Report of the Auditor General of Québec to the National Assembly for 2012-2013

Value-for-Money Audit Highlights

Fall 2012
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Value-for-Money Audit

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Introduction

1 The Québec National Assembly has entrusted the Auditor General with the mandate of facilitating, through audit, parliamentary control over public funds and other public property. This mandate comprises, to the extent deemed appropriate by the Auditor General, financial audits, audits to ensure the compliance of operations with statutes, regulations, policy statements and directives, as well as value-for-money audits. The Auditor General’s field of jurisdiction mainly encompasses the government, its agencies and its corporations; the Auditor General is also empowered to audit funds paid in the form of subsidies.

2 In the annual report that the Auditor General submits to the National Assembly, he draws attention to any topic arising from his work that deserves to be brought to the attention of parliamentarians. This document is published in several volumes. The current volume is devoted to the value-for-money audits carried out over the last 12 months. It contains the related findings, conclusions and recommendations.

3 Each volume begins with a chapter that gives the Auditor General or the Sustainable Development Commissioner the opportunity to establish a more personal contact with the reader. In the present chapter, the Acting Auditor General describes the Strategic Plan for 2012-2015. Since this plan is the basis for the organization’s actions, he wants to facilitate its circulation. In addition, he comments on his report on professional service contracts related to information processing.
2 Strategic Plan for 2012-2015

2.1 Context

4 On June 13, 2012, I was proud to present to the National Assembly’s parliamentarians the Strategic Plan for 2012-2015. It describes the stakes that we have identified so as to continue to serve the National Assembly well. Our mission remains one of fostering, through financial and value-for-money audits, parliamentary control over funds and other public property, for the benefit of Québec’s citizens and with a view to sustainable development. The plan is in continuity with the previous one, but we have added a new strategic orientation, that is, to be an employer of choice. That is our way of meeting the challenge that we face in recruiting, retaining and mobilizing our personnel. The choices we have made are the result of meetings and discussions with the personnel of the Auditor General, members of the Committee on Public Administration and heads of government entities.

2.2 Assisting Parliamentarians in their Exercise of Control

5 The Auditor General’s sole client is the National Assembly and its committees. He shares with that institution and its working groups an interest in optimizing the management of the Public Administration and fostering the reliability of the financial information produced by government entities.

6 To accomplish his mission, the Auditor General focuses on the added value of the work he carries out for the benefit of parliamentarians, while giving special attention to matters directly related to current stakes facing the Public Administration. His capacity to establish links between numerous observations arising from his work, draw rigorous conclusions and make well-thought-out recommendations contributes to the relevance as well as usefulness of the reports that he presents to the National Assembly. At the end, those reports are an impartial source of information for parliamentary debates, where current issues related to governance are discussed.

7 Moreover, the National Assembly has given the Committee on Public Administration jurisdiction to hear, each year, the deputy ministers and managers of organizations to receive the assurance that public administrators report on their management, in particular following an Auditor General’s report concerning them.

8 Over time, the Auditor General has established a privileged partnership with the Committee, bringing together competent parliamentarians. This collaboration is something he wants to maintain, eventually to improve.
2.3 Contributing to the Sound Management of the Public Administration

9 The implementation of the Auditor General’s recommendations shows the willingness of government authorities to always do better. In this spirit, the entities to which recommendations are made develop action plans, thus taking a first step that is evidence of their intentions. For its part, the Auditor General obtains the assurance that those plans are, in fact, made in a timely manner and that their content meets his expectations. Then, he measures the implementation rate of its recommendations. This rate indicates the concrete influence that the Auditor General and parliamentarians have on improving the management practices adopted by government entities.

10 Knowing that his employees are fully knowledgeable in several areas related to the missions and activities that they carry out, the Auditor General is eager to share more fully that collective experience with those responsible for governance and the actors of the Public Administration. He intends to make a special effort to plan and take actions to increase the benefits of his work and communicate to stakeholders the fruit of its experience and knowledge.

2.4 Being an Employer of Choice

11 More than ever, the management of human resources is a major challenge. The risks related to the capacity of organizations to find, attract, motivate and retain the employees needed to carry out their mission are very real. The Auditor General does not escape that reality.

12 The implementation of relevant and effective means in this area is a continual concern for this highly specialized organization. Its credibility and influence rest above all on the expertise of its human resources. To maintain its reputation, the institution must continue to strive for excellence. The overall objective is to create a work environment that values and encourages achievement.

