au conseil municipal d’un suivi par la vérificatrice générale quant à la demande contenue dans la résolution CM22 0137.
23 SEPTEMBRE 2022	Envoi à la présidente du comité exécutif par le trésorier d’un suivi et de commentaires quant à la lettre déposée par la vérificatrice générale en réponse à la demande contenue dans la résolution CM22 0137.
19 DÉCEMBRE 2022	Motion de l’opposition officielle déposée au conseil municipal demandant au Service des finances un état d’avancement sur le rapport préélectoral audité par la vérificatrice générale.
20 FÉVRIER 2023	Dépôt au conseil municipal d’un état d’avancement du Service des finances sur le rapport préélectoral audité par le Bureau du vérificateur général.

The background is a solid dark red color with a repeating pattern of faint, light red line-art icons. These icons include pie charts, bar charts, document pages with checkboxes, and padlocks, suggesting a financial or administrative theme.

Appendix 2

Main Findings of the Report on Budget Processes – Operating Component

6.6. Appendix 2 – Main Findings of the Report on Budget Processes – Operating Component

Principaux constats

Cadre financier

- Le cadre financier se concentre sur le budget de la première année ce qui rend difficile la prise en compte des conséquences sur les quatre années à venir. Aucun cadre quinquennal équilibré n'est préparé et publié dans le cadre du budget annuel.
- Le cadre financier ne respecte pas les pratiques financières préconisées par la Ville tant au niveau de la documentation que de la prise en compte des résultats réels historiques.
- Bien que la Ville ait déposé son plan stratégique *Montréal 2030*, le cadre financier ne reflète pas encore les priorités de l'Administration municipale.

Établissement des prévisions de revenus et de dépenses

- Certaines des hypothèses utilisées ne sont pas supportées par une documentation appropriée contrairement à ce qui est préconisé par la *Politique de l'équilibre budgétaire* de la Ville.
- Nos analyses démontrent que la méthode utilisée pour établir les prévisions de revenus et de dépenses génère des surévaluations ou des sous-évaluations d'année en année; ainsi le budget ne présente pas clairement les sources de financement et les dépenses prévues.

Détermination des orientations et confection des enveloppes budgétaires

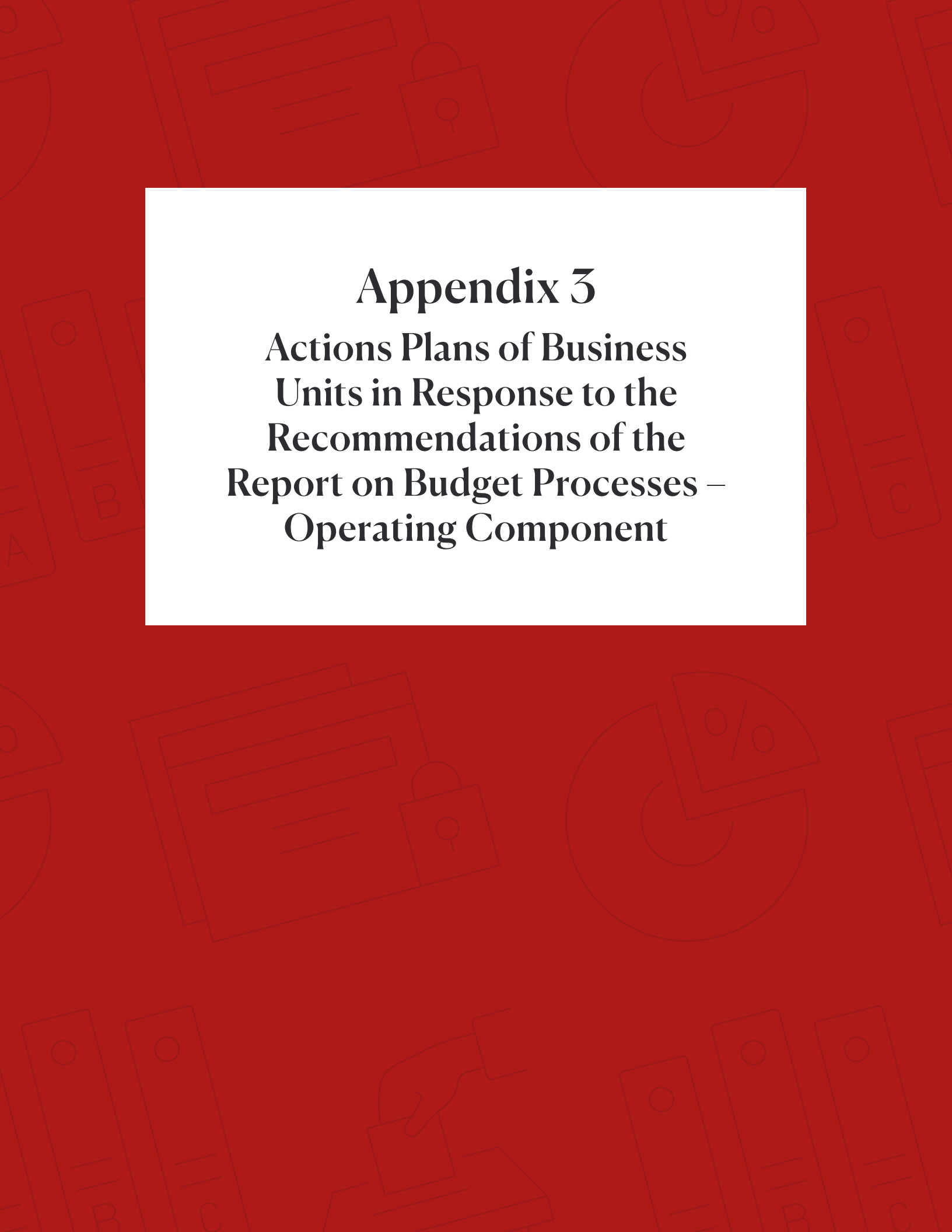
- Les décisions prises lors de la détermination des orientations budgétaires ne sont pas documentées et la méthode pour attribuer les enveloppes budgétaires aux unités d'affaires ne tient pas compte des analyses de coûts historiques ou futurs par activité. Elle repose plutôt sur la gestion des écarts de revenus et de dépenses par rapport au budget adopté l'année précédente.
- En l'absence d'évaluations et de balises, quant au niveau de service ou d'activité lié aux dépenses budgétées, l'imputabilité des services s'en trouve compromise.
- Aucune analyse n'a été effectuée pour évaluer si les transferts centraux, déterminés lors de la réforme du financement des arrondissements en 2014, reflètent bien leurs besoins actuels, s'ils sont représentatifs des compétences qui leur sont dévolues et des services aux citoyens, et s'ils correspondent à leur juste part des taxes perçues par la ville-centre pour ces services, et ce, malgré qu'ils devaient être révisés après cinq ans.
- Des sommes sont distribuées aux arrondissements, ou réduites des transferts accordés par la ville-centre, alors qu'elles ne sont pas budgétées, ce qui ne favorise pas la transparence budgétaire et l'allocation optimale des ressources lors de la confection du budget.

Arbitrage, consolidation et adoption du budget

- Il n'existe pas de critères officiels de priorisation pour appuyer le processus décisionnel relatif à l'acceptation des nouvelles demandes budgétaires ou pour procéder à des coupures du budget de fonctionnement.
- En ce qui concerne les budgets des arrondissements audités, les documents publiés lors de leur présentation aux conseils d'arrondissement contenaient une information insuffisante et très sommaire dans certains cas.
- Aussi, le fait que les prévisions de dépenses de certains arrondissements soient présentées par activités, alors que le budget global de la Ville les présente par objets, fait en sorte que les instances et les citoyens peuvent difficilement faire le lien entre ces deux types d'information afin d'apprécier le budget de même que la nature et l'évolution des dépenses.

Outils et ressources humaines impliqués dans la confection du budget

- Le système budgétaire utilisé date des années 90. En 2009, une étude faisait déjà état de l'urgence de remplacer ces systèmes désuets et de leur inefficacité à livrer une information pertinente, en temps voulu, et exempt de risques d'erreurs. Ce projet a été reporté à deux reprises faute de ressources humaines et financières. La confection du budget de fonctionnement de la Ville, totalisant 6,17 G\$, repose en grande partie sur une multitude de fichiers Excel et d'applications qui ne sont pas intégrées.
- Considérant la limitation et la désuétude des systèmes, les ressources humaines affectées à la confection du budget consacrent une grande partie de leur temps à effectuer des tâches cléricales, plutôt qu'à planifier et à faire plus d'analyses à valeur ajoutée. De plus, la relève de certains postes-clés n'est pas assurée à l'heure actuelle.

The background is a solid dark red color. It features a repeating pattern of faint, light red line-art icons. These icons include various business-related symbols: a pie chart with a percentage sign, a document with a magnifying glass, a hand holding a document, and several rectangular blocks with letters like 'A', 'B', and 'C' on them.

Appendix 3

Actions Plans of Business Units in Response to the Recommendations of the Report on Budget Processes – Operating Component

6.7. Appendix 3 – Actions Plans of Business Units in Response to the Recommendations of the Report on Budget Processes – Operating Component

BUDGET PROCESS – OPERATING COMPONENT

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.1.A. Nous recommandons à la Direction générale de se doter d'un cadre financier quinquennal équilibré qui permette de voir au-delà du budget de fonctionnement annuel, d'y présenter les principaux risques et défis à venir et de le rendre public afin que les élus et les citoyens puissent mieux apprécier la signification du budget présenté.	La Direction générale travaille depuis plusieurs années avec un cadre financier quinquennal dans lequel les principaux risques et défis à venir sont présentés. Ce cadre a d'ailleurs servi de base au rapport sur l'état des finances de la Ville de Montréal cadre budgétaire préliminaire 2022–2024 déposé au conseil municipal. Ce cadre comprend plusieurs stratégies d'équilibre qui sont décidées par l'Administration. Ces dernières évoluent en fonction des différentes priorités budgétaires dans le temps. L'équilibre budgétaire est une prérogative de l'Administration et celle-ci ne saurait rendre public, plusieurs années à l'avance, comment elle compte équilibrer son budget.	30 novembre 2021
3.1.1.B. Nous recommandons à la Direction générale de poursuivre ses efforts afin de mettre en œuvre le plan stratégique Montréal 2030 et d'élaborer des plans opérationnels et financiers qui pourront s'intégrer au processus budgétaire et, ainsi, favoriser l'atteinte des objectifs poursuivis.	La Direction générale va mettre en place le Service de la planification stratégique et performance organisationnelle (SPSPO). Un échéancier détaillé du plan de travail pour la révision des activités et programmes sera déposé. Le SPSPO a entrepris la démarche d'alignement stratégique qui permettra d'élaborer les plans opérationnels annuels ou biennaux des services (chantiers et projets) alignés sur les priorités de la planification stratégique Montréal 2030. Le SPSPO entreprendra le projet de revue des activités et des programmes de la Ville qui permettra d'aligner les activités, les budgets et les PDI (core business) sur les priorités du plan stratégique Montréal 2030.	30 novembre 2022 31 août 2023 30 novembre 2025 30 novembre 2025

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.1.C. Nous recommandons à la Direction générale de consigner les rencontres du comité de budget administratif et du comité de budget politique dans des comptes rendus approuvés et de documenter les décisions et les orientations approuvées par ceux-ci, afin de respecter les pratiques préconisées dans la Politique de l'équilibre budgétaire au niveau de la documentation et d'éclairer la prise de décisions.	Depuis le mois d'août 2021, des comptes rendus sont rédigés lors des rencontres des comités de budget administratif et politique. Ces derniers sont enregistrés dans un répertoire dédié, accessible uniquement aux membres du comité. Toute la documentation relative aux comités de budget, et aux décisions qui en découlent, est également sauvegardée dans un répertoire partagé accessible uniquement aux membres du comité sur « Google Disque ».	30 novembre 2022
3.1.1.D. Nous recommandons au Service des finances d'évaluer les mesures qui sont reconduites d'une année à l'autre au cadre financier et de les appuyer par des analyses récentes, documentées et basées sur les résultats historiques et les perspectives économiques, afin de respecter les pratiques préconisées dans la Politique de l'équilibre budgétaire au niveau de la documentation et d'éclairer la prise de décisions.	Le cadre budgétaire est un cadre évolutif. Ainsi, en début de processus certaines hypothèses sont basées sur des analyses historiques et/ou des perspectives économiques. Il est surtout important de noter que plusieurs décisions des comités de budget sont basées sur de telles analyses et que le cadre est, par la suite, ajusté en conséquence. Par ailleurs, plusieurs des décisions des services visant à optimiser leurs budgets sont basées sur des analyses historiques. Ainsi, dans une large mesure, le budget voté est basé sur des analyses historiques de plusieurs postes de dépenses et de revenus. Des analyses historiques complémentaires des budgets des services ont été produites et intégrées au processus budgétaire dans le cadre de la bonification du processus décisionnel, pour éclairer la prise de décisions. Les analyses produites pour répondre à la recommandation 3.1.2.2.A. permettront également de bonifier le processus de prise de décision.	28 février 2023
3.1.1.E. Nous recommandons au Service des finances de se doter d'un mécanisme permettant de faire le suivi des modifications apportées au cadre financier et de le réviser.	Ce mécanisme existe déjà. Toutes les modifications apportées au cadre sont déjà documentées et suivies. Un outil additionnel de feuille de contrôle sera mis en place pour le processus 2024.	30 novembre 2023

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.2.2.A. Nous recommandons à la Direction générale de considérer dans la méthode d'établissement, la révision des prévisions de revenus et de dépenses qui s'avèrent surévaluées ou sous-évaluées d'année en année, afin que le budget présente plus clairement les sources de financement et les dépenses prévues.	<p>Les variations observées entre le réel et le budget du Service de l'eau ou du Service de police ont été corrigées au budget 2023.</p> <p>Par ailleurs, la Direction générale est consciente du fait que certaines prévisions de revenus et de dépenses s'avèrent surévaluées ou sous-évaluées d'année en année. Ceci est le résultat d'un choix organisationnel de gestion de risque. Cette stratégie est d'autant plus acceptable que la Ville a toujours terminé chaque exercice financier en dégageant des surplus.</p> <p>Des analyses seront effectuées à cet égard sur :</p> <ul style="list-style-type: none"> • Les principaux postes budgétaires présentant de tels écarts, • Les implications financières d'effectuer les ajustements qui en découleraient au cadre et au budget. 	30 novembre 2023
	<p>Ces analyses seront ensuite présentées à l'Administration qui prendra les décisions appropriées dans une vision stratégique d'équilibre global des finances de la Ville.</p> <p>Un plan de mise en œuvre sera alors établi à la suite de la décision de l'Administration.</p>	30 novembre 2023
3.1.2.2.B. Nous recommandons au Service des finances d'améliorer la documentation et les contrôles afin de démontrer que les hypothèses utilisées et les prévisions de revenus et de dépenses reposent sur un processus rigoureux.	<p>Le rapport d'état des finances de la Ville, produit en août 2021, a permis de regrouper plusieurs documents détaillant les hypothèses utilisées pour établir les prévisions de revenus et dépenses.</p> <p>Pour les dépenses, dans le cadre des comités de budget, des comptes rendus ont été rédigés ainsi qu'un répertoire regroupant tous les documents en soutien des décisions prises a été créé.</p> <p>Finalement, en ce qui a trait aux contrôles, dans le cadre du processus budgétaire 2022, ils ont été améliorés notamment avec l'ajout d'étapes de validation et d'approbations additionnelles (fiscalité).</p>	30 novembre 2022
	<p>Le Service des finances continuera de voir à améliorer la documentation et les contrôles (étapes de validation et d'approbations additionnelles) sur les postes les plus importants (cadre et rémunération).</p>	30 novembre 2025
	<p>La démarche décrite à 3.5.2.A. permettra également de bonifier les contrôles et la documentation.</p>	28 février 2024

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.2.2.C. Nous recommandons au Service des finances d'instaurer des mécanismes de validation afin de s'assurer que le plan de l'effectif représente le nombre d'années-personnes selon la définition établie et que les prévisions relatives aux dépenses de rémunération de chaque unité d'affaires reflètent adéquatement ce plan.	Le Service des finances met déjà en place plusieurs mécanismes de validation au niveau de l'effectif en années-personnes. Aussi, les tableaux d'effectifs du volume budgétaire comparent les années-personnes du budget avec celles de l'année antérieure. Un suivi de la rémunération qui inclut les effectifs est également effectué par les unités d'affaires qui identifient et catégorisent les écarts par type et provenance. Afin d'assurer l'arrimage demandé, la définition établie sera revue.	30 novembre 2023
	La réponse à la recommandation 3.5.2.A. devrait permettre de répondre à l'élément de recommandation sur les prévisions relatives aux dépenses de rémunération par unité d'affaires.	28 février 2024
3.1.2.2.D. Nous recommandons à la Direction générale de s'assurer que le budget global de fonctionnement de la Ville de Montréal comporte une réserve pour les dépenses contingentes, comme le prévoit la Politique de l'équilibre budgétaire.	Le Service des finances effectuera une analyse des politiques financières de la Ville de Montréal, notamment, la politique de l'équilibre budgétaire. La politique sera changée pour refléter le changement législatif.	30 novembre 2023
	La Direction générale, en collaboration avec l'Administration, a mis en place des travaux de révision des activités et des processus ainsi qu'un chantier sur la fiscalité. De ceux-ci découleront des recommandations visant à résorber les écarts. Un forum sur la fiscalité s'est tenu avec les acteurs du milieu.	30 novembre 2022
3.1.2.2.E. Nous recommandons à la Direction générale d'évaluer l'ampleur de l'écart structurel entre les revenus et les dépenses afin de déterminer les sources de financement qui permettraient d'y remédier et de limiter l'utilisation d'excédents accumulés non affectés pour équilibrer le budget.	Un mandat ferme pour la révision des activités et programmes a été donné au SPSP.	30 novembre 2022
	Les travaux de révision des activités débiteront en 2023. Un échéancier détaillé du plan de travail pour la révision des activités et programmes sera déposé.	31 août 2023
	Un sommet sur la fiscalité sera organisé.	30 novembre 2023

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.3.1.A. Nous recommandons à la Direction générale de consulter les services afin de considérer le niveau de service attendu et de prendre en compte leurs résultats historiques avant la détermination des orientations et des enveloppes budgétaires et d'informer toutes les personnes impliquées dans la confection des budgets des services centraux.	<p>À travers les comités de budget, la Direction générale consulte déjà les services, notamment en ce qui concerne le niveau de service attendu et leurs résultats historiques, avant la détermination des orientations et des enveloppes budgétaires. Toutes les personnes impliquées sont également informées des décisions des comités de budget.</p> <p>Toutefois, comme stipulé dans la recommandation 3.1.1.D., le Service des finances évaluera dans quelles mesures les résultats historiques pourraient davantage être pris en compte.</p> <p>Cet exercice a mené à des analyses historiques des budgets des services qui sont intégrées au processus budgétaire (voir 3.1.2.2.A.).</p> <p>Un plan d'action détaillé du projet de revue des activités et programmes sera produit.</p> <p>La revue des activités et programmes permettra d'identifier de nouvelles normes de service et d'optimiser les budgets des services. (voir 3.1.1.B.).</p>	28 février 2023
		31 août 2023
3.1.3.2.A. Nous recommandons à la Direction générale de revoir la méthode utilisée pour répartir les transferts centraux aux arrondissements afin de s'assurer qu'elle permet encore d'allouer les budgets de manière équitable, selon les compétences qui leur sont dévolues, et de répondre aux exigences de la Ville de Montréal en matière de qualité et du niveau de services aux citoyens.	<p>Le Service des finances effectuera une analyse de la RFA (Réforme du financement des arrondissements) pour déterminer s'il y a lieu de la réviser. Une analyse a été présentée à l'Administration. Celle-ci a conduit à la suspension du modèle paramétrique de la RFA.</p> <p>Advenant un déséquilibre identifié dans les transferts, des propositions, qui incluront, entre autres, les impacts organisationnels anticipés, les ressources requises et l'horizon de temps des travaux proposés, seront présentées à la Direction générale pour décision.</p> <p>Un mandat a été donné au CIRANO afin d'effectuer le bilan de la RFA.</p> <p>Le financement des arrondissements sera revu dans le cadre de la révision des activités.</p>	30 novembre 2022
		28 février 2023
		30 novembre 2025

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.1.3.2.B. Nous recommandons au Service des finances de bonifier l'information transmise aux arrondissements, ainsi que les contrôles, afin que ces derniers aient l'assurance que les transferts centraux reflètent fidèlement les décisions prises et les changements survenus au cours de l'année précédente.	<p>Le Service des finances met déjà en place plusieurs stratégies pour informer et contrôler l'information incluse aux transferts centraux. Ainsi, un guide et une formation sur les orientations et les instructions budgétaires sont offerts. Une personne-ressource du Service des finances est désignée pour répondre aux questions des arrondissements tout au long de l'année, et qui est en mesure de modifier les transferts centraux en cours de processus budgétaire pour s'assurer que les ajustements sont justes, conformes et complets. Une partie des informations utilisées pour la confection des transferts centraux sont compilées sur le registre de décisions que les unités desservant les services centraux doivent compléter.</p> <p>Afin d'améliorer davantage le processus budgétaire, tout en maintenant les stratégies actuelles, il est proposé par le Service des finances d'ajouter une colonne dans le Registre de décisions actuel pour spécifier, pour chacun des ajustements, s'il y a un impact aux transferts centraux d'un arrondissement. Ceci permettra de rappeler aux unités de compléter l'onglet d'impacts sur les arrondissements. Également, le Service des finances transmettra cette liste aux arrondissements dans les étapes préalables au processus budgétaire pour valider si les informations sont complètes. Finalement, il est proposé de continuer les séances de formation virtuelles qui avaient été mises en place, notamment à cause du Covid-19, et de les enregistrer pour rejoindre tous les intervenants financiers des arrondissements.</p> <p>Des mécanismes formels de contrôle seront ajoutés pour le processus 2024.</p>	30 novembre 2022
3.2.1.A. Nous recommandons au Service des finances d'améliorer le processus d'information et de diffusion des instructions afin que les parties prenantes soient saisies des orientations, des directives, notamment des politiques en vigueur, ainsi que la description des rôles et des responsabilités de chacun des intervenants.	<p>Les orientations et les instructions budgétaires sont communiquées par un guide mis à jour annuellement et une séance d'information pour les équipes financières desservant les services centraux et les arrondissements. Des personnes-ressources sont identifiées dans les instructions budgétaires pour répondre aux différentes questions lors du processus budgétaire.</p> <p>En ajout aux mesures déjà mises en place, telles que les séances de formation virtuelles qui sont enregistrées, le Service des finances propose la bonification du guide des instructions budgétaires par l'ajout des principaux encadrements financiers au système GDD qui pourront être présentés également lors des séances de formation, bien qu'ils ne servent pas uniquement qu'au cours du processus budgétaire. Le Service des finances pourra également ajouter une section aux instructions budgétaires pour expliquer plus en détail le déroulement du processus budgétaire en lien avec l'échéancier ainsi que les rôles et responsabilités associés.</p>	30 novembre 2023 30 juin 2023

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.2.1.B. Nous recommandons au Service des finances de mettre en place, des critères de documentation jugés adéquats comme préconisés dans la Politique de l'équilibre budgétaire, un processus de validation et d'approbation assurant la qualité de l'information, ainsi que le respect des orientations et directives par les unités d'affaires.	Le Service des finances a amorcé un processus décisionnel bonifié pour le budget 2024. Au cours de cet exercice, Il travaillera à formaliser et uniformiser ses processus ainsi qu'à documenter les hypothèses utilisées lors des travaux de confection des budgets des services.	28 février 2024
3.2.1.C. Nous recommandons à la Direction générale, de revoir le processus budgétaire afin de : a) Respecter sa Politique de l'équilibre budgétaire dont notamment à l'effet que les budgets soient fondés sur des prévisions de revenus et de dépenses réalistes et prudentes et que les budgets octroyés aux services permettent aux gestionnaires de respecter l'équilibre budgétaire et ainsi favoriser leur imputabilité;	a) Actuellement, il existe plusieurs mécanismes en place qui permettent de maintenir un contrôle et une rigueur sur les dépenses et revenus de la Ville. Ces mécanismes permettent d'ailleurs à la Ville de dégager des surplus depuis plusieurs années. Des analyses historiques ont été produites (voir 3.1.1.D.). Les analyses seront ensuite présentées à l'Administration qui prendra les décisions appropriées dans une vision stratégique d'équilibre global des finances de la Ville, comme mentionné aux réponses aux recommandations 3.1.1.D. et 3.1.2.2.A.	28 février 2023
b) Mettre en place des plans de redressement dans le cas où les budgets n'atteignent pas les prévisions;		30 novembre 2023
c) Mettre en place un système budgétaire et financier permettant de budgéter en fonction du niveau de services ou des activités attendus, ainsi que des plans opérationnels clairement définis permettant ainsi le suivi des indicateurs de mesure à l'atteinte des résultats.	b) La politique d'équilibre budgétaire C-RF-SFIN-PA-22-002 prévoit déjà la mise en place d'un plan de redressement lorsque les évolutions budgétaires laissent présager une situation défavorable. Une procédure formelle sera ajoutée aux outils existants c) Voir réponse à la recommandation 3.5.2.A.	30 novembre 2023
		28 février 2024

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.2.2.A. Nous recommandons à la Direction générale, en collaboration avec le Service des finances, de s'assurer que les revenus et les dépenses prévisibles contenus dans l'ajustement des surplus de gestion aux arrondissements soient inclus au budget en tenant compte des résultats historiques plutôt que d'être ajoutés aux excédents de fonctionnement accumulés en fin d'année.	Cette recommandation a déjà été mise en œuvre dans le cadre du processus budgétaire 2022. Les instructions budgétaires envoyées aux arrondissements leur permettaient d'ajuster leurs transferts en fonction de l'historique de leurs permis de construction.	30 novembre 2021
3.2.2.B. Nous recommandons au Service des finances d'inclure dans ses politiques des mesures afin d'harmoniser les prévisions et les imputations budgétaires des arrondissements, notamment celles relatives à l'affectation des excédents accumulés.	<p>Le Service des finances possède déjà certaines politiques afin d'harmoniser les prévisions et les imputations budgétaires. Ainsi, l'Intranet contient des lexiques pour expliquer la codification à utiliser en fonction des règles comptables. Des directives avaient aussi été transmises aux arrondissements lors de l'exercice d'harmonisation des budgets au moment de l'exercice de la RFA.</p> <p>Concernant les prévisions, la codification demandée est présentée aux instructions budgétaires pour certains éléments particuliers qui pourraient amener des questionnements pour des aspects techniques, comme pour les dépenses relatives au personnel politique, les affectations de surplus, les charges interunités, les cas particuliers de rémunération, etc.</p> <p>Afin de bonifier ces pratiques, il est proposé d'ajouter des directives plus précises afin d'harmoniser les budgets dans les instructions budgétaires et de diriger les arrondissements vers les sources de documentation existantes. Lors de la séance de formation sur les instructions budgétaires, les informations seront aussi communiquées aux arrondissements.</p>	30 novembre 2022

