



TRUST | INTEGRITY | TRANSPARENCY

[This is an English version of the report originally transmitted in French to the mayor of Montréal and then submitted to Montréal City Council on April 18, 2016]



Annual Report of the Inspector General of Montréal

**FILED WITH THE MONTRÉAL CITY COUNCIL
AND THE MONTRÉAL AGGLOMERATION COUNCIL**

For the year ended December 31, 2015

(section 57.1.23 of Montréal's City Charter)

March 31, 2016

Address

1550 Metcalfe Street
Suite 1200
Montréal, Québec
H3A 1X6



Website

www.bigmtl.ca



Email

BIG@bigmtl.ca



Telephone

514-280-2800



Facsimile

514-280-2877

MOT DE L'INSPECTEUR GÉNÉRAL



Monsieur le maire Denis Coderre, membres du conseil municipal et du conseil d'agglomération, et citoyens de la Ville de Montréal,

C'est avec honneur et privilège que je vous transmets le *Rapport annuel de l'inspecteur général de la Ville de Montréal pour l'exercice terminé le 31 décembre 2015*, conformément aux dispositions de l'article 57.1.23 de la *Charte de la Ville de Montréal*.

Le mandat qui m'a été confié à l'unanimité par le conseil municipal de la Ville de Montréal est de surveiller les processus de passation des contrats et l'exécution de ceux-ci par la Ville de Montréal ou une personne morale qui lui est liée, de façon à prévenir les manquements à l'intégrité et de favoriser le respect des dispositions légales et des exigences de la Ville en matière d'octroi et d'exécution des contrats.

Ce rapport fait état, pour l'année 2015, des réalisations du Bureau que j'ai mis sur pied dès ma nomination à titre d'inspecteur général de la Ville de Montréal, le 24 février 2014, ainsi que des grandes orientations fixées pour l'année 2016.

Les travaux réalisés depuis ma nomination m'amènent à conclure que l'imputabilité des gestionnaires doit être remise à l'ordre du jour. Il appartient au premier chef aux gestionnaires des différentes unités administratives de la Ville et des personnes morales qui lui sont liées de mettre en place des mesures de contrôle et de surveillance dans les processus d'octroi, de gestion et d'exécution des contrats. Le fait que le mandat de l'inspecteur général soit de surveiller l'octroi et l'exécution des contrats ne permet pas aux gestionnaires d'abandonner leur devoir de premier plan. Il serait malheureux qu'il faille une intervention de l'inspecteur général à chaque fois qu'une contravention évidente à l'égard d'un aspect important d'un contrat est constatée.

Le Bureau de l'inspecteur général est aujourd'hui pleinement opérationnel et amorce sa troisième année d'existence. Je bénéficie de l'expertise variée d'une solide équipe de professionnels dans de nombreux domaines, ce qui est un atout considérable compte tenu de la nature du mandat et de l'étendue de la compétence confiés à ma fonction par la loi.

J'entends continuer les enquêtes et les activités du Bureau avec la même rigueur qui m'anime depuis mon entrée en fonction. La fonction d'inspecteur général est une fonction indépendante et dirigée par de hauts standards, qui se veut le chien de garde de l'intégrité des processus de passation et d'exécution des contrats à la Ville de Montréal. Les enquêtes administratives et vérifications menées par mon équipe visent à assainir les pratiques en cours de façon à améliorer la transparence des activités et décisions municipales, mais également à assurer la confiance des citoyens à l'égard des institutions publiques municipales en matière contractuelle.

L'année 2016 s'annonce déjà être une année importante en termes d'investissements de la Ville de Montréal, notamment au niveau du Programme triennal d'immobilisation (PTI). Conscient de cette réalité, j'exercerai, en 2016, une vigie continue de l'octroi et de l'exécution des contrats dans le cadre du PTI. Le traitement des signalements, les enquêtes, le dépôt de rapports publics ponctuels et les dossiers de surveillance continue resteront également mes priorités pour l'année 2016.

Au surplus, certains grands dossiers mériteront une attention particulière en 2016. Tel qu'annoncé dans le *Rapport public de recommandations sur le déneigement et ses pratiques à Montréal*, déposé au conseil municipal de la Ville le 23 novembre 2015, les activités de déneigement feront l'objet d'une veille afin de s'assurer que l'octroi et l'exécution des contrats se font conformément aux règles établies.

Également, la surveillance des contrats octroyés en matière de technologies de l'information deviendra, compte tenu de l'envergure de ces dossiers et des dépenses qu'ils impliquent pour l'Administration municipale, une de mes priorités pour l'année 2016. Mon équipe et moi entamerons ainsi une vigie accrue des contrats accordés dans ce domaine afin de nous placer en amont des situations potentiellement problématiques et irrégulières.

Je tiens finalement à souligner que l'année 2016 sera marquée par la tenue d'un symposium que mon Bureau organise en collaboration avec l'*Association of Inspectors General* (association américaine). Ce symposium, intitulé « Un inspecteur général, une valeur ajoutée », se tiendra au Palais des congrès de Montréal les 22 et 23 septembre 2016. Il sera l'occasion de faire découvrir le Bureau de l'inspecteur général de la Ville de Montréal, qui s'avère être un modèle d'enquête administrative unique au Canada, et visera à faire comprendre le rôle essentiel et les différentes fonctions que peuvent jouer les inspecteurs généraux. À l'heure actuelle, une vingtaine de conférenciers, dont plusieurs en provenance des États-Unis, ont été invités afin d'aborder des thèmes propres aux activités et défis des bureaux d'inspecteurs généraux.

L'inspecteur général,

Denis Gallant, *Ad. E.*

ORIGINAL SIGNÉ

MESSAGE FROM THE INSPECTOR GENERAL



Mayor Denis Coderre, Members of the Montréal City Council and the Montréal Agglomeration Council, and citizens of Montréal,

It is an honour and a privilege for me to present the *Annual Report of the Inspector General of Montréal for the year ended December 31, 2015*, pursuant to section 57.1.23 of Montréal's City Charter.

The mandate entrusted to me, unanimously by the Montréal City Council, is to oversee contracting processes and the carrying out of contracts by the City or by a legal person related to the City. This mandate is aimed at preventing breaches of integrity and to foster compliance with applicable legal provisions and with the City's requirements regarding contracting and the carrying out of contracts.

The present report highlights, for the year 2015, the achievements of the Office of Inspector General of Montréal, that I began building immediately after my appointment as Inspector General on February 24, 2014, as well as my priorities for the year 2016.

The work accomplished since my appointment as Inspector General leads me to conclude that the accountability of the City's managers must be brought back to the forefront. Managers of Montréal's different administrative departments, as well as legal persons related to the City, have the primary responsibility to put in place measures ensuring the control and monitoring of contracting processes and the carrying out of contracts. The fact that the mandate of the Inspector General is to oversee contracting processes and the carrying out of contracts does not mean that City managers can abandon their duties. It would be unfortunate that an action by the Inspector General is necessary every time an obvious contravention regarding an important aspect of a contract is noted.

The Office of Inspector General is now fully operational and is beginning its third year of existence. I benefit from the expertise of a solid team of professionals in various fields of practice which is a tremendous asset given the nature of the mandate as well as the scope of the jurisdiction entrusted to my position by the law.

I intend to continue the investigations and the activities of the Office with the same rigour which has driven me since my appointment. The position of Inspector General is an independent position and is guided by high standards. The Inspector General is designed to be the watchdog of the integrity of contracting processes and the carrying out of contracts in Montréal. The administrative investigations and verifications performed by my team are aimed at cleaning up the practices in place in order to improve the transparency of municipal activities and decisions. It is also aimed at ensuring the trust of the citizens regarding public municipal institutions in contractual matters.

The year 2016 is already shaping up to be an important year in terms of investments by the City, notably regarding the Capital Expenditures Program (Programme triennal d'immobilisation-PTI). Conscious of this reality, I will closely monitor on a continuous basis the contracting processes and the carrying out of contracts awarded under this program by the City. The processing of complaints, investigations, the punctual filing of public reports, and monitoring files will remain my priorities for 2016 as well.

In 2016, some bigger files will warrant special attention. As announced in the *Report on Snow Removal and its Practices in Montréal*, filed at the Montréal City Council on November 23, 2015, snow removal activities will be closely supervised to assure the contracting processes and the carrying out of contracts are performed pursuant to the established rules.

Also, because of the importance of these files and the costs they entail for the municipal Administration, overseeing contracts awarded in the field of information technology will be one of my priorities for the year 2016. My team and I will closely monitor the contracts awarded in the field in order to act before potentially problematic situations arise.

Finally, I would like to underline that 2016 will be marked by a symposium, organized by my Office in collaboration with the Association of Inspectors General (American Association). This symposium, entitled *The Added Value of an Inspector General*, will be held on September 22 and 23, 2016 at the Palais des Congrès in Montréal. This symposium will be an opportunity to discover the Office of Inspector General of Montréal, a unique administrative investigation model in Canada. The symposium will also help to understand the essential role of Inspectors General and the different functions they can play. At the present time, approximately twenty (20) lecturers, including several from the United States, have been invited to speak about subjects specific to the activities and the challenges offices of Inspectors General face.

Although the Annual Report of the Inspector General of Montréal for the year ended December 31, 2015 is presently available only in the French language, a translated English version of this report will be available in the following weeks.