13 Career advancement, improved working conditions, harmonizing employees’ aspirations and organizational needs, and mobilizing the workforce will be avenues to explore in the coming years, with a view to applying adequate solutions. Among other activities, we plan to develop a knowledge management strategy to optimize the competencies of our employees while, at the same time, be concerned with their career development.
2.5 Continually Improving our Practices

14 The quality of work remains a constant concern for the Auditor General, whether it is financial or value-for-money audits. According to their expertise, the various teams contribute to the transparency and rigor of accountability of government entities and the implementation of best practices. Staff members are committed to carrying out their tasks in accordance with the professional standards in force and with all due attention.

15 The pursuit of this objective of excellence requires being on the lookout to take advantage of effective and efficient technological tools and management processes. To have the benefit of the most sophisticated tools, we will evaluate our processes and techniques through benchmarking. We will also seek, through this approach, to improve our practices and reduce the environmental impact of our activities.

16 The challenges that await us in the next three years, while many, are exciting. Thanks to the know-how and commitment of the Auditor General’s staff, I am convinced that we will be successful in meeting them.
3 Professional Service Contracts Related to Information Processing

17 In May 2011, my predecessor tabled a report on business projects enabled by information resources and government supervision. In it, he mentioned, among other things, that governance exercised over information resources by central organizations had significant deficiencies and that there was no strategy with respect to internal or external manpower.

18 Government initiatives were undertaken during our assignment, including an Act and a policy framework on governance and the management of information resources. He then noted that a major challenge consisted of implementing and making functional all of the planned measures. This year, I continued the work in the information resource sector. As such, Chapter 5 covers professional service contracts related to information processing.

19 Over the past few years, the value of contracts of $25,000 and over awarded by the departments and public bodies exceeded $500 million annually. It appears to me, therefore, it is important to examine whether the entities manage the contract management processes for professional services related to information processing in accordance with the normative framework in effect and sound management practices. It should be noted that the goal of my work was not to detect fraud or collusion.

20 Information processing expenditures dedicated to external resources compared to expenditures allocated to both types of resources (internal and external) have more than doubled since 1996-1997; the proportion went from 26 to 55%. This is much higher than the proportion found among other government organizations internationally. The situation can be explained notably by the fact that the governmental Administration is grappling with a shortage of manpower, especially for strategic positions, such as business architecture advisors, data architecture advisors and systems architecture advisors. There is therefore a significant loss of expertise, as strategic positions are entrusted to external resources. The Secrétariat du Conseil du trésor (SCT) is finalizing a global strategy for the management of information resources, and I invite it to intensify its efforts, so that departments and public bodies are able to ensure the ownership of their projects.

21 Moreover, the Auditor General of Canada indicated in his latest report that, over the past 10 years, the use of service contracts and their related expenditures have led certain countries—the United Kingdom, the United States, Australia and New Zealand—to review how these contracts are planned, engaged and
managed. In a report published on this subject in 2010, the United Kingdom’s Public Accounts Committee expressed concern about the ever-increasing place given to contractors. According to the Committee, the dependency on external resources might indicate a lack of specialized skills and knowledge within the public service. The Committee was also concerned about the cost-effectiveness of using contractors and questioned to what extent public bodies understand the nature of the work that external consultants carry out for the government.

22 I noted several deficiencies in the management of the contracts reviewed, including the following: needs definition poorly documented, insufficient competition, execution of unplanned work, invoicing at higher rates than those specified in the contract and non-compliance with the designated personnel. These deficiencies raise concerns with regard to the fair treatment of suppliers and the judicious use of public funds.

23 Furthermore, I believe that departments and public bodies must evaluate their awarding process for professional service contracts related to information processing, as rigour is not always present. This would allow the processes to be improved and ensure that the financial resources allocated to this sector are managed with a concern for economy, efficiency and effectiveness.
Highlights
Work Objectives
Good air quality in schools is beneficial to the health and productivity of students and personnel. Managing air quality requires the establishment of a systematic approach, in other words, a continuous process that aims to prevent, identify, assess and resolve most indoor air quality problems.

Our audit work centred around two axes, being the control exercised by school boards and schools on key risk factors related to indoor air quality and the implementation of supervision and monitoring mechanisms by the Ministère de l’Éducation, du Loisir et du Sport (MELS) and school boards.