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.3.A. Nous recommandons à la Direction générale de déterminer des critères pour évaluer et prioriser les demandes additionnelles, afin de prendre des décisions éclairées, et de documenter cette évaluation.	<p>Déjà, le guide technique de préparation, transmis le 28 juin 2021 par le Service des finances aux unités lors de l'envoi des enveloppes budgétaires, détermine des orientations budgétaires et critères de demandes additionnelles. Avant sa transmission, ce guide et les orientations ont été validés par la Direction générale.</p> <p>Par exemple, pour le budget de fonctionnement, il est précisé qu'une attention particulière devra être portée à l'attribution de ressources en soutien à des actions liées aux priorités du Plan stratégique Montréal 2030 et aux changements organisationnels qui sous-tendent sa mise en œuvre. De plus, les demandes additionnelles devaient être accompagnées d'un justificatif Montréal 2030.</p> <p>Pour le PDI, les directives précisent de :</p> <ol style="list-style-type: none"> 1. Prioriser, avant tout, les investissements visant tant le maintien régulier d'actifs que le rattrapage du déficit d'entretien afin de conserver ou rétablir un niveau de service satisfaisant (volet protection). 2. Limiter les nouveaux projets (volet développement) à ceux qui ont déjà fait l'objet d'une autorisation et enfin de s'assurer que la priorisation soit en adéquation avec les grandes orientations du Plan stratégique Montréal 2030, notamment en matière de transition écologique (Plan climat) et en intégrant des mesures visant à renforcer la solidarité, l'inclusion et l'équité (ADS+). <p>La Direction générale a mis en place le Service de la planification stratégique et performance organisationnelle.</p>	28 février 2022
	<p>Le Service des finances amorce un processus décisionnel bonifié pour le budget 2024. La principale bonification du processus décisionnel est de permettre une meilleure priorisation des différents dossiers budgétaires en tenant compte notamment de l'alignement stratégique de la Ville.</p> <p>Le processus fut présenté à Mme Ollivier, au CE ainsi qu'au comité de budget administratif. Le processus est lancé ainsi pour cette année.</p>	28 février 2023
	<p>Mise en œuvre du nouveau processus de décision dans le cadre de la planification budgétaire 2024.</p> <p>Le nouveau processus permettra une documentation bonifiée des différents enjeux budgétaires des services, mais également permettra d'en assurer un meilleur suivi et une priorisation efficiente des différentes demandes des unités. Un des objectifs de ce nouveau processus est une réduction au maximum des « demandes additionnelles » à l'automne.</p>	30 novembre 2023

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
	Le SPSPPO a entrepris la démarche d'alignement stratégique qui permettra d'élaborer les plans opérationnels annuels ou biennaux des services (chantiers et projets) alignés sur les priorités de la planification stratégique <i>Montréal 2030</i> .	30 novembre 2025
	Le SPSPPO entreprendra le projet de revue des activités et des programmes de la Ville qui permettra d'aligner les activités, les budgets et les PDI (core business) sur les priorités du plan stratégique <i>Montréal 2030</i> .	30 novembre 2025
	Le SPSPPO et le SF travaillent conjointement à arrimer le cycle annuel de la planification stratégique et le cycle budgétaire afin que les critères d'approbation des demandes additionnelles soient alignés sur les priorités stratégiques et la revue des activités et des programmes.	30 novembre 2025
3.4.A. Approbation du budget par les instances Nous recommandons au Service des finances de valider auprès de la Commission sur les finances et l'administration, si cette dernière désire disposer d'une information en regard des résultats passés et des tendances pour qu'ainsi la performance budgétaire puisse être évaluée lors de l'étude du budget avant d'en recommander l'adoption au conseil municipal et au conseil d'agglomération.	Les informations en regard des résultats passés et des tendances sont déjà présentes dans les documents (présentation et volume budgétaire) transmis à la CFA lors des sessions d'étude du budget. Le gabarit des présentations reflète les demandes de la CFA et est validé par celle-ci. Quand la CFA le juge nécessaire, elle demande des ajustements dans son rapport et ces ajustements sont reflétés dans le gabarit qui suit.	30 novembre 2021
3.5.2.A Nous recommandons à la Direction générale de relancer le projet, de se doter d'un système d'information et de gestion budgétaire intégré et de le prévoir dès 2021 au Plan décennal d'immobilisations 2022-2031.	Une analyse étroite des besoins et vigie a été effectuée. Un calendrier détaillant les différentes étapes conduisant à la mise en place d'un nouveau système sera établi.	28 février 2023 28 février 2024

SERVICES CENTRAUX ET DIRECTION GÉNÉRALE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.5.2.B. Nous recommandons au Service des finances de s'assurer que son plan de relève des ressources humaines couvre tous les postes-clés du processus budgétaire et qu'il prévoit des mesures pour assurer la formation du personnel et le transfert des connaissances nécessaires à son bon fonctionnement.	Le plan de relève du Service des finances sera mis à jour en collaboration avec le Service des ressources humaines. Le plan à jour sera ensuite appliqué.	28 février 2024
3.5.2.C. Nous recommandons au Service des finances de prendre les mesures appropriées pour protéger l'intégrité de l'information des nombreux fichiers de types Microsoft Excel et Access utilisés par son personnel et celui des services centraux et des arrondissements.	Dans le cadre de la confection budgétaire, les professionnels du Service des finances utilisent principalement les logiciels Excel et Access pour effectuer leurs calculs. Ces fichiers ne sont accessibles sur le réseau que par les personnes autorisées de chaque direction du Service de finances. Cette façon de gérer les accès aux fichiers est fiable et offre la sécurité maximale pouvant être raisonnablement mise en place avec ces outils. Néanmoins, ces outils n'ont pas le même type ou le nombre d'épaisseurs de mesures de sécurité que certains autres logiciels spécialisés. La mise en place de mesures additionnelles pour protéger davantage l'intégrité de l'information qu'ils contiennent implique l'acquisition de nouveaux outils informatiques. Ceci sera intégré au projet de renouvellement de logiciel budgétaire (voir 3.5.2.A.).	28 février 2024

ARRONDISSEMENT DE VILLE-MARIE		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
<p>3.2.2.D.</p> <p>Nous recommandons aux arrondissements de Mercier-Hochelaga-Maisonneuve, de Saint-Laurent et de Ville-Marie, d'améliorer la documentation de leur processus budgétaire, notamment en ce qui concerne la prise en compte des priorités de la Ville de Montréal, les orientations et les stratégies de l'arrondissement, la description des étapes importantes du processus et les contrôles effectués pour s'assurer que le budget reflète les décisions et les instructions reçues.</p>	<ul style="list-style-type: none"> En début de processus annuel (au début du mois de juillet), informer les élus(es) et les directeurs (trices) de l'arrondissement des priorités de la Ville et faire apparaître ces priorités dans les documents budgétaires de l'arrondissement. Inscrire les orientations et les stratégies de l'arrondissement dans les documents budgétaires. Préparer un document à l'intention des élus(es) et les directeurs (trices) de l'arrondissement, indiquant les étapes importantes et les échéances à considérer. Créer un outil permettant de documenter les contrôles effectués dans le but de s'assurer que le budget reflète les décisions et les instructions reçues. 	31 août 2022
<p>3.4.C.</p> <p>Nous recommandons à l'arrondissement de Ville-Marie de bonifier le contenu des documents budgétaires présentés au conseil d'arrondissement lors de la séance extraordinaire afin que ce dernier puisse être évalué au regard des résultats financiers historiques.</p>	À compter du budget 2022, les documents budgétaires, présentés au conseil d'arrondissement lors de la séance extraordinaire pour l'adoption du budget, seront bonifiés et feront état des résultats financiers historiques.	30 novembre 2021

ARRONDISSEMENT DE SAINT-LAURENT		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.2.2.C. Nous recommandons aux arrondissements de Mercier-Hochelaga-Maisonneuve et de Saint-Laurent de prévoir au budget l'ensemble des dépenses de fonctionnement prévues au cours de la prochaine année ainsi que les affectations de surplus nécessaires pour les financer.	1. Identifier les dépenses récurrentes financées historiquement par le surplus et revoir annuellement ce montant. 2. Dans le cadre de préparation du budget, prévoir toutes les dépenses de fonctionnement et éliminer l'ajustement de la main-d'œuvre capitalisée à la fin de l'année. Mis en place dans le cadre de la confection du budget 2024.	30 novembre 2023
3.2.2.D. Nous recommandons aux arrondissements de Mercier-Hochelaga-Maisonneuve, de Saint-Laurent et de Ville-Marie, d'améliorer la documentation de leur processus budgétaire, notamment en ce qui concerne la prise en compte des priorités de la Ville de Montréal, les orientations et les stratégies de l'arrondissement, la description des étapes importantes du processus et les contrôles effectués pour s'assurer que le budget reflète les décisions et les instructions reçues.	Documenter les étapes de confection du cahier budgétaire à l'aide d'une grille de référence qui inclut les dates de présentation à la direction et aux élus. (un exemplaire de la grille est inclus dans le plan d'action). Mis en place dans le cadre de la confection du budget 2024.	30 novembre 2023
3.4.B. Nous recommandons aux arrondissements de Mercier-Hochelaga-Maisonneuve et de Saint-Laurent de revoir le contenu des documents budgétaires présentés à leur conseil d'arrondissement afin que ce dernier et les citoyens disposent d'une information pertinente et complète sur le budget leur permettant d'évaluer ce dernier au regard des résultats financiers historiques et de l'information présentée dans le document <i>Montréal – Budget 2021 – PDI 2021-2030</i> de la Ville de Montréal.	Ajouter les valeurs réelles historiques dans la présentation du budget par objets et par activités permettant la présentation de données comparatives et un meilleur alignement avec les budgets de la ville de Montréal. Mis en place dans le cadre de la confection du budget 2024.	30 novembre 2023

ARRONDISSEMENT DE MERCIER-HOCHELAGA-MAISONNEUVE		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
3.2.2.C. Nous recommandons aux arrondissements de Mercier- Hochelaga-Maisonneuve et de Saint-Laurent de prévoir au budget l'ensemble des dépenses de fonctionnement prévues au cours de la prochaine année ainsi que les affectations de surplus nécessaires pour les financer.	<ol style="list-style-type: none"> 1. Analyser historique des affectations du surplus en cours d'année. 2. Identifier les dépenses financées historiquement par le surplus (affectations récurrentes). Annuellement ce montant sera révisé. 3. Voter en début d'année une réserve pour financer les affectations récurrentes ainsi qu'un budget pour les dépenses imprévues et cela en fonction des disponibilités dans le surplus. 4. Réviser les critères d'affectation du surplus. 5. Réviser la structure des crédits inscrits dans le SBA, analyser l'allocation des crédits et financer au besoin par le surplus. <p>Note : Analyser non seulement les aspects conjoncturels (externes) et structurels. Les affectations non récurrentes, reliées aux situations imprévues, ne seront pas intégrées dans la base budgétaire, car elles ne sont pas connues lors de la confection du budget.</p>	Confection et approbation du budget de 2024 soit le 30 novembre 2023
3.2.2.D. Nous recommandons aux arrondissements de Mercier- Hochelaga-Maisonneuve, de Saint- Laurent et de Ville-Marie, d'améliorer la documentation de leur processus budgétaire, notamment en ce qui concerne la prise en compte des priorités de la Ville de Montréal, les orientations et les stratégies de l'arrondissement, la description des étapes importantes du processus et les contrôles effectués pour s'assurer que le budget reflète les décisions et les instructions reçues.	<ol style="list-style-type: none"> 1. Produire des procès-verbaux lors des rencontres avec l'Administration locale. 2. Création d'un formulaire Google avec le calendrier, étapes importantes, qui énonce les orientations, les stratégies, niveau de taxation - signé par l'administration locale. 3. Création fichier « Cadre financier sur 3 ans » Google sheet qui permet de faire des liens avec tous les documents transmis par le SF et ceux approuvés par la Direction de l'arrondissement (orientations, réaménagements, saisie SBA, financement - taxation, etc.). 4. Approbation par le directeur de tous les documents servant à saisir dans SBA et lien avec le « Cadre financier sur 3 ans ». <p>Note : Améliorer la documentation sur le processus budgétaire de l'arrondissement.</p> <ul style="list-style-type: none"> • Établir une liste des tâches des conseillers relatives à la confection du budget. • Établir un mode d'évaluation de la performance du plan financier. • Réviser et documenter la séquence de confection du plan financier. • Formuler et formaliser les orientations et politiques budgétaires locales. • Contrôler (respecter) le processus d'approbation du budget par les instances. 	Confection et approbation du budget de 2024 soit le 30 novembre 2023 30 novembre 2023

ARRONDISSEMENT DE MERCIER-HOCHELAGA-MAISONNEUVE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
	<ul style="list-style-type: none"> • Créer un registre d'hypothèses budgétaires. • Créer un simulateur financier présentant l'impact des décisions financières à long terme. À modéliser selon des ratios historiques, inflationniste, d'indice à la consommation, etc. • Procéder à une analyse historique du budget. • Mettre à jour la répartition des enveloppes du budget de fonctionnement de l'ARRON. • Trouver un équilibre entre les enveloppes sur et sous-évaluées. • Réduire, voire éliminer les écarts de projection. 	
<p>3.4.B.</p> <p>Nous recommandons aux arrondissements de Mercier-Hochelaga-Maisonneuve et de Saint-Laurent de revoir le contenu des documents budgétaires présentés à leur conseil d'arrondissement afin que ce dernier et les citoyens disposent d'une information pertinente et complète sur le budget leur permettant d'évaluer ce dernier au regard des résultats financiers historiques et de l'information présentée dans le document Montréal – Budget 2021 – PDI 2021-2030 de la Ville de Montréal.</p>	<ol style="list-style-type: none"> 1. Rencontre avec la direction du budget pour mettre en commun les informations et prévoir un modèle de présentation uniformisé. 2. Collaboration inter - arrondissement pour harmoniser et améliorer la présentation budgétaire. 3. Uniformisation interarrondissement - informations minimales à inscrire dans les présentations budgétaires. 4. Utilisation des gabarits déjà utilisés par les services centraux lors de la présentation au Commissions pour l'étude du budget. <p>Note : Les besoins de présentation du SF sont différents de ceux en arrondissement.</p> <p>Un modèle de standardisation (Cahiers budgétaires), un modèle pro-forma qui s'inspire de celui des services centraux - gabarit suggéré par le rôle du SF d'imposer un modèle :</p> <p>Uniformisation - informations minimales à inscrire.</p> <p>Présenter dans les annexes les tableaux.</p> <p>1. Présentation :</p> <ul style="list-style-type: none"> • Faits saillants budget de fonctionnement et PDI. • Budget de fonctionnement et Programme décennal d'immobilisation 202X-203X - version détaillée. 	Confection et approbation du budget de 2024 soit le 30 novembre 2023

ARRONDISSEMENT DE MERCIER-HOCHELAGA-MAISONNEUVE (SUITE)		
RECOMMANDATIONS DU RAPPORT D'AUDIT	ACTIONS CORRECTIVES ENTREPRISES OU PRÉVUES PAR L'UNITÉ ADMINISTRATIVE VISÉE PAR LA RECOMMANDATION	DATE D'ÉCHÉANCE POUR LA RÉALISATION DES ACTIONS CORRECTIVES
	<p>2. Budget de fonctionnement et Programme décennal d'immobilisation 202X- 203X - version détaillée</p> <p>2.1 - Budget de fonctionnement présentation des tableaux</p> <ul style="list-style-type: none"> • Répartition des dépenses par activités en \$ et en a-p. • Répartition des revenus et dépenses par objets. • Explication de la fiscalité. • Améliorer la présentation budgétaire interne et publique. • Évaluer les anomalies significatives du plan financier, et lui apporter les mesures correctives (selon les démarches de B). • Valoriser la dotation (budget rémunération) des services aux citoyens. • Adopter un vocabulaire positif pour favoriser une perception positive des dépenses. Par exemple, une dépense peut être exprimée en termes d'opportunité d'investissement. • Présenter en deux feuillets (bulletin) le volet fonctionnement et investissement (PD). 	

The background is a solid dark red color with a repeating pattern of faint, light red line-art icons. These icons include a document with a lock, a pie chart with a percentage sign, a hand holding a document, and several rectangular labels with the letters 'A', 'B', and 'C' and horizontal lines.

Appendix 4

Resolution of the Municipal Council CM22 0137

6.8. Appendix 4 – Resolution of the Municipal Council CM22 0137



Extrait authentique du procès-verbal d'une assemblée du conseil municipal

Assemblée ordinaire du lundi 24 janvier 2022 Séance tenue le 25 janvier 2022	Résolution: CM22 0137
---	-----------------------

Motion de l'opposition officielle demandant la production d'un rapport préélectoral audité

Avant présentation, le maire de l'arrondissement de Saint-Laurent, M. Alan DeSousa, dépose une nouvelle version du point 65.04, travaillée en collaboration avec la présidente du comité exécutif, Mme Dominique Ollivier. La nouvelle version se lit comme suit :

Attendu que le budget est un document central en démocratie municipale puisqu'il représente les engagements de la Ville envers les citoyens, en plus de définir les priorités et les orientations qui seront données aux prestations de services publics;

Attendu que la capacité du conseil municipal à prendre des décisions éclairées repose sur une bonne compréhension de la situation financière de la Ville et des coûts liés aux programmes, politiques et plans d'action sur lesquels il vote;

Attendu qu'il est dans l'intérêt du public que tous les élus puissent échanger de façon égale des diverses propositions, en disposant des mêmes informations;

Attendu qu'en plus de la publication de son budget de fonctionnement et de son plan décennal d'immobilisations, la Ville de Montréal produit plusieurs documents permettant d'évaluer la situation financière de la Ville, dont des états financiers audités;

Attendu que lors de la dernière élection, la Ville de Montréal a produit et publié le rapport non audité « l'État des finances de la Ville de Montréal - Cadre budgétaire préliminaire 2022-2024 » avant les élections;

Attendu que la production d'un rapport préélectoral audité par la vérificatrice générale de la Ville est dans l'intérêt du public et dans le respect des valeurs d'imputabilité et de transparence;

Attendu que dès le début du mandat de 2017, l'Opposition officielle a déposé une motion demandant que l'Administration dépose un rapport préélectoral audité, sur le modèle des rapports préélectoraux présentés par les autres paliers de gouvernement;

Attendu que dès 2018, l'Administration de la Ville s'est engagée à mandater la vérificatrice générale pour effectuer l'audit du rapport préélectoral et lui avait fourni, en avril 2020, un budget de 900 000 \$ pour le réaliser;

Attendu que la réalisation d'un tel audit n'a pas été possible lors de la dernière élection pour des raisons techniques et ayant trait au processus budgétaire de la Ville, de l'avis de la vérificatrice générale;

Attendu que, pour qu'un rapport préélectoral audité par la vérificatrice générale soit produit pour la prochaine élection, la Ville doit dès maintenant entamer le processus;

Il est proposé par M. Alan DeSousa

appuyé par Mme Alba Zuniga Ramos
Mme Dominique Ollivier

Et résolu :

- 1- que le conseil municipal mandate la vérificatrice générale et le Service des finances de la Ville d'amorcer dès maintenant des discussions afin d'identifier les paramètres et la méthodologie permettant la préparation d'un rapport préélectoral audité d'ici la prochaine élection municipale;
- 2- que soit produit un rapport à la suite des discussions entre la vérificatrice générale et le Service des finances et qu'il soit présenté au conseil municipal d'ici le mois d'août 2022, afin que celui-ci puisse mandater le Bureau de la vérificatrice générale d'auditer un rapport préélectoral produit par le Service des finances.

Un débat s'engage.

La présidente du conseil, Mme Martine Musau Muele, cède la parole au maire de l'arrondissement de Saint-Laurent, M. Alan DeSousa.

M. DeSousa présente la nouvelle version de la motion travaillée de concert avec l'Administration. Il met en lumière la volonté commune de toutes les parties prenantes afin que la Ville de Montréal puisse se doter d'un cadre financier électoral audité par la vérificatrice générale avant les prochaines élections municipales. M. DeSousa fait l'historique quant au processus ayant mené à l'octroi du mandat à la vérificatrice générale et aux difficultés rencontrées. M. DeSousa indique notamment, qu'afin d'éviter les incidents de parcours des quatre dernières années, il recommande qu'un suivi soit effectué sur ce dossier dans le but d'entamer les travaux le plus rapidement possible. En conclusion, M. DeSousa remercie la présidente du comité exécutif, Mme Dominique Ollivier, pour sa collaboration dans la rédaction de cette nouvelle version de la motion.

La présidente du conseil remercie M. DeSousa pour sa présentation et cède la parole à la conseillère Alba Zuniga Ramos.

Mme Zuniga Ramos prend la parole en faisant état entre autres de certains enjeux de transparence importants lorsqu'il est question du budget. À cet égard, elle mentionne qu'il est bénéfique de donner l'heure juste et de démontrer que nous avons les moyens de remplir les promesses électorales. Elle cite en exemple le Centre sportif de Montréal-Nord pour lequel le financement n'est pas au Programme décennal d'immobilisations (PDI). Elle estime que la population est en droit d'avoir des structures lui permettant de tisser des liens de confiance. De plus, elle exprime son malaise quant au climat dans lequel ont eu lieu certains échanges entre les membres du conseil récemment disant se sentir accusée « de diffamer ». Dans ce contexte, Mme Zuniga Ramos mentionne qu'il est important que les finances de la Ville soient validées par une instance indépendante préalablement à la tenue d'une élection. Pour terminer, elle invite l'ensemble des membres du conseil à voter en faveur de cette motion.

La présidente du conseil, Mme Musau Muele, demande à la conseillère Alba Zuniga Ramos d'apporter des clarifications sur le terme « diffamer » qu'elle a utilisé lors de son intervention. Mme Zuniga Ramos précise qu'elle fait référence à l'intervention de la mairesse de Montréal lors du comité plénier tenu dans la matinée. La présidente du conseil demande à la conseillère Zuniga Ramos de retirer le terme « diffamer » qui est un mot antiparlementaire et de s'excuser. Mme Zuniga Ramos le retire et reformule son commentaire.

La présidente du conseil la remercie et cède la parole à la présidente du comité exécutif, Mme Dominique Ollivier.

Mme Ollivier prend la parole et invite les membres du conseil à voter en faveur de cette motion. Elle remercie son prédécesseur, M. Benoit Dorais, pour tous les efforts consentis dans la production du rapport préélectoral même si celui-ci n'a pu être audité. Elle mentionne notamment qu'il est important pour l'ensemble de la communauté montréalaise d'avoir accès à ces informations et permettre aux formations politiques de baser leurs promesses électorales sur une connaissance de l'état des finances publiques afin de penser à des solutions concrètes pour le bien commun. Mme Ollivier indique que l'audit ajoute de la crédibilité à l'exercice et que cette motion a pour but d'inviter tant la vérificatrice générale que le Service des finances à élaborer une méthodologie commune qui va rendre l'information claire et crédible pour toutes et tous. En conclusion, Mme Ollivier souligne les efforts qui sont déployés pour rendre l'information et le processus budgétaire compréhensibles et accessibles.

La présidente du conseil remercie la présidente du comité exécutif, Mme Dominique Ollivier, pour son intervention et cède la parole au maire de l'arrondissement de Saint-Laurent, Alan DeSousa afin qu'il exerce son droit de réplique.

M. DeSousa, en droit de réplique, remercie Mme Ollivier pour sa collaboration et réitère l'importance de la motion.

Adopté à l'unanimité.

65.04
/cb

Valérie PLANTE

Mairesse

Emmanuel TANI-MOORE

Greffier de la Ville

(certifié conforme)

Emmanuel TANI-MOORE
Greffier de la Ville

Signée électroniquement le 4 février 2022

Appendix 5

**Follow-Up Submitted by the General
Audit to the Municipal Council
on August 22, 2022**

**Pre-Election Report Audited
by the Auditor General for the
Next Election**

6.9. Appendix 5 – Follow-Up Submitted by the General Audit to the Municipal Council on August 22, 2022 and Pre-Election Report Audited by the Auditor General for the Next Election



Le 16 août 2022

Madame Valérie Plante
Mairesse
Ville de Montréal
275, rue Notre-Dame Est
Montréal (Québec) H2Y 1C6

Objet : Suivi de la motion - Rapport préélectoral audité par la vérificatrice générale de la Ville de Montréal pour la prochaine élection

Madame la Mairesse,

Vous trouverez ci-joint un rapport de suivi en date du 16 août concernant la motion - Rapport préélectoral audité par la vérificatrice générale de la Ville de Montréal pour la prochaine élection.

Nous vous invitons à déposer le document ci-joint aux membres du conseil municipal le 22 août 2022.

Veuillez recevoir, Madame la Mairesse, l'expression de mes salutations distinguées.

La vérificatrice générale de la Ville de Montréal,

A handwritten signature in blue ink that reads 'Michèle Galipeau' followed by 'FCPA auditrice' in smaller text.

Michèle Galipeau, FCPA auditrice

MG/dds

p.j. Document



Le 16 août 2022

Membres du conseil municipal
Conseil municipal de Montréal
Ville de Montréal
275, rue Notre-Dame Est
Montréal (Québec) H2Y 1C6

Objet : Suivi de la motion - Rapport préélectoral audité par la vérificatrice générale de la Ville de Montréal pour la prochaine élection

Membres du conseil municipal,

La présente vise à vous communiquer un état de situation concernant le mandat cité en rubrique. Le 25 janvier 2022, le conseil municipal (CM) adoptait la résolution CM22 0137 (assemblée ordinaire du 24 janvier 2022) qui se lit comme suit :

« Et résolu :

- 1) *que le conseil municipal mandate la vérificatrice générale et le Service des finances de la Ville d'amorcer dès maintenant des discussions afin d'identifier les paramètres et la méthodologie permettant la préparation d'un rapport préélectoral audité d'ici la prochaine élection municipale;*
- 2) *que soit produit un rapport à la suite des discussions entre la vérificatrice générale et le Service des finances et qu'il soit présenté au conseil municipal d'ici le mois d'août 2022, afin que celui-ci puisse mandater le Bureau de la vérificatrice générale d'auditer un rapport préélectoral produit par le Service des finances. »*

Dans un premier temps, j'aimerais vous indiquer qu'aucun suivi formel n'a été effectué auprès de mon Bureau par l'Administration municipale à la suite de l'adoption de cette motion en janvier 2022. J'ai donc pris connaissance de cette motion à la suite de la vigie des ordres du jour du CM effectuée par mon Bureau au printemps 2022. J'ai aussi reçu le 1^{er} juin une lettre du Chef de l'opposition officielle, monsieur Aref Salem, me demandant un suivi sur ce dossier.

Comme mentionné par le passé, la mise en place d'un exercice démocratique municipal commande toutefois certaines précautions afin d'y mettre à contribution l'indépendance liée à ma fonction, par la réalisation d'un mandat d'audit. Comme vérificatrice générale, je ne peux en



aucun temps participer à l'élaboration d'un processus ou à l'établissement d'une méthodologie dont j'aurais le mandat d'auditer par la suite.

Quant à la réalisation d'un mandat éventuel, je vous réfère au « Mot de la vérificatrice générale », de mon rapport annuel 2020 dans lequel il est indiqué que :

« La mise en place initiale d'un RPE est un travail colossal à ne pas sous-estimer. Pour être en mesure de présenter un RPE avec de l'information financière de qualité qui est conforme aux exigences en la matière, cela nécessite d'une part que les processus qui supportent la production du RPE soient adéquats, efficaces et rigoureux et, d'autre part, que l'expertise interne qui y est affectée soit appropriée. Cependant, les travaux d'audit entrepris sur les principaux processus budgétaires touchant les revenus et les dépenses se sont poursuivis. La mise en place des améliorations recommandées dans ce rapport est souhaitable si la Ville désire se doter d'un RPE conforme aux exigences en la matière et représentant un outil de transparence budgétaire permettant aux partis politiques de présenter des programmes qui concordent avec la situation financière de la Ville. »

Au printemps 2022, nous avons reçu les plans d'action en réponse aux recommandations contenues dans le rapport sur les processus budgétaires touchant les revenus et les dépenses. Nous transmettrons sous peu des questions au Service des finances et à la Direction générale afin de mieux comprendre les actions proposées ou pour obtenir les documents supports attestant de la réalisation de certains éléments. Il est important de souligner que la Direction générale nous a confirmé le 4 juin 2021 leur accord avec les recommandations de ce rapport.