Inspector General,

Denis Gallant, *Ad. E.*

ORIGINAL COPY SIGNED

TABLE OF CONTENTS



The Inspector General and Deputy Inspectors General	1
Creation of the Office of Inspector General	3
Mandate of the Inspector General	5
Powers of the Inspector General	6
Mission of the Inspector General	8
Statements of Principle	9
<i>An independent Inspector General</i>	<i>9</i>
<i>An office driven by high standards</i>	<i>10</i>
<i>An Inspector General who protects whistleblowers</i>	<i>10</i>
Complaint Hotline	11
<i>Handling complaints and information: a priority for the Inspector General</i>	<i>11</i>
<i>The City's ethics hotline</i>	<i>12</i>
<i>Statistics on complaints received</i>	<i>13</i>
Inspector General's Team	16
<i>Restructuring of the team</i>	<i>16</i>
<i>Consolidation of the team</i>	<i>18</i>
A priority announced for 2015	18
A multidisciplinary team	18
Delegated powers	19
<i>Training received</i>	<i>19</i>
<i>Employment equity</i>	<i>20</i>
News in 2015: Filing of the Report of the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry on November 24, 2015	21
<i>Conflicts of interest and relationships of proximity</i>	<i>21</i>
<i>Transparency</i>	<i>22</i>
<i>Control and monitoring bodies</i>	<i>22</i>
<i>Importance of whistleblowers and challenges</i>	<i>23</i>

<i>Other observations and useful recommendations</i>	23
<i>In what way does the Office of Inspector General answer the commissioners' preoccupations?</i>	24
2015 in Figures	25
Cases Investigated	26
<i>Case progression</i>	26
<i>Follow-up of a public report filed in 2014</i>	28
<i>Cases in 2015</i>	29
<i>Public reports filed in 2015 and follow-up</i>	31
➤ Report and recommendations regarding the Horizon 2017 Rehabilitation and Development project, Jean-Drapeau Park Society (SPJD)	32
➤ Cancellation of the contract for the rental of a hydraulic excavator awarded under call for tenders 14-13430	34
➤ Suspension of the contract for road surface levelling work, the laying of asphalt and the reconstruction of curbs and sidewalks (PCPR) in the Montréal-Nord and Anjou boroughs (call for tenders 320201)	35
➤ Notice of the Inspector General on the restoration of the arches and pagoda in the Chinese Quarter (call for tenders VMP-15-015)	36
➤ Report and recommendations on Snow Removal and its Practices in Montréal	36
<i>Cases having led to other interventions by the Inspector General</i>	41
<i>Observation stemming from all investigations: information made available to citizens and decision-making bodies</i>	49
<i>Discloser to the Anti-Corruption Commissioner</i>	51
<i>Ongoing monitoring of the Program for road surface levelling, the laying of asphalt and the reconstruction of curbs and sidewalks</i>	52
Visibility of the Office of Inspector General	53
<i>Importance of ensuring the visibility of the Office of Inspector General of Montréal</i>	53
<i>Presentations made by the Inspector General to organizations</i>	53
<i>Networking with American offices</i>	53
<i>Development of a collaboration network</i>	54
<i>Centraide / Red Cross campaign</i>	54
Priorities for 2016	55
<i>Respond to complaints and conduct investigations</i>	56
<i>File public reports as required</i>	56

<i>Ensuring Ongoing Monitoring</i>	56
<i>Snow removal operations</i>	57
<i>Information technology files</i>	58
<i>Ensure the Office of Inspector General's visibility</i>	58
English Translation of Public Reports	59
2016 Symposium	59
Budget and Accountability	60
APPENDIX 1 – Excerpts of Montréal's City Charter as amended by the <i>Act respecting the inspector general of Ville de Montréal</i>	62
APPENDIX 2 – Statistics for 2014 in accordance with the new data compilation methodology	69

THE INSPECTOR GENERAL AND DEPUTY INSPECTORS GENERAL



Appointed unanimously by the members of Montréal's City Council on February 24, 2014, the Inspector General, Mr. Denis Gallant, is assisted in his functions by three (3) deputy inspectors general who he himself appointed based on their qualifications, experience and professional accomplishments.

The following pages present the biographies of the Inspector General, Denis Gallant, Deputy Inspector General – Legal Affairs, Philippe Berthelet, Deputy Inspector General – Inspections and Investigations, Minh Tri Truong, and Deputy Inspector General – Expertise and Analysis, Pierre Egesborg.

Inspector General

Denis Gallant, Ad. E.



Mr. Gallant holds a law degree from the University of Sherbrooke and a master's degree in law from the University of Quebec in Montréal (UQAM). He has been a member of the Quebec Bar Association since 1990.

In office since February 2014 as the first Inspector General in Canada, his mandate is to oversee contracting processes and the carrying out of contracts by the city or a legal person related to the city. He also works to prevent integrity violations and promote compliance with legal provisions as well as the city's requirements regarding the awarding and performance of contracts.

Prior to his appointment as Inspector General of Montréal, he was deputy chief counsel of the Commission of inquiry into the granting and administration of government contracts in the construction industry (CEIC).

Mr. Gallant also served as a crown prosecutor for many years. Specialized in the criminal prosecution of narcotics-related offences and organized crime, he worked in an office of Québec's Justice Department dedicated to fighting organized crime (Bureau de lutte au crime organisé). In 2007, he joined the Public Prosecution Service of Canada, where he served as a federal prosecutor and a team leader. He began his career as a lawyer at Montréal's Legal Aid, where he practiced for several years, mostly in criminal law.

Mr. Gallant has appeared before all courts of criminal jurisdiction in Québec. As a prosecutor, he worked in several complex organized crime cases before jury and under appeal.

For several years, he taught criminal law, in particular, criminal evidence and procedure, in the Faculty of Political Science and Law at University of Quebec in Montréal (UQAM) as well as at the Québec Bar School. He also taught criminal law in the Faculty of Law of University of Sherbrooke and the Faculty of Permanent Education of University of Montréal. Finally, he is often invited to speak at conferences and study days.

In 2011, the Quebec Bar awarded him the distinction of *Advocatus Emeritus* (Lawyer Emeritus).

In 2015, the Association of Inspectors General bestowed on Mr. Gallant the title of Certified Inspector General (CIG).



Deputy Inspector General – Legal Affairs

Philippe Berthelet

Holder of a law degree from the University of Ottawa, Mr. Berthelet has been a member of the Quebec Bar since 1989.

Mr. Berthelet has vast experience in administrative law, public freedoms and human rights. During his 25-year career with the City's legal affairs department, he has represented the City in several large-scale cases before all general courts and most administrative courts of Québec.

Also a specialist in access to information rights, Mr. Berthelet was invited to give a conference in 2012 to mark the 30th anniversary of the coming into effect of the *Act respecting access to documents held by public bodies and the protection of personal information*.



Deputy Inspector General – Inspections and Investigations

Minh Tri Truong

A career policeman, Mr. Truong is a commanding officer with the Montréal's Police Department.

He began his career in 1993 as a patrolman and was an undercover agent for police agencies across Canada. At a very young age, he became a detective sergeant in the organized crime division and contributed significantly to several major criminal investigations regarding Asian organized crime and outlaw motorcycle gangs.

As a detective lieutenant, he successively supervised general investigative units, criminal intelligence units and security liaison units, and coordinated intelligence on terrorism with various partners. In 2011, acting as a peace-keeping police officer in Haiti, and under the authority of the United Nations, he participated in the training of the Haitian police as well as the coordination of the various reconstruction teams.

Upon his return from Haiti, he joined the Commission of Inquiry into the Awarding and Management of Government Contracts in the Construction Industry (CEIC) as an investigator. He made important contributions to detecting corruption in Montréal as well as the existence of collusion among engineering firms and construction companies.

In 2014, he joined Denis Gallant's team and took part in the establishment of the first Office of Inspector General in Canada.



Deputy Inspector General – Expertise and Analysis

Pierre Egesborg

Mr. Egesborg holds a bachelor's degree in Civil Engineering from McGill University and is a member of Quebec's Order of Engineers

Mr. Egesborg has worked for the City for over 20 years. He has served as head of the engineering division and interim director of public works for the borough of Saint-Léonard.

His most recent position was division head – contract management and technical analyses at the Office of Comptroller General of Montréal.

Through this experience, he acquired extensive knowledge of various activities in municipal engineering and in contract procurement, management and analysis.

CREATION OF THE OFFICE OF INSPECTOR GENERAL



Montréal is a major client. It possesses substantial budgets to carry out its work. In 2015, the City awarded several thousands of contracts collectively valued at close to two billion dollars (\$2,000,000,000).

Figures obtained by consulting "Vue sur les contrats," a viewing tool developed by the city and available for consultation at the following address: <http://ville.montreal.qc.ca/vuesurlescontrats/>

The concept of an inspector general is an American concept. There are more than 254 offices of inspectors general in the United States at the federal, state and local levels.

Accountability is key to maintaining public trust in our democracy. **Inspectors general at all levels of government are entrusted with fostering and promoting accountability and integrity in government.** While the scope of this oversight varies among Offices of Inspectors General (OIGs), the level of public trust, and hence public expectation, embodied in these offices remains exceptionally high. **The public expects OIGs to hold government officials accountable for efficient, cost-effective government operations and to prevent, detect, identify, expose and eliminate fraud, waste, corruption, illegal acts and abuse.** This public expectation is best served by inspectors general when they follow the basic principles of integrity, objectivity, independence, confidentiality, professionalism, competence, courage, trust, honesty, fairness, forthrightness, public accountability and respect for others and themselves. **Inspectors general are granted substantial powers to perform their duties. In exercising these powers, inspectors general regard their offices as a public trust, and their prime duty as serving the public interest.***

* The function of Inspector General as defined by the ASSOCIATION OF INSPECTORS GENERAL in *Principles and Standards for Offices of Inspector General*, p. 3
http://inspectorsgeneral.org/files/2012/06/IGStandards_revised_july2012.pdf

The revelations made by the witnesses who appeared before the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry (CEIC) during the fall of 2012 and the winter of 2013 exposed the existence within the City of a sophisticated system of collusion involving the sharing of municipal contracts, the corruption of city employees and the funding of political parties at the municipal level. The testimonies heard also lifted the veil on significant deficiencies with respect to ethics and integrity.

