

Report of the Auditor General  
of Québec  
to the National Assembly  
for 2016-2017

Highlights

Fall 2016

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## **1 Introduction**

1 The National Assembly entrusts the Auditor General with the mandate of fostering, 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 performance audits. The Auditor General's scope of jurisdiction mainly encompasses the government and its agencies and also includes funds disbursed in the form of subsidies.

2 In the report that the Auditor General submits to the National Assembly, he puts the emphasis on any topic ensuing from its work that deserves to be brought to the attention of parliamentarians. The document is published in several volumes. This volume is devoted to the performance audits that were carried out over the last 12 months. It comprises, among other things, related findings, conclusions and recommendations.

3 The first chapter gives the Auditor General the opportunity to establish a more personal contact with the reader. In this chapter, I take a look at the place that information technology holds within the Government of Québec. I also outline the main themes that are likely to be the subject of performance audits in this area over the next few years. In addition, I present a summary of the content of the other chapters.

## 2 Information Technology Within the Government of Québec

4 Information technology (IT) is at the heart of the activities carried out by the government. Government entities depend largely on IT to gather, process and distribute the information needed to deliver services to citizens and businesses. This information must therefore be reliable, complete, available in a timely manner and usable in a secure manner.

5 Many entities now offer online services. In fact, according to the Government IT Strategy entitled *Renewing the State Through Information Technology*, produced by the Secrétariat du Conseil du trésor (SCT), nearly 750 services of this nature have been made available to citizens and businesses over the past 10 years. The reasons for which citizens and businesses now use online services to deal with the State include finding information on available programs, obtaining goods or services, paying the fees for various licences and permits, seeking employment or consulting their own tax file.

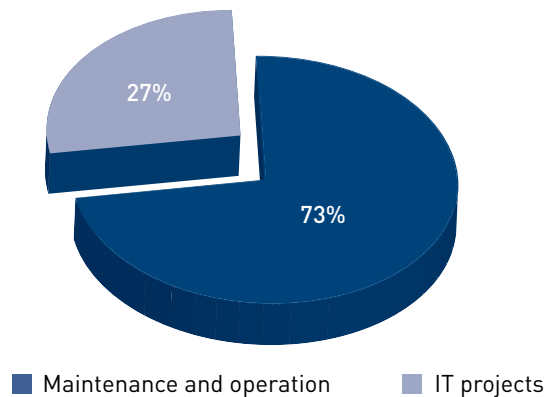
6 Furthermore, in terms of internal management, IT must help produce quality information that can support the operations of entities and decision making by officials. It must also ensure that the flow of information needed for the proper functioning of entities is maintained so they can achieve the service level that citizens and businesses expect.

7 IT is constantly evolving and is transforming more and more quickly as innovations are generated. The capacity of entities to support this evolution, in terms of human, material and software resources, is one of the most significant challenges they face. This requires constant investments in new solutions, while ensuring the recurrence of the funding needed to maintain existing systems.

8 The significance of this challenge is reflected in the sums invested each year in IT. According to the SCT, in 2015-2016, expenditure and investment budgets in this area totalled more than \$3 billion for departments, public bodies, the education network, the health and social services network, as well as Revenu Québec.

9 Figure 1 illustrates the breakdown of sums between maintenance and operating activities, and IT projects for the 2015-2016 fiscal year.

**Figure 1 Breakdown of the information technology budget in 2015-2016**



Source: Secrétariat du Conseil du trésor.

10 According to this figure, nearly three quarters of the sums are devoted to the maintenance and operation of existing systems, while a little over 25% is allocated to the development of new products to support the evolution of IT within government entities. This brings questions to my mind, and I may exercise oversight over these matters in the future.

11 As per the SCT, investments in IT-related infrastructure will reach \$3.3 billion over the next 10 years.

12 In the spring of 2016, the SCT published a document entitled *Portrait de la main-d'œuvre en technologies de l'information de la fonction publique du Québec*, which draws up a report of the situation as at the end of 2015.

13 At that time, there were more than 8,800 internal and external IT employees in entities whose staff is appointed pursuant to the *Public Service Act*. That information alone indicates the importance of this activity sector for ensuring that the public system runs properly.

14 It should be noted that a third of IT employees were external resources. These resources were particularly focused on project management and programming activities, where they represented the majority of resources. However, they were also present in other IT activities. This finding highlights the importance of external resources and the medium- and long-term risks this poses for this critical sector of the public service.

15 The SCT, more specifically the office of the Chief Information Officer (CIO), is sensitive to this situation. In the Government IT Strategy, the SCT indicates its willingness to increase its internal expertise. Furthermore, the CIO mentioned to us that actions are underway in this regard. I will pay special attention to this over the coming years.