De plus, nous conduisons actuellement un audit de performance sur les processus budgétaires entourant la confection du Plan décennal d'immobilisations. Nous présenterons les conclusions de ce mandat dans le rapport que je déposerai à la Mairesse en décembre 2022.

J'ai aussi fait un suivi sur cette motion auprès du trésorier qui m'a indiqué les éléments suivants :

- À ce jour, les paramètres et la méthodologie sur lesquels se base le Service des finances, pour l'élaboration d'un rapport préélectoral (RPE), demeurent inchangés au regard du rapport intitulé « États des finances de la Ville de Montréal (la Ville), Cadre budgétaire préliminaire 2022-2024 », présenté le 23 août 2021.
- Des discussions sont en cours avec l'Administration municipale pour voir les améliorations raisonnablement possibles d'apporter en termes organisationnels et de ressources financières et humaines afin de produire un rapport qui pourrait être audité.



Respect des normes professionnelles

Je souhaite également faire un rappel de certaines exigences des normes professionnelles en matière d'audit et pour l'émission d'un rapport de certification.

En effet, l'objet du rapport requis par le CM commande à ce que le niveau de certification soit clairement défini. Il en va de la neutralité de l'exercice et de son impact dans l'exercice démocratique municipal.

À ce chapitre, il est primordial de comprendre que tous les travaux de certification effectués par le Bureau du vérificateur général (BVG) de la Ville de Montréal sont réalisés en conformité avec les normes canadiennes pour les missions de certification énoncées par le Conseil des normes d'audit et de certification publiées dans le Manuel de CPA Canada – Certification. Ceci nous permet d'assurer la qualité et la crédibilité de nos rapports.

Ces normes établissent entre autres des « ...conditions préalables à la réalisation d'une mission », conditions qui doivent être remplies afin d'être en mesure d'accepter une mission devant être effectuée en accord avec ces normes. Ces conditions exigent de tenir compte de certains éléments, incluant :

- **Le caractère approprié de l'objet de la mission**, à savoir si l'objet de la mission est clairement identifiable, peut faire l'objet d'une mesure ou d'une évaluation cohérente par rapport aux critères applicables et peut être soumis à des procédures en vue de l'obtention d'éléments probants suffisants et appropriés pour étayer l'expression du niveau d'assurance requis dans les circonstances;
- **La disponibilité de critères valables**, à savoir si les critères appliqués dans la préparation de l'information sur l'objet considéré sont valables au regard des conditions de la mission et présentent les caractéristiques énoncées dans les normes;
- **La possibilité d'obtenir les éléments probants nécessaires** pour étayer la conclusion, à savoir si des éléments probants fiables sont disponibles et accessibles.

CONCLUSION

Je réitère que la mise en place des recommandations émises dans le cadre de notre mandat sur les processus budgétaires est une condition souhaitable si la Ville désire se doter d'un RPE conforme aux exigences en la matière et qui puisse être audité.

De plus, le processus de réalisation d'un RPE qui puisse être audité est un travail colossal pour tous les partis impliqués qu'il ne faut pas sous-estimer.



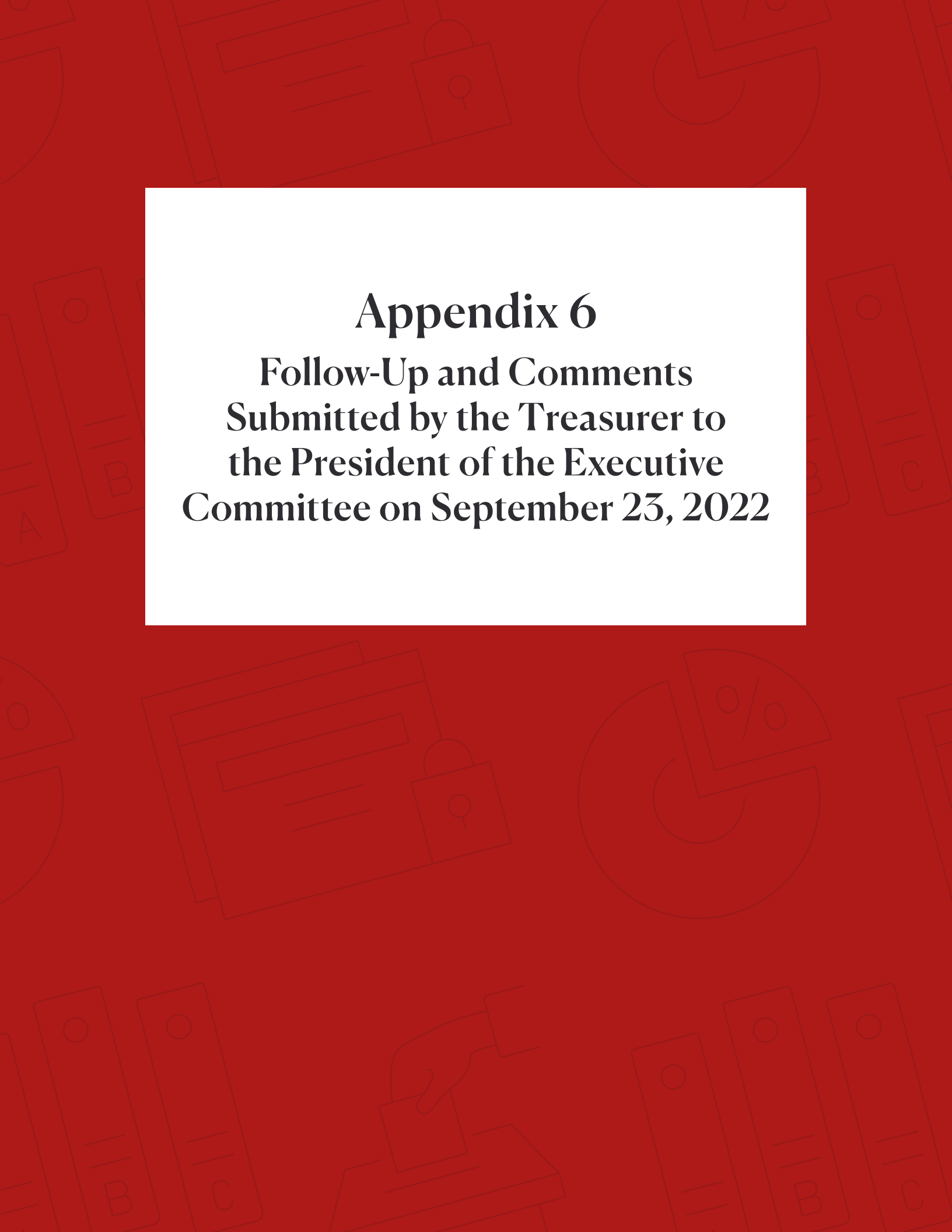
Ceci complète le statut sur ce dossier en date du mois d'août 2022 pour le BVG.

Veuillez recevoir, Membres du conseil municipal, l'expression de mes sentiments distingués.

La vérificatrice générale de la Ville de Montréal,

Michèle Galipeau, FCPA auditrice

MG/dds

The background is a solid dark red color with a repeating pattern of faint, light red line-art icons. These icons include various business and financial symbols such as pie charts, bar charts, documents with checkboxes, and a hand placing a coin into a slot.

Appendix 6

Follow-Up and Comments Submitted by the Treasurer to the President of the Executive Committee on September 23, 2022

6.10. Appendix 6 – Follow-Up and Comments Submitted by the Treasurer to the President of the Executive Committee on September 23, 2022



Trésorier et directeur du Service des finances
100 – 630, boul. René-Lévesque Ouest, 6^e étage
Montréal (Québec) H3B 1S6
Téléphone : 514 872-6630

Note

Destinataire : M^{me} Dominique Ollivier
Présidente du comité exécutif

Expéditeur : Yves Courchesne, CPA, CGA
Trésorier et directeur de service

Date : Le 23 Septembre 2022

Objet : Suivi et commentaires - Lettre de la vérificatrice générale de la Ville de Montréal au sujet de la motion portant sur le rapport préélectoral

Contexte

Le 23 août 2021, avant les dernières élections municipales, le Service des finances a présenté le rapport intitulé « État des finances de la Ville de Montréal, Cadre budgétaire préliminaire 2022-2024 ».

Le conseil municipal a adopté le 25 janvier dernier la résolution CM22 0137 qui se lit comme suit :

« Et résolu :

1) que le conseil municipal mandate la vérificatrice générale et le Service des finances de la Ville d'amorcer dès maintenant des discussions afin d'identifier les paramètres et la méthodologie permettant la préparation d'un rapport préélectoral audité d'ici la prochaine élection municipale;

2) que soit produit un rapport à la suite des discussions entre la vérificatrice générale et le Service des finances et qu'il soit présenté au conseil municipal d'ici le mois d'août 2022, afin que celui-ci puisse mandater le Bureau de la vérificatrice générale (BVG) d'auditer un rapport préélectoral produit par le Service des finances. »

Le 16 août, la vérificatrice générale a fait parvenir une lettre de suivi à la Mairesse de Montréal.

Le présent document rassemble quelques commentaires du Service des finances au sujet du contenu de la lettre transmise par la vérificatrice générale.

Mandat conjoint adressé à la vérificatrice générale et au Service des finances de convenir de paramètres et d'une méthodologie permettant de produire un rapport préélectoral audité

Le Service des finances a bien pris connaissance de la motion en question et a eu des échanges avec le BVG à ce sujet. Toutefois, la réponse du BVG au Service des finances a été la même que celle fournie dans la lettre destinée à la Mairesse :

« Comme vérificatrice générale, je ne peux en aucun temps participer à l'élaboration d'un processus ou à l'établissement d'une méthodologie dont j'aurais le mandat d'auditer par la suite. »

Michèle Gailpeau, vérificatrice générale de la Ville de Montréal
Lettre du 16 août destinée à la Mairesse de Montréal

Dans les circonstances, le Service des finances étudie présentement avec l'Administration la possibilité d'acquiescer le soutien de services professionnels, détenant une expertise en audit et en préparation de rapports préélectoraux dans un contexte municipal, afin d'identifier quels ajustements pourraient être apportés au rapport intitulé « État des finances de la Ville de Montréal, Cadre budgétaire préliminaire 2022-2024 » qui a été déjà produit par le Service des finances peu avant la tenue des dernières élections municipales.

Mise en place préalable des recommandations émises par le BVG dans le cadre de son mandat sur les processus budgétaires

La vérificatrice générale indique qu'une condition souhaitable à la réalisation d'un rapport préélectoral amené à être audité est la mise en place préalable des recommandations émises par le BVG dans le cadre de son mandat sur les processus budgétaires. Suite au dépôt de ces recommandations, le Service des finances et la Direction générale ont produit et transmis des plans d'actions, lesquels visent à cibler les mesures qui peuvent être adoptées et mises en place au prix de ressources raisonnables (financières et humaines), afin d'améliorer les processus existants, compte tenu notamment des limites technologiques de la Ville et de certaines implications organisationnelles.

Espérant le tout à votre convenance, je vous prie d'agréer mes salutations distinguées.



Appendix 7

Official Opposition Motion of December 19, 2022

6.11. Appendix 7 – Official Opposition Motion of December 19, 2022



Motion de l'Opposition officielle

Séance du conseil municipal du 19 décembre 2022

65.02

Motion demandant au Service des finances de fournir un état d'avancement sur le rapport préélectoral audité par le Bureau du vérificateur général

Attendu que le budget est un document central en démocratie municipale puisqu'il représente les engagements de la Ville envers les citoyens, en plus de définir les priorités et les orientations qui seront données aux prestations de services publics;

Attendu que la capacité du conseil municipal à prendre des décisions éclairées repose sur une bonne compréhension de la situation financière de la Ville et des coûts liés aux programmes, politiques et plans d'action sur lesquels il vote;

Attendu qu'il est dans l'intérêt public que tous les élus puissent échanger de façon égale des diverses propositions, en disposant des mêmes informations;

Attendu qu'il est dans l'intérêt public de produire un rapport préélectoral audité par la Vérificatrice générale de la Ville afin d'assurer le respect des valeurs d'imputabilité et de transparence;

Attendu qu'un rapport préélectoral renseigne les électeurs sur l'état des finances publiques de la Ville, permet d'en apprécier le contenu et représente une base commune permettant à toutes les formations politiques de développer leur plateforme électorale;

Attendu qu'en 2018 et en 2020, l'Opposition officielle a déposé des motions demandant que l'administration se dote d'un rapport préélectoral audité basé sur le modèle de ceux présentés par les autres paliers de gouvernement;

Attendu que lors du dépôt de ces deux motions, le conseil municipal s'est engagé à mandater la Vérificatrice générale pour effectuer l'audit du rapport préélectoral;

Attendu qu'en avril 2020, un budget de 900 000 \$ a été octroyé pour le réaliser, mais que devant l'incapacité de produire ledit rapport, le Bureau du vérificateur général (BVG) a remis l'entièreté de ce budget supplémentaire au Service des finances;

Attendu que la réalisation d'un tel audit n'a pas été possible avant la dernière élection pour des raisons techniques et ayant trait au processus budgétaire de la Ville, de l'avis de la Vérificatrice générale;

Attendu que, malgré les promesses répétées de l'administration Plante-Dorais, le Service des finances de la Ville n'a pas fourni les documents financiers nécessaires afin que le BVG puisse mener l'audit d'un rapport préélectoral en conformité avec les normes du Conseil des normes d'audit et de certification de CPA Canada;

Attendu qu'afin d'en assurer la qualité et la crédibilité, tous les travaux effectués par le BVG sont réalisés en conformité avec les normes canadiennes pour les missions de certification énoncées par le Conseil des normes d'audit et de certification publiées;

Attendu que, selon la Vérificatrice générale, les processus budgétaires de la Ville ne lui permettent pas d'évaluer les hypothèses budgétaires compte tenu qu'elles sont basées sur celles des années précédentes et qu'aucune analyse des écarts entre le réel et le projeté n'est produite;

Attendu que, sans une réforme des paramètres budgétaires et sans une méthodologie reposant sur des hypothèses et des prévisions probantes par le Service des finances, la Vérificatrice générale ne sera toujours pas en mesure de produire un rapport préélectoral répondant aux normes de sa profession;

Attendu qu'en janvier 2022, le conseil municipal a adopté à l'unanimité une motion demandant au BVG et au Service des finances d'amorcer dès maintenant des discussions afin d'identifier les paramètres et la méthodologie permettant la préparation d'un rapport préélectoral audité d'ici la prochaine élection municipale et que, suite à la résolution du conseil, le BVG a indiqué son impossibilité de prendre part à l'élaboration d'un processus ou à l'établissement d'une méthodologie qu'il aura pour mandat d'auditer;

Attendu que lors du conseil d'août 2022, la Vérificatrice générale a déposé une lettre expliquant qu'aucun suivi formel n'a été effectué auprès de son Bureau par l'administration, que les paramètres et la méthodologie sur lesquels se base le Service des finances demeuraient inchangés et que des discussions étaient en cours concernant l'ajout de ressources financières et humaines;

Attendu que, pour qu'un rapport préélectoral audité par la Vérificatrice générale soit produit pour la prochaine élection, la Ville doit dès maintenant entamer le processus puisque le BVG

évaluait que l'ampleur des travaux devait s'échelonner sur 3,5 années dans son rapport annuel 2020;

Attendu que dans le budget de fonctionnement 2023, il n'est aucunement mention de l'audit d'un rapport préélectoral et qu'un tel processus devrait se retrouver dans les actions prioritaires du Service des finances et du Bureau du vérificateur général;

Il est proposé par Alan DeSousa, maire de l'arrondissement de Saint-Laurent;

Et appuyé par Alba Zuniga Zamos, conseillère de la Ville du district de Louis-Riel;

Que le conseil municipal mandate dès maintenant le Service des finances afin qu'il fournisse aux élus du conseil municipal en janvier 2023 un état d'avancement sur l'élaboration des processus et/ou l'établissement de la méthodologie nécessaire à la préparation d'un rapport préélectoral audité par le Bureau du vérificateur général;

Que, suite à cet état d'avancement, si les processus budgétaires n'ont pas été modifiés afin de permettre la production d'un rapport préélectoral, le conseil municipal mandate le Service des finances d'apporter les améliorations raisonnablement possibles en termes organisationnels et de ressources financières et humaines afin de produire un rapport qui pourrait être audité;

Que le conseil municipal s'assure que le Bureau du vérificateur général dispose des crédits nécessaires à l'audit d'un rapport préélectoral.

The background is a solid dark red color. It features a repeating pattern of faint, light red line-art icons. These icons include various financial and business symbols: a pie chart with a percentage sign, a document with a magnifying glass, a hand holding a coin, and several rectangular blocks with letters like 'A', 'B', and 'C' and horizontal lines, resembling index cards or folders.

Appendix 8

**Progress Report of the Service des
finances Presented to the Municipal
Council on February 20, 2023**

6.12. Appendix 8 – Progress Report of the Service des finances Presented to the Municipal Council on February 20, 2023

Dépôt au Conseil municipal de février 2023

Point 7.03

État d'avancement du Service des finances sur le rapport préélectoral audité par le Bureau du vérificateur général

Mise en contexte

Le présent rapport est produit en réponse à la motion, déposée en séance du conseil municipal du 19 décembre 2022 et demandant au Service des finances de fournir un état d'avancement sur le rapport préélectoral à auditer par le Bureau du vérificateur général (BVG) (65.02). Il se veut un état d'avancement sur l'élaboration des processus et l'établissement de la méthodologie nécessaire à la préparation d'un rapport préélectoral audité par le BVG.

Dans sa lettre du 16 août 2022, la Vérificatrice générale de la Ville (VG) insistait sur le fait que la mise en place des recommandations émises dans le cadre de notre mandat sur les processus budgétaires est une condition souhaitable si la Ville désire se doter d'un rapport préélectoral conforme aux exigences en la matière et qui puisse être audité. En date de ce jour, le Service des finances (SF), la Direction générale (DG) ainsi que le Service de la performance organisationnelle (SPSPO) ont déjà mis en place plusieurs de ces recommandations, ou ils sont en train de les mettre en place. Toutefois, comme il sera présenté dans ce rapport, certaines recommandations ne peuvent être mises en place d'ici les prochaines élections soit parce qu'elles ont des implications politiques significatives, soit parce qu'elles requièrent des changements technologiques et organisationnels qui ne pourront être en place avant les prochaines élections.

Ainsi, le présent rapport est divisé en trois sections : la première section, qui se veut un rappel de certains processus clés actuels, permet de mieux contextualiser les commentaires de la Vérificatrice générale (VG). Ensuite, dans la deuxième section sont présentées les améliorations aux processus déjà mises en place qui permettent de répondre à plusieurs recommandations de la VG. Finalement, dans la troisième section, on retrouve les principaux éléments ayant un impact politique, organisationnel ou technologique important.

L'exercice budgétaire actuel, un processus rigoureux

Le budget est la résultante finale et ultime d'un long processus de planification, de réflexion, de recherche, de discussions, d'analyses et de choix de stratégies afin que l'ensemble des ressources de la Ville soit orienté vers les objectifs d'amélioration du service à la clientèle, et ce, selon la capacité de payer de la population montréalaise. La rigueur, le contrôle, l'efficacité et l'efficience demeurent les bases de ce processus.

Plus précisément, en début de chaque année, la Ville lance le processus budgétaire en mettant à jour son cadre budgétaire. Dès janvier, le Service des finances travaille à calculer et présenter les facteurs liés aux défis budgétaires et à proposer des hypothèses et des stratégies afin d'assurer l'équilibre budgétaire. Ces hypothèses se basent, par exemple, sur des données du Conférence Board du Canada pour l'inflation, des données des systèmes de la Ville, basées sur les conventions collectives, pour la prévision de l'augmentation de la rémunération, des dossiers décisionnels existants, des ententes signées ainsi que plusieurs autres facteurs connus et détaillés dans le rapport sur l'État des finances de la Ville de Montréal – Cadre budgétaire préliminaire 2022-2024. Ces hypothèses permettent d'établir les prévisions relatives à plusieurs postes budgétaires, prévisions qui s'avèrent proche des réalisations.

En effet, si on regarde par exemple les prévisions de taxes et en-lieux de taxes, qui représente près de 63 % des revenus de la Ville, au cours des cinq dernières années, la différence entre la prévision budgétaire et le réel oscille autour de 0,7 %.

	Budget 2017		Budget 2018		Budget 2018		Budget 2020		Budget 2021	
	Budget original annuel	Réel	Budget original annuel	Réel	Budget original annuel	Réel	Budget original annuel	Réel	Budget original annuel	Réel
Taxes	3 295,4 M\$	3 294,7 M\$	3 423,7 M\$	3 433,2 M\$	3 529,3 M\$	3 504,9 M\$	3 629,9 M\$	3 612,0 M\$	3 657,3 M\$	3 642,5 M\$
En-lieux	256,5 M\$	260,0 M\$	270,9 M\$	264,4 M\$	275,8 M\$	274,9 M\$	280,4 M\$	279,1 M\$	285,3 M\$	285,8 M\$
Total taxes et en-lieux	3 551,8 M\$	3 554,8 M\$	3 694,6 M\$	3 697,6 M\$	3 805,2 M\$	3 779,8 M\$	3 910,2 M\$	3 891,1 M\$	3 942,7 M\$	3 928,3 M\$
Écart entre original et réel (%)		0,08%		0,08%		-0,67%		-0,49%		-0,36%

De février à juin, le comité de budget administratif, composé du directeur général, les directeurs généraux adjoints, des représentants du Service des ressources humaines et du SF, se rencontrent régulièrement jusqu'à l'envoi des enveloppes budgétaires des unités en juin. Lors de ces rencontres, le comité de budget discute des enjeux et prend connaissance de documents techniques et d'analyses spécifiquement préparés pour les sujets discutés. Ces documents techniques sont préparés par les équipes spécialisées en fonction des sujets à l'ordre du jour.

Prenons l'exemple de l'agrandissement du territoire de la taxe sur les parcs de stationnement. Le SF a préparé plusieurs scénarios d'agrandissement du territoire d'application de la taxe, documentant les avantages et inconvénients de chacun ainsi que les capacités d'enquêtes du service. Certaines estimations à très haut niveau du rendement potentiel de la taxe selon ces scénarios ont été préparées. Une fois un scénario retenu par l'Administration, le SF s'est affaîré à enquêter les immeubles visés afin de constituer une base de données solide. Un rendement préliminaire a été inscrit au cadre financier de l'exercice et tout au long des travaux de recensement, le SF s'est assuré de l'exactitude de cette estimation. Finalement, au début de l'automne 2022, des simulations faites avec différents taux ainsi que les paramètres fiscaux 2023 ont permis de confirmer le réalisme de la mesure, ainsi que de quantifier les effets pour les entreprises visées. L'ensemble des travaux exercés par le SF tout au long du processus a permis de mener à bien ce projet et de présenter des estimations rigoureuses et réalistes du rendement de la mesure. Une fois la base de données complétée, les rendements attendus sont très proches de l'estimation du cadre financier.

Ainsi, basé sur toutes ces données fiables et analyses rigoureuses, le comité de budget administratif présente ses recommandations au comité de budget politique pour décisions. Ces décisions sont traduites dans les enveloppes budgétaires envoyées en juin aux unités. Ensuite, tout au long de l'été ces dernières, appuyées par le SF, travaillent à confectionner leurs budgets et mettre à jour les données dans les systèmes. Précisions que les données inscrites sont validées et contrevalidées à plusieurs reprises afin que le tout reflète fidèlement les décisions prises. À l'automne, les travaux du comité de budget tant administratif que politique reviennent à finaliser les décisions qui permettront d'équilibrer le budget. Ici, encore, la majorité de ces décisions sont accompagnées de documents de supports et d'analyses, le cas échéant. Lorsque les décisions finales sont connues, le travail des équipes du SF, consiste à mettre à jour, stabiliser puis valider que tout est bien reflété dans les systèmes budgétaires.

Ainsi, à toutes les étapes du processus budgétaire, il existe plusieurs mécanismes de contrôle, de vérification et d'analyse qui contribuent à rendre le processus budgétaire, un processus fiable et rigoureux.

Par ailleurs, rappelons qu'une grande proportion des dépenses, plus de 92 %¹, sont liées à des ententes contractuelles (Ententes de contributions aux organismes, baux, conventions collectives, etc.). En ce qui a trait aux revenus, près de 90 %² sont des revenus garantis et très peu liés à la conjoncture économique annuelle. Autrement dit, puisque les postes de revenus et de dépenses sont très peu influencés par les conditions

¹ Ceci inclut : rémunération globale, service de la dette brute, location, entretien et réparation, services professionnels et techniques, contributions à des organismes et le paiement au comptant des immobilisations.

² Ceci inclut : taxes nettes de l'ajout des valeurs foncières, paiements tenant lieu de taxe, quotes-parts, transferts, services rendus et affectations de revenus.

économiques, il y a très peu d'incertitude quant à l'élaboration de leur prévisions budgétaires. Il y a donc lieu de se questionner sur la pertinence de les auditer dans le cadre de la production d'un rapport préélectoral.

Améliorations déjà mises en place

Le SF ainsi que la DG sont continuellement en révision de ces processus en vue d'une amélioration continue. C'est ainsi que la Ville est en voie de s'adjoindre des services professionnels externes pour l'accompagner dans l'amélioration de ses processus et la production d'un rapport préélectoral. Aussi, depuis le rapport d'audit de la VG sur le processus budgétaire volet fonctionnement, et en lien avec la production d'un rapport préélectoral, plusieurs mesures ont été mises en place qui permettent de répondre à certaines de ses recommandations.

À titre d'exemple, depuis le budget 2022, pour chaque rencontre du comité de budget, tant administratif que politique, des comptes rendus sont rédigés. Ces derniers ont d'ailleurs été transmis à la VG comme preuve. Également, la VG recommandait « d'améliorer la documentation et les contrôles afin de démontrer que les hypothèses utilisées et les prévisions de revenus et de dépenses reposent sur un processus rigoureux ». Notons que le rapport sur l'État des finances de la Ville, produit en août 2021, a permis de regrouper plusieurs documents détaillant les hypothèses utilisées pour établir les prévisions de revenus et dépenses. Autrement dit, de mettre en évidence la rigueur des travaux faits. De plus les comptes rendus permettent maintenant de mieux suivre les décisions prises. Finalement, en ce qui a trait à la révision de la méthode utilisée pour répartir les transferts centraux aux arrondissements, une analyse a été présentée à l'administration ce qui a conduit à l'arrêt du modèle paramétrique de la RFA. Un mandat a été donné au CIRANO afin d'effectuer le bilan de la RFA et le financement des arrondissements sera revu dans le cadre de la révision des activités. Ainsi, des 23 recommandations émises par la VG, la Ville a déjà des mécanismes en place ou a déjà mis en place des actions correctives pour 11 d'entre-elles. Par ailleurs elle a commencé de mettre en place des actions pour 9 autres recommandations.

Révision du processus budgétaire afin de rencontrer les exigences de la VG

Malgré le fait que le SF, la DG et le SPSPD ont un plan d'action pour mettre en œuvre plusieurs recommandations de la VG, certaines peuvent être difficilement mises en place.

La recommandation 3.1.1.A, qui indique que la « Direction générale de se dote d'un cadre financier quinquennal équilibré qui permette de voir au-delà du budget de fonctionnement annuel, d'y présenter les principaux risques et défis à venir et de le rendre public afin que les élus et les citoyens puissent mieux apprécier la signification du budget présenté. ». Notons cependant que l'équilibre budgétaire est une prérogative de l'Administration, et que cette dernière ne peut rendre publiques ses stratégies avant le dépôt du budget. Pour ces mêmes raisons, elle ne peut pas rendre public un cadre équilibré sur 5 ans. La mise en place de cette recommandation reviendrait, par exemple, à annoncer pour les cinq prochaines années les taux d'augmentation de taxes, les mesures relatives à la mise en place de nouvelles sources de revenus (ex. : taxe sur le stationnement), ou les hypothèses de la partie patronale pour les conventions collectives échues. Le SF est d'avis que la mise en place de cette recommandation a de grosses implications politiques pour toute administration.