Because of these media scandals, Denis Coderre made the promise during his municipal electoral campaign to create the position of Inspector General in Montréal, modelled after similar offices in existence in the United States, within the first one hundred (100) days of his mandate, if elected.

Denis Coderre was elected mayor on November 3, 2013, and proposed to the Québec National Assembly amendments to Montréal's City Charter to create the position of Inspector General, the first of its kind in Canada, along with the necessary powers and responsibilities.

On June 13, 2014, the *Act respecting the inspector general of Ville de Montréal* was adopted and Montréal's City Charter was amended accordingly.

In the United States, most of the offices of inspectors general are members of the Association of Inspectors General (AIG). Since June 9, 2014, the Office of Inspector General of Montréal is a member of this American association founded in 1996.

What is the role of the AIG?



The AIG fosters and promotes public accountability and integrity in the general areas of the prevention, examination, investigation, audit, detection, elimination and prosecution of fraud, waste and abuse through policy research and analysis, standardization of practices, policies and ethics, encouragement of professional development by providing and sponsoring educational programs, and the establishment of professional qualifications, certification, and licensing.

ASSOCIATION OF INSPECTORS GENERAL, *Principles and Standards for Offices of Inspector General*, p. 1, http://inspectorsgeneral.org/files/2012/06/IGStandards_revised_july2012.pdf

In 2015, the title of Certified Inspector General (CIG) was bestowed on Inspector General Denis Gallant after he completed the AIG's 40-hour certification program.

He also attended, along with the Deputy Inspector General – Legal Affairs, Philippe Berthelet, an AIG professional certification course spanning more than 20 hours in Detroit, Michigan (2015 National Training Event).



MANDATE OF THE INSPECTOR GENERAL



1. Oversee

the awarding and performance of contracts by the city or any related legal person.



2. Recommend

to the council any measure aimed at preventing a breach of integrity in the making of contracts by the city or the carrying out of such contracts.



3. Recommend

to the council any measure designed to foster compliance with the applicable legal provisions and the city's requirements regarding contracting or contract performance.



4. Verify

within the City, the implementation of such measures adopted by any council.



5. Train

council members as well as the officers and employees to recognize and prevent any breach of integrity or of the applicable rules in the making of contracts by the City or the carrying out of such contracts.

Jurisdiction of the Inspector General

The Inspector General has jurisdiction over more than 18 agencies*, including the City. This jurisdiction may be summarized as follows:

Over \$6,000,000,000

Annual budget

More than 50,000

Suppliers

More than 38,000

Employees

More than 18

Agencies, including the City

1

Inspector General

* Including namely: Montréal's Subway and Bus Service (STM), Montréal's Taxi Bureau (Bureau du taxi), Montréal's Public Consultation Office (Office de consultation publique de Montréal), Montréal's Housing and Development Society (Société d'habitation et de développement de Montréal), Jean-Drapeau Park Society (Société du parc Jean-Drapeau) and Montréal's Technoparc.

POWERS OF THE INSPECTOR GENERAL

A cautionary note regarding the nature of the investigations conducted by the Inspector General

The Inspector General does not conduct criminal investigations. He conducts administrative investigations. Consequently, throughout this annual report, each time the term “investigation” is used, it refers to an administrative investigation and must not, in any case, be interpreted as referring to a criminal investigation.

To enable the Inspector General to effectively carry out his duties and fulfil his mandate, the legislator granted him the following powers under sections 57.1.9, 57.1.10 and 57.1.23 of Montréal’s City Charter:



Power to require information and documents

The Inspector General is entitled to examine any book, register or record, or obtain any information relevant to his mandate.



Power of inspection

The Inspector General may, at any reasonable hour, enter a building to conduct the examination of any book, register or record.

The Inspector General may also use any computer or material or any other thing found on the premises visited to access data relevant to his mandate and contained in an electronic device, computer system or other medium or to inspect, examine, process, copy or print out such data.

Waiver of solicitor-client privilege by the City and 18 boroughs

At the beginning of 2015, to be able to conduct his investigations more effectively, the Inspector General asked all of the City’s decision-making bodies to release the City’s attorneys and notaries as well as any person hired as such under a professional service contract of their professional secrecy in any matter entrusted to the Inspector General and for matters under their own jurisdiction.

Montréal’s Executive Committee and 18 boroughs thus waived their attorneys’ and notaries’ solicitor-client privilege by duly adopting resolutions to this effect.

The L’Île-Bizard–Sainte-Geneviève borough is the only body that did not provide the Inspector General with such a release of professional secrecy.



Power to cancel, rescind and suspend

The Inspector General may cancel any contracting process involving a contract of the City or any related legal person, or rescind or suspend the carrying out of such a contract if the following two conditions are met:

- if the Inspector General finds that any of the requirements specified in a document of the call for tenders or a contract has not been met or that the information provided in the contracting process is false; and
- if the Inspector General is of the opinion that the seriousness of the breach observed justifies the cancellation, rescinding or suspension.



Power of recommendation

The Inspector General may, at any time, send the council or any decision-making body of the city any report presenting findings or recommendations that, in his opinion, warrant being brought to its attention.

MISSION OF THE INSPECTOR GENERAL



The three values that are deemed to be core to the mission of the Office of Inspector General of Montréal have been incorporated into the OIG's official logo.



TRUST

The Office of Inspector General of Montréal oversees the awarding and carrying out of contracts and works to clean up practices to enable citizens to have **trust** in their municipal public institutions in contractual matters.

INTEGRITY

The mandate given to the Inspector General is aimed at ensuring the **integrity** of contract awarding and performance processes.

TRANSPARENCY

The main purpose of the investigations conducted by the Office of Inspector General is to improve the **transparency** of municipal activities and decisions by shedding light on certain problems and proposing recommendations or other courses of action, as necessary.

STATEMENTS OF PRINCIPLE



An independent Inspector General

Independence is a fundamental and necessary concept for occupying the role of inspector general.

Independence, in appearance and in fact, must be ensured through protection, autonomy and freedom of action.

Several guarantees of independence are provided to the Inspector General of Montréal namely under sections 57.1.1, 57.1.3, 57.1.4, 57.1.7 and 57.1.21 of Montréal's City Charter:

Without independence, how can one be sure that the Inspector General's reports, opinions and recommendations are objective, impartial and free from conflict of interest?

Enshrined in the law

The Inspector General cannot be removed based on the political will of the municipal administration holding office.

Non-partisan nomination

- Nomination protected for a five-year term.
- Non-renewable mandate.
- To nominate, destitute or suspend the Inspector General, a two-thirds majority vote of city council is required.
- Nomination free from any conflict of interest.

Hierarchical autonomy

- Neither the mayor nor the city manager has authority over the Inspector General.
- The Inspector General reports directly to the Montréal City Council; however, there is no relationship of subordination between Montréal's City Council and the Inspector General*.

* *Pothier c. Notre-Dame-de-la-Merci (Municipality)*, 1998 CanLII 12656 (QC CA)

Independent budget

- The Inspector General's budget is set by law.
- It represents a fixed percentage (0.11%) of the City's operating budget.
- The OIG cannot be subjected to budget cuts that may affect its activities and operations.

The Inspector General carries out his work in a fully independent manner. Nothing and no one can influence his investigations, reports, opinions and recommendations.

An office driven by high standards

- The Office of Inspector General handles all complaints it receives in a **confidential, objective and impartial** manner.
- The Inspector General is committed to producing **reports of exceptional quality that are objective, accurate, and timely** and that are presented in such a way as to enable the persons and organizations over which it has jurisdiction to take action on the basis of the information they contain.
- The Inspector General sets as burden of proof in his public reports the standard of a preponderance of evidence. This is used by civil courts and has a reasonable degree of probability (section 2804 of the *Civil Code of Québec*).

An inspector general who protects whistleblowers

- It is thanks to the courage of people who report or expose situations that the Office of Inspector General can conduct investigations.
- The Inspector General **has the duty and obligation** to take all necessary measures to protect the anonymity of any person who provides information or exposes a situation (section 57.1.13 of the *Montréal City Charter*).
- In his public reports, the Inspector General protects the anonymity of the persons who provided him with information and enabled him to further his investigation.
- Anyone who communicates, reports or exposes a situation to the Inspector General is protected. It is forbidden by law to take reprisal against or threaten a whistleblower, and stiff fines apply in cases of violation.

Are considered as actions of reprisal:

- Demotion;
- Suspension;
- Termination of employment;
- Transfer;
- Any disciplinary or other measure that adversely affects the employment or working conditions.

s. 57.1.15 of
Montréal's
City
Charter

A person who contravenes these rules is liable to the following fines:

- \$2,000 to \$20,000 in the case of a natural person;
- \$10,000 to \$250,000 in other cases;
- For any subsequent offence, the amounts are doubled.

COMPLAINT HOTLINE



HANDLING COMPLAINTS: A PRIORITY FOR THE INSPECTOR GENERAL

Since his nomination, the Inspector General has received a great number of complaints. **In total, 604 complaints have been received, including 296 in 2015.**

The complaint hotline is a key factor in the success of offices of inspectors general.