This audit involved the MELS, three school boards and six of their elementary schools.

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

Audit Results
We present here the principal findings of our audit concerning air quality in elementary schools.

The different risk factors related to indoor air quality, including building envelope and maintenance, are not controlled sufficiently by the audited school boards:

- Their preventive building and equipment maintenance programs are either unstructured or incomplete.
- The implementation of some maintenance work is put off or deadlines are not met.
- The annual visual inspection of buildings is not assured.
- The history of buildings is dispersed and incomplete.

Issues of concern related to risk factors were observed: poor roof drainage, fissures in the brick veneer and foundation, high levels of humidity in crawl spaces, the presence of mould, etc. On top of accelerating building deterioration, these deficiencies may impair the indoor air quality of schools and thus affect the health of their occupants, particularly the health of children, as well as their productivity.

Inadequate knowledge of ventilation systems and their use, and recommended aeration practices not observed. Signs of inadequate ventilation were observed in all the schools visited.

Housekeeping was neglected at five of the six schools visited. The use of detailed housekeeping specifications is infrequent, and maintenance follow-up is informal and variable.

The supervision and monitoring of indoor air quality exercised by the MELS are inadequate. The MELS has no assurance that elementary schools offer an environment that is conducive to the good health of their occupants and school success. It has not set out orientations for air quality or chosen standards related to comfort parameters and contaminants, except for asbestos and radon. Further, the monitoring it does exercise is episodic and fragmented. The MELS does not require formal and regular reporting from school boards to be informed of major problems related to indoor air quality.

The supervision of indoor air quality by the audited school boards is often unsatisfactory. The Commission scolaire de Montréal has an indoor air quality management plan, but it must be part of a continuous process and fully operational. The Commission scolaire des Navigateurs and the Commission scolaire de Sorel-Tracy had not created such a plan.
Recommendations

The Auditor General has made recommendations to the MELS and the audited school boards. All of them are shown to the right. The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section.

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

**Recommendations to the Department**

1. Set out orientations for indoor air quality that advocate the use of a systematic approach and the recognition of the coordinator’s role, among others.

2. Continue determining standards for contaminants that are the most likely to be found in elementary schools and rule on comfort parameters.

3. Put in place a formal and regular reporting mechanism for situations presenting the greatest risks relating to indoor air quality in terms of health and financial impacts.

**Recommendations to the audited school boards**

1. Ensure that a complete preventive maintenance program is implemented and maintained, and make sure it is rigorously applied in all buildings.

2. Ensure that maintenance work is completed diligently, especially work that represents a high risk to maintaining good indoor air quality.

3. Take measures to get to know better the history of buildings and their components and make sure that this information is readily available.

4. Ensure that an aeration policy for schools with natural ventilation is known and applied by staff.

5. Ensure that school principals use detailed housekeeping specifications and control the result.

6. Ensure that the main risks of indoor air quality degradation caused by occupants and their activities are subject to formal measures.

7. Ensure that an indoor air quality plan based on a systematic approach is implemented.

The Auditor General has made recommendations to the MELS and the audited school boards. All of them are shown to the right. The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section.

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

Work Objectives

Our audit was carried out among the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie (Développement économique, Innovation et Exportation), the Fonds de recherche du Québec – Nature et technologies (FRQNT), the Fonds de recherche du Québec – Santé (FRQS) and the Fonds de recherche du Québec – Société et culture (FRQSC). In 2009-2010, those four entities competitively awarded research and development grants totalling 131 million dollars.

We wanted to obtain the assurance that those entities:

- award grants based on established rules, risks and sound management practices, and conduct an adequate follow-up of those grants;
- align their actions with the objectives of the Québec research and innovation strategy, evaluate those actions, and report on them adequately and in a timely manner.

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

Audit Results

We present here the principal findings of our audit concerning the competitive awarding of grants in support of the research community.

There are gaps in the competitive grant awarding process of the Ministère and the three research funds. As such, the entities cannot obtain the assurance that the amounts paid are used in an optimal way in accordance with program objectives.

The analysis performed on applications is not always complete and rigorous, notably the analysis of budget estimates. The Ministère has not always taken into consideration the comments resulting from internal analyses nor adequately documented files. In addition, the three funds do not ensure that budget estimates submitted by applicants are established with sufficient rigour.