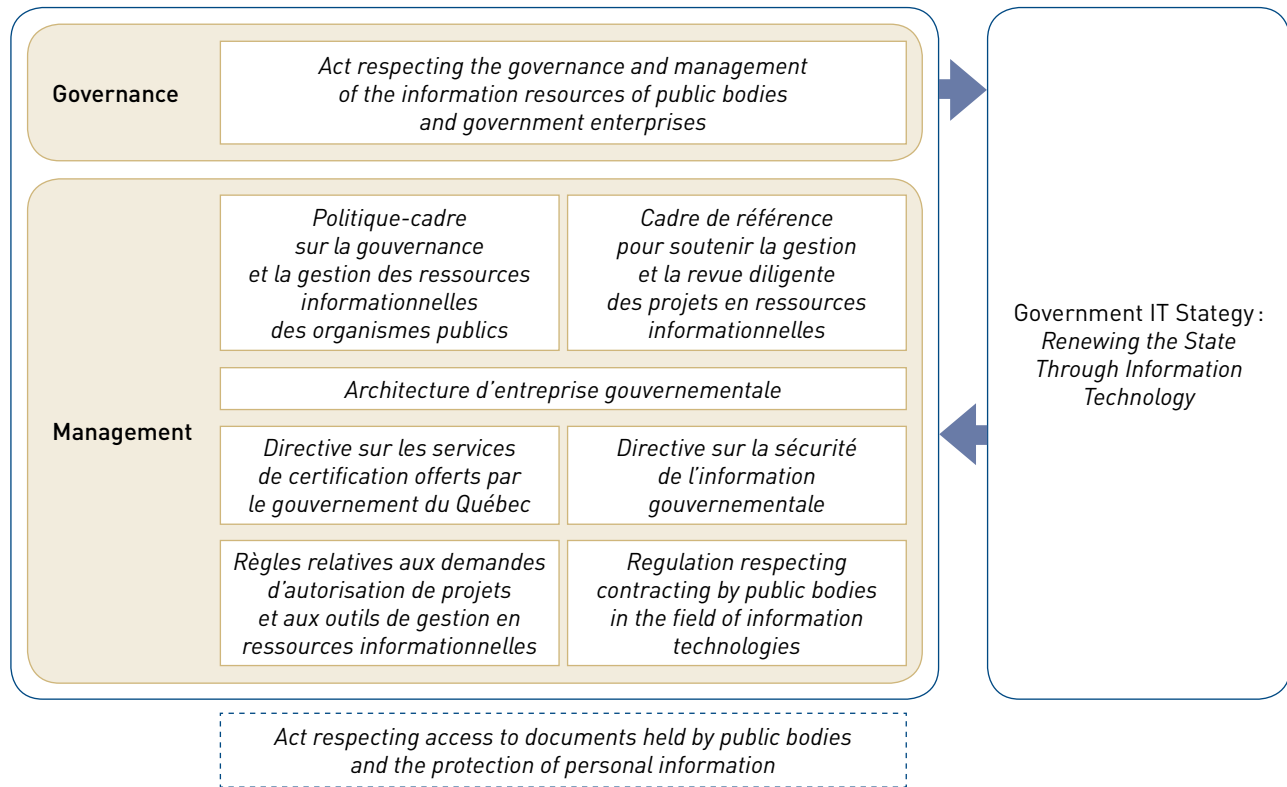


## IT Governance and Management Framework

16 Considering the importance of IT for the functioning of the State, the SCT has implemented an IT management framework over the years within the Government of Québec.

17 In fact, laws, regulations and policies as well as several directives have been adopted to guide IT governance and management. Figure 2 presents the most significant ones.

**Figure 2** IT governance and management framework



18 The *Act respecting access to documents held by public bodies and the protection of personal information* targets IT less directly, but could serve as a reference for carrying out a performance audit in this area. This Act imposes obligations on public bodies with regard to the collection, use, release and keeping of personal information. With this information being stored on digital media, several legislative auditors in Canada and internationally have already taken an interest in this aspect of things as part of their IT performance audits.

## 2.1 Information Technology Audit Work

### Work Carried Out by the Auditor General

#### Performance Audits

19 The use of professional service contracts and the processes followed for the acquisition of goods in the area of IT have caught the attention of my organization these past few years.

20 The findings made as part of our recent special audits on IT contracts covered all the processes, from the acquisition strategy to contract monitoring.

21 We made several recommendations following our work. The entities targeted by these recommendations developed the action plans needed for their implementation. We will follow the evolution of these plans over the next few years.

22 It should be recalled that we had raised similar findings as part of an audit we carried out four years ago on contracts for professional IT services.

23 Project management is also a theme for which my organization has been vigilant over the years. Whether through our reports on specific projects, such as the RISE computerized solution of the Commission administrative des régimes de retraite et d'assurances (which is now part of Retraite Québec) and the Resource Information Management Business Solutions (SAGIR), or our watch concerning the Dossier de santé du Québec, our observations, comments and recommendations show the willingness of the Auditor General to foster sound IT management.

24 However, although we were able to identify several deficiencies, these audits did not make it possible to delve deeper into other important themes of IT governance and management. For example, our work in the past few years has barely addressed the roles and responsibilities of members of senior management and governance bodies, such as boards of directors, with regard to IT.