Anyone—including citizens, city employees or related legal persons, city suppliers or even elected officials—can contact the Inspector General to provide him with any information they deem relevant to the Inspector General's mission as determined by law.

A telephone hotline was introduced soon after the creation of the Office of Inspector General of Montréal and the appointment of Denis Gallant as Inspector General.

The results are telling. Among all the complaints received, approximately 50% came from the hotline. Since it was introduced, 304 complaints have been received through this means of communication, including 131 in 2015.

The website of the Office of Inspector General, launched on December 4, 2014, is also a popular communication tool among citizens, elected officials, city employees, suppliers and the media. It is intended as a single window for several types of complaints or information.

Anyone who provides information to the Inspector General may do so despite:

- the *Act respecting access to documents held by public bodies and the protection of personal information*;
- the *Act respecting the protection of personal information in the private sector*;
- any other communication restriction provided under other Québec laws; and
- any binding obligation of loyalty or confidentiality, namely with respect to an employer or client.

With the exception, however, of information protected by professional secrecy between attorneys or notaries and their clients, information on a person's health and information listed under section 57.1.13 of Montréal's City Charter.

Responding to complaints has always been and will always remain a priority for the Inspector General.

The Inspector General may be reached in several ways:

-  By phone: 514-280-2800
-  By online form: www.bigmtl.ca
-  By email: BIG@bigmtl.ca
-  By facsimile: 514-280-2877
-  By mail or in person: 1550 Metcalfe Street, 12th Floor, Suite 1200, Montréal, Québec H3A 1X6

CITY ETHICS HOTLINE

It should be reminded that in June 2014, the municipal administration entrusted the Office of Inspector General of Montréal with the oversight and management of the city's ethics hotline. This hotline had been under the responsibility of the comptroller general, and the municipal administration wanted to transfer the ethics hotline to an independent body reporting to Montréal's City Council. An additional budget of \$247,700 per year was also granted to the Office of Inspector General.

With a view to reducing confusion by providing people with a single gateway, the city's ethics hotline was merged and incorporated into the OIG's complaint hotline.

In its 2014 annual report, the Office of Inspector General announced that it would not be renewing the contract with an external firm that managed the ethics hotline for an annual cost of approximately \$55,000 once the contract expired in June 2015.

The Office of the Inspector General also set as a priority for 2015 to finalize the integration of the complaint hotline following the end of the contract with ClearView Connects, the external firm based in Toronto.

In 2015, the contract with the external firm was not renewed. The ethics hotline is henceforth fully overseen by the Office of Inspector General through the work of research officers who have been trained to ensure optimal and confidential handling of complaints. Norms and standards for the collection, handling and analysis of information as well as to ensure the protection and confidentiality of whistleblowers were also implemented.

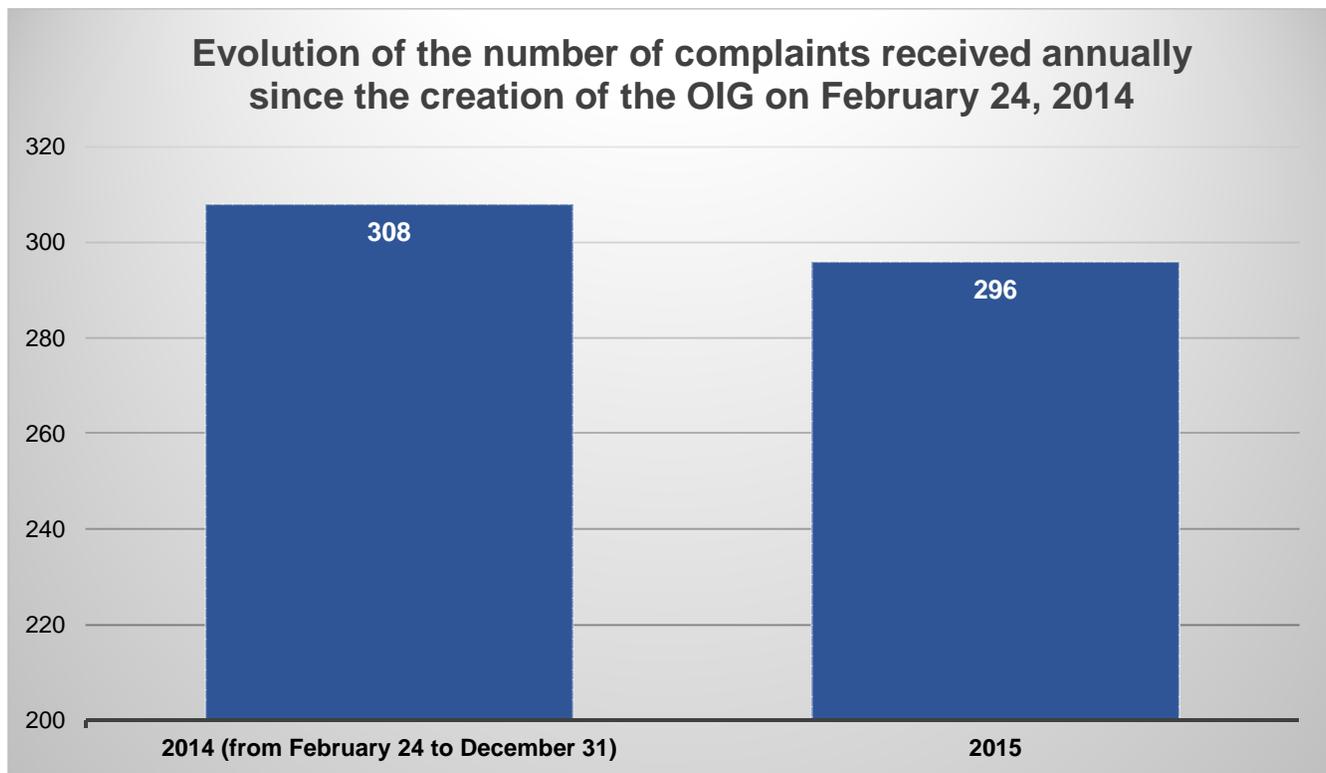
STATISTICS ON COMPLAINTS RECEIVED

The way in which the Office of Inspector General compiles statistics on the complaints received was modified in 2015.

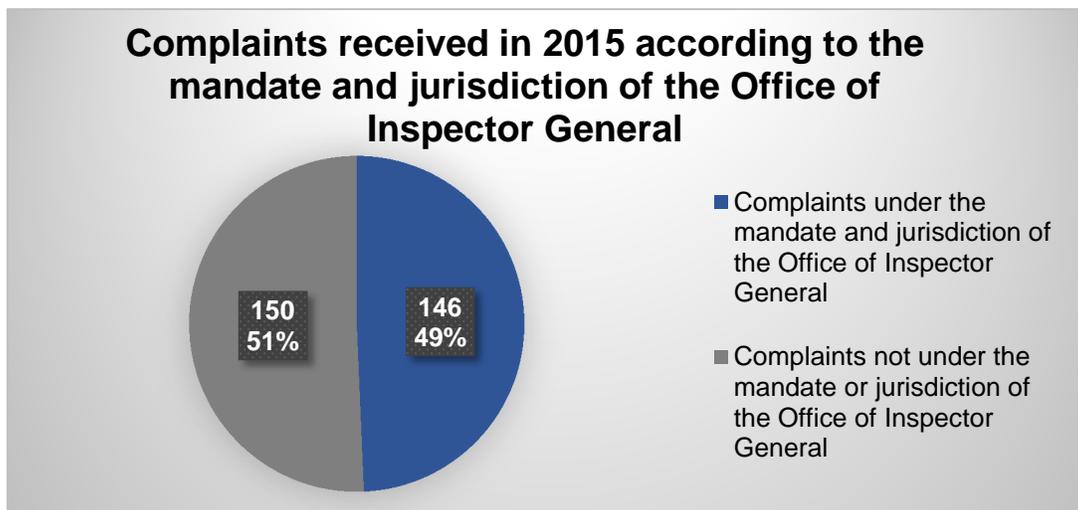
Consequently, the 2014 annual report presents figures that cannot be compared to those of future years. Appendix 2 of this report (p. 69–71) therefore presents new statistics for 2014 compiled in accordance with the OIG's new methodology to enable year-on-year comparisons.

From January 1 to December 31, 2015, **the Office of Inspector General received 296 complaints**, i.e., an equivalent number to what it received during its ten first months of operation in 2014.