Précisons également que pour permettre à la VG d'effectuer ses travaux et déposer son rapport d'audit du rapport préélectoral avant les élections municipales, donc au plus tard en septembre 2025, il faut que le SF ait déposé son rapport préélectoral en juin 2025³. Également, la VG mentionne, lors de la plénière du 26 janvier 2021 aux membres du conseil municipal, qu'afin d'auditer le rapport préélectoral, selon des standards d'audits précis, l'information du rapport préélectoral doit être comparable aux autres rapports financiers publics. Ceci impliquerait donc que le rapport préélectoral soit basé sur les données des systèmes de la Ville et une

³ Ces délais sont retifiés, entre autres, dans la Résolution CM19 0930 de l'assemblée du conseil municipal du 19 août 2019.

présentation budgétaire. Or, pour arriver à ceci, et permettre l'élaboration d'un rapport préélectoral en juin par le SF, toutes les décisions budgétaires devraient être prises au plus tard en avril et les budgets des services et des arrondissements seraient finalisés en avril. Ceci impliquerait également que l'Administration en place rende publique sa proposition budgétaire avant le début de la campagne électorale.

Enfin, la recommandation 3.5.2.A demande « à la Direction générale de relancer le projet, de se doter d'un système d'information et de gestion budgétaire intégrées et de le prévoir dès 2021 au Plan décennal d'immobilisations 2022-2031. ». La recommandation 3.5.2.C, quant à elle recommande « ... au Service des finances de prendre les mesures appropriées pour protéger l'intégrité de l'information des nombreux fichiers de types Microsoft Excel et Access utilisés par son personnel et celui des services centraux et des arrondissements. ». Dans les deux cas, un nouvel outil technologique est donc requis. Quoique le SF effectue une vigilance et qu'il est prévu qu'un appel d'offres soit émis, la mise en place d'un tel outil pourrait prendre plusieurs années, surtout dans un contexte de pénurie de main-d'œuvre particulièrement ressentie dans le domaine des TI. Le SF est d'avis que de tels outils informatiques ne peuvent être en place avant les prochaines élections.

En conclusion, le processus budgétaire actuel utilise des hypothèses et données fiables, qui lui permettent de produire des prévisions de revenus et dépenses rigoureuses. Ces hypothèses et données utilisées sont d'ailleurs détaillées dans le rapport sur l'État des finances de la Ville de Montréal – Cadre budgétaire préliminaire 2022-2024, rendu public avant les élections; un exercice de transparence unique pour une municipalité au Québec, voire au Canada. Par ailleurs, rappelons que plus de 92 % des dépenses et près de 90% des revenus sont liées à des sources stables et connues; autrement dit peu sensibles aux mises à jour des conditions économiques. Pour ainsi dire, la valeur ajoutée d'une mission d'audit ne s'appliquerait que sur environ 10% des revenus et des dépenses; et ceci au prix d'un travail colossal pour toutes les parties impliquées qu'il ne faut pas sous-estimer⁴. Cela dit, la DG, le SF et le SPSPD sont continuellement en révision des processus dans une dynamique d'amélioration continue et ont déjà appliqué plusieurs améliorations au processus budgétaire. La Ville est également en voie de s'adjoindre des services professionnels externes pour l'accompagner dans l'amélioration de ses processus et la production d'un rapport préélectoral pour les prochaines élections. Pour finir, des 23 recommandations d'amélioration émises par la VG, il y en a 11 pour lesquelles la Ville a déjà des mécanismes en place ou a déjà pris action, 9 pour lesquelles des actions sont en cours d'exécution et seulement 3 pour lesquelles des explications ont été présentées pour justifier la difficulté à les mettre en œuvre.

⁴ Lettre de la VG aux membres du CM du 22 août 2022 ayant pour objet : Suivi de la motion - Rapport préélectoral audité par la vérificatrice générale de la Ville de Montréal pour la prochaine élection

Accountability

7.

2022 Annual Report
Auditor General of
the Ville de Montréal

Accountability of the Legal Persons Having Received a Subsidy of at Least \$100,000 from the Ville de Montréal

7.1.



Table of Contents

7.1. Accountability of the Legal Persons Having Received a Subsidy of at Least \$100,000 from the Ville de Montréal	373
7.1.1. Legislative Framework Applicable to Legal Persons Having Received a Subsidy of at Least \$100,000	373
7.1.1.1. Background	373
7.1.1.2. Purpose	374
7.1.1.3. Work Carried Out	374
7.1.1.4. Audit Results	375
7.1.1.5. Review of Auditor Files for the Selected Entities	376
7.1.1.6. Detailed Table – Legal Compliance of Organizations Having Received a Subsidy of at Least \$100,000 in 2021	377

7.1. Accountability of the Legal Persons Having Received a Subsidy of at Least \$100,000 from the Ville de Montréal

7.1.1. Legislative Framework Applicable to Legal Persons Having Received a Subsidy of at Least \$100,000

7.1.1.1. Background

In accordance with Section 107.9 of the *Cities and Towns Act* (CTA), “Any legal person receiving an annual subsidy of at least \$100,000 is required to have its financial statements audited.”

This legal person’s auditor must provide the Auditor General with a copy of its annual financial statements, its report on these statements as well as any other report summarizing the auditor’s observations and recommendations to the board of directors or corporate officers of this legal person.

This auditor must also, when requested by the Auditor General, provide the latter with any document that relates to the audit work and its results, while also providing all information that the Auditor General considers necessary with regard to this audit work and its results. If the Auditor General considers that the information, explanations or documents obtained from the auditor are insufficient, he can arrange for any additional audit that he views as necessary.

In December 2013, the city council of the Ville de Montréal (the “City”) also adopted resolution CM13 1157, which requires, amongst other things, that legal persons that received a subsidy of at least \$100,000 file an annual report each year and that the officers make themselves available to city council for a plenary session, if required, pursuant to the *Règlement sur la procédure d’assemblée et les règles de régie interne du conseil municipal*.

For follow-up purposes, memos tracing the legal persons that received subsidies of at least \$100,000 in 2021 were sent by the comptroller general to the business units concerned, on March 28, 2022, asking them to follow up on the receipt of the financial statements and to ensure that they were sent to the Auditor General.

7.1.1.2. Purpose

The purpose of this accountability was to ensure that the legal persons that had received subsidies totalling at least \$100,000 in 2021 complied with Section 107.9 of the CTA and to determine whether additional work was needed.

7.1.1.3. Work Carried Out

Thus, as a first step, we extracted all transactions included in the City's account titled "Contributions aux organismes" at December 31, 2021, to reconcile the amount reported in the 2021 financial statements with the amounts charged to the City's books. In addition, we reconciled the amounts identified for the legal persons included in the memos sent by the comptroller general on March 22, 2022, with the total contributions in the City's 2021 financial statements. We also reconciled our differences, where applicable, with the list produced by the comptroller general.

Since we had not received all of the audited financial statements of the legal persons that had received subsidies of at least \$100,000 from the City, we sent letters to the business units responsible for following up with them, on September 14, 2022, as reminder. At that time, we were awaiting the financial statements of over 56 organizations.

After the follow-up, a second reminder was issued by the comptroller general on November 14, 2022.

We also selected legal persons for which we reviewed the audit work carried out by their auditor to support the audited financial statements. Our sample consisted of five organizations selected on the basis of various criteria, including the amount of the subsidy and the nature of the projects for which contributions were granted.

Finally, as stipulated in Section 107.9 of the CTA, we selected more than 30 entities for the purpose of having their auditor provide any other report summarizing its findings and recommendations to the board of directors or corporate officers of the legal person. We analyzed the reports received to determine whether they contained any major deficiencies. Regarding the entities selected, no further verification was deemed necessary to follow up the documents that were provided.

7.1.1.4. Audit Results

For the year ended December 31, 2021, the City recorded a total of \$192 million in subsidies to various legal persons. Of this amount, \$163.4 million (85.1%) concerned 287 legal persons that had received subsidies totalling at least \$100,000, which were subject to the requirements of Section 107.9 of the CTA and resolution CM13 1157 adopted by city council.

We stopped our follow-up on January 23, 2023. On that date, the Bureau du vérificateur général had received the 2021 audited financial statements of 284 (98.95%) of the 287 entities concerned by this requirement of the CTA, for a total of \$148.8 million. It should be noted that a vast majority of the agreements include a clause specifying that the financial statements must be filed within 90 days of the entity's fiscal year end.

The following two entities did not meet the requirements of the contribution agreement signed by the parties since they did not provide audited financial statements.

TABLE 1 | LIST OF NON-COMPLIANT ENTITIES

ENTITY	NON-COMPLIANT	AMOUNT RECEIVED
Service des grands parcs		
Triathlon International de Montréal	Audited financial statements not received	\$473,000
Arrondissement de Ville-Marie		
Association des marchands de la rue Crescent	Audited financial statements not received	\$274,705
TOTAL		\$747,705

Source : Table produced by the Bureau du vérificateur général.

Subsequent Event:

On March 28, 2023, we were informed by the comptroller general that a request had been made by an organization that had received a contribution of at least \$100,000 with respect to obligations required in relation to section 107.9 of the CTA. As a result of our research, we found that the contribution from this organization had not been charged to the correct account in the books and that the organization had therefore not been subjected to the required follow-up. This same organization had received a non-compliance mention in our 2021 annual report.

During our audit of the City's financial statements, we identified similar account assignment errors. At the time this chapter was completed, the audit of the City's financial statements was still underway. Accordingly, we will issue a subsequent recommendation to the Service des finances to that effect.

7.1.1.5. Review of Auditor Files for the Selected Entities

For the 5 entities selected, following the review of the auditors' files as well as the information, explanations and documents obtained, no further verification was deemed necessary. The entities in our sample are presented in Table 2.

TABLE 2 | **LIST OF ENTITIES MAKING UP OUR SAMPLE**

ENTITY	YEAR-END	AMOUNT RECEIVED
Partenariat du Quartier des spectacles	December 31, 2021	\$8,049,400
Office des congrès et du tourisme du grand Montréal	December 31, 2021	\$4,959,307
Société de développement commercial Village Montréal	December 31, 2021	\$1,776,526
Développement économique Saint-Laurent	December 31, 2021	\$1,630,431
Fierté Montréal	September 30, 2021	\$517,100
TOTAL		\$16,932,764

Source : Table produced by the Bureau du vérificateur général.

7.1.1.6. Detailed Table – Legal Compliance of Organizations Having Received a Subsidy of at Least \$100,000 in 2021

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Solidarité Ahuntsic	\$224,149	x		
Prévention du Crime Ahuntsic-Cartierville	\$217,860	x		
Service des Loisirs Sts-Martyrs-Canadiens de Montréal	\$156,993	x		
Loisirs de l'Acadie Montréal	\$140,311	x		
TOTAL Ahuntsic-Cartierville borough	\$739,313	4	0	0
Service d'Aide Communautaire Anjou Inc.	\$161,901	x		
TOTAL Anjou borough	\$161,901	1	0	0
Loisirs Sportifs Côte-des-Neiges - Notre-Dame-de-Grâce	\$1,181,797	x		
Société Environnementale Côte-des-Neiges	\$491,635	x		
Prévention Côte-des-Neiges Notre-Dame-De-Grâce	\$459,780	x		
Corporation de Développement Communautaire de Côte-des-Neiges	\$321,427	x		
Comité Jeunesse de Notre-Dame-de-Grâce	\$309,544	x		
Centre Communautaire de Loisir de la Côte-des-Neiges	\$175,151	x		
Conseil Communautaire Notre-Dame-De-Grâce Inc.	\$167,267	x		
Association pour le Développement Jeunesse de Loyola	\$126,779	x		
Maison des Jeunes Côte-des-Neiges Inc.	\$114,389	x		
TOTAL Côte-des-Neiges–Notre-Dame- de-Grâce borough	\$3,347,769	9	0	0
Association Centre-Ville Lachine Inc.	\$201,529	x		
TOTAL Lachine borough	\$201,529	1	0	0
Héritage Laurentien	\$126,000	x		
Société de La Salle Jean-Grimaldi	\$106,587	x		
TOTAL LaSalle borough	\$232,587	2	0	0

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
CCSE Maisonneuve	\$535,248	×		
L'Anonyme U.I.M.	\$383,729	×		
L'Antre-Jeunes de Mercier-Est	\$221,129	×		
Mercier-Ouest Quartier en Santé	\$174,952	×		
La Maison des Jeunes Magi de Mercier-Ouest Inc.	\$156,012	×		
Service des Loisirs Ste-Claire	\$147,607	×		
Centre Communautaire Hochelaga (C.C.H.)	\$133,447	×		
GCC La Violence!	\$133,405	×		
Centre des Jeunes Boyce-Viau	\$132,510	×		
Association des commerçants Hochelaga-Tétreaultville	\$130,000	×		
Club Aquatique de l'Est de Montréal	\$112,716	×		
Service des Loisirs St-Fabien	\$104,939	×		
TOTAL Mercier-Hochelaga-Maisonneuve borough	\$2,365,694	12	0	0
Corporation de Développement Économique Montréal-Nord	\$613,000	×		
Un Itinéraire pour Tous	\$285,467	×		
Coop de Solidarité Éconord	\$236,734	×		
Fourchette de l'Espoir	\$175,467	×		
Entre Parents de Montréal-Nord	\$130,952	×		
TOTAL Montréal-Nord borough	\$1,441,620	5	0	0
Maison des Jeunes d'Outremont	\$104,712	×		
TOTAL Outremont borough	\$104,712	1	0	0
Centre du Plateau	\$291,574	×		
Relance des Loisirs Tout 9 Inc.	\$190,000	×		
Association des Commerçants Avenue Duluth	\$181,705	×		
Association Récréative Milton-Parc	\$110,800	×		
TOTAL Plateau-Mont-Royal borough	\$774,079	4	0	0

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Société Ressources-Loisirs de Pointe-Aux-Trembles	\$1,000,671	x		
Éco de la Pointe-Aux-Prairies	\$239,350	x		
Maison des Jeunes de Pointe-Aux-Trembles	\$226,590	x		
Maison des Jeunes R.D.P.	\$143,510	x		
TOTAL Rivière-des-Prairies– Pointe-aux-Trembles borough	\$1,610,121	4	0	0
Université du Québec à Montréal	\$442,825	x		
Loisirs Récréatifs et Communautaires de Rosemont	\$233,605	x		
Centre d'Écologie Urbaine de Montréal	\$205,355	x		
Service des Loisirs Angus-Bourbonnière	\$196,579	x		
Les Loisirs du Centre Père-Marquette Inc.	\$181,469	x		
Carrefour Communautaire de Rosemont, L'Entre-Gens Inc. (Centre Communautaire Petite-Côte)	\$140,608	x		
TOTAL Rosemont–La Petite- Patrie borough	\$1,400,441	6	0	0
Développement Économique Saint-Laurent	\$1,630,431	x		
VertCité	\$327,833	x		
Accueils au Cœur de l'Enfance	\$240,859	x		
Centre d'Initiatives pour le Développement Communautaire - l'Unité	\$109,645	x		
TOTAL Saint-Laurent borough	\$2,308,768	4	0	0
Nature-Action Québec Inc.	\$153,635	x		
TOTAL Saint-Léonard borough	\$153,635	1	0	0
Centre Sportif de la Petite-Bourgogne	\$515,574	x		
Centre de Loisirs Monseigneur Pigeon	\$336,657	x		
Centre Récréatif Culturel et Sportif St-Zotique Inc.	\$218,064	x		
Groupe Pro-Vert	\$201,806	x		
Club Aquatique du Sud-Ouest (C.A.S.O.)	\$129,050	x		
Loisirs & Culture Sud-Ouest	\$106,544	x		
TOTAL Sud-Ouest borough	\$1,507,695	6	0	0

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Société de Développement Commercial du Vieux-Montréal-Quartier Historique	\$2,642,692	×		
Expérience Centre-Ville	\$1,085,000	×		
Association Sportive et Communautaire du Centre-Sud Inc.	\$886,626	×		
Association des Marchands de la Rue Crescent	\$274,705			×
Sentier Urbain	\$234,000	×		
Corporation du Centre Jean-Claude Malépart	\$210,826	×		
Go jeunesse	\$184,104	×		
Association les Chemins du Soleil	\$117,597	×		
Centre Récréatif Poupart Inc.	\$117,287	×		
TOTAL Ville-Marie borough	\$5,752,837	8	0	1
Patro Villeray Centre de Loisirs et d'Entraide	\$1,066,691	×		
La Grande Porte	\$159,302	×		
Loisirs Communautaires Saint-Michel	\$135,214	×		
Espace Multisoleil	\$131,501	×		
Corporation de Gestion des Loisirs du Parc	\$121,183	×		
TOTAL de Villeray–St-Michel–Parc-Extension borough	\$1,613,891	5	0	0
Société du Musée D'Archéologie et d'Histoire de Montréal Pointe-À-Callière	\$9,669,600	×		
Partenariat du Quartier des Spectacles	\$8,049,400	×		
TOHU	\$2,221,050	×		
Festival Montréal en Lumière Inc.	\$1,085,000	×		
Festival Juste pour Rire	\$600,000	×		
Le Festival International de Jazz de Montréal Inc.	\$600,000	×		
Fierté Montréal	\$517,100	×		
Festival Transamériques	\$404,097	×		
Montréal en Histoire	\$354,599	×		
Les Francolies de Montréal Inc.	\$325,000	×		

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Festival du Nouveau Cinéma de Montréal	\$313,000	x		
Festival Mode & Design Montréal	\$260,000	x		
Montréal en fêtes	\$250,000	x		
Musée des Hospitalières Hôtel-Dieu de Montréal	\$218,296	x		
Les Productions Nuits d'Afrique Inc.	\$200,842	x		
Nuit Blanche à Montréal Inc	\$200,000	x		
Vitrine Culturelle de Montréal	\$200,000	x		
Terres en Vues, Société pour la Diffusion de la Culture Autochtone	\$190,000	x		
Festival Fantasia	\$175,000	x		
MAI (Montréal, Arts Interculturels)	\$172,300	x		
Momenta Biennale de l'Image	\$154,124	x		
Fondation Québec Cinéma	\$150,244	x		
Centre des Arts de la Pauline-Julien	\$121,782	x		
Comité de la Fête Nationale de la Saint-Jean Inc.	\$105,000	x		
L'Auguste Théâtre	\$105,000	x		
Ecosceno	\$100,000	x		
TOTAL Service de la culture	\$26,741,434	26	0	0
PME MTL Centre-Ville	\$11,454,498	x		
Société du Patrimoine Angus	\$6,560,568	x		
Société de Développement Commercial Destination Centre-Ville	\$5,943,866	x		
PME MTL Centre-Est	\$5,833,608	x		
PME MTL Grand Sud-Ouest	\$4,365,418	x		
PME MTL Centre-Ouest	\$4,093,428	x		
PME MTL West-Island	\$3,670,066	x		
PME MTL Est-de-L'Île	\$3,485,568	x		
Office des Congrès et du Tourisme du Grand Montréal	\$2,900,000	x		
Concertation Régionale de Montréal	\$2,047,700	x		
Société de Développement Commercial du Village	\$1,776,526	x		

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Société de Développement de l'Avenue du Mont-Royal	\$1,627,200	x		
Société de Développement Commercial Hochelaga-Maisonneuve	\$1,275,192	x		
Société de Développement Commercial District Central	\$1,188,816	x		
Société de Développement Commercial Wellington	\$1,187,140	x		
Société de Développement Commercial du Boulevard St-Laurent	\$1,138,343	x		
Société de Développement du Quartier Latin	\$1,023,999	x		
SDC de la Plaza Saint-Hubert	\$997,676	x		
Art Souterrain	\$870,000	x		
Société de Développement Commercial les Quartiers Du Canal	\$746,079	x		
SDC Pignons Rue Saint-Denis	\$722,915	x		
École des Entrepreneurs - Montréal	\$636,250	x		
Société de Développement Commercial de la Rue Jean-Talon à Saint-Léonard	\$612,642	x		
(CGMPM) La Corporation de Gestion des Marchés Publics de Montréal	\$600,000	x		
SDC de la Promenade Masson	\$586,840	x		
SDC Promenade Fleury	\$548,897	x		
Conseil d'Économie Sociale de l'Île-de-Montréal	\$534,000	x		
C2.MTL	\$495,000	x		
Laboratoire sur l'Agriculture Urbaine	\$481,844	x		
Bonjour Startup Montréal	\$425,000	x		
Culture Montréal	\$416,000	x		
Industries Goodwill Renaissance Montréal Inc.	\$409,075	x		
Village de Noël de Montréal	\$405,624	x		
SDC Plaza Monk	\$405,583	x		
Société de Développement Commercial Petite Italie-Marché Jean-Talon-Montréal	\$381,252	x		

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Association des sociétés de développement commercial de Montréal	\$375,000	x		
Expo Entrepreneurs	\$375,000	x		
Société de Développement Commercial Expérience Côte-des-Neiges	\$343,370	x		
Société du Quartier de l'Innovation de Montréal	\$325,000	x		
La Pépinière Espaces Collectifs	\$317,300	x		
Ilot 84	\$308,100	x		
Institut de Recherche en Biologie Végétale de Montréal	\$305,494	x		
Esplanade Montréal	\$305,000	x		
Université Concordia	\$302,900	x		
Société de Développement Commercial la Zone Décarie Nord	\$281,772	x		
Mural	\$279,420	x		
Printemps Numérique	\$275,000	x		
Association des Commerçants de Charlevoix et de Pie IX	\$274,133	x		
Architecture Sans Frontières Québec	\$270,000	x		
Conseil Québécois du Commerce de Détail	\$268,170	x		
Polytechnique Montréal	\$260,000	x		
Montréal - Métropole en Santé	\$245,000	x		
Cégep André-Laurendeau	\$240,000	x		
Société de Développement Commercial Quartier Fleury Ouest	\$230,990	x		
S.A.T. Société des Arts Technologiques	\$220,000	x		
Groupe 3737	\$215,000	x		
Bureau du Cinéma et de la Télévision du Québec	\$213,218	x		
Mutek	\$202,000	x		
Regroupement des Producteurs Multimédia	\$200,000	x		
Société de Développement Commercial Laurier Ouest Plateau-Mont-Royal	\$198,697	x		
Microcrédit Montréal	\$190,000	x		

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Festival International de Musique Pop Montréal	\$189,874	x		
Conseil des Industries Durables	\$180,000	x		
Coopérative de Solidarité Carbone	\$175,749	x		
Société de Développement Commercial Laurier Ouest - Outremont	\$163,840	x		
Réseau de la Coopération du Travail du Québec, Coopérative de Solidarité	\$162,962	x		
Mr-63	\$154,444	x		
Festival de Films Cinémania	\$152,500	x		
Intitut Neomed	\$150,000	x		
Mtl 24/24	\$150,000	x		
Festival Haïti en Folie	\$145,750	x		
Centre Horizon Carrière	\$145,170	x		
Festival de Musique de Chambre de Montréal	\$145,000	x		
Promis	\$142,000	x		
Institut International d'études Administratives de Montréal Inc.	\$138,000	x		
Voyagz Fute	\$137,500	x		
Festival Zoofest	\$135,000	x		
Technomontreal	\$125,975	x		
Entreprendre ici	\$123,000	x		
Ecotech Québec	\$120,000	x		
Festival Quartiers Danses	\$118,100	x		
Communautique	\$117,394	x		
L'Institut de Tourisme et d'Hotellerie du Québec	\$116,000	x		
Regroupement des Jeunes Chambres de Commerce de Québec	\$115,000	x		
Centre de Référence du Grand Montréal	\$112,500	x		
Hec Montréal	\$110,000	x		
Carrefour Jeunesse Emploi Ahuntsic Bordeaux Cartierville	\$108,100	x		
Ville en Vert	\$107,708	x		

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Groupe de Ressources Techniques Bâtir son Quartier	\$103,000	x		
Building owners and managers' association of Montreal (Boma Québec)	\$100,000	x		
Centre d'Expertise et de Recherche Appliquée en Sciences Pharmaceutiques	\$100,000	x		
Collège de Maisonneuve - Institut des Technologies de l'Information	\$100,000	x		
Mt Lab	\$100,000	x		
TOTAL Service du développement économique	\$81,111,741	93	0	0
La Fondation du Grand Montréal	\$750,000	x		
Montréal International	\$515,000	x		
Guepe, Groupe Uni des Éducateurs- Naturalistes et Professionnels en Environnement	\$502,725	x		
Centraide du Grand montréal	\$322,500	x		
Maison du Développement Durable	\$150,000	x		
La Société Canadienne de la Croix-Rouge	\$128,871	x		
TOTAL Direction générale	\$2,369,096	6	0	0
Altergo	\$858,100	x		
Centre de Prévention de la Radicalisation Menant à la Violence	\$600,000	x		
Les YMCA du Québec	\$475,350	x		
Comité des Organismes Sociaux de Saint-Laurent	\$441,177	x		
Jeunesse au Soleil	\$416,920	x		
Vivre Saint-Michel en Santé	\$389,101	x		
Action Jeunesse de l'Ouest-de-l'Île	\$362,805	x		
Équipe R.D.P.	\$356,939	x		
Club des Petits Déjeuners du Canada	\$350,000	x		
Intégration Jeunesse du Québec Inc.	\$350,000	x		
Projet Ado Communautaire en Travail de Rue	\$343,391	x		
Foyer pour Femmes Autochtones de Montréal	\$333,466	x		
Mission Old Brewery	\$324,495	x		

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Société de Développement Social	\$315,587	x		
Table de Quartier de Montréal-Nord	\$306,815	x		
Rue Action Prévention Jeunesse	\$300,255	x		
Concert'Action Lachine	\$297,681	x		
Centre de promotion Communautaire le Phare Inc.	\$297,100	x		
Prévention Sud-Ouest	\$289,275	x		
Regroupement des Magasins-Partage de l'Île de Montréal	\$273,250	x		
Concertation Saint-Léonard	\$257,138	x		
Table de Quartier Hochelaga-Maisonneuve	\$242,621	x		
Carrefour de Ressources en Interculturel	\$231,655	x		
CDC Solidarités Villeray	\$220,980	x		
Accueil Bonneau Inc.	\$209,566	x		
Conseil Local Intervenants Communautaires Bordeaux-Cartierville (C.L.I.C.)	\$208,063	x		
Moisson Montréal Inc.	\$205,300	x		
La Mission Bon Accueil	\$196,652	x		
Mission Exeko	\$188,954	x		
Centre des Jeunes l'Escale de Montréal-Nord Inc.	\$185,444	x		
Dépôt Alimentaire NDG	\$182,943	x		
Carrefour d'Alimentation et de Partage St-Barnabé Inc.	\$176,898	x		
Concertation Ville Émard Côte St-Paul	\$164,690	x		
Entre-Maisons Ahuntsic	\$162,636	x		
Maison des Jeunes de Lasalle	\$162,149	x		
Rue des Femmes de Montréal (La)	\$161,960	x		
Centre Intégré Universitaire Santé et Services Sociaux Centre-Sud-de-l'Île-de-Montréal	\$160,000	x		
Fédération Coopératives d'Habitation Intermunicipale du Montréal Métropolitain	\$155,933	x		
Cafétéria Communautaire Multicaf	\$153,530	x		

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Table de Développement Social de Lasalle	\$152,814	×		
Corporation de Développement Communautaire (CDC) Centre-Sud	\$152,469	×		
Cybercap	\$150,186	×		
Maison Du Père	\$150,000	×		
Solidarité Mercier-Est	\$148,872	×		
Loisirs Communautaires le Relais du Bout	\$147,630	×		
Fondation de la Visite	\$146,611	×		
Plein Milieu	\$137,838	×		
La Maison des Familles de Mercier-Est	\$135,657	×		
La Maison de Jeunes St-Léonard	\$130,910	×		
La Porte Ouverte Montréal	\$129,000	×		
Ensemble pour le Respect de la Diversité	\$128,342	×		
Collectif Jeunesse de Saint-Léonard	\$124,734	×		
L'Organisation des Jeunes de Parc-Extension Inc. (PEYO)	\$123,928	×		
Coup de Pouce Jeunesse de Montréal-Nord	\$123,600	×		
Projets Autochtones du Québec	\$117,908	×		
C.A.RE Montréal (Centre d'Aide et de Réinsertion)	\$113,320	×		
Corporation Développement Communautaire de Rosemont Inc.	\$110,561	×		
Centre d'Amitié Autochtone de Montréal Inc.	\$110,000	×		
Université de Montréal	\$108,945	×		
Sports Montréal Inc.	\$104,493	×		
La Musique aux Enfants	\$102,430	×		
Rencontres-Cuisines	\$101,400	×		
Institut Pacifique	\$100,700	×		
Destination Travail du Sud-Ouest de L'Île de Montréal Inc.	\$100,064	×		
Médecins du Monde	\$100,000	×		
TOTAL Service de la diversité et inclusion sociale	\$14,561,231	65	0	0

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Fondation Espace pour La Vie	\$250,000	×		
TOTAL Espace pour la vie	\$250,000	1	0	0
La Société de Verdissement du Montréal Métropolitain (Soverdi)	\$2,387,405	×		
Tennis Canada - Stade Jarry	\$1,745,417	×		
Centre de la Montagne	\$521,405	×		
Triathlon International de Montréal	\$473,000			×
Conseil du Sport de l'Île de Montréal	\$325,000	×		
Événements GPCQM	\$322,500	×		
Hockey Québec - Région de Montréal	\$149,647	×		
Vélo Québec Événements	\$132,000	×		
Défi Sportif Altergo	\$125,000	×		
Association Régionale de Soccer Concordia Inc.	\$113,873	×		
TOTAL Service des grands parcs, du Mont-Royal et des sports	\$6,295,247	9	0	1
Regroupement des Éco-Quartiers	\$212,944	×		
TOTAL Service de l'eau	\$212,944	1	0	0

**7.1. Accountability of the Legal Persons Having Received a Subsidy
of at Least \$100,000 from the Ville de Montréal**

ORGANIZATION	AMOUNT RECEIVED IN 2021	COMPLIANT	AUDITED FINANCIAL STATEMENTS	
			NON COMPLIANT	FINANCIAL STATEMENTS NOT RECEIVED
Institut de l'Électrification des Transports Intelligents	\$2,323,750	×		
Collectif Récolte	\$1,297,232	×		
Solon	\$1,012,120	×		
L'Institution Royale pour l'Avancement des Sciences	\$924,456	×		
Maison de l'Innovation Sociale	\$681,089	×		
Nord Ouvert Inc.	\$400,000	×		
Territoires Innovants en Économie Sociale et Solidarité	\$358,783	×		
La Fabrique des Mobilités Québec	\$335,934	×		
Réseau de la Communauté Autochtone à Montréal	\$188,695	×		
TOTAL Service de la planification stratégique et de la performance organisationnelle	\$7,522,059	9	0	0
Fonds Ville-Marie	\$375,000	×		
Chambre de Commerce du Montréal Métropolitain	\$250,000	×		
TOTAL Service de l'urbanisme et de la mobilité	\$625,000	2	0	0
TOTAL	\$163,405,344			
	287	285	0	2
	100%	99.30%	0.00%	0.70%

Source : Table produced by the Bureau du vérificateur général.