The financial follow-up conducted by the four audited entities with regard to expenditures made by grant beneficiaries is insufficient. The analysis performed is summary, and variations from estimates do not raise any questions. At the Ministère, the audited files contained few elements indicating that the financial reports were analyzed. While they were required, documents justifying major expenditures were absent when payments were made for 7 of the 27 analyzed files.

The Ministère, the FRQNT and the FRQS do not ensure that all unused amounts are repaid in a timely manner. With regard to the FRQNT, 8 of the 11 analyzed files for which the funding period (varying from 3 to 6 years) was finished, those amounts represented 48 to 118% of the annual grant. No justification and no repayment were requested, and the entire amounts were carried over to the subsequent years.

Essential elements for good governance must be improved. Most of the objectives of the programs that we audited among the FRQSC and the FRQS lack clarity. It is therefore difficult to ensure that those objectives are in line with the 2010-2013 Québec Research and Innovation Strategy. Furthermore, the four entities do not sufficiently compare their management practices, between them or with other similar organizations.
Recommendations

The Auditor General has made recommendations to the Ministère, the FRQNT, the FRQSC and the FRQS. All of them are shown to the right.

The audited entities had the opportunity to comment on these recommendations; their comments can be found in the Commentaires des entités vérifiées Section. We want to point out that they accepted all of the recommendations.

Recommendations to the Ministère and the three research funds

1. Ensure that conditions related to grant programs are specific, in order to foster equity in the grant awarding process, among other things. (Ministère and FRQNT)

2. Ensure that grant applications are subject to a complete and rigorous analysis that includes budget estimates, among other things. (FRQNT, FRQSC and FRQS)

3. Carry out a rigorous financial follow-up of projects that receive grants, particularly by conducting risk-based analyses and questioning major variations between budget estimates and submitted expenditures. (Ministère, FRQNT, FRQSC and FRQS)

4. Take the necessary means to ensure that all unused amounts are repaid in a timely manner. (Ministère, FRQNT and FRQS)

5. Carry out a quality-based scientific follow-up of all funded projects. (Ministère and FRQS)

6. Clearly define all grant program objectives and associate them with targets or schedules. (FRQSC and FRQS)

7. Regularly evaluate programs to measure the achievement of objectives pursued by each one. (FRQSC and FRQS)

8. Carry out more comparisons, between them and with other similar organizations, to foster the use of good practices, among other things. (Ministère, FRQNT, FRQSC and FRQS)

9. Perform quality reporting by providing information on all program objectives, based on previously established targets and related indicators. (Ministère, FRQNT, FRQSC and FRQS)
Highlights

Work Objectives

Nearly four years after the adoption of the Act to promote the maintenance and renewal of public infrastructures, we wanted, among other things, to examine whether the maintenance deficit was correctly estimated and whether the impact of large investments to eliminate it was measured.

Our audit was centred around four key points: the estimate of the maintenance deficit, the allocation of sums, the follow-up and measurement of progress, as well as reporting on the elimination of the maintenance deficit.

It was carried out among the Secrétariat du Conseil du trésor (SCT), the Ministère de la Santé et des Services sociaux (MSSS), the Ministère de l’Éducation, du Loisir et du Sport (MELS) and the Ministère des Transports du Québec (MTQ). As for the last two departments, we excluded from our audit universities, roadways and municipal structures.

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

Audit Results

We present here the principal findings of our audit concerning the maintenance deficit of public infrastructures.

The SCT did not specify the scope of the maintenance deficit for which it wanted an estimate. As it did not develop guidelines explaining how to calculate the estimate, the audited departments provided initial estimates that are different, theoretical and, in most cases, not well documented. As such, the SCT does not have the assurance that it has a fair portrait of the maintenance deficit.

Four years after the adoption of the Act, the audited departments still cannot estimate the maintenance deficit, namely due to the lack of directives in that regard. The SCT does not know the real magnitude even though, by March 31, 2011, it had allocated over $1.3 billion to those entities.

The MSSS still does not have a portrait of the state of the real estate stock under its responsibility though it began taking steps for this purpose in 2001.

The SCT does not have the assurance that the investments allow infrastructures to be maintained in good condition and the maintenance deficit to be eliminated. The sums distributed in the health and social services and education networks for asset rehabilitation are below the standard of 2% of the replacement cost that it had previously established. Those relating to eliminating the maintenance deficit are also below the initially set amounts.

Since 2008, large sums planned for asset rehabilitation or the elimination of the maintenance deficit were allocated to other real estate investments, at the MSSS and the MELS.