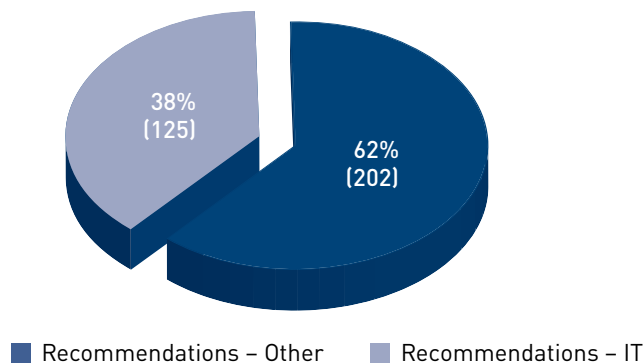
25 The same is true for access control and data security, cybersecurity, electronic commerce, the obsolescence of equipment, the robustness of infrastructure, back-up capability as well as the protection of personal information. All these essential elements for sound IT management within the government will undoubtedly deserve particular attention in our next audits.

## Financial Audits

26 Every year, we carry out various types of IT audit work that are integrated into financial statement audits. This work is focused on the governance and management of systems that support financial management and the production of financial statements. It does not pertain to all the computerized systems of entities and does not cover certain aspects, such as confidentiality of information and the protection of personal information.

27 Although it has a more restricted scope, this work made it possible to identify many deficiencies. As illustrated in Figure 3, out of all the recommendations made to those charged with governance and management following our financial audit work, from April 2015 to March 2016, 38% were related to IT. This demonstrates that several improvements are needed with regard to IT governance and management.

**Figure 3 Recommendations to those charged with governance and management, from April 2015 to March 2016**



- 28 For details about this work, I invite you to consult the following reports:
- *Information Technology General Controls*, Chapter 9, winter 2013;
  - *Portrait of the Reports to the National Assembly and of the Reports to Those Charged with Governance and Management*, Chapter 8, winter 2016.

29 The interventions planned in the next few years in terms of IT performance audits will not replace those carried out in support of financial statement audits. The latter type of interventions will remain relevant in several entities so that I may provide my opinion on their financial statements.

## Work Carried Out by Other Legislative Auditors

30 Other legislative auditors in Canada and other countries are also interested in conducting audits in the area of IT.

### Canada

31 From 2010 to 2015, more than 60 performance audits were published on IT by all the legislative auditors in Canada.

32 In general, according to a compilation performed using data provided by the CCAF-FCVI, the main themes addressed by these performance audits were security, IT development and the protection of personal information.

33 We looked into the work carried out by the Office of the Auditor General of Canada, the Office of the Auditor General of British Columbia and the Provincial Auditor of Saskatchewan, which are among the most active in this audit area. Security, including data access management and cybersecurity, is a major theme of their work.

34 The Auditor General of Canada is also interested in project management, which is similar to our approach in Québec. As for British Columbia and Saskatchewan, they focus their work on specific systems, thereby covering the elements of security and management control in a more in-depth manner.

35 Like me, other legislative auditors in Canada also carry out IT audit work in support of financial statement audits. However, British Columbia and Saskatchewan offer particular products in this regard.

36 Every year since 2012, British Columbia has published a summary of all its work on IT general controls. The initial version of this report presented a summary of work from previous years that was similar to our Chapter 9 in the winter 2013 volume mentioned above. This report from British Columbia has since evolved into a more overall assessment of IT governance and management within entities and is based on a recognized framework.

37 Saskatchewan publishes, on a yearly basis, the result of work carried out among the Central Services data centre, which is the equivalent of the information processing centre of the Centre de services partagés du Québec (CSPQ). The report focuses on the access controls, data integrity and back-up capability of the central processing centre that support the government's systems.

38 Up until 2014, Saskatchewan also published an annual report on IT audit work on the central payroll system. This report also focused on the access controls, data integrity and back-up capability of the payroll system.

## Internationally

39 Other countries are also interested in IT management. A significant number of reports related to this area were published from 2010 to 2015 in three major countries, namely, Australia, the United States and the United Kingdom.

40 Australia stands out in particular for the number of reports published and the diversity of the topics addressed. Its reports cover all the themes, including IT governance and management, data security and protection, computer controls within applications, and IT project development and management.

41 The United States Government Accountability Office (GAO) also covers all the themes in its reports.

42 The United Kingdom focuses its work mostly on IT governance and partly on project management and IT development activities. Conversely, it pays very little attention to the aspects of security and application control.

43 Certain constants can therefore be established with regard to the themes addressed by legislative auditors in Canada and other countries. These themes will be considered when the time comes to select the topics of the next IT performance audits that we will carry out.

## Work Underway or Planned in the Area of Information Technology

44 We have started work to produce a portrait of IT within the Government of Québec using a self-assessment questionnaire. The questionnaire is based on an internationally recognized framework entitled *Control Objectives for Information and Related Technology* (COBIT 5). The questionnaire will be completed by over 40 organizations.

45 It covers a range of IT-related processes, such as:

- technology governance;
- system planning, acquisition, development and maintenance;
- management of IT operations and security;
- follow-up and assessment of compliance and performance.

46 The results of this work will be used to make observations that will be published in 2017 in one of the volumes of the Auditor General's annual report.

47 This portrait, combined with more in-depth benchmarking against the work carried out by my peers in this area and the knowledge acquired as part of our previous work, will enable us to develop an effective audit strategy for this critical activity sector. My aim is for the performance audits that will be carried out to contribute to the continuous improvement of public services.