Implementation of the Auditor General's Recommendations

7.2.

2022 Annual Report

Auditor General of
the Ville de Montréal



Table of Contents

7.2. Implementation of the Auditor General's Recommendations	395
7.2.1. Follow-Up on Implementation of the Recommendations of the Bureau du vérificateur général – Results	396
7.2.2. Recommendations that Remain Unimplemented as of December 31, 2022	399
7.2.3. Opportunity for Business Units to Revise Their Action Plans and Implementation Dates	400
7.2.4. Conclusion	403

7.2. Implementation of the Auditor General's Recommendations

The percentage of recommendations made by the Bureau du vérificateur général (BVG) that were implemented as a result of the action plans (APs) submitted by the business units (BUs) being completed is an essential indicator used to ensure that the central departments and boroughs are correcting the situations observed during our audits.

In 2021, we undertook an exercise to obtain confirmation from the BUs of the relevance of the recommendations we had issued in the past and whose APs had not been implemented 5 years after the target date. In 2022, we continued this same exercise, but this time with the recommendations for which the APs had not been implemented 3 years after this same implementation date. Our objective here was to provide the BUs with an opportunity to get off to a solid fresh start in following up on the recommendations. This is a one-time exercise that will end in 2023 with APs that are at least 1 year overdue. It is hoped that by closing the recommendations that are no longer applicable and adjusting the PAs and implementation dates for the other recommendations that are still valid, the Ville de Montréal (the City) will be able to complete the actions it has committed to implement within the timeframes it has set for itself.

As we do each year, we provide a status update in our annual report as of December 31, 2022, on the implementation of all of the APs from our previous years' reports that were due or overdue in 2022. This portrait is first presented without taking into consideration the exercise we undertook with the BUs to review the relevance of the APs that are 3 and 5 years overdue. Secondly, we present the impact of this exercise on this same portrait.

This portrait is only for the implementation of the APs related to performance audits (performance and compliance audits, information technology audits and financial performance audits). This excludes approximately 40 recommendations related to the financial audit. The BVG cannot make an annual determination as of December 31 regarding the implementation of the APs related to these recommendations, as it must wait for city council to table the City's financial statements, which, at the time of writing this chapter, had not been done. Chapter 5 of this report, dealing with the audit of the financial statements, discusses these recommendations.

7.2.1. Follow-Up on Implementation of the Recommendations of the Bureau du vérificateur général – Results

Overall Monitoring of the Implementation of the Recommendations Before the Cleanup of the Action Plans Still Not Implemented

Based on the action plans (APs) developed by the business units (BUs) to address the BVG's recommendations over the past several years, a total of 331 recommendations were to be implemented by December 31, 2022. Of these, 253 recommendations had AP implementation dates that were overdue as of January 1, 2022, and 78 recommendations that were scheduled for implementation in 2022 (see Figure 1).

According to the analysis at December 31, 2022, the BUs considered that they had completed the implementation of 196 recommendations over the course of the year, including 5 recommendations whose APs had a due date after 2022. Thus, 140 recommendations that should have been implemented by 2022 had still not been implemented, with the BUs maintaining a status of "to be undertaken," "in progress" or "deferred."

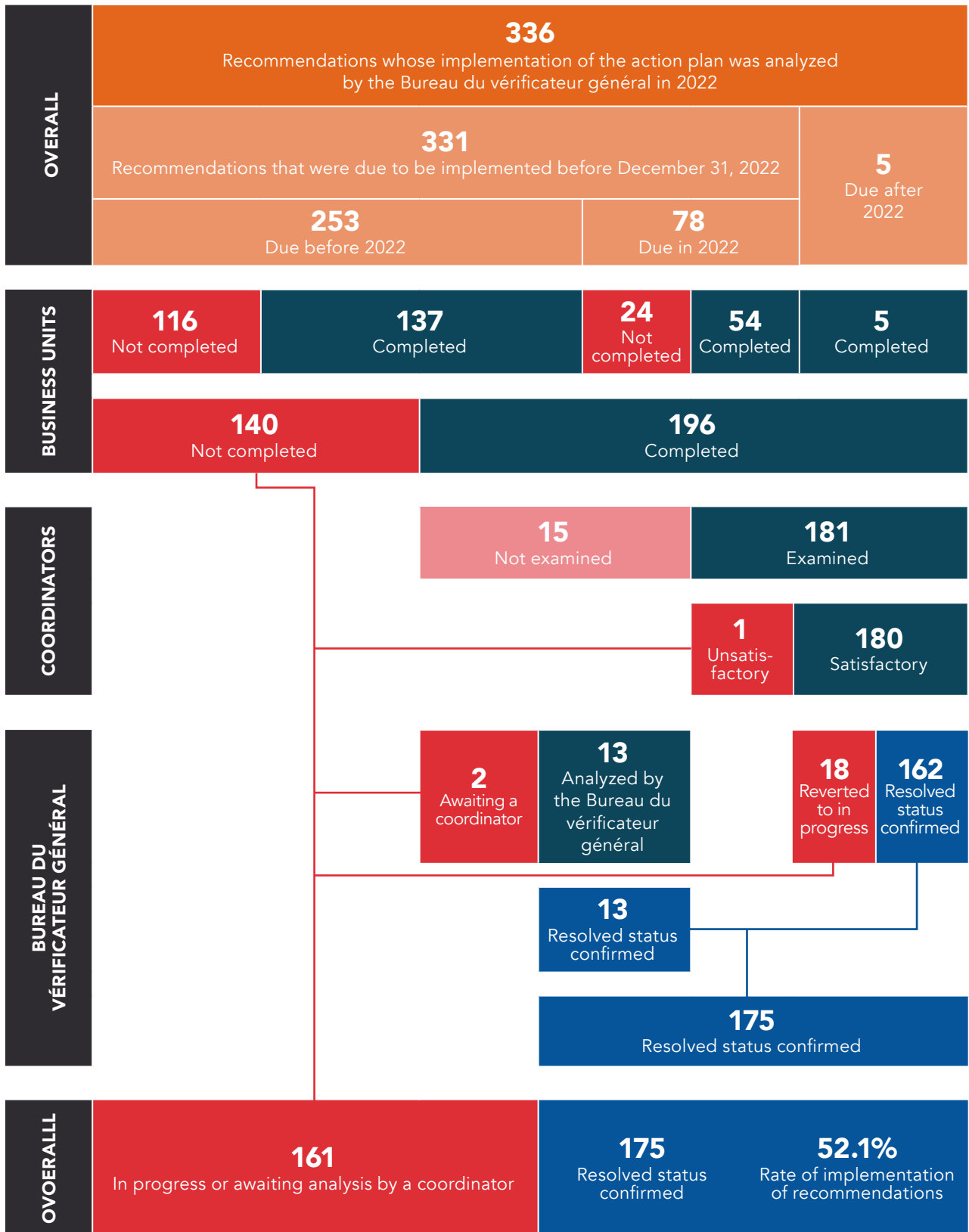
As shown in Figure 1, of the 196 recommendations for which the BUs considered that they had implemented their APs, coordinators had reviewed responses related to 181 of these (92.3%). This is a significant improvement over last year, when the proportion was only 53%. Of the 180 APs whose implementation was considered satisfactory by a coordinator, the BVG confirmed the resolved status for 162 and thus considered 18 of them as being in progress.

Of the 15 APs whose implementation was not reviewed by the coordinators, 13 (86.7%) were nevertheless analyzed by the BVG. This is similar to last year's 87.1%. The BVG has confirmed the resolved status of these 13 APs.

In general, for the year 2022, the results of the follow-up of implementation of the recommendations are, as follow:

- ◆ We confirmed that **175 recommendations** were implemented, for an overall rate of **52.1%** of the 336 recommendations considered;
- ◆ We also reinstated **18 recommendations**, either because the AP had not been fully implemented or because the documentation provided by the BU was not complete enough to show that the recommendation had been implemented;
- ◆ The BUs have yet to implement **161 recommendations¹** of the total 336 because:
 - The BUs have not completed the implementation of the APs;
 - The coordinators had not, by December 31, 2022, reviewed the work done by the BUs or had found the implementation of the AP unsatisfactory;
 - We returned their status to "in progress".

¹ Three of these recommendations were not, however, overdue as of December 31, 2022, as the BUs had considered them resolved prior to the implementation date.

FIGURE 1 | **RATE OF IMPLEMENTATION OF RECOMMENDATIONS FOR 2022**

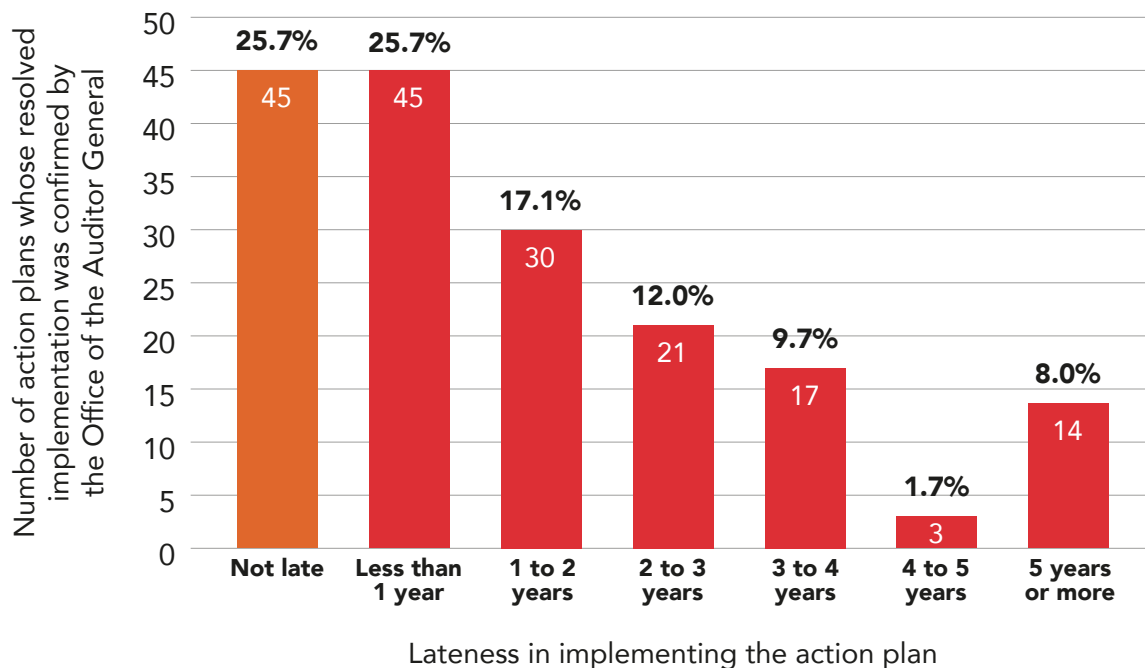
Source: Figure produced by the BVG.

Improved Proportion of Recommendations Completed by the Business Units Within the Specified Timeframe

In the case of the 175 recommendations whose implementation in 2022 was confirmed, the APs of only 45 of these (25.7%) had been completed prior to the implementation date planned by the BUs (see Graph 1). This is a significant improvement, in terms of proportion, over last year when only 6.3% of the APs completed during the year were not late with respect to the BUs' implementation dates. In 2022, 51.4% of the APs confirmed for implementation by the BVG were implemented less than a year late. Last year, this proportion was only 32.9%.

GRAPH 1

BREAKDOWN OF THE LATENESS OF RECOMMENDATIONS IMPLEMENTED IN 2022 RELATIVE TO THE IMPLEMENTATION DATE PLANNED BY THE BUSINESS UNITS TO CARRY OUT THEIR ACTION PLANS



Source: Graph produced by the BVG.

Response Time of the Bureau du vérificateur général in Confirming Implementation of a Recommendation

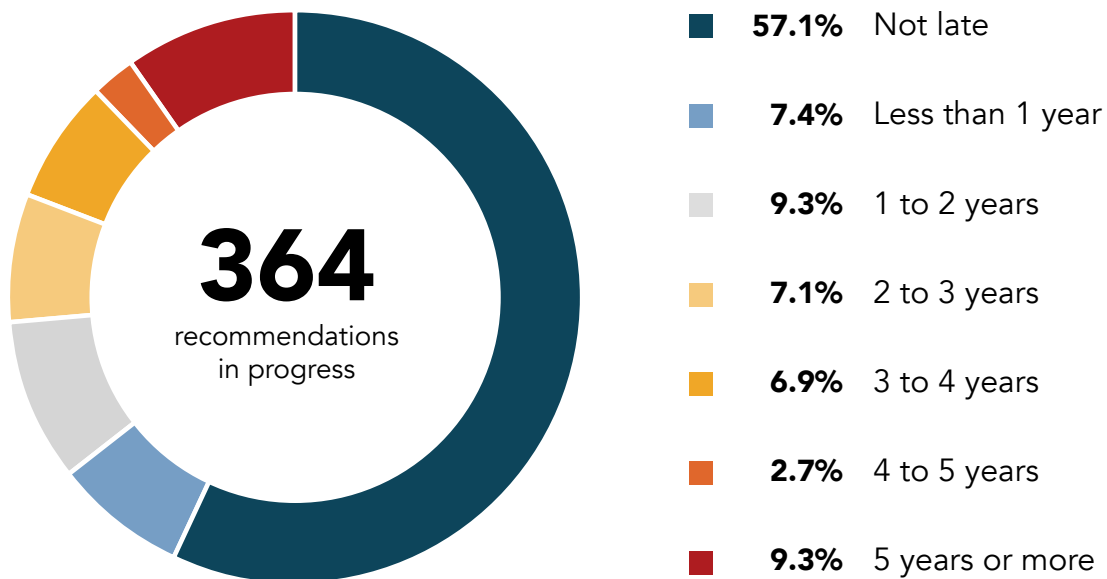
Since 2021, we set ourselves a target of 30 days (on average) following the satisfactory examination of the situation by the coordinator to analyse the BUs' progress in implementing recommendations. The BVG's average response time in 2022 is below this target, at 24.3 days. This is comparable to the response time of 22 days observed in 2021.

7.2.2. Recommendations that Remain Unimplemented as of December 31, 2022

As of December 31, 2022, the City's business units (BUs) had 364 recommendations left to implement² for all of the audit reports produced by us in recent years. Of these, slightly more than one in two (57.1%) action plans (APs) were not late with respect to the implementation date set by the BUs in their APs (see Graph 2).

At the other end of the spectrum, 34 recommendations (9.3%) were still in progress, even though the BUs' planned implementation dates had come due at least 5 years earlier. This proportion is similar to last year's 13.5%.

GRAPH 2 | **BREAKDOWN OF RECOMMENDATIONS IN PROGRESS BASED ON THEIR LATENESS RELATIVE TO THE IMPLEMENTATION DATE SCHEDULED IN THE ACTION PLAN**



Source: Graph produced by the BVG.

² This total includes 29 recommendations related to the financial performance audit of the operating component of the 2020 budget processes for which the BVG had not received an AP as of December 31, 2022. The implementation of these recommendations was not considered late.

7.2.3. Opportunity for Business Units to Revise Their Action Plans and Implementation Dates

In November 2021, we initiated an exercise asking business units (BUs) to review the relevance of their action plans (APs) that were at least 5 years behind their scheduled implementation date. In 2022, we continued this exercise with APs whose implementation was not complete and was at least 3 years late as of May 31, 2022. As part of this exercise, the BVG asked the BUs whether the recommendations were still relevant and, if so, whether the APs should be amended and, exceptionally, whether a new implementation date should be considered. Ultimately, the purpose of this exercise was to provide a unique opportunity for the BUs to catch up on the implementation of certain APs.

In our 2021 report, we reported on the responses obtained for the APs whose implementation was at least 5 years late. This year, we present the results of this exercise for all of the APs that were at least 3 years late as of May 31, 2022 (see Figure 2).

A total of 77 APs have been targeted in this exercise since November 2021. We obtained official responses from the BUs for 74 of these (96.1%).

Based on the responses obtained, including new APs and new implementation dates, the overall result of our exercise to review those at least 3 years behind in their implementation is as follows for the targeted 77 APs:

- ◆ 24 APs (31.2%) had been implemented to the satisfaction of the BVG as of December 31, 2022, and the recommendations are considered resolved;
- ◆ 27 APs (35.1%) are in the process of being implemented and are no longer considered late;
- ◆ 24 APs (31.2%) are in the process of being implemented and are still considered late;
- ◆ 2 recommendations (2.5%) are no longer pertinent.

In January 2023, the BVG undertook a final cleanup exercise, this time with respect to APs with an implementation date at least 1 year overdue. The results of this cleanup exercise are not included in this report as it was conducted in 2023.

From the result of this major cleanup to our tracking of recommendations presented earlier, the 27 recommendations that had a new AP and implementation date scheduled for 2023 or later must be removed from the follow-up as of December 31, 2022, as well as the 2 recommendations that are no longer current (see Figure 3). This leaves 307 APs, rather than 336, that should have been followed up by the BVG in 2022. With the number of APs actually resolved remaining the same, the City's recommendation implementation rate would have been 57% in 2022.

As a result of this major cleanup, by December 31, 2022, 64.6% of the 362³ APs underway would not be behind (see Graph 3), compared with 57.1% without considering this cleanup (see Graph 2).

³ There is a difference of 2 APs between Graph 2 and Graph 3 given that 2 recommendations were identified as no longer applicable as a result of the BUs' cleanup exercise.

401

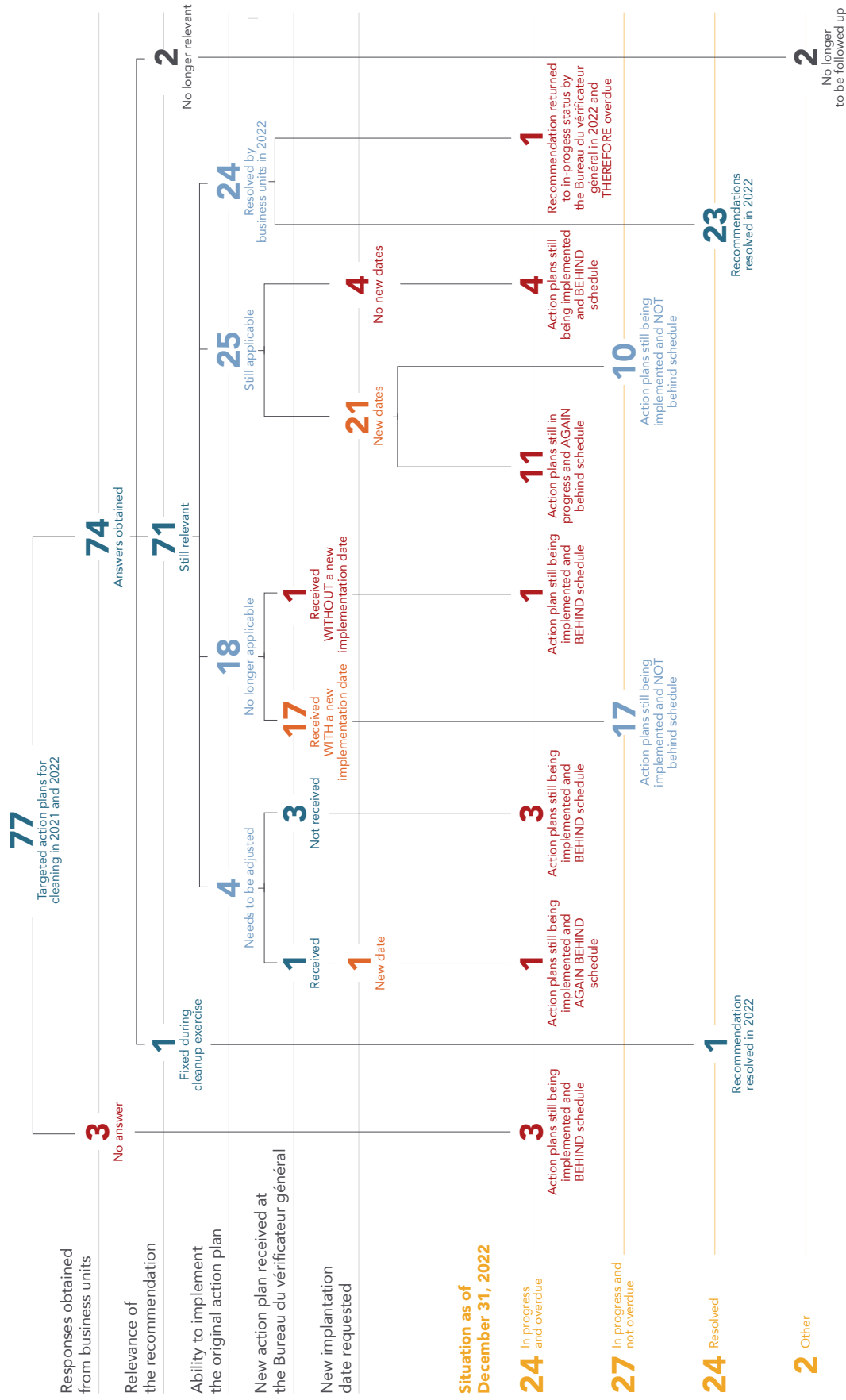
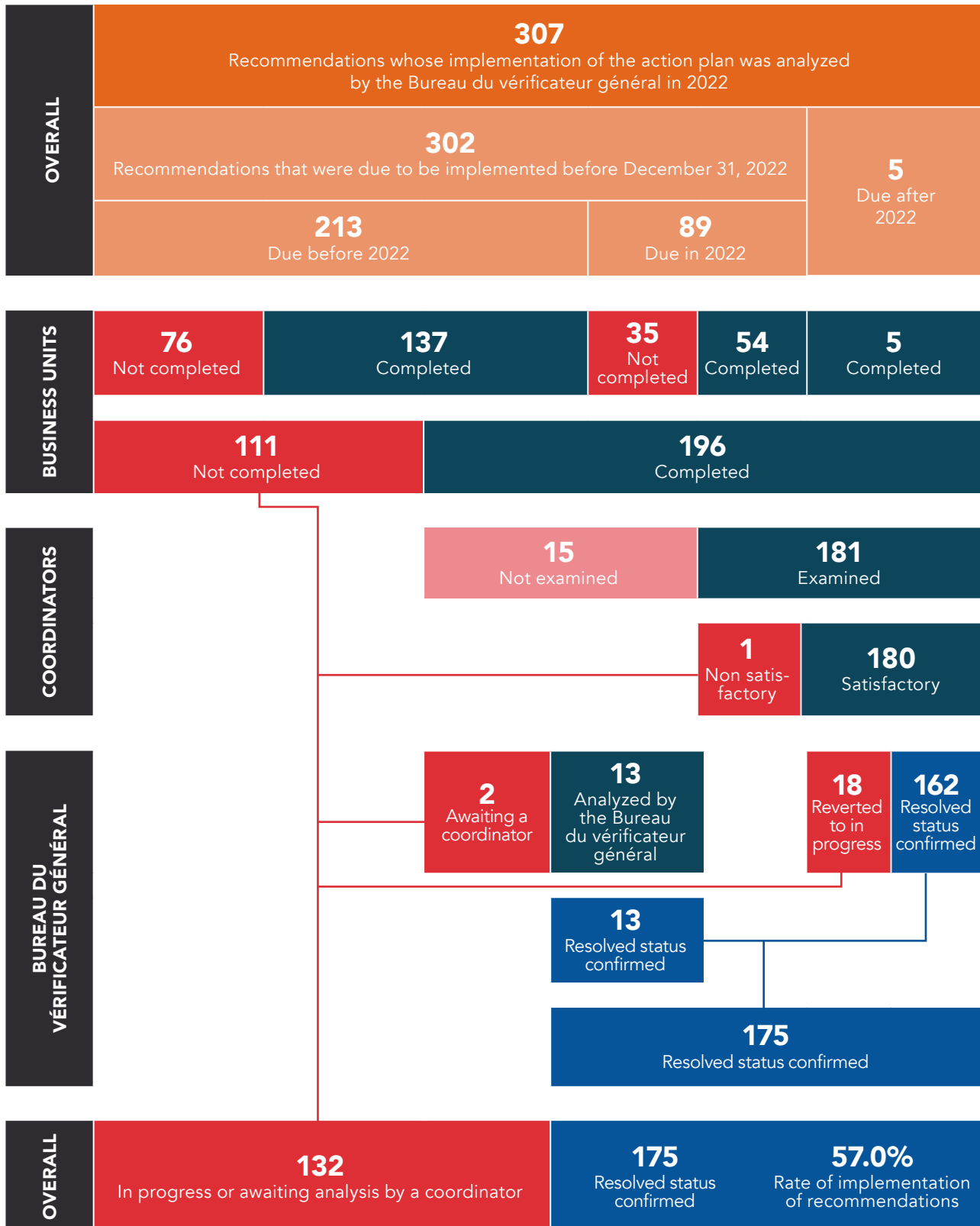
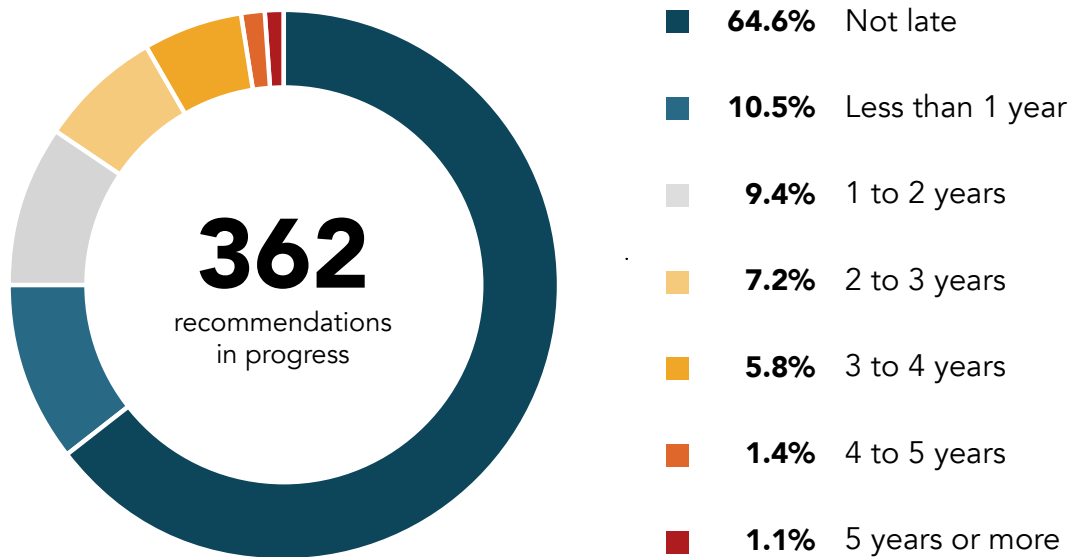


FIGURE 3
**RATE OF IMPLEMENTATION OF THE RECOMMENDATIONS FOR 2022
CONSIDERING THE CLEANUP OF THE ACTION PLANS WHOSE
IMPLEMENTATION IS AT LEAST 3 YEARS BEHIND SCHEDULE**


Source: Figure produced by the BVG.