As at March 31, 2011, at the MSSS, nearly 34% of the sums allocated since April 1, 2008, to asset rehabilitation and the elimination of the maintenance deficit had not been spent. At the MELS, for the college network, only 41% of the sums allocated to the maintenance deficit were used in this period.

The audited departments do not know to what extent the investments made from 2008 to 2011 allowed the maintenance deficit to be eliminated. The MTQ evaluates annually the evolution of the state of its stock using several indicators. However, the only one that it published does not provide a clear picture, as it does not take into account the cost of work.

The information transmitted to the National Assembly does not provide parliamentarians with a portrait of the elimination of the maintenance deficit. The SCT does not prepare any information on the evolution of the state of infrastructures, and reporting on sums used overestimates the degree of advancement of work performed.
Recommendations

The Auditor General has made recommendations to the SCT, the MSSS, the MELS, the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie (MESRST) and the MTQ. They are shown in part to the right. The audited entities had the opportunity to comment on these recommendations; their comments can be found in the Commentaires des entités vérifiées Section. We want to point out that they accepted all of the recommendations.

Recommendations to the Secrétariat du Conseil du trésor

1 Define the notion of the maintenance deficit and provide guidelines to guide the departments in determining their maintenance deficit, so that the estimate is consistent and conducted according to common parameters.

2 Ask all departments for a new estimate of the maintenance deficit that is consistent with the established requirements.

6 Ensure that the sums allocated allow infrastructures to be maintained in good condition and the maintenance deficit to be eliminated.

8 Analyze and document the reallocations of sums planned for asset rehabilitation and the elimination of the maintenance deficit, in order to measure their impact on the elimination of the maintenance deficit.

14 Draw, on a regular basis, a portrait of the elimination of the maintenance deficit that takes into account the state of infrastructures and inform the National Assembly.

Recommendation to all audited departments

14 Regularly estimate the maintenance deficit as defined by the Secrétariat du Conseil du trésor and follow up on its evolution with a view to meeting the objectives set by the Act.

Recommendation to the Ministère de la Santé et des Services sociaux and the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie

3 Distribute the allocation of sums that aim to eliminate the maintenance deficit, taking into account the state of infrastructures.

Recommendations to the Ministère de la Santé et des Services sociaux

3 Obtain as soon as possible an objective and reliable portrait of the state of the real estate stock under its responsibility.

10 Allocate to the health network the amounts destined for eliminating the maintenance deficit.

Recommendation to the Ministère des Transports du Québec

13 Publish indicators permitting a follow-up of the improvement of the state of structures, including one that takes into account the estimate of the costs of planned interventions.

Recommendation to the Ministère de la Santé et des Services sociaux, the Ministère de l’Éducation, du Loisir et du Sport and the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie

11 Conduct an annual follow-up of sums spent on asset rehabilitation and the elimination of the maintenance deficit, to ensure they are used as soon as possible.
Highlights

Work Objectives

Departments and public bodies spent over one billion dollars to acquire professional services related to information processing in the 2009-2010 and 2010-2011 fiscal years.

Our audit objectives were to obtain the assurance that:

- the audited entities administer the contract management processes for professional services related to information processing in accordance with the normative framework for contract management in effect and sound management practices;
- the Secrétariat du Conseil du trésor (SCT) conducts an appropriate follow-up of contract management processes for professional services related to information processing.

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

Audit Results

We present here the principal findings of our audit concerning professional service contracts related to information processing.

While most of the legislative and regulatory provisions that we examined are being followed, the numerous deficiencies in contract management raise concerns with regard to the fair treatment of suppliers and the judicious use of public funds. The deficiencies noted indicate that different contract management stages have not always been subject to sound management practices.

Use of the daily rate as a type of remuneration was generalized for the 38 audited contracts. While the regulation permits this type of remuneration, the suppliers assumed only a small portion of the risks associated with executing the contracts.

Supplier solicitation did not enable the objective of free competition to be fully reached. The average number of tenders received that were compliant and acceptable following a public call for tenders is not very high.

An entity entered into nine contracts, for which the maximum amount exceeded what was proposed by the supplier in its tender. The contracts were signed based on the amount estimated by the entity.

Often, the supplier who continued the work was the one who had been awarded the previous contract. As a result of a public call for tenders, the contract was granted to the same supplier 18 times for the 25 contracts in question. Such a proportion raises concerns with regard to the fair treatment of suppliers, especially since for 10 of the 18 contracts referred to, only one tender was compliant and acceptable.