48 I believe in the strategic role that IT can play in improving the performance of entities. From my point of view, the significant place that IT holds, the considerable sums invested in it and the major issues this sector faces require us to be vigilant. For that reason, our 2016-2019 strategic plan provides that at least one IT performance audit engagement will be conducted per year, starting in 2017-2018.

## 3 Summary of Volume's Content

### 3.1 Commission des partenaires du marché du travail

49 **Chapter 2** is devoted to the Commission des partenaires du marché du travail (CPMT). In it, we address its responsibility with regard to the definition of workforce development needs. This responsibility is directly related to a government objective to better align the skills of the workforce with the needs of businesses. The work carried out leads us to conclude that after 19 years of existence, the CPMT is not fully playing its expected role as the national organization responsible for defining workforce development needs.

50 We highlight the fact that the action priorities established by the CPMT are determined based on an incomplete picture of workforce development needs. In addition, the CPMT has not implemented an intervention strategy with regard to the priority needs that it identified. In fact, we note that its interventions are insufficient to ensure that the measures put in place by the CPMT and its partners effectively meet those needs.

### 3.2 Administrative Management of CEGEPs

51 **Chapter 3** deals with certain components of the administrative management of CEGEPs, namely contract management, building management and self-funded services. For each of those components, we examined the follow-up conducted by the Ministère de l'Éducation et de l'Enseignement supérieur.

52 With regard to contract management in the five audited CEGEPs, the definition of needs and deliverables, the estimation of costs and the scheduling are not always adequately carried out. For 22% of the contracts analyzed, cost overruns varying from 12 to 85% (\$719,000) in relation to the initial value of the contracts were observed. In addition, in three of the five audited CEGEPs, the solicitation method used did not always comply with regulations. For example, six contracts were awarded by mutual agreement rather than through a public call for tenders or an invitation to tender.

53 We also looked at self-funded services, which are services of a commercial nature that are offered to students or external clients. In 2014-2015, self-funded services represented 15% of total revenue of the 48 CEGEPs. For the 5 audited CEGEPs, the revenue generated by these services totalled \$38.8 million. We noticed that, in certain cases, the financial information relating to self-funded services does not allow decision makers to assess whether the partnerships are profitable. More specifically, knowledge about costs is incomplete, as the allocation of these costs is often missing, arbitrary or partial.

54 Finally, we observed that the audited CEGEPs have better knowledge of their buildings. However, the quality of the information needs to be improved for CEGEPs to estimate adequately the sums required to maximize the useful life of their buildings.

### 3.3 Hydro-Québec

55 Since 2011, the main type of acquisitions made by Hydro-Québec has been specialized services and other work. The purpose of our audit, whose results are presented in **Chapter 4**, was to obtain the assurance that Hydro-Québec manages the procurement process in an economical manner in accordance with current regulations and sound management practices.

56 Our work demonstrated that Hydro-Québec has a procurement process for specialized services and other work that is generally aligned with good practices and in accordance with the regulations. Moreover, the number of tenders received is satisfactory when Hydro-Québec launches competitive bidding processes. However, improvements are needed at certain steps of the process. It should be noted that, for some of these improvements, Hydro-Québec has already started implementing changes or is about to do so.

57 In this regard, strategic procurement is in the process of being implemented, and we encourage Hydro-Québec to complete this transition. Furthermore, the procedure leading to the qualification of suppliers should be more formalized. In addition, although the value of acquisitions is estimated, Hydro-Québec should refine the cost estimate of certain acquisitions.

58 Concerning proposals received electronically, we encourage Hydro-Québec to adopt a system that ensure the full confidentiality of the proposals received.

### 3.4 Correctional Services: Reintegration

59 **Chapter 5** deals with the reintegration of persons taken into custody and care by the Ministère de la Sécurité publique (MSP). This performance audit was carried out among the MSP and the Commission québécoise des libérations conditionnelles.

60 Despite the report that we published in 1997, the 2001 Corbo report, the new law adopted in 2002 and the implementation of the 2010-2013 government action plan that focused on reintegration into the community, several deficiencies remain with regard to the MSP's reintegration process.



61 For instance, assessments of offenders or accused persons are missing from files or are produced late compared to the standards that the Department set for itself. In 2014-2015, nearly half of assessments (45%) were not carried out within the prescribed time limits. In addition, some of the assessments and intervention plans that we examined are not rigorous. Moreover, the MSP's efforts to monitor the progress of persons are insufficient. In the case of suspended sentences, it is difficult to ascertain whether the Department is fulfilling its responsibility with regard to compliance with court-imposed conditions.

62 Furthermore, even though the Corbo report recommended it over 15 years ago, the MSP does not have yet a unique file for each person, which means that it does not always have the information needed for the provision of custody and care. In fact, the process of assembling a file is still a major cause of postponements of hearings aimed at obtaining parole (30% are postponed).

63 Moreover, offenders do not have enough access to the programs needed to address their problems, and the Department is unaware of the extent to which the available programs contribute to their reintegration. Unlike other Canadian provinces or other countries, the MSP was slow to measure the overall result of its reintegration efforts. A first study on recidivism was conducted in 2015, and another one is underway.