GRAPH 3

**DISTRIBUTION OF THE RECOMMENDATIONS BEING IMPLEMENTED
ACCORDING TO THEIR LATENESS WITH RESPECT TO THE ACTION
PLAN'S IMPLEMENTATION DATE, CONSIDERING THE CLEANUP OF
THE ACTION PLANS WHOSE IMPLEMENTATION IS AT LEAST 3 YEARS
BEHIND SCHEDULE**



Source: Graph produced by the BVG.

7.2.4. Conclusion

In 2022, the business units (BUs) implemented just over half of the recommendations for which the implementation of the action plans (APs) was due during the year or was already overdue by January 1, 2022.

Nearly one out of every two recommendations we considered as having been resolved was at least 1 year past its implementation date scheduled by the BU in its AP. Of the recommendations considered as having been resolved in 2022, 26% were not overdue, which is significantly more than last year, at only 6.3%.

Concerned about the number of APs still being implemented and for which the scheduled implementation dates had passed, the BVG gave the BUs the opportunity to review the appropriateness of these APs and implementation dates over the past year and a half. We expected that, as a result of this exercise, the number of overdue APs would decrease significantly. However, the results obtained, despite several reminders to the BUs, lead us to conclude that the City did not take full advantage of the opportunity offered by the BVG to improve its rate of implementation of the recommendations by postponing the implementation date of some of its APs.

With a 2022 implementation rate approaching 50%, we reiterate our recommendation made in each of the last 6 annual reports of the BVG to the Direction générale to develop indicators to track the BUs' commitments to implementing our recommendations.

Detailed Follow-up to Recommendations Related to the Business Continuity Management Audit

7.3.



Table of Contents

7.3. Detailed Follow-Up to Recommendations Related to the Business Continuity Management Audit	409
7.3.1. Appendix – Comparison of Initial and Revised Action Plans	411

7.3. Detailed Follow-Up to Recommendations Related to the Business Continuity Management Audit

Business continuity management is a planning process to ensure that critical operations are resumed when an event interrupts a business unit's regular operations. It provides for measures and procedures to resume these operations in another location within a reasonable timeframe (based on the maximum interruption time allowed).

The 2014 Annual Report of the Bureau du vérificateur général (BVG) contained an Audit Report on Business Continuity Management. Its objective was to determine whether the Ville de Montréal (the City) is taking the necessary measures to deal with disaster risks that could affect its operations and thus ensure the continuity of those operations deemed critical.

Our work dealt with the following business units:

- ◆ The Direction générale de la Ville de Montréal (DG);
- ◆ The Service de sécurité incendie de Montréal (SIM);
- ◆ The Service de l'eau – Direction de l'eau potable (DEP);
- ◆ The Service des technologies de l'information (STI);
- ◆ The Service de police de la Ville de Montréal (SPVM).

All the business units had prepared action plans to address the recommendations contained in the report.

Yet in November 2021, only the DEP and the STI had adequately responded to the recommendations that concerned them. The DG, the SPVM and the SIM had not. In fact, of the 18 recommendations that concerned them, 17 remained unresolved, as shown in Table 1 below.

TABLE 1 | RECOMMENDATIONS ISSUED AND UNRESOLVED

BUSINESS UNIT	RECOMMENDATIONS ISSUED	RECOMMENDATIONS UNRESOLVED
Direction générale	2	1
Service de police de la Ville de Montréal	8	8
Service de sécurité incendie de Montréal	8	8
TOTAL	18	17

Source : Table produced by the BVG.

At that time, the BVG sent a memorandum reminding them that the dates for implementing the action plans to address these recommendations dated back more than five years. It is clear that these recommendations still remain unresolved more than seven years after the report was issued. The BVG asked the business units to reassess the relevance of the recommendations that concerned them and, where necessary, to adjust their action plan.

It emerged that the DG, the SPVM and the SIM still felt the recommendations were relevant, and that no tangible progress could be observed.

We decided to carry out a detailed follow-up of the action plans for the 17 unresolved recommendations. The goal was to encourage their implementation so that the City is sufficiently prepared in the event of a disaster (to avoid stoppages of services to Montrealers and reduce the time taken to resume operations). The BVG issued a letter to these business units on February 9, 2022, notifying them that it would be conducting this follow-up. Various meetings were held with the persons in charge of the business units to clarify the reasons for these delays.

In October 2022, the DG delegated responsibility for developing and coordinating the implementation of the business continuity program to the Direction de la sécurité civile, which reports to the SIM.

In early December 2022, the Direction de la sécurité civile gave us the new action plans of the DG, the SIM and the SPVM, aimed at addressing the audit report's recommendations. We analyzed the contents and confirmed that they were adequate.

The initial action plans and timelines, as well as the revised action plans of the DG and SIM with new timelines, are presented in the Appendix. For reasons of confidentiality and security, the SPVM's action plans are not published.

In the coming months, the BVG will closely monitor the progress made in implementing these new action plans, whose timelines now extend to December 2024.

411

DIRECTION GÉNÉRALE (SUITE)				
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)	
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS	NEW TIMELINE
			<p>Action 3: Put in place two training modules on the desired process.</p> <p>Deliverable: Two training modules dealing with:</p> <ol style="list-style-type: none"> 1. The process and adopted approach; 2. Acquiring the tools to contribute to the development of a Business Continuity Plan (BCP). 	Completed
			<p>Action 4: Develop templates for each step in the process and make them available to the business units.</p> <p>Deliverable: Development of:</p> <ul style="list-style-type: none"> • Template 1: Business impact analysis (BIA); • Template 2: Risk analysis; • Template 3: "Continuity Strategies Inventory" form; • Template 4: Business Continuity Plan. 	Completed
			<p>Action 5: Make share and collaboration disks available to the business units.</p> <p>Deliverable:</p> <ul style="list-style-type: none"> • Share disk via Google Workplace (G Suite) (TENTATIVE); • Share disk via the Zoho platform of the Centre de sécurité civile, used as part of emergency measures' information and communications sharing. 	Completed

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)				
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)	
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS	NEW TIMELINE
4.2.C. Business Continuity Program Structure We recommend that the Service de sécurité incendie de Montréal: <ul style="list-style-type: none"> a) Develop their management structures for the implementation of the business continuity program, including: <ul style="list-style-type: none"> • Determining the persons responsible, • describing the roles and responsibilities of each, • defining the communication and accountability process; b) provide specific recurring business continuity budgets in connection with the established objectives. 	The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity. As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015.	December 2015	a) Actions: <ul style="list-style-type: none"> • Define the coordination and identification structure for the persons in charge; • Put in place a structure to implement the business continuity program; • Attach this structure to and/or integrate it into the existing civil security structure (Sauvegarde des vies et protection des biens mission). Deliverable: Updated Plan de mission Sauvegarde des vies et protection des biens and integrated business continuity management structure.	October 2023
			b) Actions: <ul style="list-style-type: none"> • Define the coordination and identification structure for the persons in charge; • Put in place a structure to implement a business continuity program; • Attach this structure to and/or integrate it into the existing civil security structure (Sauvegarde des vies et protection des biens mission). Deliverables: Updated Plan de mission Sauvegarde des vies et protection des biens and integrated business continuity management structure.	January 2024

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)				
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)	
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS	NEW TIMELINE
4.3.B. Crisis Management Structure We recommend that the Service de sécurité incendie de Montréal develop a response structure to meet business continuity needs and objectives that integrates all their critical operations.	<p>The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity.</p> <p>As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015.</p>	December 2015	Actions: <ul style="list-style-type: none"> Update the existing crisis or incident structure (Sauvegarde des vies et protection des biens mission) to establish command, operations monitoring and communications systems to manage the incident and minimize the impact of the disturbance. Attach this structure to and/or integrate it into the existing civil security structure (Sauvegarde des vies et protection des biens mission). Deliverable: Updated Plan de mission Sauvegarde des vies et protection des biens and integrated business continuity management structure.	October 2023
4.4.B. Business Impact Analysis and Business Continuity Strategies We recommend that the Service de sécurité incendie de Montréal: <ul style="list-style-type: none"> a) conduct an impact analysis for all their operations; b) communicate the results of the impact analysis to all business continuity program stakeholders; c) develop continuity strategies based on the results of the business impact analysis. 	<p>The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity.</p> <p>As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015.</p>	December 2015	a) Action 1: Perform a business impact analysis (BIA) of its service centres that provide essential services to the population. The objectives are as follows: <ul style="list-style-type: none"> Identify critical activities and assess the impact resulting from their interruption; Assess and justify the maximum amount of time that a critical activity can be interrupted without the impact becoming unacceptable for the organization (maximum duration of the acceptable interruption – MDAI); 	June 2023

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)				
AUDIT REPORT RECOMMENDATIONS	PLAN D'ACTION INITIAL (2014)		PLAN D'ACTION RÉVISÉ (2022)	
	ACTIONS CORRECTIVES INITIALEMENT PRÉVUES	ÉCHÉANCIER	NOUVELLES ACTIONS CORRECTIVES	NOUVEL ÉCHÉANCIER
			<ul style="list-style-type: none"> Assess the recovery time of an activity after an incident (recovery time objective – RTO); Identify the priorities for resuming operations; Identify dependency relationships with administrative units or external resources; Identify the human, material, information and infrastructure resources required for continuity. <p>Deliverable: Business impact analysis (BIA) for the targeted service centres.</p> <p>Action 2: Perform a risk analysis for the service centres concerned. The aim of this risk analysis is to:</p> <ul style="list-style-type: none"> Identify the weak points that must be addressed to reduce the probability of unavailability or of an impact on the unit's essential operations; Identify the potential causes of incident scenarios to reduce the probability of these incidents occurring by implementing preventive measures. <p>Deliverable: Risk analysis for the targeted service centres.</p>	
			<p>b) Action:</p> <ul style="list-style-type: none"> Inform and communicate the results of the BIA to the business continuity program stakeholders. <p>Deliverable: Instruction- or correspondence-type administrative framework.</p>	October 2023

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)				
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)	
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS	NEW TIMELINE
			c) Actions: <ul style="list-style-type: none"> Determine strategies to ensure the continuity of critical activities that are not IT-dependent. Determine strategies to ensure the continuity of critical activities that are IT-dependent. Deliverable: : Inventory of continuity strategies in place.	July 2023
4.5.B. Business Continuity Plans and Procedures We recommend that the Service de sécurité incendie de Montréal develop business continuity plans for all their critical functions, including: <ul style="list-style-type: none"> a) defining the criteria for continuity plan activation; b) defining the roles and responsibilities of each stakeholder or each continuity team; c) defining activities to be performed in the event of a disaster in order to maintain an adequate level of service; d) determining critical resources (staff, equipment, etc.) required to relocate essential operations; 	The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity. As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015.	December 2015	Actions: <ul style="list-style-type: none"> Define the coordination structure and appoint the persons in charge. Draft a business continuity plan. Deliverable: Updated Plan de mission Sauvegarde des vies et protection des biens and integrated business continuity plans and procedures, defining components a) to f) of the left-hand column.	Décembre 2023

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)					
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)		NEW TIMELINE
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS		
<p>e) listing employees and third parties who must participate in continuity activities, including ways to contact them;</p> <p>f) developing operational procedures in the event of a disaster.</p>					
<p>4.6.B. Business Continuity Training</p> <p>We recommend that the Service de sécurité incendie de Montréal develop a training program for all business continuity plan stakeholders.</p>	<p>The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity.</p> <p>As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015</p>	December 2015	<p>Actions:</p> <ul style="list-style-type: none">Develop a training program and integrate it.Integrate into a review and update cycle. <p>Deliverable: Business continuity training program adapted to the SIM (trainers, ready-to-deploy training, support material and schedule of compulsory sessions and enrolment).</p>		December 2023 + 1 year of validation
<p>4.7.B. Business Continuity Exercise Programs</p> <p>We recommend that the Service de sécurité incendie de Montréal develop exercise programs for members of business continuity response teams.</p> <p>Specifically:</p> <p>a) determine the types of exercises required;</p> <p>b) develop the objectives to be achieved for each type;</p>	<p>The Direction générale asked the SIM's management to broaden the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity.</p> <p>As part of the "100 Resilient Cities" program, pioneered by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive business continuity action plan will be submitted to the Direction générale between now and the end of 2015.</p>	December 2015	<p>Actions:</p> <ul style="list-style-type: none">Develop a training program and integrate it.Integrate into a review and update cycle. <p>Deliverable: Business continuity training program adapted to the SIM (trainers, ready-to-deploy training, support material and schedule of compulsory sessions and enrolment).</p>		December 2023 + 1 year of validation

SERVICE DE SÉCURITÉ INCENDIE DE MONTRÉAL (SUITE)				
AUDIT REPORT RECOMMENDATIONS	INITIAL ACTION PLAN (2014)		REVISED ACTION PLAN (2022)	
	CORRECTIVE ACTIONS INITIALLY PLANNED	TIMELINE	NEW CORRECTIVE ACTIONS	NEW TIMELINE
<p>c) develop an exercise drill schedule;</p> <p>d) document the learning acquired during exercises.</p>				
<p>4.8.B. Updating Business Continuity Documentation</p> <p>We recommend that the Service de sécurité incendie de Montréal establish a process for updating business continuity documentation that includes the following activities:</p> <p>a) determining components that need to be updated;</p> <p>b) developing a periodic review schedule;</p> <p>c) communicating changes to the various stakeholders;</p> <p>d) amending plans to take into account learning acquired during exercises or when the plans are used during interruptions in operations.</p>	<p>The Direction générale asked SIM management to expand the mandate of the Centre de sécurité civile to include concepts of resilience and business continuity.</p> <p>As part of the “100 resilient cities” program, overseen by the Rockefeller Foundation, the Centre de sécurité civile must establish a resilience strategy for the Montréal community by fall 2015. During this thought process, a comprehensive plan for business action continuity will be submitted to the Direction générale between now and the end of 2015.</p>	December 2015	<p>Actions: Integrate the update process for the business continuity program into the organization’s current processes. This involves:</p> <ul style="list-style-type: none"> • Determining the components of the program that need to be updated; • Establishing a timeline to complete the review and update at specific intervals over a set period; • Identifying and informing stakeholders of any amendment or change that concerns them. <p>Deliverable: Updated Plan de mission Sauvegarde des vies et protection des biens and integrated business continuity management cycle, defining components a) to d) of the left-hand column.</p>	December 2023 + 1 year of validation

Management Reports

8.

2022 Annual Report

Auditor General of
the Ville de Montréal

Overview of the Bureau du vérificateur général

8.1.

2022 Annual Report

Auditor General of
the Ville de Montréal



Table of Contents

8.1. Overview of the Bureau du vérificateur général	427
8.1.1. Financial Results	427
8.1.2. Number of Audit Reports Issued	428
8.1.3. Human Resources	428
8.1.3.1. Workforce Trends and Status	429
8.1.3.2. Use of time	431
8.1.3.3. Staff Turnover Rate	433
8.1.3.4. Absenteeism Rate	433
8.1.3.5. Number of Hours and Cost of Training	433
8.1.3.6. Equal Access to Employment	434
8.1.4. Professional Service Contracts	434
8.1.5. Professional Inspection	435
8.1.6. Accountability – Allegations	436
8.1.7. Accountability – Requests for Access to Information	438
8.1.8. Technological Infrastructure	438
8.1.9. Promotion	438

8.1. Overview of the Bureau du vérificateur général

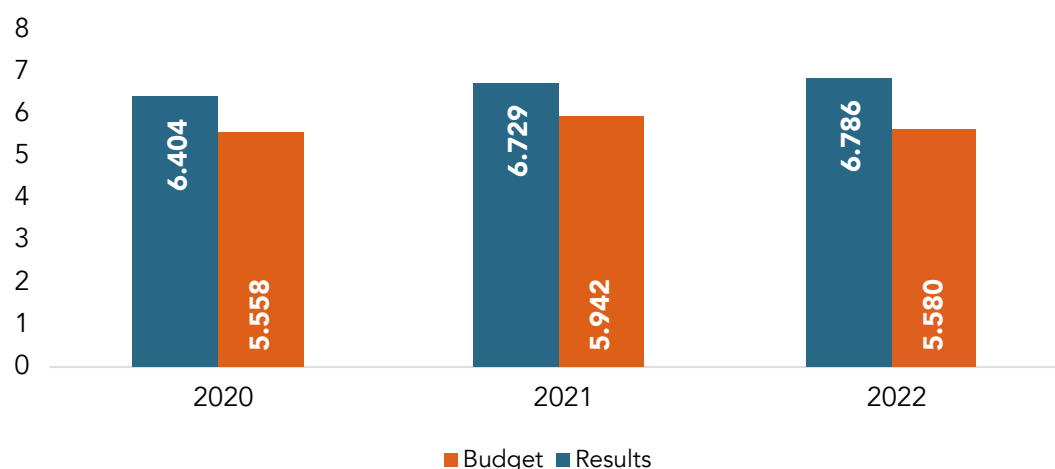
This chapter presents the highlights of the results obtained for the year 2022 regarding the performance of the Auditor General's (AG) mandate and the utilization of resources for this purpose. More specifically, we present different indicators so the reader can appreciate the performance of the Bureau du vérificateur général (BVG).

The indicators presented are:

- ◆ The financial results;
- ◆ The number of audit reports issued;
- ◆ Human resources:
 - Current and future staff portrait,
 - Use of time,
 - Staff turnover rate,
 - Absenteeism rate,
 - Average number of hours and cost of training,
 - Equal access to employment;
- ◆ Professional service contracts;
- ◆ Professional inspection;
- ◆ Accountability regarding allegations;
- ◆ Accountability regarding requests for access to information;
- ◆ Technology infrastructure;
- ◆ Outreach.

8.1.1. Financial Results

The BVG's operating expenses amounted to \$5.6 million in 2022, compared with the budgeted amount of \$6.7 million. This favourable variance is explained in part by personnel movements, i.e., positions that remained vacant and were filled in 2022, employee sick leaves and maternity leaves, and the departure of 2 resources. However, in the first half of 2022, we filled 4 positions with external resources: 2 financial audit (financial and administration processes) assistant auditor positions, one audit performance and compliance consultant, and one communications officer. The following graph illustrates the BVG's financial results for the past 3 years.

GRAPH 1 | BUDGET AND FINANCIAL RESULTS (IN MILLIONS OF DOLLARS)

Source: Graph produced by the BVG.

In accordance with the provisions of section 108.2.1 of the *Cities and Towns Act* (the CTA), the AG accounts for the year ended December 31, 2022, were audited by an independent auditor mandated by the Ville de Montréal (the City). The report of the independent auditor is presented in Appendix 9.2.

8.1.2. Number of Audit Reports Issued

Next table details the number of reports issued over the past few years for audits of the financial statements, regulatory compliance, as well as a performance and compliance audit and Information technology (IT).

TABLE 1 | NUMBER OF AUDIT AND ACCOUNTABILITY REPORTS PRODUCED FROM 2020 TO 2022

REFERENCE ANNUAL REPORT	FINANCIAL STATEMENTS	PERFORMANCE AND COMPLIANCE AUDIT	INFORMATION TECHNOLOGY AUDIT	TOTAL NUMBER OF AUDIT REPORTS	ACCOUNTABILITY
2020	9	7	5	21	2
2021	9	5	4	18	2
2022	9	5	3	17	4

Source: Table produced by the BVG.

8.1.3. Human Resources

The BVG is recognized for the quality of its work and the diversity of its skills and experience. This is a major asset in providing elected officials and citizens with an objective and independent view of how well public funds are managed. The BVG has some 40 qualified

professionals, including accountants, an engineer and business management, environmental sciences and IT specialists. The BVG's employees hold a variety of certifications, such as public accounting (CPA), financial auditing (CPA auditor), internal auditing (CIA), information systems auditing (CISA and CISSP) and engineering (Eng.).

The BVG's philosophy is, on the one hand, to have an internal core of experienced professionals who, collectively, have expertise in the City's various spheres of professional activities related to the financial and performance audits (including the information technology audit), as well as to the statutory and regulatory compliance audit. On the other hand, we enlist qualified external resources to meet our specific needs for highly specialized expertise or to spread the workload inherent in the peak period related to audits of the financial statements of the City and the organizations for which the AG considers it appropriate to continue work, and sometimes to provide temporary coverage for leaves or vacancies.

During 2022, the BVG hired a communications officer to manage its communications, social networks and other communications.

8.1.3.1. Workforce Trends and Status

The number of employees as of December 31, 2022, was 35 compared with 33 at the same point in 2021. During the year, 2 employees left the BVG, 1 of whom went to one of the City's business units. In addition, 4 new resources joined the BVG: 1 on the performance and compliance audit team, 2 in Financial Audit, financial processes and administration, and 1 communications officer.

The following table illustrates the BVG's workforce status by branch and by authorized and filled position as of December 31, 2022.

TABLE 2 | WORKFORCE STATUS AS OF DECEMBER 31, 2022

BRANCH	POSITIONS		
	AUTHORIZED	FILLED	TO BE FILLED
Bureau of the Auditor General	5	5	0
Financial audit, financial processes and administration	15	15	0
Performance and compliance audit	11	10	1
Information technology audit	7	5	2
TOTAL	38	35	3

Source: Table produced by the BVG.

Certain senior positions were converted into more junior positions in order to train new resources and thereby build a qualified workforce for the future of the BVG. The implementation of a succession plan continued in 2022.

The following table illustrates the BVG's staffing changes by department and by position during 2022.

TABLE 3 | STAFFING CHANGES IN 2022

DEPARTMENT	POSITIONS AS OF DECEMBER 31, 2021	POSITIONS CREATED	TRANSFER	POSITION ABOLISHED	POSITIONS AS OF DECEMBER 31, 2022
Bureau of the Auditor General	5	0	0	0	5
Financial audit, financial processes and administration	16	0	0	(1)	15
Performance and Compliance Audit	11	0	0	0	11
Information Technology Audit	6	1	0	0	7
TOTAL	38	1	0	(1)	38

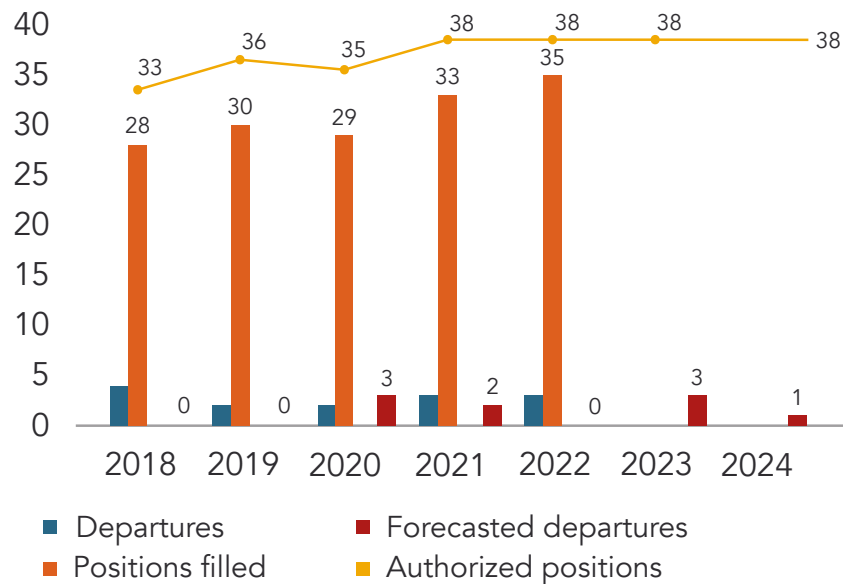
Source: Table produced by the BVG.

At the end of 2022, there were 3 vacant positions, compared with 5 the previous year.

The efforts undertaken in recent years to attract new qualified resources have paid off.

These hires have allowed us to put a succession plan in place to compensate for the retirement of some of the BVG's most experienced resources or to meet our needs.