Several elements specified in the contract were not rigorously monitored by the entities. Deficiencies were noted, namely with regard to the execution of unplanned work, invoicing at higher rates than stipulated in the contract and non-compliance with the designated personnel.

As for the use of external resources, when comparing the Government of Québec with other administrations, it is clear that the Government of Québec used these resources a lot more frequently. In the long term, frequent recourse to subcontracting may result in the stagnation or even the loss of internal expertise. Further, there is a risk this practice may create a dependency on suppliers.
Recommendations

The Auditor General has made recommendations to the Centre de services partagés du Québec (CSPQ), Revenu Québec (RQ), the Régie des rentes du Québec (RRQ) and the SCT. They are shown in part to the right. The audited entities had the opportunity to comment on these recommendations; their comments can be found in the *Commentaires des entités vérifiées* Section. We want to point out that they accepted all of the recommendations.

Recommendations to the Centre, Revenu Québec and the Régie

1. Adequately document the definition of the needs and the cost estimates.
2. Assess how suppliers may assume a greater portion of the risks associated with contract execution.
3. Ensure that solicitation promotes free competition.
4. Analyze the difference between the amount estimated by the entity for the contract to be awarded and the amount in the tender accepted, as well as the differences between the amounts in the tenders found to be compliant and acceptable for the same contract.
5. Improve the neutrality of selection committees.
6. Analyze situations where work is continued with the same supplier as a result of a public call for tenders with a view to ensuring fair treatment of suppliers.
7. Document, in a timely manner, the details given to suppliers concerning the work to accomplish and the necessary profiles of resources.
8. Improve the monitoring of elements in each contract with regard to:
   - the execution of the work, to ensure that it corresponds to the work provided for in the contract;
   - the application of the specified type of remuneration;
   - the application of rates provided for in the contract upon payment of the supplier;
   - the execution of the work by designated personnel.
9. Include a penalty clause in the contract with regard to designated personnel and apply it, where appropriate.
10. Carry out a supplier evaluation.

Recommendations to the Secrétariat

14. Continue its vigilance with regard to strategic positions so that departments and public bodies entrust these positions to internal resources.
15. Evaluate the concerned acquisition processes and propose and take measures to correct detected weaknesses, if applicable.
16. Improve its monitoring on the evaluation of compliance with the normative framework.
**Highlights**

**Work Objective**

After a few years, we carry out a follow-up on our audit work. Our objective is to ascertain if the recommendations have been taken into account and if the entities have remedied the underlying deficiencies. This follow-up covers the interventions in the housing field. The initial audit involved the Société d’habitation du Québec (SHQ). Audit results were published in Chapter 5 of Volume II of the Report of the Auditor General of Québec to the National Assembly for 2008-2009.

We also evaluated the application of the recommendations made by the Committee on Public Administration (CPA) in 2009, after the hearing of the President and Chief Executive Officer of the SHQ and the Executive Director of the Office municipal d’habitation de Montréal (OMHM).

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

**Follow-Up Results**

Our work covered 13 of the 22 recommendations made in 2008-2009. We chose those that pertain to agreements related to the Low-Rental Housing (LRH) program, monitoring and management of the LHR stock, as well as the SHQ’s performance measurement. We also evaluated the application of the recommendation made by the CPA to the SHQ as well as the recommendation made to the OMHM.

The initial audit objective was to obtain the assurance that the SHQ adequately managed its interventions in the housing field. We also wanted to ensure that it managed the low-rental housing stock in such a way as to preserve these assets, with a concern for economy. Finally, we wanted to see if it measured and reported on the performance of its activities.

**Conclusions.** Our work led us to conclude that 5 of the 13 recommendations (38%) resulted in satisfactory progress. Table 1 details the results. Satisfactory progress was also made for the two CPA recommendations (Table 2).

**Satisfactory Progress.** Significant progress has been made with regard to the recommendation on performance measurement and the four recommendations related to monitoring. For programs in the Social Housing Assistance category, auditing work conducted by the management advisors is better supervised, and the SHQ has evaluated the scope of the problems related to the applicable rules. In addition, regarding the Affordable Housing Assistance category, the SHQ has defined the expression “moderate income” and determined why organizations have difficulty renting dwellings.