### 3.5 Contracts Presenting Risk Situations (Follow-Up)

64 In its December 2015 report, the Committee on Public Administration (CPA) asked the Auditor General to conduct a follow-up on the work it had performed among the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ) with regard to contracts presenting risk situations. The results of the initial engagement were published in Chapter 6 of the spring 2015 report of the Auditor General of Québec (volume entitled *Value-for-Money Audit*). We also evaluated the application of the three recommendations that the CPA made after it heard the MAPAQ's deputy minister in September 2015.

65 Chapter 6 mentions that, in general, the Department has devoted significant efforts to correct the deficiencies noted during the initial engagement. In fact, our work leads us to find that 8 of the 10 recommendations made regarding the management of contracts presenting risk situations are being applied or give rise to satisfactory progress. The recommendations concern its plan for the delegation of signatures, the production of reliable management information, the application of its internal directive, compliance with regulations, the authorization of payments as well as the information sent to the Conseil du trésor.

<sup>66</sup> However, there are still deficiencies related to compliance with the authorization process leading to the signing of contracts. Nearly half of the audited authorization requests were signed by the officer after the contract itself had been entered into or after the work had started, not before. In addition, the information entered in the electronic call for tenders system (SEAO) still contains inaccuracies and is not always published within the prescribed time frames.

<sup>67</sup> As for the three recommendations made by the CPA, we consider that they are being applied. The MAPAQ sent to the CPA the dashboard it uses to monitor the entry of data in the SEAO and the results of its reflection on its computing project for the farm property tax credit program. Finally, as requested by the CPA, we identified good internal audit practices at the MAPAQ and a few improvements to be made to them.

## Highlights

### Work Objective

The Commission des partenaires du marché du travail (CPMT) is responsible for defining development needs of the workforce in relation to the reality of the job market. This responsibility is directly related to a government objective to better align the skills of the workforce with the needs of businesses. The objective of our audit work was as follows:

- Obtain the assurance that the CPMT defines development needs of the workforce in relation to the reality of the job market and takes steps so that the training offered effectively meets the workforce needs of businesses.

The Report is available at [www.vgq.qc.ca](http://www.vgq.qc.ca).

### Audit Results

The following are the principal findings of our audit concerning workforce development needs.

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**The action priorities established by the CPMT are based on an incomplete picture of workforce development needs.** This picture disregards the qualitative aspect of the skills sought by employers and does not include professions that require a university degree. In addition, consideration of the regional dimension needs improvement. A complete picture of these needs on a national scale is, however, essential in order for the CPMT to adequately play its strategic roles and have an optimal impact on the job market.

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**After 19 years of existence, the CPMT is not fully playing its expected role as the national organization responsible for defining workforce development needs.** To date, the CPMT has not implemented an intervention strategy with regard to the priority needs that it identified for workforce development. Its interventions are insufficient to ensure that the measures put in place by the CPMT and its partners effectively meet those needs.

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**The CPMT's reporting with regard to the priority needs it identified for workforce development could be improved through the use of better indicators.** The indicators used by the CPMT to report on its five orientations are limited to the number of actions carried out, which makes it impossible to assess the results in relation to the actions taken.

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## Recommendations

The Auditor General has made recommendations to the Commission des partenaires du marché du travail. They are all shown to the right.

The Commission had the opportunity to comment on the report; its comments can be found in the *Commentaires de l'entité auditée* Section.

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

Recommendations to the Commission des partenaires du marché du travail

- 1 Produce a comprehensive picture of workforce development needs that adequately considers the qualitative aspect, university-level professions and the regional dimension, in order to determine priority needs on a national scale.**
  - 2 Implement an intervention strategy to meet the priority needs it identified for workforce development; at the very least, this must include the solutions to be implemented, the responsible stakeholders and the methods to follow-up on actions and assess results.**
  - 3 Follow-up on the actions implemented to meet the priority needs it identified for workforce development, assess the results on the basis of relevant indicators and report on them.**
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## Highlights

### Work Objectives

CEGEPs are public institutions that were created in 1967 by the *General and Vocational Colleges Act*. Among other things, their creation aimed to improve Quebecers' access to higher studies. This has notably translated into the gradual establishment of 48 CEGEPs throughout Québec's territory.

The purpose of our audit was to obtain the assurance that:

- the audited CEGEPs manage certain components related to their material and financial resources in an economical manner and in compliance with regulations;
- the Ministère de l'Éducation et de l'Enseignement supérieur (MEES) conducts an appropriate follow-up of the administrative management of CEGEPs with regard to the audited components.

The Report is available at [www.vgq.qc.ca](http://www.vgq.qc.ca).

### Audit Results

The following are the principal findings of our audit concerning the administrative management of CEGEPs.

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**Activities included in the contract management process of the audited CEGEPs are not carried out rigorously.** Cost overruns and non-compliance with certain deadlines and with regulations were observed. For 22% of the contracts analyzed, cost overruns varying from 12 to 85% in relation to the initial value of the contracts were noted. In addition, for 17 contracts, the performance time frame exceeded the planned schedule by 4 to 72 weeks. The average overrun for these contracts reached 149%. Furthermore, for 7 contracts granted by 3 of the 5 audited CEGEPs, the solicitation method used did not comply with current regulations or with the CEGEP's contract management policy, without adequate justification.