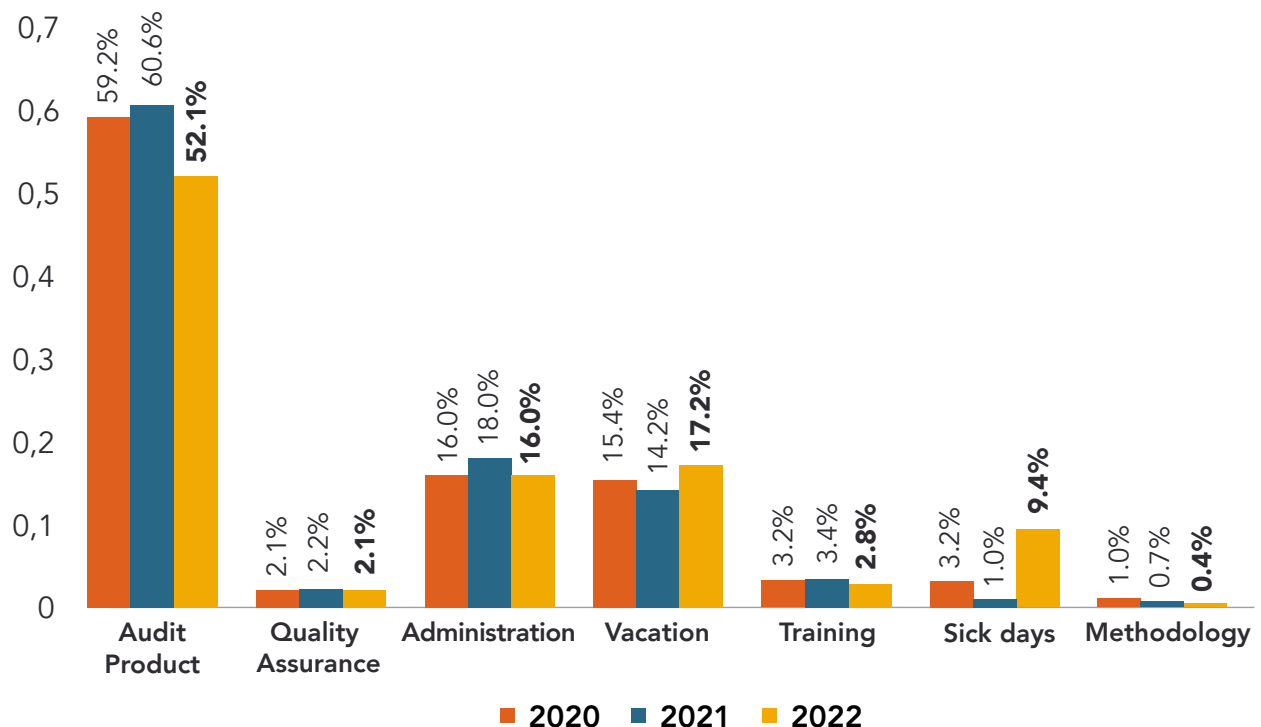
The following graph illustrating the evolution and forecast of the BVG's workforce from 2018 to 2024 shows the importance of having implemented a succession plan over the past years to prepare to train new employees and ensure that expertise is maintained within the BVG. The renewal of resources ensures a certain stability for the next few years, and we will continue our efforts to maintain that stability.

GRAPH 2**EVOLUTION AND FORECASTING OF THE WORKFORCE FROM 2018 TO 2024**

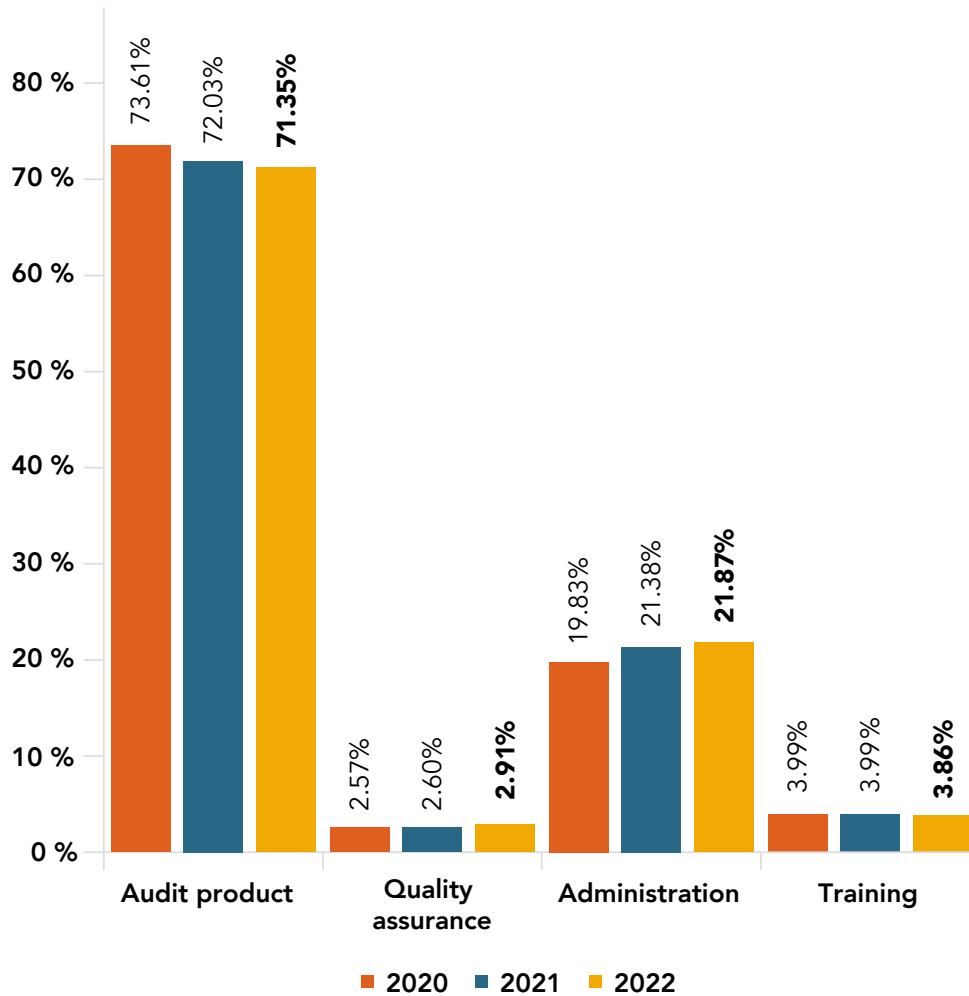
Source: Graph produced by the BVG.

8.1.3.2. Use of time

The following graphs show the distribution of total hours and hours worked by BVG employees for the last three years.

GRAPH 3**USE OF TIME**

Source: Graph produced by the BVG.

GRAPH 4 | BREAKDOWN OF HOURS WORKED, BY ACTIVITY

Audit product: includes auditing the financial statements as well as compliance, value-for-money and information technology audits.

Quality assurance: includes the time devoted to quality control of audit engagements, both during the engagement and after the fact, which control is exercised pursuant to the standards in force.

Administration: includes general administration, meetings, financial management, human resource management, goods and services acquisition, IT support and secretarial tasks.

Source: Graph produced by the BVG.

The results shown in the first graph indicate an increase of 8.4% between 2021 and 2022 in sick leave hours (long-term sick leaves and a maternity leave). This increase has had a direct impact on hours spent on audit products. To maintain the delivery of audit reports, these absences were compensated by external consultants' hours. The second graph shows that the number of hours spent on audit products as a proportion of all hours spent remains stable, with a less than 1% variance.

Other indicators related to use of time and employee turnover are presented in the following tables.

8.1.3.3. Staff Turnover Rate

TABLE 4 | STAFF TURNOVER RATE (INCLUDING RETIREMENT)

	2019	2020	2021	2022
Turnover rate (including retirement)	6.9%	13.6%	9.7%	5.9%

Source: Table produced by the BVG.

The calculation of the employee turnover rate includes retirements, resignations and transfers to other City departments and boroughs. There were no retirements in 2022.

8.1.3.4. Absenteeism Rate

TABLE 5 | ABSENTEEISM RATE

	2019	2020	2021	2022
Absenteeism rate	1.4%	3.2%	0.9%	9.3%

Source: Table produced by the BVG.

The absenteeism rate increased by 8.4% between 2021 and 2022, due mainly to long-term and short-term sick leaves, and one maternity leave.

8.1.3.5. Number of Hours and Cost of Training

TABLE 6 | NUMBER OF HOURS AND COST OF TRAINING

	2019	2020	2021	2022
Average hours of training per employee	47	58	61	51
Training cost to payroll ratio	3.5%	4.0%	3.7%	3.5%

Source: Table produced by the BVG.

Resource training is a priority for the BVG, and it is one of our objectives in our 2022–2024 strategic plan. The average number of hours spent on training decreased from 61 to 51. This can be explained mainly by the limited training offer in Performance Audit and by training that was not followed by employees who were absent on long-term sick leaves or maternity leave in 2022.

Despite this decrease, it should be noted that the average of 51 hours of training far exceeds the target of 42 hours of training set in the strategic plan. The ratio of training costs to total payroll, in accordance with the *Act to promote workforce skills development and recognition*, was 3.5% for 2022, down 0.2% from the previous year. The decrease can be explained by the same elements mentioned in the preceding paragraph. Note that the objective for the entire City is 1%.

8.1.3.6. Equal Access to Employment

Like the City, the BVG pays special attention to questions of equal access to employment. The breakdown of the representation of target groups in the *Act respecting equal access to employment in public bodies*, as of December 31 of the past 3 years, is presented in the following table.

TABLE 7 | REPRESENTATION OF TARGET GROUPS

TARGET GROUP	2020	2021	2022
Men	38%	30%	29%
Women	62%	70%	71%

TARGET GROUP	2020	2021	2022
Aboriginal peoples	0%	0 %	0 %
Visible minorities	3.45%	12.12 %	11.43 %
Ethnic minorities	6.90%	9.09 %	8.57 %
TOTAL	10.35%	21.21%	20%

Source: Table produced by the BVG.

Female representation within our staff has been growing for the past 3 years. Twenty-four women of our staff of 35 employees are women, compared with 23 on the same date in 2021. The percentage of visible and ethnic minorities remained relatively stable, at 20% in 2022 compared with 21% in 2021. More than 50% of new hirings last year were from the target group, which considerably exceeds the goal of 33% set by the City.

8.1.4. Professional Service Contracts

The CTA (CQLR, c. C-19) authorizes the AG to conclude contracts for the purpose of acquiring goods or providing services. Consequently, because of her particular role, her mission, and the nature of her duties, the AG maintains independence in relation to contracting processes. However, the AG wishes to be subject to the legislative and regulatory standards applicable to the City in the area of contract management, subject to exceptions, which must nevertheless be justified, if the need arises.

Professional fees are the second-largest expense after the amounts spent on BVG salaries and benefits. We call on professionals to:

- ◆ meet specific labour needs during the peak financial statement period;
- ◆ temporarily fill resource gaps related to various leaves of absence or vacancies;
- ◆ have access to highly specialized expertise in areas related to our audit topics or for administrative purposes;
- ◆ finally, since the BVG is administratively independent of the City, award contracts to support our infrastructure.

As of December 31, 2022, \$422,860 had been spent on professional fees (compared with \$621,386 in 2021) (see the breakdown in the following table).

TABLE 8 | PROFESSIONAL FEES

DIRECTIONS	2020	2021	2022
Financial Audit	25.7%	23.9%	16.6%
Financial Processes Audit	22.8%	31.4%	22.4%
Performance and Compliance Audit	11.6%	17.0%	20.7%
Information Technology Audit	10.4%	13.1%	13.7%
Administrative	29.6%	14.6%	26.6%

Source: Table produced by the BVG.

8.1.5. Professional Inspection

The BVG is subject to a cyclical professional inspection by the Ordre des comptables professionnels agréés du Québec (OCPAQ) in accordance with the *Regulation respecting the professional inspection committee of the Ordre des comptables professionnels agréés du Québec* and the general surveillance program developed by the committee pursuant to section 12 of the Regulation and approved by the board of directors of the OCPAQ. The last professional inspection was conducted in September 2019.

The professional inspection wore on the documentation of our quality control system, on reports of our last cyclical inspections, and on issues related to the practice of the profession in the areas of financial, compliance and performance audits. The inspection committee concluded that the BVG fulfilled the requirements of the professional inspection program in all material aspects.

The BVG carries out cyclical professional inspections conducted by peers every 3 years as set out in its quality assurance manual. One inspection by peers was carried out in fall 2022.

8.1.6. Accountability – Allegations

Allegations can be submitted to the BVG through the website, by email, by mail, by telephone or in person. It should be noted that the BVG has an email box that was created specifically for this purpose; it is highly secure because it is hosted by a messaging service outside the City.

Allegations are processed according to priority criteria, such as the nature of the claim and the degree of risk involved. A well-documented and highly secure file is created for every allegation.

All other allegations that we receive undergo a preliminary evaluation to determine whether an investigation should be initiated, based on the nature of the claim, the probative value of the information provided and the risks involved. However, a preliminary evaluation is not conducted if the subject of the allegation does not fall within the AG's purview or if the allegation is not substantial enough to warrant further investigation. Depending on the circumstances, such matters may be transferred to another City entity or closed without any further action being taken.

If an investigation is warranted, it will be conducted in accordance with recognized investigative and forensic accounting practices. Once the investigation is completed, a report may be produced and sent to the municipal administration. In cases where there is evidence of criminal wrongdoing, our findings are reported to the competent authorities.

The following table shows the distribution by category of allegations received.

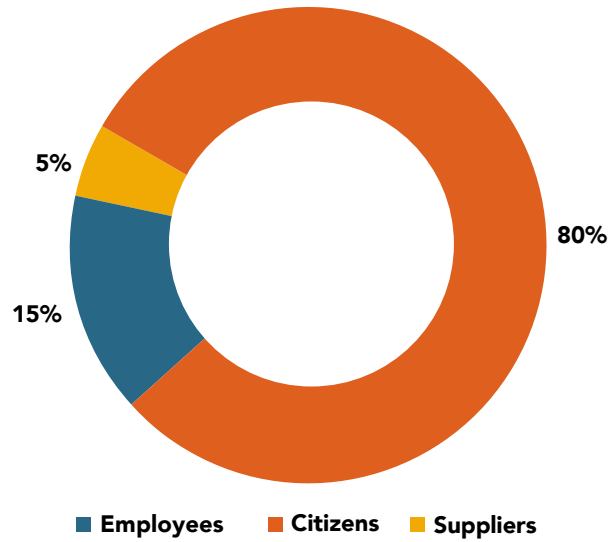
TABLE 9 | NUMBER OF ALLEGATIONS

	NUMBER OF ALLEGATIONS	
	2021	2022
Outside the jurisdiction of the Bureau du vérificateur général	5	17
Dispute with the Ville de Montréal	1	0
SUBTOTAL	6	17
Area of expertise of the Bureau du vérificateur général – Files analyzed	1	3
SUBTOTAL	1	3
TOTAL	7	20

Source: Table produced by the BVG.

The following graph shows the sources of the allegations received.

GRAPH 5 | OVERVIEW OF ALLEGATIONS RECEIVED IN 2022 BY SOURCE

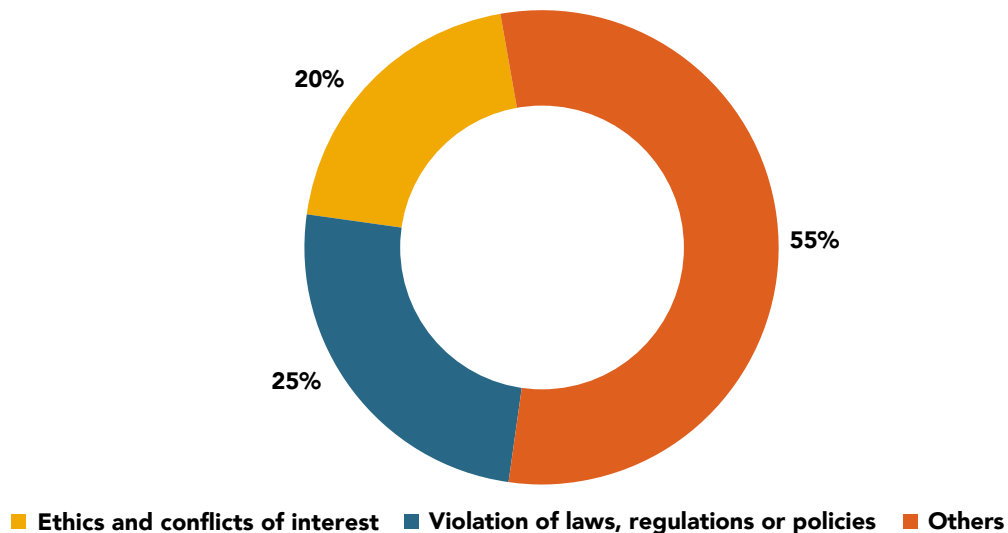


Source: Graph produced by the BVG.

It is important to remember that this is a confidential process and that all information provided is protected under the *Act respecting Access to documents held by public bodies and the Protection of personal information*. Consequently, the person or agency concerned is unaware of the identity of the individual making the allegation. Furthermore, the provisions of section 107.16 of the CTA ensure that the AG cannot be forced to make a statement about information she obtained in the performance of her duties or to produce a document containing such information. This Act is supplemented by the provisions of section 41 of the *Access to Information Act*.

The following graph groups the allegations received by category of alleged wrongdoing.

GRAPH 6 | OVERVIEW OF ALLEGATIONS RECEIVED IN 2022 BY CATEGORY



Source: Graph produced by the BVG.

8.1.7. Accountability – Requests for Access to Information

In accordance with section 107.6.1 of the CTA (CQLR c. C-19), the AG performs the duties conferred on the person in charge of access to documents or the protection of privacy with regard to the documents prepared by the chief auditor in the performance of her duties or the documents she keeps for the purposes of carrying out her mandate, the methods of which are set out in the *Act respecting Access to documents held by public bodies and the Protection of personal information* (CQLR c. A-2.1). This does not extend to documents held by the City or another public agency, in which case the access to information request must be forwarded to the office of the appropriate person responsible for access.

During the course of 2022, we received only one access to information request.

8.1.8. Technological Infrastructure

The BVG's servers are separate from those of the City. For several years, the BVG has had an infrastructure that enables all its employees to work remotely. In addition, we make sure every year that this network is secure. For this reason, as was the case in the last 2 years, we were able to pursue all our work despite the health measures in effect, with all of the BVG's employees working remotely in complete safety. The BVG conducts intrusion tests on a regular basis to ensure the security of its infrastructures.

8.1.9. Promotion

Several members of the BVG participate in various working groups, committees and boards of directors of organizations associated with our profession. This gives them an opportunity to be key actors in the advancement of our profession and be on the lookout for changes that will impact our work in the future. We are actively involved in providing comments on exposure drafts issued by the Public Sector Accounting Board.

TABLE 10 | PROMOTION ACTIVITIES

	BODY	MEMBER
Annie Cédillotte, <i>Principal Auditor – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Certification
Mélanie Normandin, <i>Principal Auditor – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Pension Plan
France Lessard, <i>Assistant Auditor General – Financial Audit and Administration</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Sectoral Working Group – Municipal Administration • Technical Working Group – Accounting in the Public Sector
Kim Tardif, <i>Officer in charge of Quality Assurance and Professional Practices</i>	Ordre des CPA du Québec	<ul style="list-style-type: none"> • Technical Working Group – Certification Reports • Technical Working Group – Accounting in the Public Sector
Michèle Galipeau, <i>Auditor General</i>	Canadian Audit and Accountability Foundation	<ul style="list-style-type: none"> • Board of Directors • Governance Committee • Comité sur le renforcement des capacités et développement des connaissances
	CPA Canada	<ul style="list-style-type: none"> • Public Sector Accounting Board
	Association des vérificateurs généraux municipaux du Québec	<ul style="list-style-type: none"> • Board of Directors

Source: Table produced by the BVG.

We encourage our employees to pursue these activities, which promote not only the Bureau, but also the profession of municipal legislative auditor.



Follow-up – 2022 - 2024 Strategic Plan

8.2.



Table of Contents

8.2. Follow-up — 2022–2024 Strategic Plan	445
8.2.1. Introduction	445
8.2.2. Accountability	445
8.2.2.1. Orientation 1 – Increasing the added value of the interventions	446
8.2.2.2. Orientation 2 – Implementing innovative practices to ensure the quality of the work	453
8.2.2.3. Orientation 3 – Ensuring the continuity of the qualifications of the Bureau du vérificateur général	456

8.2. Follow-up — 2022–2024 Strategic Plan

8.2.1. Introduction

The year 2022 represents the first year of the implementation of our strategic plan, which defines the objectives guiding our actions over the next three years.

The *2022–2024 Strategic Plan* is structured around the following 3 orientations:

1. Increasing the **added value** of the interventions.
2. Implementing **innovative practices** to ensure the quality of the work.
3. Ensuring the **continuity of the qualifications** of the Bureau du vérificateur général (BVG).

For each orientation, we set objectives along with indicators and targets to be met.

8.2.2. Accountability

We oriented our audit and administrative work to enable us to attain the objectives and meet the targets we had set for 2022.

8.2.2.1. Orientation 1 – Increasing the added value of the interventions

In order to increase the added value of our interventions, we set 4 objectives to be attained over the course of the 2022–2024 period. The results for each objective of orientation 1 are presented below.

OBJECTIVE	INDICATOR	TARGET	RESULT	TARGET		
				MET	NOT MET	NOT APPLICABLE (N/A)
1. Conduct value-added performance audits.	1. Percentage of performance and compliance audit mandates focused on issues or services that directly affect citizens and the quality of services they receive.	25% per year	63% of the mandates in 2022	✓		
	2. Number of performance audit mandates with a sustainable development dimension.	At least 1 mandate per year	2 mandates in 2022	✓		
	3. Number of performance audit mandates focused on information technology.	At least 2 mandates per year	2 mandates in 2022	✓		
	4. Number of performance audit mandates focused on cybersecurity.	At least 1 mandate per year	1 mandate in 2022	✓		
2. Maintain our presence in financial auditing.	1. Review of our financial audit intervention strategy.	Once a year	Review completed in May 2022	✓		
3. Foster an increased rate of implementation of our recommendations.	1. Average annual time needed to analyze the actions taken by a business unit to address a recommendation.	30 days	26.5 days	✓		
	2. Presentation to city council on the status of the recommendations.	Once a year	Completed in May 2022	✓		

OBJECTIVE	INDICATOR	TARGET	RESULT	TARGET		
				MET	NOT MET	NOT APPLICABLE (N/A)
	3. Validation with the business units of the relevance of the recommendations whose action plans have not been completed and that are late in being implemented.	2022 Validation of recommendations whose action plans expired 3 or more years ago. 2023 Validation of recommendations whose action plans expired 1 year ago or more but less than 3 years ago.	2022 target: Validation completed in November 2022	✓		
4. Facilitate the understanding of the role of the Auditor General.	1. Development of a communication plan.	2022	Under way		✓	
	2. Deployment of the communication plan.	2023	N/A			✓

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS

Objective 1 – Conduct value-added performance audits.

INDICATOR 1 – Percentage of performance and compliance audit mandates focused on issues or services that directly affect citizens and the quality of services they receive.

	2022	2023	2024
Targets	25% of the mandates	25% of the mandates	25% of the mandates
Results	63% of the mandates Target met		

In 2022, we conducted 5 mandates to this effect in the following areas: 1) *Management of Wastewater Discharge and Overflow Monitoring*, 2) *Knowledge and Enhancement of Heritage Buildings*, 3) *Effectiveness and efficiency of the use of patrol vehicles of the Service de police de la Ville de Montréal in an emergency context*, 4) *Management of the Metro's Industrial Control Systems* and 5) *Management of the Artemis System*.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS

Objective 1 – Conduct value-added performance audits.

INDICATOR 2 – Number of performance audit mandates with a sustainable development dimension.

	2022	2023	2024
Targets	1 mandate	1 mandate	1 mandate
Results	2 mandates Target met		

In 2022, we conducted 2 mandates to this effect in the following areas: one on *Wastewater Discharge and Overflow Monitoring Management* and one on *Knowledge and Enhancement of Heritage Buildings*.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS**Objective 1 – Conduct value-added performance audits.**

INDICATOR 3 – Number of performance audit mandates focused on information technology.

	2022	2023	2024
Targets	2 mandates	2 mandates	2 mandates
Results	2 mandates Target met		

Two performance audit mandates were carried out in information technology: one on the *Management of the Metro's Industrial Control Systems* and one on the *Management of the Artemis System*.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS**Objective 1 – Conduct value-added performance audits.**

INDICATOR 4 – Number of performance audit mandates focused on cybersecurity.

	2022	2023	2024
Targets	1 mandate	1 mandate	1 mandate
Results	1 mandate Target met		

In 2022, we performed 1 mandate on *Physical Penetration Tests*.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS
Objective 2 – Maintain our presence in financial auditing.
INDICATOR 1 – Review of our financial audit intervention strategy.

	2022	2023	2024
Targets	Annual	Annual	Annual
Results	Review completed in May Target met		

We maintained our presence with the same strategy we deemed appropriate following the adoption of Bill 155 in 2018.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS
Objective 3 – Foster an increased rate of implementation of our recommendations.
INDICATOR 1 – Average annual time needed to analyze the actions taken by a business unit to address a recommendation.

	2022	2023	2024
Targets	30 days	30 days	30 days
Results	26.5 days Target met		

For 2022, the average time represents the BVG's response time when a coordinator assigns a satisfactory status to the implementation of an action plan.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS**Objective 3 – Foster an increased rate of implementation of our recommendations.****INDICATOR 2 –** Presentation to city council on the status of the recommendations.

	2022	2023	2024
Targets	Annual	Annual	Annual
Results	Completed in May Target met		

The BVG reported on the status of implementation of its recommendations in May 2022 as part of its annual report.

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS**Objective 3 – Foster an increased rate of implementation of our recommendations.****INDICATOR 3 –** Validation with the business units of the relevance of the recommendations whose action plans have not been completed and that are late in being implemented.

	2022	2023	2024
Targets	Validation of the recommendations whose action plans expired 3 or more years ago	Validation of the recommendations whose action plans expired 1 year ago or more but less than 3 years ago	N/A
Results	Validation completed in November Target met		

ORIENTATION 1 | INCREASING THE ADDED VALUE OF THE INTERVENTIONS
Objective 4 – Facilitate the understanding of the role of the Auditor General.
INDICATOR 1 – Development of a communication plan.

	2022	2023	2024
Targets	Drafting of the plan	N/A	N/A
Results	Plan currently being drafted Target not met		

The drafting of the communication plan was completed in January 2023.



8.2.2.2. Orientation 2 – Implementing innovative practices to ensure the quality of the work

Two objectives were identified to enable the BVG to implement effective practices to ensure the quality of our audits and integrate sustainable management components in the strategic plan. The results for each objective of orientation 2 are presented below.

OBJECTIVE	INDICATOR	TARGET	RESULT	TARGET		
				MET	NOT MET	NOT APPLICABLE (N/A)
1. Maintain the quality of our work.	1. Canadian Assurance Standards watch.	Ongoing	Completed for 2022	✓		
	2. Quality Management Manual updated in accordance with the new quality management standards.	2022	Completed in December 2022	✓		
	3. New sampling procedures drafted for performance and compliance audits.	2023	N/A			✓
2. Provide innovative technological tools and software to maintain effective audit practices.	1. Technology watch.	Ongoing	Completed by 2022	✓		
	2. Review of equipment and software lifecycles.	Every 3 years	N/A (due in 2023)			✓

ORIENTATION 2 | IMPLEMENT INNOVATIVE PRACTICES TO ENSURE THE QUALITY OF THE WORK

Objective 1 – Maintain the quality of our work.

INDICATOR 1 – Canadian Assurance Standards watch.

	2022	2023	2024
Targets	Ongoing	Ongoing	Ongoing
Results	Completed Target met		

In 2022, several BVG employees continued to participate in task forces and sit on committees and boards of directors of organizations that are relevant to our profession. Our outreach activities are discussed in greater detail in chapter 8.1. “Overview of the Bureau du vérificateur général” of this annual report.

ORIENTATION 2 | IMPLEMENT INNOVATIVE PRACTICES TO ENSURE THE QUALITY OF THE WORK

Objective 1 – Maintain the quality of our work.

INDICATOR 2 – Updated Quality Management Manual in accordance with the new quality management standards.