**Unsatisfactory Progress.** The SHQ will need to make additional efforts regarding Low-Rental Housing program agreements and management of the LRH stock. Further, it will need to comply with the Canada Mortgage and Housing Corporation requirement, that is, auditing organizations that participate in programs in the Social Housing Assistance category every five years. It must also improve monitoring concerning the selection of tenants during the implementation of projects related to the category Affordable Housing Assistance and conduct a financial follow-up of these projects to detect organizations that are in a precarious financial position.
### Table 1  Recommendations of the Auditor General

<table>
<thead>
<tr>
<th>Recommendations of the Auditor General</th>
<th>Satisfactory progress</th>
<th>Unsatisfactory progress</th>
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<tbody>
<tr>
<td><strong>Agreements related to the Low-Rental Housing program</strong></td>
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<tr>
<td>Establish scenarios to take into account a possible reduction in the federal government’s contribution to the Low-Rental Housing program.</td>
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<tr>
<td><strong>Monitoring</strong></td>
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<td><strong>Social Housing Assistance</strong></td>
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<tr>
<td>Comply with the requirement of the Canada Mortgage and Housing Corporation that all organizations that manage low-rental housing and those that manage the dwellings associated with the Rent Supplement program be audited according to a five-year cycle.</td>
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<tr>
<td>Improve the supervision of auditing work carried out by management advisors and provide mechanisms to ensure their independence.</td>
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<tr>
<td>Make an analysis of compliance with the rules of the by-law respecting the allocation of dwellings and the by-law respecting the conditions for leasing to evaluate the scope of the problems and consider them in the context of all of the applicable rules.</td>
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<tr>
<td><strong>Affordable Housing Assistance</strong></td>
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<tr>
<td>Specify what is meant by “moderate income”.</td>
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<tr>
<td>Improve monitoring to make sure that the selection of tenants complies with the regulations during the implementation of projects and when a tenant leaves.</td>
<td>√</td>
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<tr>
<td>Determine the reasons why organizations have difficulty renting dwellings and implement the necessary corrective measures.</td>
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</tr>
<tr>
<td>Improve the financial follow-up on projects, which would make it possible to detect organizations having a precarious financial position and to take the appropriate corrective actions before this position deteriorates further.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Management of low-rental housing stock</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Knowledge of the housing stock</strong></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Improve its knowledge concerning the housing stock in order to establish good planning, namely allocate the budgets to the right places and at the right time.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Intervention planning and follow-ups</strong></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Establish a control strategy related to the follow-up on the work carried out respecting compliance with budgets, stipulated deadlines and quality standards that it has recognized.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Do a follow-up on preventive maintenance.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Awarding of contracts</strong></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Make sure that the organizations follow all of the rules governing the awarding of contracts.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Performance measurement</strong></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Adopt an annual action plan.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Total of recommendations</strong></td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>38%</td>
<td>62%</td>
</tr>
</tbody>
</table>
Note that other recommendations that were made at the time of the initial audit were not subject to a follow-up seeking to obtain a high level of assurance; instead, progress was evaluated by the entity, and the plausibility of the information obtained was then assessed by the Auditor General. Progress was deemed satisfactory for five of six recommendations (83%). In other respects, three recommendations are obsolete.

Table 2  Recommendations of the Committee on Public Administration

<table>
<thead>
<tr>
<th></th>
<th>Satisfactory progress</th>
<th>Unsatisfactory progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>That the Société d’habitation du Québec send the Committee, no later than December 31, 2010, a report on the state of advancement of the implementation of each of the recommendations from the Auditor General and parlementarians.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>That the Office municipal d’habitation de Montréal tighten rules relating to awarding contracts and send the Committee a report on the implementation of these measures at the beginning of September 2010.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Total of recommendations</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>–</td>
</tr>
</tbody>
</table>
Follow-Up Results

Our follow-up work focused on four of the eight recommendations made in 2009-2010 as those concerning the integrated justice information system became obsolete after the project was stopped in February 2012. However, we carried out additional work to draw up a status report of the integrated justice information system project. We also evaluated the application of five recommendations made by the Committee on Public Administration.

The initial audit objectives were to obtain the assurance that the MJQ was ensuring the efficiency and effectiveness of judicial activities and reported on these aspects, and that it correctly applied the tariffs payable according to the tariff schedule in effect. We also wanted to verify whether the integrated justice information system project was being managed with a concern for economy and efficiency.