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**The audited CEGEPs have better knowledge of their buildings.** However, the quality of the information needs to be improved for CEGEPs to have a more complete picture of their buildings and adequately estimate the sums required to maximize their useful life. Moreover, work related to asset maintenance is generally carried out as planned and in accordance with identified priorities. However, in three of the five audited CEGEPs, no structured preventive maintenance program has been implemented.

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**In certain cases, the financial information relating to self-funded services does not allow decision makers to assess whether partnerships are profitable.** In other cases, the information is insufficient, which does not enable them to assess the achievement of results. More specifically, knowledge about costs is incomplete, as the allocation of these costs is often missing, arbitrary or partial.

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**Nearly 40% of the agreements relating to self-funded services that we analyzed were imprecise or lacked significant related elements, which can increase financial risks for CEGEPs.** Sometimes, the agreements do not specify expected services or responsibilities of the parties. In other cases, they do not contain any modification or termination clause.

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**The Department does not ensure compliance with budget rules pertaining to donations and contributions to organizations.** Four of the five audited CEGEPs made donations and contributions representing a little over \$65,000 that may not be in compliance with the rules established by the Department.

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## Recommendations

The Auditor General has made recommendations to the MEES and the five audited CEGEPs: Cégep de Rimouski, Cégep de Sherbrooke, Cégep Garneau, Collège d'Alma and Collège de Rosemont. They are shown, in part, to the right.

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

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

### Recommendations to the audited CEGEPs

- 1** Strengthen the needs assessment process regarding the definition of needs and deliverables, the estimation of costs and scheduling.
- 2** Adopt control mechanisms to ensure that the solicitation method complies with regulations and internal policies [...].
- 3** Systematically evaluate the possibility of using consolidated procurement for the acquisition of goods and services.
- 4** Support the evaluation of tenders with relevant documentation to demonstrate the objective and fair nature of the process.
- 5** Provide for the introduction and application of penalty clauses in contracts, and systematically evaluate the performance of suppliers for important contracts and contracts for which supplier's performance is deemed unsatisfactory.
- 6** Ensure that strategic functions related to construction projects are performed by independent stakeholders, in particular for the evaluation of tenders and the supervision of work, to guarantee the objectivity and integrity of the process.
- 8** Enhance knowledge on the condition of buildings, in collaboration with the Department, to determine more precisely the sums required to maximize their useful life.
- 9** Adopt a structured and comprehensive preventive maintenance program for their buildings.
- 10** Adopt tools to obtain reliable and sufficient management information, particularly about costs, to support managers in their decision-making regarding the assessment of self-funded services' results.
- 11** Clarify agreements with partners in order to decrease financial risks for CEGEPs.
- 17** Ensure that governance bodies receive sufficient and timely information so that they can fulfill their role in strategic decision-making and in overseeing the effectiveness of controls [...].

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### Recommendations to the Department

- 12** Provide CEGEPs with precise directives on the allocation of costs related to self-funded services to allow assessment of financial results of these services.
  - 14** Clarify the procedure that complements budget rules on donations and contributions to organizations [...].
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## Highlights

### Work Objective

Considering that it purchased over \$3 billion in goods and services in 2015, Hydro-Québec is a major economic actor and work provider. Since 2011, the main type of acquisitions made by Hydro-Québec has been specialized services and other work.

In 2015, this type of acquisitions constituted 46.2% (\$1.41 billion) of purchases of goods and services, of which 74.5% (\$1.05 billion) represented other work and 25.5% (\$359 million) were specialized services.

The purpose of this audit is to obtain the assurance that Hydro-Québec manages the procurement process in an economical manner in accordance with current regulations and sound management practices.

The Report is available at [www.vgq.qc.ca](http://www.vgq.qc.ca).

### Audit Results

Our work demonstrated that Hydro-Québec has a procurement process for specialized services and other work that is generally aligned with good practices and in accordance with the regulations. Moreover, the number of tenders received is satisfactory when Hydro-Québec launches competitive bidding processes. However, improvements are needed at certain steps of the process. Here are the principal findings of our audit.

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**Strategic procurement is in the process of being implemented.** For example, for 2 of the 12 files analyzed that pertained to specialized services and other work, the needs could have been grouped together to generate savings.

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**The procedure leading to the qualification of suppliers should be more formalized.**

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**Differences of more than 15% were observed between the estimated value of the acquisition and the lowest tender in 54% of cases.** Although the value of acquisitions is estimated, Hydro-Québec should refine the cost estimate of certain acquisitions, particularly those with a significant value or impact, in order to make it easier to assess the accuracy of the prices tendered.

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**For restricted requests for proposals, the criteria used for selecting the invited suppliers ought to be documented.**

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**Proposals received electronically are opened for validation and classification purposes before the date and time set for opening tenders, and their contents could have been consulted.**

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**For the contracts analyzed, Hydro-Québec does not perform all the verifications required by the regulations.** Furthermore, it is unclear how the clauses on tender conformity are applied.