The following graph illustrates the evolution of the number of complaints received annually since the OIG was created:



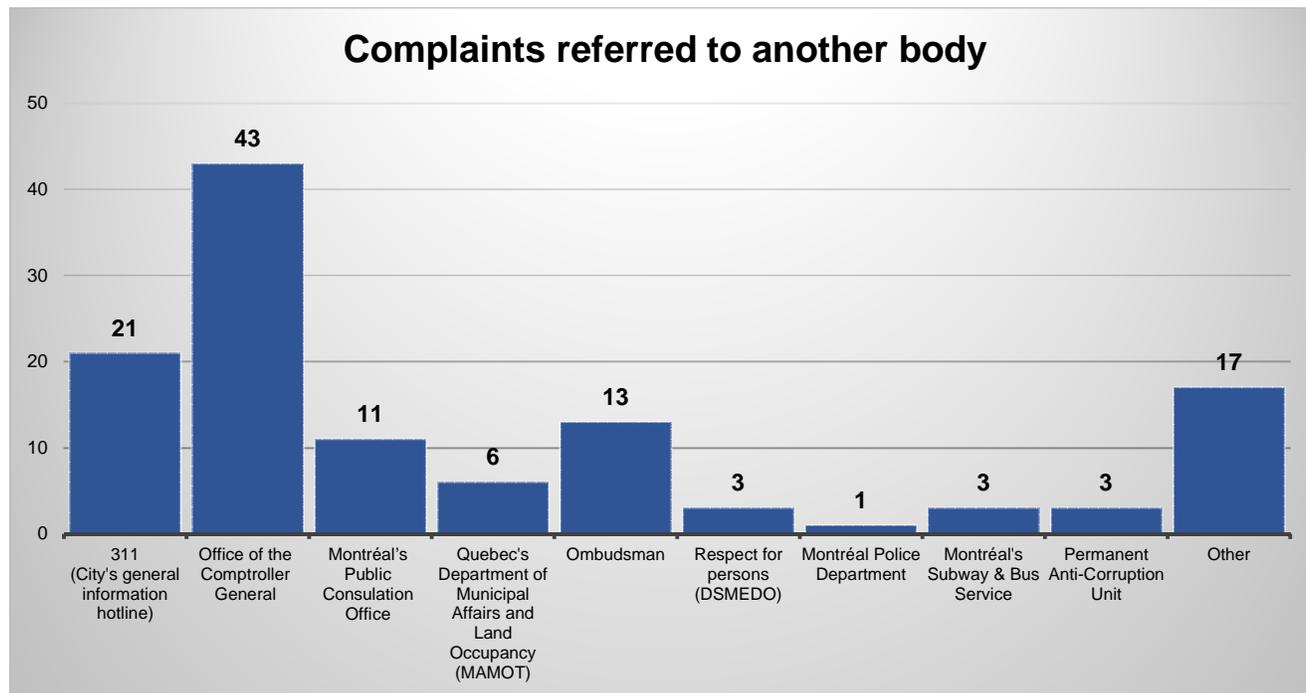
Since it manages the complaints hotline on its own, the Office of Inspector General of Montréal receives several complaints that do not fall under its mandate or jurisdiction. In this respect, it should be reminded that the Inspector General's mandate is to oversee contracting processes and the carrying out of contracts by the City or a related legal person.



When a complaint does not fall under the mandate or jurisdiction of the Inspector General, it is sent, with the complainant's consent, to the appropriate body or the complainant is invited to contact the appropriate department or organization directly.

In 2015, 121 complaints received by the Office of Inspector General were referred to another body.

The following graph illustrates the breakdown of complaints referred to other bodies.

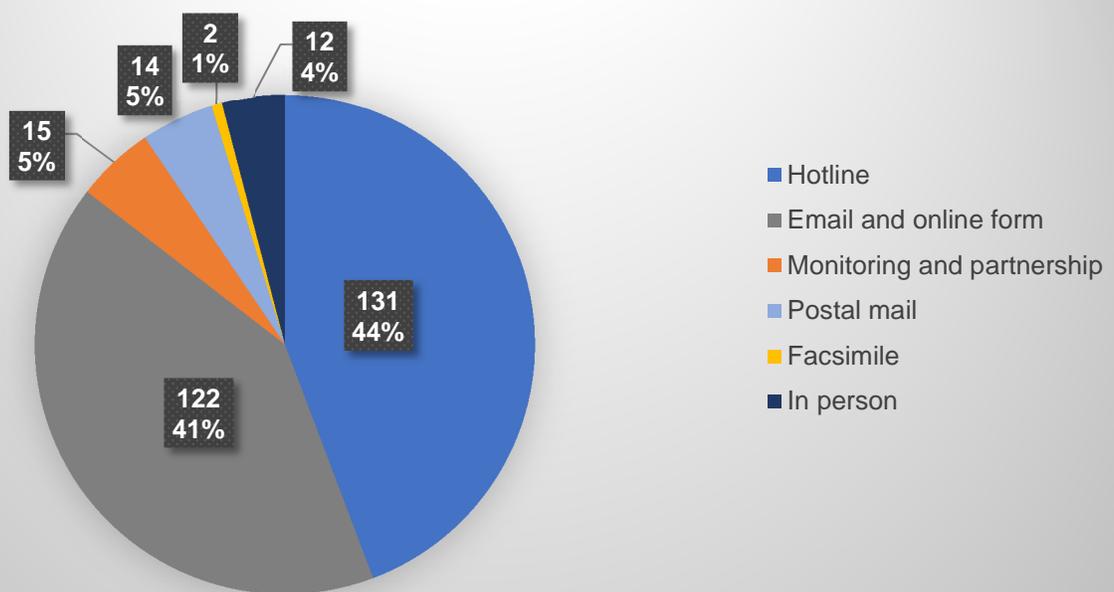


More detailed statistics on all complaints received in 2015, whether or not they fell under the mandate or jurisdiction of the OIG, are presented in the following graphs and tables:

Complaints by type	
Irregularity in the contract awarding or performance process	41.2%
Breach of ethics or conflict of interest	11.5%
Mismanagement or violation of the applicable rules	11.2%
Irregularity in a staffing process or other human resources case	7.4%
Collusion, corruption, bribery or extortion	6.4%
Fraud, theft or misuse of property	5.1%
Zoning issue, irregularity in real estate management or the granting of permits	4.4%
Other miscellaneous cases	12.8%
Total	100%

Complaints by type	
Citizen	40.2%
Supplier, subcontractor or bidder	24.0%
Current or former employee	22.3%
Anonymous or unknown	5.4%
Monitoring	3.7%
Elected official or cabinet member of an elected official, former elected official or former cabinet member of an elected official	2.4%
Partner	0.7%
Other	1.3%
Total	100%

Complaints received by the OIG by point of contact



INSPECTOR GENERAL'S TEAM



RESTRUCTURING OF THE TEAM

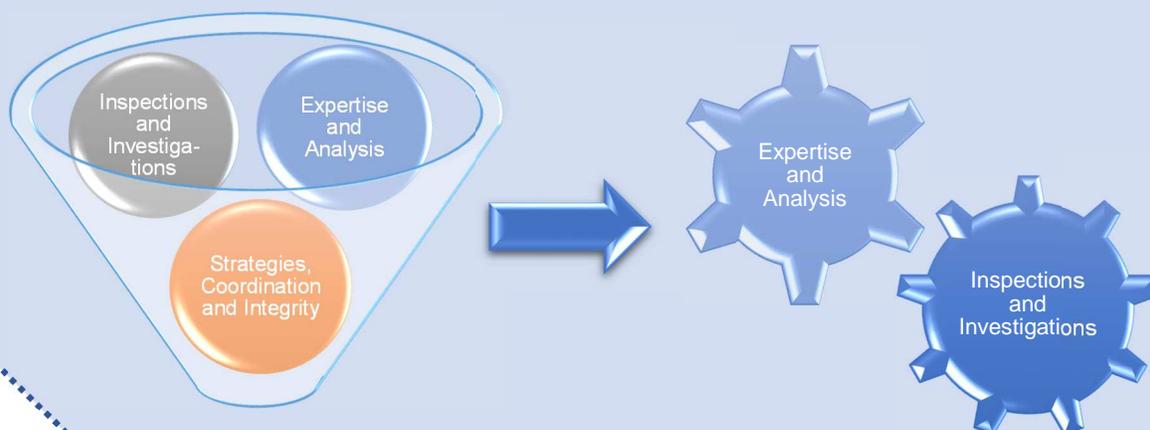
When it was created in 2014, the Office of Inspector General was structured into three (3) teams: Inspections and Investigations, Expertise and Analysis, and Strategy, Coordination and Integrity.

Around November 2015, the Inspector General of Montréal restructured his teams to increase the efficiency of his office.

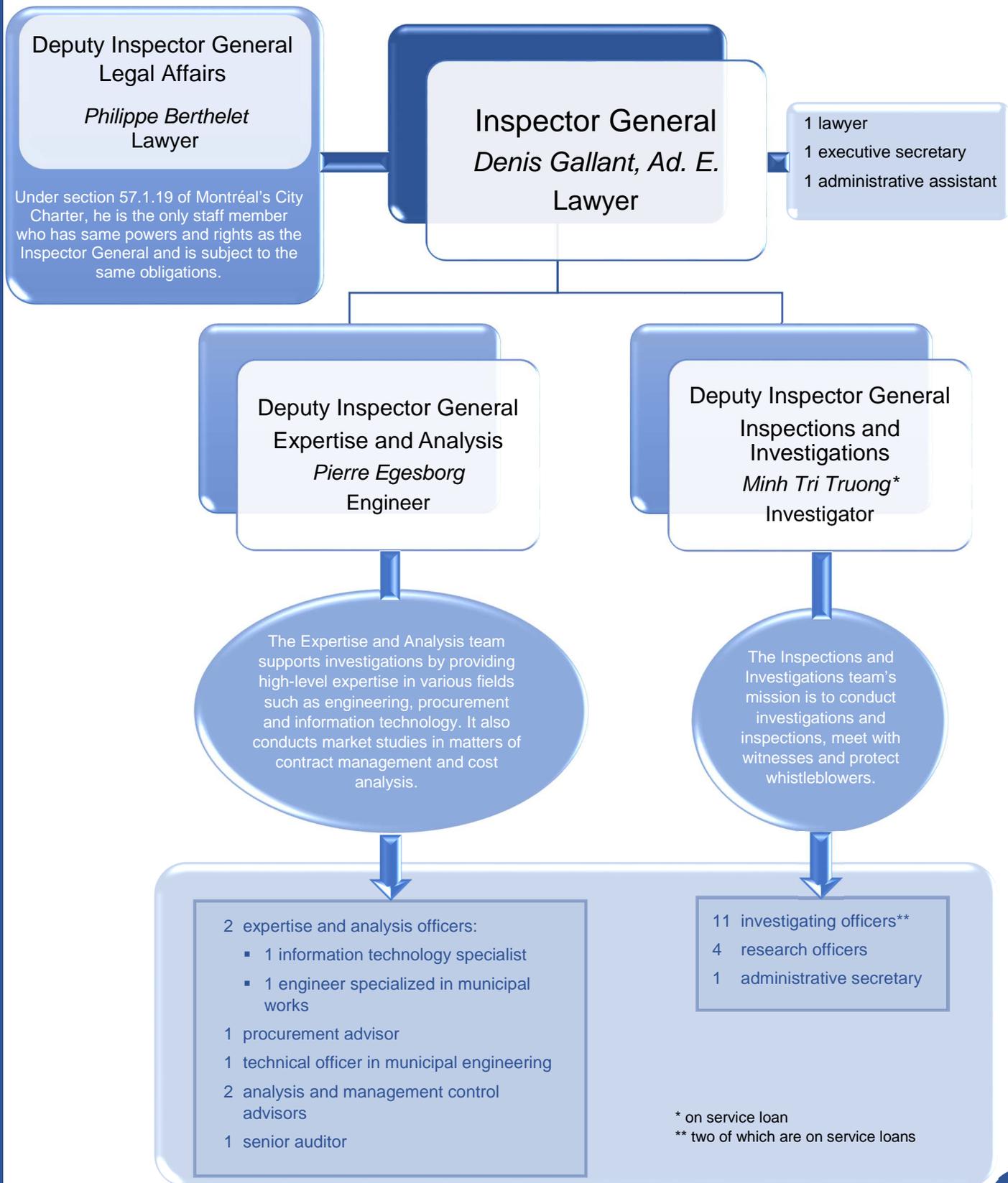
Since then, the Strategy, Coordination and Integrity team no longer exists. This team handled the development of the OIG's strategy, provided administrative coordination, managed the complaints hotline as well as the integrity training plan and supported investigations with regard to ethics and forensic accounting.