Conclusions. Our work led us to conclude that several of the deficiencies observed in 2009-2010 remain today, even though the MJQ took certain measures in this respect. Only one of the four recommendations (25%) resulted in satisfactory progress. The table detailing the results is presented on the back of this page (Table 1).

Satisfactory progress was also made for three of the five recommendations made by the Committee on Public Administration (Table 2).

Satisfactory Progress. The MJQ has adopted adequate tools to ensure that fees are applied correctly according to the tariff schedule in effect, including a computer tool for invoicing and a related quality assurance process.

Unsatisfactory Progress. With regard to the supply of judicial services, the MJQ cannot demonstrate that the use of each courthouse is efficient.

Over the past few years, the MJQ, in conjunction with judicial authorities, has carried out important work to adopt relevant and reliable management indicators. However, much work remains to be done, including finalizing the definition of indicators for civil matters, establishing a reporting, follow-up and analysis strategy, and setting the targets to be achieved.

Integrated Justice Information System Project. The main deficiencies raised in the management of this project can be explained by three fundamental causes, namely the absence of organizational leadership, a lack of rigour and deficient communications. In addition, major information management problems remain. It is therefore essential that the MJQ, in collaboration with its partners, continue its efforts to find solutions without delay.
Table 1  Recommendations of the Auditor General

<table>
<thead>
<tr>
<th></th>
<th>Satisfactory progress</th>
<th>Unsatisfactory progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Watch over judicial activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review the supply of judicial</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>services by making sure that the use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of each courthouse is efficient and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>justified based on the associated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>costs.</td>
<td></td>
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<tr>
<td>Ensure that precise objectives,</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>targets and indicators are</td>
<td></td>
<td></td>
</tr>
<tr>
<td>established in regard to the judicial</td>
<td></td>
<td></td>
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<tr>
<td>activities and that there is a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>regular follow-up on them as well</td>
<td></td>
<td></td>
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<tr>
<td>as reporting in the annual report.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tariffs</strong></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Review the tariff schedules with a</td>
<td></td>
<td></td>
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<tr>
<td>view to simplifying them and to</td>
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<td></td>
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<tr>
<td>facilitating their application.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make sure that the fees are applied</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>according to the tariff schedule in</td>
<td></td>
<td></td>
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<tr>
<td>effect through supervision and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>quality control.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total of recommendations</strong></td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>25%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Table 2  Recommendations of the Committee on Public Administration

<table>
<thead>
<tr>
<th></th>
<th>Satisfactory progress</th>
<th>Unsatisfactory progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>That the MJQ inform the Committee on</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Public Administration of the results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>obtained under its special mandate to</td>
<td></td>
<td></td>
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<tr>
<td>review the supply of judicial services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>no later than January 31, 2011.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the MJQ give the Committee on</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Public Administration clarifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on variations in rent charged by the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Société immobilière du Québec and the</td>
<td></td>
<td></td>
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<tr>
<td>measures taken to ensure a fair price</td>
<td></td>
<td></td>
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<tr>
<td>is paid by March 31, 2011.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the MJQ show leadership in order</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>to rally partners, including judicial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>authorities and the Bar, around the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>adoption of indicators and targets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>allowing for complete reporting and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>helping to improve services to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>citizens.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the MJQ’s annual report, no</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>later than in 2011-2012, incorporate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the new performance evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>indicators for judicial activities</td>
<td></td>
<td></td>
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<tr>
<td>and be presented according to the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>standards proposed by the Conseil du</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trésor as well as the evaluation</td>
<td></td>
<td></td>
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<tr>
<td>criteria selected by the Committee on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Administration.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>That the MJQ submit to the Committee</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>on Public Administration a status</td>
<td></td>
<td></td>
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<tr>
<td>report on the implementation of its</td>
<td></td>
<td></td>
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<tr>
<td>action plan and a follow-up on the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>recommendations made by the Auditor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and parliamentarians no later</td>
<td></td>
<td></td>
</tr>
<tr>
<td>than May 1 and October 1, 2011.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total of recommendations</strong></td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>60%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Significance of the logo

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

Three dynamic lines, illustrating:

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

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

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

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

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

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

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

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

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

A member of the Ordre des comptables agréés du Québec since 1984, he holds a Bachelor’s Degree in Business Administration and a Licence in Accounting Sciences, both of which he received from Université Laval in 1981.
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