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**Hydro-Québec includes standardized clauses in its contracts that may not apply to all situations.** Moreover, for the acquisition files analyzed, certain contractual clauses have not been applied in a consistent manner.

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**The supplier performance assessment process is not applied consistently, and the use of results is not formalized.**

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**Hydro-Québec could improve its management information.**

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## Recommendations

The Auditor General has made recommendations to Hydro-Québec. They are all shown to the right.

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

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

### Recommendations to Hydro-Québec

- 1** Complete the implementation of procurement strategies for recurring acquisitions or acquisitions with a significant impact.
  - 2** Formalize the procedure leading to the qualification of suppliers and update periodically the list of suppliers working in areas requiring a qualification.
  - 3** Refine the estimation of acquisitions, particularly those with a significant value or impact.
  - 4** Reinforce compliance with current guidelines for purchases made without the issuance of a standard contract.
  - 5** Set a minimum time frame for the publication of addenda, clarify the criteria for the selection of suppliers invited for restricted requests for proposals and document the choices made.
  - 6** Apply a procedure that ensures the confidentiality of the contents of tenders received electronically until the date and time for opening tenders, and document the time of receipt of tenders received in paper format.
  - 7** Clarify how the clauses on tender conformity are applied.
  - 8** Continue the work in progress to incorporate into contracts only clauses that are adapted to their nature, and monitor these clauses.
  - 9** Exercise control to ensure that contract amendments comply with the procedure.
  - 10** Standardize the application of the supplier performance assessment process and formalize the use of results.
  - 11** Improve the quality of management information.
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## Highlights

### Work Objective

The Ministère de la Sécurité publique (MSP) is responsible for the application of the *Act respecting the Québec correctional system*. The purpose of this Act is to facilitate the reintegration of offenders into the community, while ensuring the protection of public safety and compliance with court decisions.

The objective of our work was to:

- determine whether the Department, in collaboration with its partners, efficiently and effectively commits to the custody and care of offenders or accused persons, to facilitate their reintegration;
- verify that the MSP maintains public safety when it carries out activities aimed at reintegration.

The Report is available at [www.vgq.qc.ca](http://www.vgq.qc.ca).

### Audit Results

The following are the principal findings of our audit concerning the correctional services, reintegration component.

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**Assessments of offenders or accused persons are missing from files, and many are produced late.** In 2014-2015, 45% of assessments were not carried out within the prescribed time limits.

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**Completion of several assessments and intervention plans lacks rigour.** Some assessments and plans are incomplete. Certain assessments are inconsistent with the information contained in the file, and some plans do not address the problems associated with the delinquency of the persons being assessed.

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**Offenders do not have enough access to the programs needed to address their problems.** In addition, the MSP does not carry out program assessments, which means that it is unaware of the extent to which the available programs contribute to the reintegration of these persons.

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**The Department's efforts to monitor the progress of offenders and accused persons are insufficient.** Therefore, it cannot assess the achievement of intervention plan objectives and make adjustments, if necessary.

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**The MSP does not respect the frequency of controls that it set for itself to ensure compliance with court-imposed conditions during suspended sentences.** In 2014-2015, it carried out only 78% of the 23,776 home visits that should have been done.

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**The Department does not have yet a unique file for each offender or accused person, even though the Corbo report recommended it more than 15 years ago.** It does not always have the information needed for the provision of custody and care.

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**The MSP was slow to analyze data on offender recidivism.** It still does not know the result of its reintegration efforts.

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**At the Commission québécoise des libérations conditionnelles (CQLC), the rate of parole hearing postponements is hovering around 30%.** Despite the actions undertaken by the Commission, this rate is not decreasing. The process of assembling a file is still a major cause of postponements.

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## Recommendations

The Auditor General has made recommendations to the MSP and the CQLC. They are all shown to the right.

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

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

### Recommendations to the Department

- 1** Make sure to produce high-quality assessments of persons taken into custody and care and do so in a timely manner and in compliance with the Act, to facilitate their reintegration into the community.
- 2** Develop intervention plans that are relevant and consistent with the information contained in the assessments.
- 3** Intensify among inmates, in collaboration with the Commission québécoise des libérations conditionnelles, its efforts to promote conditional release measures.
- 4** Make available programs that are adapted to the needs of persons in custody and care. To do so, the Department must, in particular:
  - identify these persons' needs;
  - align programs with needs;
  - assess the relevance, efficiency and effectiveness of these programs.
- 5** Ensure that correctional facilities use the classification tool in accordance with instructions from the Department.
- 6** Improve the follow-up on the progress of persons taken into custody and care to:
  - assess the achievement of intervention plan objectives;
  - make adjustments, as needed;
  - ensure compliance with court-imposed conditions.
- 7** Implement a unique file for each offender or accused person with the goal of increasing the effectiveness and efficiency of its interventions.
- 8** Measure its performance with regard to reintegration interventions and report on it.

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### Recommendation to the Commission

- 9** In conjunction with the Department, continue its efforts to reduce postponements of hearings aimed at obtaining parole.
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## Highlights

### Work Objective

In its December 2015 report, the Committee on Public Administration (CPA) asked the Auditor General to conduct a follow-up on the work it had performed for the management by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ) of contracts presenting risk situations. We also assessed the application of the three recommendations that the CPA has made further to the hearing of the MAPAQ's Deputy Minister in 2015.