The OIG's needs evolved in such a way that it was no longer necessary to maintain a separate team for this purpose. Seeing as some of this team's core activities remain vital to the smooth running of the OIG, the team's staff was reassigned to the other two teams. However, the position of Deputy Inspector General – Strategy, Coordination and Integrity was abolished.

Thus, the Office of Inspector General of Montréal now has a dual-headed structure in which the two teams—Inspections and Investigations and Expertise and Analysis—work jointly to carry out investigations with efficiency, integrity and professionalism.



The following flow chart illustrates the organization's structure as of December 31, 2015, as well as the roles of the two teams:



CONSOLIDATION OF THE TEAM

A PRIORITY
ANNOUNCED
FOR 2015

In his annual report for the first year of existence of the OIG (2014), the Inspector General stated that he intended to continue hiring staff members to have a complete team in place by the summer of 2015.

At the time the 2014 annual report was filed, the team was comprised of 25 employees.

Today, the Inspector General's team is complete and fully operational.

As of December 31, 2015, the OIG's team counted thirty (30) members, including the Inspector General, and an engineer was to join the Expertise and Analysis team in January 2016, for a total of 31 employees. Among these, three members of the Inspections and Investigations team, including the Deputy Inspector General – Inspections and Investigations, are on service loans from the SPVM (Montréal's Police Department).

It should be noted that every employee is subjected to the necessary security and background verifications in order to ensure the highest levels of integrity and reliability within the Office of Inspector General.

A
MULTIDISCI-
PLINARY
TEAM

The Office of Inspector General of Montréal is a multidisciplinary office.

The chart illustrating the OIG's structure clearly reflects this characteristic.

The OIG thus benefits from the varied expertise of professionals from a host of fields, a considerable asset considering the mandate entrusted by the legislator to the Inspector General.

The following fields of expertise are represented within the OIG:

- Legal
- Auditing
- Information technology
- Investigative methods and procedures
- Procurement
- Analysis and research
- Accounting
- Engineering
- Municipal works



DELEGATED POWERS

All members of the Inspections and Investigations and Expertise and Analysis teams benefit from a delegation of powers by the Inspector General pursuant to section 57.1.19 of Montréal's City Charter. Accordingly, these team members can meet with or contact city employees, elected officials, members of selection or administrative committees, bidders as well as anyone who is bound by contract to the city and its related agencies.

With respect to exercising the power to require information or documents and the power of inspection, these team members are authorized on an ad hoc basis and in writing by the Inspector General or the Deputy Inspector General – Legal Affairs to:

- require the production of a document or information;
- access premises or a building;
- access data contained in a computer; and
- order any person on the premises to provide reasonable assistance.

This delegation does not, however, confer the power to cancel a call for tenders, terminate a contract or suspend the performance of a contract. Only the Deputy Inspector General – Legal Affairs possesses such power under section 57.1.19 of Montréal's City Charter.

TRAINING RECEIVED

To keep their knowledge up to date and maintain the highest levels of professionalism, expertise and competency, the staff members of the Office of Inspector General completed several training courses of various durations related to the Inspector General's mandate under law.

The team received training mainly in the following fields:

- Awarding of municipal contracts;
- Rules governing administrative investigations;
- Collusive strategies (cartels and bid rigging);
- Integrity and transparency;
- Internal auditing;
- Proceeds of crime;
- Handling complaints;
- Document management.

Furthermore, in November 2015, all members of the Inspections and Investigations and Expertise and Analysis teams received an 80-hour training course on investigation and interview techniques.

This course was dispensed by Québec's National School for Police Officers (École nationale de police du Québec – ÉNPQ) and enabled the team members to perfect their techniques through classroom instruction and practical simulations.

Following this course, the Inspector General, Denis Gallant, presented the ÉNPQ with a plaque of gratitude to recognize its collaboration, assistance and contribution to the development of the first office of inspector general in Canada.



Photo taken during the presentation of the plaque of gratitude to the ÉNPQ on November 26, 2015.

From left to right: Yves Guay, executive director of the ÉNPQ, Lison Chabot, director of customized activities and training at the ÉNPQ, and the Inspector General, Denis Gallant.

EMPLOYMENT EQUITY

The following table illustrates the breakdown of the staff of the Office of Inspector General as of December 31, 2015, according to the groups listed in the *Act respecting equal access to employment in public bodies*.

Category	Number	Percentage (%)
Men	17	57%
Women	13	43%
Total	30	100%
Aboriginal people*	0	0%
Visible and ethnic minorities*	5	17%
Disabled persons*	0	0%

*These groups include both men and women

NEWS IN 2015



FILING OF THE REPORT OF THE COMMISSION OF INQUIRY ON THE CONSTRUCTION INDUSTRY ON NOVEMBER 24, 2015

In 2015, the Commission of inquiry into the granting and administration of government contracts in the construction industry (the Commission) filed its final report.

In this report, the commissioners expose their concerns with respect to various issues that affect the daily work and mission of the Inspector General of Montréal.

It should be reminded that the role of Inspector General of Montréal was created in reaction to revelations made by several witnesses during the Commission's public hearings.

This is why it seems essential to discuss some of the commissioners' findings and related recommendations, seeing as they depict the context in which the Office of Inspector General operates. Also, as will be discussed, through his actions and procedures, the Inspector General is already working to clean up the City's contractual practices and therefore addresses, to a certain extent, some of the issues raised in the Commission's final report.

Conflicts of interest and relationships of proximity

(Commission's final report, Tome 3, p. 36–37)

- [TRANSLATION] "Public institutions that ignore the risks associated with conflicts of interest or that do nothing about them create conditions that are favourable to corruption."
- [TRANSLATION] "The field of public contracts is particularly prone to the emergence of conflicts of interest, whether they be apparent or real."
- The performance of public contracts requires close collaboration between public and private players. This favours the development of relationships of proximity that may, over time, lead to conflicts of interest and make the contract awarding and performance process vulnerable to corruption.
- According to the commissioners, certain cases of corruption brought to light during the public hearings can be explained in part by weaknesses in the management of conflicts of interest.
- [TRANSLATION] "Public institutions tolerated or supported the development and maintenance of relationships of proximity between their members and private players, namely by allowing private companies to offer benefits or gifts to public officials. Such relationships of proximity can be legitimately maintained between private players who do business together. However, public officials manage public money: by allowing such relationships of proximity to develop in the public sector, these institutions contributed to placing city employees in a situation of conflict of interest, which, in some cases, led to corruption."
- Among other conclusions, the commissioners find that these relationships of proximity were a determining factor in the emergence and persistence of Montréal's system of corruption and collusion.

Transparency

(Commission's final report, Tome 3, p. 39, 86 and 172)

- Transparency is considered one of the key principles to be followed to strengthen integrity in public procurement and fight against collusion and corruption.
- [TRANSLATION] "Transparency in contract management is a necessary condition to allow Quebecers to monitor and control their elected officials and institutions."
- [TRANSLATION] "Transparency is central to any democratic society, namely because elected officials are held accountable for their actions before the public."
- This is a fundamental condition for upholding democracy seeing as too much control over information could lead to dissimulation, manipulation and use of public powers for inappropriate purposes.
- [TRANSLATION] "Transparency supposes access to information on the public contract awarding and management processes in the construction industry. However, it also supposes that the available information will be clear and useful for citizens seeking to determine if their public officials' actions are legitimate."
- [TRANSLATION] "At the municipal level, transparency remains very uneven, making it impossible for citizens to understand the public procurement system."
- According to the commissioners, the lack of transparency facilitated the emergence and maintenance of the schemes that were later uncovered.