	2022	2023	2024
Targets	Quality Management Manual drafted	N/A	N/A
Results	Completed in December Target met		

The Canadian Standards on Quality Management (CSQM) set out the requirements that apply to the design, implementation, operation and evaluation of a quality management system. Their main purpose is to promote quality within the BVG and to support the teams performing the audits. The BVG finished drafting its Quality Management Manual in compliance with the requirements of CSQM 1.

ORIENTATION 2 | IMPLEMENT INNOVATIVE PRACTICES TO ENSURE THE QUALITY OF THE WORK

Objective 2 – Provide innovative technology and software tools to maintain effective audit practices.

INDICATOR 1 – Technology watch.

	2022	2023	2024
Targets	Ongoing	Ongoing	Ongoing
Results	Completed Target met		

The BVG conducted an ongoing technology watch in 2022, including updating the CaseWare software used for audits.

8.2.2.3. Orientation 3 – Ensuring the continuity of the qualifications of the Bureau du vérificateur général

Three objectives were identified to ensure the continuity of the BVG's qualifications so that it has competent resources to meet its needs and maintain its expertise. It must also provide a stimulating work environment for its resources to develop professionally. The results for each objective of orientation 3 are presented below.

OBJECTIVE	INDICATOR	TARGET	RESULT	TARGET		
				MET	NOT MET	NOT APPLICABLE (N/A)
1. Maintain qualified resources in sufficient number to fulfill the mission of the Bureau du vérificateur général and ensure the continuity of its expertise.	1. Employee retention rate.	90%	94%	✓		
	2. Percentage of positions filled.	85%	92%	✓		
2. Promote and support the development of the staff's expertise based on the needs of the Bureau du vérificateur général.	1. Minimum number of days of training provided.	Annual average of 6 days per employee	7.3 days per employee	✓		
3. Achieve and maintain a high level of staff engagement.	1. Skills assessment, succession planning, coaching and mentoring program applied.	Ongoing	Completed for 2022	✓		

ORIENTATION 3 | ENSURING THE CONTINUITY OF THE QUALIFICATIONS OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL

Objective 1 – Maintain qualified resources in sufficient number to fulfill the mission of the Bureau du vérificateur général and ensure the continuity of its expertise.

INDICATOR 1 – Employee retention rate.

	2022	2023	2024
Target	90% employee retention rate	90% employee retention rate	90% employee retention rate
Results	94% employee retention rate Target met		

Two employees left during the course of 2022.

ORIENTATION 3 | ENSURING THE CONTINUITY OF THE QUALIFICATIONS OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL

Objective 1 – Maintain qualified resources in sufficient number to fulfill the mission of the Bureau du vérificateur général and ensure the continuity of its expertise.

INDICATOR 2 – Percentage of positions filled.

	2022	2023	2024
Target	85% of positions filled	85% of positions filled	85% of positions filled
Results	92% of positions filled Target met		

As of December 31, 2022, only 3 positions are vacant and steps have been taken to fill them.

ORIENTATION 3**ENSURING THE CONTINUITY OF THE QUALIFICATIONS
OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL**

Objective 2 – Promote and support the development of the staff’s expertise based on the needs of the Bureau du vérificateur général.

INDICATOR 1 – Minimum number of days of training provided.

	2022	2023	2024
Target	6 days per employee	6 days per employee	6 days per employee
Results	7.3 days per employee Target met		

We continue to promote training for members of the BVG.

ORIENTATION 3**ENSURING THE CONTINUITY OF THE QUALIFICATIONS
OF THE BUREAU DU VÉRIFICATEUR GÉNÉRAL**

Objective 3 – Achieve and maintain a high level of staff engagement.

INDICATOR 1 – Skills assessment, succession planning, coaching and mentoring program applied.

	2022	2023	2024
Target	Ongoing	Ongoing	Ongoing
Results	Completed Target met		

All employees received their annual evaluation in 2022. This allowed us to identify each employee’s training needs and also to ensure succession planning.

Appendices

9.



Excerpts from the *Cities and Towns Act*

9.1.

2022 Annual Report

Auditor General of
the Ville de Montréal

9.1. Excerpts from the *Cities and Towns Act*

IV.1. — *Chief auditor*

2001, c. 25, s. 15.

a. — *Appointment*

2018, c. 8, s. 33.

107.1. The council of every municipality having 100,000 inhabitants or more shall have an officer called the chief auditor who is a member of the Ordre des comptables professionnels agréés du Québec.

2001, c. 25, s. 15; 2018, c. 8, s. 34.

107.2. The chief auditor shall, by a resolution approved by a two-thirds majority of the votes of the members of the council, be appointed for a single term of seven years.

2001, c. 25, s. 15; 2018, c. 8, s. 35.

107.2.1. The chief auditor shall perform his duties of office exclusively and on a full-time basis. However, he may participate in educational activities, in particular as an instructor, or professional activities within associations of auditors, educational or research institutions, committees within his professional order, or the Association des vérificateurs généraux municipaux du Québec.

2018, c. 8, s. 36.

107.3. In no case may the following persons act as chief auditor:

- 1° a member of the council of the municipality and, where applicable, of a borough council;
- 2° the associate of a member mentioned in subparagraph 1;
- 3° a person who, personally or through an associate, has any direct or indirect interest in a contract with the municipality, a legal person referred to in subparagraph 2 of the first paragraph of section 107.7 or a body referred to in subparagraph 3 of that paragraph;
- 4° a person who, in the four years preceding his appointment, was a member of a council, or an employee or officer, of the municipality, unless the person was an employee under the direction of the chief auditor during all or part of those years.

The chief auditor shall disclose in every report produced any situation that could cause a conflict between the chief auditor's personal interest and duties of office.

2001, c. 25, s. 15; 2018, c. 8, s. 37.

107.4. If the chief auditor is unable to act, or if the office of chief auditor is vacant, the council shall:

- 1° not later than at the sitting following the inability to act or the vacancy, designate a person qualified to replace the chief auditor, for a period of not more than 180 days;
- 2° not later than at the sitting following the inability or the vacancy, or not later than at the sitting following the expiry of the period fixed under paragraph 1, appoint a new chief auditor in accordance with section 107.2.

2001, c. 25, s. 15.

b. — Operating expenses

2018, c. 8, s. 38.

107.5. The budget of the municipality shall include an appropriation to provide for payment of a sum to the chief auditor to cover the expenses relating to the exercise of the chief auditor's duties.

Subject to the third paragraph, the appropriation must be equal to or greater than the sum of A + B + C where:

1° A is \$500,000;

2° B is the product obtained by multiplying 0.13% by the portion of the appropriations provided for in the budget for operating expenses that is equal to or greater than \$345,000,000 but less than \$510,000,000; and

3° C is the product obtained by multiplying 0.11% by the portion of the appropriations provided for in the budget for operating expenses that is equal to or greater than \$510,000,000.

Where the budget of the municipality provides for appropriations for operating expenses related to the operation of a system of production, transmission or distribution of electric power, 50% only of those appropriations shall be taken into account in establishing the total of the appropriations referred to in the second paragraph.

2001, c. 25, s. 15; 2001, c. 68, s. 5; 2018, c. 8, s. 39.

c. — Mandate

2018, c. 8, s. 40.

- 107.6.** The chief auditor is responsible for the application of the municipality's policies and standards relating to the management of the human, material and financial resources assigned to auditing.

2001, c. 25, s. 15.

- 107.6.1.** Despite section 8 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the chief auditor shall perform the duties conferred by that Act on the person in charge of access to documents or the protection of personal information with regard to the documents the chief auditor prepares in performing his duties or with regard to the documents he keeps for the purposes of his mandate, provided the latter documents are not also kept by a body subject to that Act.

The chief auditor shall transmit without delay to the person in charge of access to documents or the protection of personal information within a concerned body any application he receives concerning documents that are also kept by the body.

2018, c. 8, s. 41.

107.7. The chief auditor shall audit the accounts and affairs:

1° of the municipality;

2° of every legal person

- a) that is part of the reporting entity defined in the municipality's financial statements;
- b) of which the municipality or a mandatary of the municipality appoints more than 50% of the members of the board of directors; or
- c) of which the municipality or a mandatary of the municipality holds more than 50% of the outstanding voting shares or units;

3° of any body referred to in the first paragraph of section 573.3.5, provided

- a) in the case of a body referred to in subparagraph 1 of the first paragraph of that section, it is the mandatary or agent of the municipality;
- b) under subparagraph 2 of the first paragraph of that section, the majority of the members of its board of directors are members of the council of, or are appointed by, the municipality;
- c) its budget is adopted or approved by the municipality;
- d) in the case of a body referred to in subparagraph 4 of the first paragraph of that section, it receives part or all of its financing from the municipality; or
- e) or in the case of a body designated under subparagraph 5 of the first paragraph of that section, it has its principal place of business in the territory of the municipality.

If, under this section, section 108.2.0.1, article 966.2.1 of the *Municipal Code of Québec* (chapter C-27.1) or section 86 of the *Act respecting the Commission municipale* (chapter C-35), a mandate to audit certain aspects of the accounts and affairs of a body referred to in section 573.3.5 is entrusted to more than one auditor, the audit of those aspects must be conducted exclusively by the following designated auditor:

1° the chief auditor of the municipality with the largest population;

2° if no chief auditor of a municipality is concerned, the Commission municipale du Québec;

3° if neither a chief auditor of a municipality nor the Commission is concerned, the external auditor of the municipality with the largest population.

2001, c. 25, s. 15; 2010, c. 18, s. 20; 2018, c. 8, s. 42.

107.8. The audit of the affairs and accounts of the municipality and of any legal person or body referred to in subparagraph 2 or 3 of the first paragraph of section 107.7 includes, to the extent considered appropriate by the chief auditor, financial auditing, auditing for compliance of their operations with the Acts, regulations, policies and directives, and auditing for value-for-money.

The audit must not call into question the merits of the policies and objectives of the municipality or legal persons or bodies referred to in subparagraph 2 or 3 of the first paragraph of section 107.7.

The chief auditor in the performance of his duties is authorized

1° to examine any document concerning the affairs and accounts relating to the objects of the audit;

2° to require from any employee of the municipality or any legal person or body referred to in subparagraph 2 or 3 of the first paragraph of section 107.7 all information, reports and explanations the chief auditor considers necessary.

2001, c. 25, s. 15; 2001, c. 68, s. 6; 2018, c. 8, s. 43.

107.9. Any legal person receiving an annual subsidy from the municipality of at least \$100,000 is required to have its financial statements audited.

The auditor of a legal person not referred to in paragraph 2 of section 107.7 that receives an annual subsidy from the municipality of at least \$100,000 shall transmit to the chief auditor a copy of:

1° the annual financial statements of the legal person;

2° the auditor's report on the statements;

3° any other report summarizing the auditor's findings and recommendations to the board of directors or the officers of the legal person.

That auditor shall also, on the request of the chief auditor

1° place at the disposal of the chief auditor any document relating to the auditor's audit and its results;

2° provide all information and explanations the chief auditor considers necessary concerning the auditor's audit and its results.

Where the chief auditor considers that the information, explanations and documents provided by an auditor under the second paragraph are insufficient, the chief auditor may conduct such additional audit as he considers necessary.

2001, c. 25, s. 15.

- 107.10.** The chief auditor may conduct an audit of the accounts or documents of any person or body having received financial assistance from the municipality or from a legal person or body referred to in subparagraph 2 or 3 of the first paragraph of section 107.7 to verify the use made of such assistance.

The municipality and the person or body having received the financial assistance are required to furnish to or place at the disposal of the chief auditor any accounts and documents that the chief auditor considers relevant to the performance of the chief auditor's duties.

The chief auditor is authorized to require from any officer or employee of the municipality or from any person or body having received financial assistance any information, reports and explanations the chief auditor considers necessary to the performance of the chief auditor's duties.

2001, c. 25, s. 15; 2018, c. 8, s. 44.

- 107.11.** The chief auditor may conduct an audit of the pension plan or pension fund of a pension committee of a municipality or a legal person referred to in paragraph 2 of section 107.7 where the committee requests the chief auditor to do so with the approval of the council.

2001, c. 25, s. 15.

- 107.12.** The chief auditor shall, every time the council so requests, investigate and report on any matter within the competence of the chief auditor. In no case, however, may the investigation take precedence over the primary responsibilities of the chief auditor.

2001, c. 25, s. 15.

d. — Reporting

2018, c. 8, s. 45.

107.13. Not later than 31 August each year, the chief auditor shall transmit a report presenting the results of the audit for the fiscal year ended on 31 December to the mayor of the municipality, or to the legal person or body, that was audited.

A report on the audit of a legal person or body shall also be transmitted to the mayor of a municipality related to the legal person or body under subparagraph 2 or 3 of the first paragraph of section 107.7, subparagraph 4 or 5 of the first paragraph of section 85 of the Act respecting the Commission municipale (chapter C-35), or subparagraph 2 or 3 of the first paragraph of article 966.2 of the Municipal Code of Québec (chapter C-27.1).

Where applicable, the report must also indicate any fact or irregularity concerning, in particular,

- 1° control of revenue including assessment and collection;
- 2° control of expenditure, including authorization, and compliance with appropriations;
- 3° control of assets and liabilities including related authorizations;
- 4° accounting for operations and related statements;
- 5° control and safeguard of property owned or administered;
- 6° acquisition and utilization of resources without sufficient regard to economy or efficiency;
- 7° implementation of satisfactory procedures to measure and report effectiveness in cases where it is reasonable to do so.

The chief auditor may also, at any time, transmit to the mayor of a municipality or to a legal person or body a report presenting his findings and recommendations. Such a report concerning a person or body must also be transmitted to the mayor of a municipality related to the person or body under the provisions mentioned in the second paragraph.

The mayor of a municipality shall file any report he receives under this section at the first regular sitting of the council following receipt of the report.

2001, c. 25, s. 15; 2010, c.18, s. 21; 2018, c. 8, s. 46.

107.14. *(Repealed).*

2001, c. 25, s. 15; 2006, c. 31, s. 16; 2010, c. 18, s. 22; 2017, c. 13, s. 50;
2018, c. 8, s. 47.

107.15. *(Repealed).*

2001, c. 25, s. 15; 2018, c. 8, s. 47.

e. — Immunity

2018, c. 8, s. 48.

- 107.16.** Notwithstanding any general law or special Act, neither the chief auditor nor the employees under the chief auditor's direction or the professionals under contract may be compelled to give testimony relating to any information obtained in the performance of their duties or to produce any document containing such information.

Neither the chief auditor nor the employees under the chief auditor's direction may be prosecuted by reason of any act they have done or failed to do in good faith in the performance of their duties.

No civil action may be instituted by reason of the publication of a report of the chief auditor prepared under this Act or of the publication in good faith of an extract or summary of such a report.

Except on a question of jurisdiction, no application for judicial review under the Code of Civil Procedure (chapter C-25.01) may be exercised nor any injunction granted against the chief auditor, the employees under the chief auditor's direction or the professionals under contract acting in their official capacity.

A judge of the Court of Appeal, on an application, may summarily annul any proceeding instituted or decision rendered contrary to the provisions of the first paragraph.

2001, c. 25, s. 15; I.N. 2016-01-01 (NCCP).

- 107.17.** The council may establish an audit committee and determine its composition and powers.

Despite the first paragraph, in the case of the urban agglomeration of Montréal, the council must establish an audit committee composed of not more than 10 members appointed on the proposal of the mayor of the central municipality. Two of the committee members must be council members representing the reconstituted municipalities. Those two members shall take part in deliberations and votes of the committee on any matter related to an urban agglomeration power.

In addition to the other powers that may be entrusted to it, the committee established in the case of the urban agglomeration of Montréal shall submit opinions to the urban agglomeration council on the requests, findings and recommendations of the chief auditor concerning the urban agglomeration. It shall also inform the chief auditor of the interests and concerns of the urban agglomeration council with respect to the audit of the accounts and affairs of the central municipality. On an invitation by the committee, the chief auditor or a person designated by the chief auditor may attend a sitting and take part in deliberations.

2001, c. 25, s. 15; 2008, c. 19, s. 11; 2009, c. 26, s. 19.

V. — External auditor

2001, c. 25, s. 16.

108. The council shall appoint an external auditor for not less than three nor more than five fiscal years. At the end of the term, the external auditor shall remain in office until replaced or reappointed.

In the case of a municipality with a population of at least 10,000 but less than 100,000 inhabitants, the council may appoint two external auditors. In such a case, the council shall entrust one auditor with the audit mandates under section 108.2 and the other with the audit mandate under section 108.2.0.1.

Every external auditor must be a member of the Ordre des comptables professionnels agréés du Québec.

When carrying out their value-for-money audit mandate and despite any general law or special Act, neither an external auditor nor the employees under the external auditor's direction or the professionals under contract may be compelled to give testimony relating to any information obtained in the performance of their duties or to produce any document containing such information. A judge of the Court of Appeal may, on an application, summarily annul any proceeding instituted or decision rendered contrary to this paragraph.

Neither an external auditor nor the employees under the external auditor's direction may be prosecuted for any act they have done or failed to do in good faith in the performance of the duties related to their value-for-money audit mandate.

No civil action may be instituted for the publication of a report of an external auditor prepared under this Act in connection with a value-for-money audit mandate or the publication in good faith of an extract or summary of such a report.

Except on a question of jurisdiction, no application for judicial review under the Code of Civil Procedure (chapter C-25.01) may be exercised nor any injunction granted against an external auditor, the employees under the external auditor's direction or the professionals under contract when the external auditor, employees or professionals are acting in their official capacity in connection with their value-for-money audit mandate.

R. S. 1964, c. 193, s. 104; 1975, c. 66, s. 11; 1984, c. 38, s. 11; 1995, c. 34, s. 12; 1996, c. 27, s. 12; 1999, c. 43, s. 13; 2001, c. 25, s. 17; 2003, c. 19, s. 110, s. 250; 2005, c. 28, s. 196; 2009, c. 26, s. 109; 2016, c. 17, s. 8; 2018, c. 8, s. 49.

108.1. If the office of the external auditor becomes vacant before the expiry of his term, the council shall fill the vacancy as soon as possible.

1984, c. 38, s. 11; 2001, c. 25, s. 18; 2003, c. 19, s. 111.

108.2. The external auditor of a municipality having less than 100,000 inhabitants, or the external auditor designated by the council where two external auditors have been appointed, shall audit, for the fiscal year for which he was appointed,

- 1° the financial statements of the municipality and of any legal person referred to in subparagraph 4 of the first paragraph of section 85 of the Act respecting the Commission municipale (chapter C-35) that is related to the municipality in the manner provided for in that subparagraph;
- 2° the effective aggregate taxation rate established by the treasurer to verify its compliance with Division III of Chapter XVIII.1 of the Act respecting municipal taxation (chapter F-2.1);
- 3° any document determined by the Minister of Municipal Affairs, Regions and Land Occupancy by a regulation published in *the Gazette officielle du Québec*.

1984, c. 38, s. 11; 1996, c. 2, s. 209; 1999, c. 43, s. 13; 2001, c. 25, s. 19; 2003, c. 19, s. 250; 2005, c. 28, s. 196; 2006, c. 31, s. 17; 2009, c. 26, s. 109; 2017, c. 13, s. 51; 2018, c. 8, s. 50; 2021, c. 31, s. 54.

108.2.0.1. In addition to his mandate under section 108.2, the external auditor of a municipality having at least 10,000 but less than 100,000 inhabitants, or the designated auditor, as applicable, shall conduct, to the extent he considers appropriate, a value-for-money audit of the municipality and of any legal person or any body referred to in subparagraph 4 or 5 of the first paragraph of section 85 of the Act respecting the Commission municipale ([chapter C-35](#)) that is related to the municipality in the manner provided for in that subparagraph.

Such an audit must be completed once every two years. The auditor shall report to the council on his audit.

If, under this section, section 107.7, article 966.2.1 of the Municipal Code of Québec ([chapter C-27.1](#)) or section 86 of the Act respecting the Commission municipale, a mandate to audit certain aspects of the accounts and affairs of a body referred to in the first paragraph of section 573.3.5 is entrusted to more than one auditor, the audit of those aspects must be conducted exclusively by the following designated auditor:

- 1° the chief auditor of the municipality with the largest population;
- 2° if no chief auditor of a municipality is concerned, the Commission municipale du Québec; or
- 3° if neither a chief auditor of a municipality nor the Commission is concerned, the external auditor of the municipality with the largest population.

2018, c. 8, s. 51.

- 108.2.0.2.** A municipality referred to in section 108.2.0.1 may, by by-law, entrust to the Commission municipale du Québec the audit mandate provided for in that section. An authenticated copy of the by-law must be transmitted to the Commission without delay.

A by-law made under the first paragraph applies from the fiscal year following that of its coming into force, provided it comes into force before 1 September; if it does not, the by-law applies from the second fiscal year following that of its coming into force. Section 108.2.0.1 ceases to apply to the municipality's external auditor as of that fiscal year.

The by-law may not be repealed.

2018, c. 8, s. 51; 2021, c. 31, s. 55.

- 108.2.1.** The external auditor of a municipality having 100,000 inhabitants or more shall audit, for the fiscal year for which he was appointed,

1° the accounts and affairs of the chief auditor;

2° the financial statements of the municipality and of any legal person referred to in subparagraph 2 of the first paragraph of section 107.7;

3° the effective aggregate taxation rate established by the treasurer to verify its compliance with Division III of Chapter XVIII.1 of the Act respecting municipal taxation (chapter F-2.1); and

4° any document determined by the Minister of Municipal Affairs, Regions and Land Occupancy by a regulation published in *the Gazette officielle du Québec*.

2001, c. 25, s. 20; 2001, c. 68, s. 7; 2003, c. 19, s. 250; 2005, c. 28, s. 196; 2009, c. 26, s. 109; 2017, c. 13, s. 52; 2018, c. 8, s. 52; 2021, c. 31, s. 56.

- 108.2.2.** An audit conducted by an external auditor must not call into question the merits of the policies and objectives of the municipality or of a person or body whose accounts and affairs are being audited.

2018, c. 8, s. 53.

- 108.3.** Each year, not later than on the date determined by the municipal council, the external auditor shall transmit any report for the preceding fiscal year that was made under section 108.2, 108.2.0.1 or 108.2.1 to the treasurer of the municipality concerned or to the legal person or body concerned.

Any report on the audit of a legal person or a body must also be transmitted to the mayor of a municipality related to the legal person or body under subparagraph 2 or 3 of the first paragraph of section 107.7 or under subparagraph 4 or 5 of the first paragraph of section 85 of the Act respecting the Commission municipale ([chapter C-35](#)).

Any report made under section 108.2.0.1 on the value-for-money audit of a municipality having at least 10,000 but less than 100,000 inhabitants must also be transmitted to the Commission municipale du Québec within 30 days after it is filed with the council. The Commission shall publish the report on its website.

The treasurer of a municipality shall file any report he receives under this section at the first regular sitting of the council following receipt of the report.

1984, c. 38, s. 11; 2001, c. 25, s. 21; 2010, c. 18, s. 23; 2017, c. 13, s. 53; 2018, c. 8, s. 54; 2021, c. 31, s. 57.

- 108.4.** The council may require any other audit it considers necessary, and require a report.

However, a council may not ask the external auditor for audits that fall under the mandate assigned to the Commission municipale du Québec under the Act respecting the Commission municipale ([chapter C-35](#)).

1984, c. 38, s. 11; 2018, c. 8, s. 55.

- 108.4.1.** The external auditor shall have access to the books, accounts, securities, documents and vouchers and may require the employees of the municipality to furnish any information and explanations necessary for the performance of the external auditor's mandate.

2001, c. 25, s. 22.

- 108.4.2.** The chief auditor shall place at the disposal of the external auditor all books, statements and other documents prepared or used by the chief auditor during the audit conducted under section 107.7 and that the external auditor considers necessary to carry out his mandate.

2001, c. 25, s. 22; 2005, c. 28, s. 49.

- 108.5.** In no case may the following persons act as external auditor of the municipality;
- 1° a member of the council of the municipality and, where applicable, of a borough council;
 - 2° an officer or an employee of the municipality;
 - 3° the associate of a person mentioned in paragraph 1 or 2;
 - 4° a person who, during the fiscal year for which the audit is carried out, has, directly or indirectly, personally or through his associate, any participation, interest or commission in or under a contract with the municipality or in respect of such a contract, or who derives any benefit from the contract, unless his connection with the contract arises from the practice of his profession.

1984, c. 38, s. 11; 1996, c. 2, s. 209; 1999, c. 40, s. 51; 2001, c. 25, s. 23.

- 108.6.** The external auditor may be an individual or a partnership. The external auditor may entrust his employees with his work but his responsibility is then the same as if he had performed all the work personally.

1984, c. 38, s. 11; 1999, c. 40, s. 51; 2001, c. 25, s. 24.

VII. — Director general

- 113.** The director general is the chief officer of the municipality.

The director general has authority over all the other officers and employees of the municipality, except the chief auditor, who reports directly to the council. With respect to an officer or employee whose duties are prescribed by law, the authority of the director general is exercised only within the framework of his duties as the administrator of human, material and financial resources of the municipality and may in no case hinder the carrying out of duties that are prescribed by law.

The director general may suspend an officer or employee from his duties. He shall immediately make a report of the suspension to the council. The council shall decide the case of the suspended officer or employee, after inquiry.

R. S. 1964, c. 193, s. 109; 1968, c. 55, s. 5; 1983, c. 57, s. 50; 2001, c. 25, s. 27.



Accounts Statement of the Bureau du vérificateur général of the Ville de Montréal

9.2.

2022 Annual Report
Auditor General of
the Ville de Montréal

Accounts statement of the Bureau du vérificateur général of the Ville de Montréal

Year ended December 31, 2022



Deloitte LLP
La Tour Deloitte
1190 Avenue des
Canadiens-de-Montréal
Suite 500
Montréal QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4116
www.deloitte.ca

Independent Auditor's Report

To the Mayor,
the Chairman and Members of the Executive Committee,
the Members of the Municipal Council of the Ville de Montréal, and
the Members of the Agglomeration Council of the Ville de Montréal

Opinion

We have audited the accounts statement of the Bureau du vérificateur général of the Ville de Montréal (the "Bureau du vérificateur général") for the year ended December 31, 2022, and the note to the statement, including a summary of significant accounting policies (collectively referred to as the "statement").

In our opinion, the accompanying statement for the year ended December 31, 2022, is prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the statement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Ville de Montréal in accordance with the ethical requirements that are relevant to our audit of the statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the Bureau du vérificateur général to meet the requirements of the section 108.2.1 of the *Cities and Towns Act*. As a result, the statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Statement

Management of the Bureau du vérificateur général is responsible for the preparation of the statement in accordance with the basis of accounting described in Note 1, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau du vérificateur général's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

April 11, 2023

¹ CPA auditor, public accountancy permit No. A116207

Bureau du vérificateur général of the Ville de Montréal**Accounts statement**

Year ended December 31, 2022

(In thousands of dollars)

	2022⁽¹⁾	2022	2021
	Budget	Actual	Actual
	\$	\$	\$
Compensation of personnel	5,727	4,930	5,119
Professional, technical and administrative services	946	511	704
Other operating expenses	113	139	118
Total	6,786	5,580	5,941

⁽¹⁾ Approved budget, presented in the accounting system of the Ville de Montréal for the Bureau du vérificateur général and adopted by the municipal council and the agglomeration council of the Ville de Montréal.

Bureau du vérificateur général of the Ville de Montréal

Note to the accounts statement

December 31, 2022

1. Accounting policy

This accounts statement of the Bureau du vérificateur général was prepared in accordance with the recognition and measurement principles of Canadian public sector accounting standards, according to the same accounting policies described in Note 2 to the consolidated financial statements of the Ville de Montréal for the year ended December 31, 2022, with the exception that fixed assets are not capitalized and amortization that would result from them is not considered.

BVGMTL.CA