The objective was to see whether the recommendations have been applied and whether the MAPAQ has remedied the underlying deficiencies. We completed our work in September 2016.

The results of the initial engagement were published in Chapter 6 of the report entitled *Value-for-Money Audit* (spring 2015).

The Report is available at [www.vgq.qc.ca](http://www.vgq.qc.ca).

### Follow-Up Results

Our work covered all the recommendations that we made in May 2015 as well as the three recommendations that the CPA made to the MAPAQ in December 2015. In general, the Department has made significant efforts to correct the deficiencies identified during the initial mission.

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**Conclusions.** Our work leads us to conclude that 8 of the 10 recommendations made regarding the management of contracts presenting risk situations are applied or result in satisfactory progress (Table 1). As for the three recommendations made by the CPA, we consider that they are all applied (Table 2).

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**Recommendations that are applied or for which progress is satisfactory.** When it updated its plan for the delegation of signatures, the MAPAQ established a maximum financial limit for each of the hierarchical levels authorized to sign, by type of contract. Progress is satisfactory with regard to the production of reliable management information, and the actions carried out and planned should make it possible to apply the associated recommendations. This is also the case for the recommendations concerning the application of the internal directive, compliance with regulations, the authorization of payments as well as the information sent to the Conseil du trésor.

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**Recommendations for which progress is unsatisfactory.** There are still deficiencies related to compliance with the authorization process leading to the signing of contracts. Nearly half of the audited authorization requests were signed after the contract itself has been concluded or after the work has begun, not beforehand. In addition, the information entered in the electronic call for tenders system (SEAO) still contains inaccuracies and is not always published within the prescribed time frames.

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**Recommendations from the CPA.** The MAPAQ acted upon these recommendations. It sent to the CPA a dashboard used to monitor data entry in the SEAO, and the results of its reflection on the development of an ongoing training program as well as on taxation and the decisions made concerning its project relating to the farm property tax credit program. As requested by the CPA, we identified good internal audit practices at the MAPAQ and a few improvements to be made. Moreover, the Department prepared an action plan following an internal audit report which mentions deficient governance of information technologies.

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**Table 1 Recommendations from the Auditor General**

	Applied	Application in progress		Not applied
		Satisfactory progress	Unsatisfactory progress	
<b>Monitoring of the contract management process</b>				
Adjust the plan for the delegation of signatures in order to establish, by type of contract, a maximum financial limit for each of the hierarchical levels authorized to sign.	√			
Produce, in a timely manner, reliable and sufficient management information to be able to monitor, assess and correct, if applicable, the contracting process.		√		
Adequately support authorizations that the Deputy Minister and officers grant as part of contract management.			√	
<b>Implementation of the internal directive and compliance with the regulation</b>				
Use the Conseil du trésor's criteria to determine the supplier's actual status and implement the applicable regulation.		√		
Review its contract management so that, in accordance with its internal directive and the regulation, the use of invitation to tender or public calls for tender is given priority.		√		
Analyze the results of calls for tender and take steps so that the evaluation of tenders and the selection of suppliers promote their honest and fair treatment, in accordance with regulatory requirements.		√		
Adequately process changes to a contract; to do so, establish additional expenditures so they are authorized by the competent authorities, published in the electronic call for tenders system and, where required, sent to the Conseil du trésor.		√		
<b>Payment authorization</b>				
Ensure that authorized payments meet the conditions established during the contracting process with regard to the rate and nature of the work.		√		
<b>Reporting</b>				
Publish in the electronic call for tenders system all the information relating to contracts in an adequate and timely manner, in accordance with the regulation.			√	
Ensure that the information sent to the Conseil du trésor in accordance with regulatory requirements is accurate and complete.		√		
<b>Total of recommendations</b>	<b>1</b>	<b>7</b>	<b>2</b>	
<b>Recommendations that are applied or for which progress is satisfactory</b>	<b>80 %</b>			

**Table 2 Recommendations from the Committee on Public Administration**

	Applied	Application in progress		Not applied
		Satisfactory progress	Unsatisfactory progress	
That the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation send to the Committee on Public Administration the dashboard used to monitor the entry of data in the SEAO no later than January 30, 2016.	√			
That the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation send to the Committee on Public Administration the results of a reflection exercise on the development of an ongoing training program no later than June 30, 2016. This document must include a report on training activities already delivered and the results of those activities.	√			
That the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation send to the Committee on Public Administration the results of its reflection on taxation and the decisions made concerning its computing project for the farm property tax credit program, following its internal audit, no later than December 15, 2016.	√			
<b>Total of recommendations</b>	<b>3</b>			
<b>Recommendations that are applied or for which progress is satisfactory</b>	<b>100%</b>			





## Significance of the Logo

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

**Three dynamic lines**, illustrating:

- the three types of audits carried out by its staff, namely financial audits, audits of compliance with statutes, regulations, policies and directives, as well as performance audits;
- the three elements that are examined during performance audit 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.





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