Control and monitoring bodies

(Commission's final report, Tome 3, p. 49–50, 59–60)

- The absence of adequate controls is one of the factors that caused the emergence and maintenance of collusion and corruption.
- The commissioners agree with the observation made by an expert to the effect that the system in Québec [TRANSLATION] "failed in its task to detect and repress bid rigging and also proved itself [...] very inefficient in preventing these illegal activities upstream."
- More specifically, the commissioners point out that in Montréal, during the period covered by their inquiry, the Auditor General was the only city official who exercised independent control over the City's activities. However, detecting corruption, collusion and fraud was not included in the Auditor General's mandate.
- The actions taken by the monitoring and control bodies were inefficient and created a climate of impunity.
- The commissioners note [TRANSLATION] "the substantial weakness of the results produced by the bodies in terms of protecting the integrity of public contracts, excluding undesirable actors from the market, ensuring compliance with the laws that govern the construction industry and prosecuting offenders."
- Insufficient resources, the inadequate recruiting and training of employees, poor governance, insufficient detection tools, the under-utilization of investigatory powers and a certain institutional laxity are some of the factors raised by the commissioners to explain the weakness of the actions taken by these bodies.
- The commissioners lament the fact that certain institutions do not have the power to launch investigations on their own initiative and must receive an official complaint to exercise their control and monitoring role. The commissioners add that institutions do not always protect whistleblowers' anonymity or confidentiality.
- The commissioners note that roles are fragmented among the various control and monitoring bodies that operate independently, without adequate communication and coordination mechanisms in place.
- Before 2010, there was one shortcoming: no organization was in place to oversee the ethical conduct of elected officials.

Importance of whistleblowing and obstacles

(Commission's final report, Tome 3, p. 44–46 and 87)

- The commissioners recognize the fundamental role played by whistleblowers.
- Without whistleblowers' alerts, it is difficult to detect acts of collusion and corruption, which are, by their very nature, committed secretly.
- The commissioners point out that members of an organization are often in the best position to become whistleblowers and provide control and monitoring bodies with the information they need to open an investigation.
- However, whistleblowers face several difficulties: they risk facing reprisal and being negatively perceived by their peers, and whistleblowing is not highly valued by organizations.
- More specifically, the commissioners noted that within the City, the culture [TRANSLATION] "encouraged the fear of reprisal, the fear of being 'shelved' and respect for the chain of command" and discouraged whistleblowers.
- International experience and foreign literature confirm that when whistleblowers are not adequately protected, they are often victims of reprisal in the form of job loss, lack of advancement, demotion, harassment, threats and legal action.
- In Québec, before the *Anti-Corruption Act* was adopted in 2011, there was no simple process in place to report acts of corruption or collusion to be denounced to a credible and well-identified body. Several bodies received and handled the same reports, but no formal system existed to enable these bodies to share information between one another.
- The commissioners conclude that whistleblowers need to be better supported and protected and that citizens must be encouraged to exercise their monitoring role in the fight against corruption and collusion.

Other observations and useful recommendations

(Commission's final report, Tome 3)

- [TRANSLATION] "The economic costs of collusion are difficult to calculate, but they are real. In public procurement, the use of competitive procedures among engineering firms, contractors and suppliers through the issuance of calls for tenders enables the government to purchase goods and services at the best possible price." (p. 74)
- Schemes of collusion and corruption could shake citizens' trust in their public institutions. (p. 80)
- To be effective, a regulatory system must use multiple approaches, ranging from persuasion to coercion. It is important to have access to various intervention tools: awareness-raising and education measures, warnings, fines, criminal prosecution, etc. (p. 84)
- An approach based solely on repressive measures cannot eliminate collusion or corruption. Monitoring is important, namely to prevent the emergence of new avenues for circumvention. This involves implementing measures for action to be taken upstream to prevent problems from arising in the first place. (p. 85)
- Structural reforms that will have an impact on practices should be favoured over individually oriented solutions. (p. 85)
- It is important to build on and support actors' integrity as well as the ethics of elected officials and city employees in the awarding and management of public contracts. This involves fostering the acquisition of knowledge and encouraging reflection on the behaviour expected of the officers who exercise public powers. (p. 87)

IN WHAT WAY DOES THE OFFICE OF INSPECTOR GENERAL ADDRESS THE COMMISSIONERS' PREOCCUPATIONS?

The Inspector General of Montréal is the only office of its kind in Québec. It is an **independent** control and monitoring body whose mandate is **primarily to detect and prevent collusion, corruption, fraud and other fraudulent tactics** employed during the City's public contract awarding and management process.

The Inspector General's **powers are extensive** and aligned with his mandate. The legislator has provided the Inspector General with **various means of intervention**, ranging from raising awareness and educating elected officials and city employees to more coercive means, including the power to cancel calls for tenders, to terminate contracts and to suspend the performance of contracts. These various intervention tools enable him both to **address** problematic situations **upstream** and to intervene in the contract awarding and management process when major irregularities are observed.

The various achievements of the Office of Inspector General since its creation in 2014 are testimony to its **active presence** and its **use of the powers granted to it by law**.

The Office of Inspector General **does not work alone**. It collaborates with various control and monitoring bodies whose powers complement its own.

The Inspector General **may launch an investigation on his own initiative** or in response to information received. The law establishing his powers and responsibilities protects the **anonymity of whistleblowers**. They are also **protected against attempts or threats of reprisal**, and offenders are subject to fines. The law specifically sets out that any measure that adversely affects a person's employment or working conditions is presumed to be a measure of reprisal. Also, the OIG's hotline, introduced from the very beginning, attests to the value placed on the fundamental role of whistleblowers and **encourages citizens to exercise their monitoring role**.

The Inspector General conducts **investigations aimed at improving the transparency and integrity** of the City's contract management procedures, **monitors the awarding and management of contracts** and thus works to **clean up practices** to ensure that citizens have confidence in their municipal institutions when it comes to contractual matters.

By filing public reports, the Inspector General **favours recommendations that impact customs and practices** rather than individually oriented solutions. These reports also play, to a certain extent, an **educational role and encourages actors to reflect** on their actions and behaviours. Their accountability is therefore brought back to the forefront.

2015 IN FIGURES



<input checked="" type="checkbox"/>	296	COMPLAINTS
<input checked="" type="checkbox"/>	146	INVESTIGATIVE FILES OPENED
<input checked="" type="checkbox"/>	11	INVESTIGATIVE FILES OPENED ON THE INITIATIVE OF THE INSPECTOR GENERAL
<input checked="" type="checkbox"/>	105	INVESTIGATIVE FILES CLOSED
<input checked="" type="checkbox"/>	130	INVESTIGATIONS IN PROGRESS AS AT DECEMBER 31, 2015
<input checked="" type="checkbox"/>	5	PUBLIC REPORTS
<input checked="" type="checkbox"/>	2	DECISIONS TO TERMINATE CONTRACTS
<input checked="" type="checkbox"/>	5	FILES REFERRED TO UPAC OR REPORTED TO THE ANTI-CORRUPTION COMMISSIONER
<input checked="" type="checkbox"/>	≈ 400	WITNESSES MET WITH OR CONTACTED
<input checked="" type="checkbox"/>	65	SURVEILLANCE OPERATIONS
<input checked="" type="checkbox"/>	103	REQUESTS FOR THE PRODUCTION OF DOCUMENTS
<input checked="" type="checkbox"/>	11	INSPECTIONS
<input checked="" type="checkbox"/>	8	ACCESS ORDERS

CASES INVESTIGATED



CASE PROGRESSION

The mandate of the Inspector General of Montréal is to monitor the contract awarding and performance processes used by the City or a related legal person. He must promote integrity as well as prevent fraudulent tactics in the awarding and performance of contracts (section 57.1.8 of Montréal's City Charter).

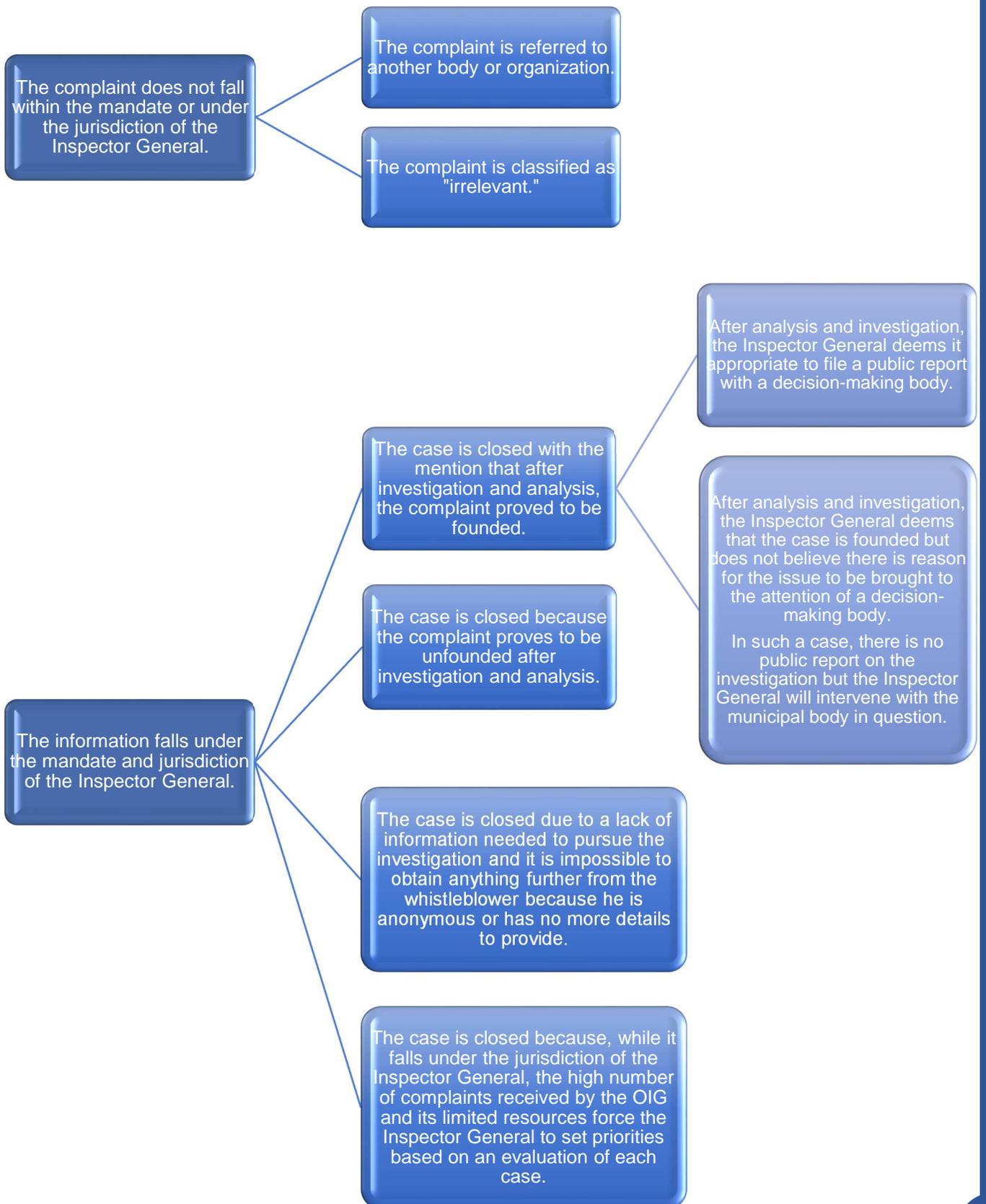
It is through his investigations that the Inspector General can intervene in contractual matters. He launches his investigations either in response to complaints or on his own initiative.

Investigations are then subject to the following process:

Case progression at the Office of Inspector General



When a case is closed, several situations are possible:



FOLLOW-UP OF A PUBLIC REPORT FILED IN 2014

Recommendations following the report concerning call for tenders 13-13242 (Sainte-Catherine interaction project) filed on October 27, 2014



Background

This public report was filed in response to a complaint received by the Office of Inspector General in May 2014 to the effect that the firm that had obtained the contract (Acertys) had an advantage given its involvement in a contract awarded by mutual agreement to conduct preliminary studies directly related to the call for tenders.

Following his investigation, the Inspector General left it to Montréal's City Council to decide whether to terminate the contract between Acertys and the City. Indeed, the call for tenders had not promoted a competitive market. Acertys had an advantage in the process and the call for tenders was very problematic given the selection criteria set out in the specifications, communications surrounding the call for tenders and the conduct of the selection committee.

The Inspector General identified a series of problematic actions taken by the division head in charge of the project:

- Despite the fact that his team had repeatedly raised concerns regarding the potential risk that the criteria set out in the call for tenders would greatly limit the potential market, the division head kept them without conducting a thorough analysis of the impacts;
- In addition to assuming the role of project manager, the division head put himself in a delicate situation by insisting to sit on the selection committee despite having established the selection criteria in the call for tenders, thereby compromising the integrity and transparency of the selection process;
- The division head violated the contract management policy by contacting Acertys by phone during the bidding process.

Follow-up in 2015

In its 2014 annual report, the Office of Inspector General indicated that on November 27, 2014, the Montréal Agglomeration Council decided to terminate the contract awarded to Acertys for this project.

Since the last annual report was published, the City has replaced Acertys. Following a new call for tenders issued on February 2, 2015 (call for tenders 15-14183), the Montréal Executive Committee awarded a service contract to AGC Communications on March 25, 2015, to continue the social acceptability process, in particular collaboration with local stakeholders, citizens and merchants during execution of the project. This contract includes the amount that had not yet been used by Acertys at the time the contract was terminated (\$108,294.07) as well as an additional amount covering services not included in the initial mandate, for a total of \$395,877.03 including taxes.

CASES IN 2015

In 2015, 146 investigative files were opened.

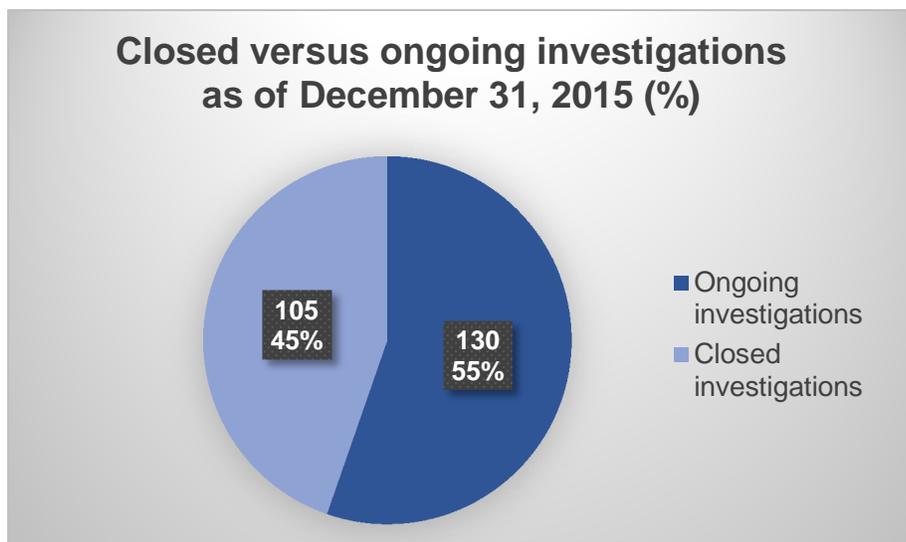
When compared to the number of files opened during the ten (10) months of the OIG's first year of existence, the number of files opened in 2015 is proportionally equivalent. In 2014, 121 investigation files were opened in 311 days (the Office of Inspector General began operating on February 24, 2014).

Although this report is filed with Montréal's City Council and Montréal's Agglomeration Council on March 31, 2016, it deals solely with the cases that were closed as at December 31, 2015. Cases that were ongoing at that date shall be covered, if closed, in the Inspector General's annual report for 2016.

It is also important to note that all cases are subject to a rigorous analysis and investigative process involving numerous verifications and the corroboration of information received.

It is important to note that the number of investigations that were "active" and therefore ongoing as at December 31, 2015, is higher than the number of files opened during the year seeing as, on January 1, 2015, 89 investigative files that had been opened during the previous year (2014) were still ongoing.

In 2015, the Office of Inspector General closed 105 investigative files, including 47 from 2014, and on December 31, 2015, 130 files were still being investigated and analyzed, including 42 that had been opened in 2014.



The following graph illustrates the progress of the files handled by the OIG.



The Inspector General's primary role is to conduct investigations, on his own initiative or in response to complaints, to render decisions and to produce recommendation reports.

Given the high number of complaints received in 2015, the Inspector General opted to file public reports and continuously monitor contracts under his jurisdiction.

Through his public reports, the Inspector General is able to bring to light some of the schemes employed in the contract awarding and management processes. Publicly exposing a situation involving collusion, corruption, misconduct, breaches of integrity or of the rules in place or fraudulent tactics remains the best way to prevent and combat their occurrence as well as to issue recommendations aimed at cleaning up the City's practices, whether they are the work of one individual or are more widespread.

The public reports produced and the various actions taken by the Inspector General in cases that were not made public fill an educational purpose and raise awareness about problematic practices among elected officials, managers and city employees.

The recommendations issued by the Inspector General are aimed mainly at implementing the necessary tools to detect, prevent and combat the various schemes observed.

PUBLIC REPORTS FILED IN 2015 AND FOLLOW-UP

In 2015, the Inspector General of Montréal filed five (5) public reports with decision-making bodies. It is worth reiterating that, during the first year of his mandate, the Inspector General of Montréal had produced a total of three (3) public reports.

The five public reports filed deal with more than 25 investigative files. It is important to avoid linking one report to one investigative file. Several investigative files opened by the OIG may be associated since several complaints may have been received in regard to the same situation. For example, the *Report on Snow Removal and its Practices in Montréal* is the result of an investigation regarding 15 files, and the *Report on the Horizon 2017 Rehabilitation and Development Project, Jean-Drapeau Park Society* is the result of eight investigative files.

Two types of public reports are possible:

- Reports presenting recommendations (par. 2 of section 57.1.23 of Montréal's City Charter);
- Decisions declaring the cancellation of a contracting process, the termination of a contract or the suspension of the performance of a contract when the conditions in section 57.1.10 of Montréal's City Charter are met.

In 2014, the Inspector General was not able to exercise his powers of cancellation, termination or suspension provided under section 57.1.10 of Montréal's City Charter seeing as these powers are restricted to limited conditions that were not present in the investigative files. The Inspector General is authorized to cancel a tendering process, terminate a contract or suspend the performance of a contract if there has been a violation of the requirements set out in the tendering documents or in a situation where a bidder has provided false information as part of a contract awarding process.

In 2015, for the first time since its creation, the Inspector General exercised the powers conferred to him by section 57.1.10 of Montréal's City Charter.

Among the five public reports filed in 2015, **the Inspector General rendered two decisions:**

- the first decision was to terminate a contract for the rental of a hydraulic excavator awarded by the Ville-Marie borough. The contract was terminated because the contractor had supplied a falsified document to have the borough believe that he owned the equipment required to carry out the contract. The contractor was also using equipment on the worksite that did not meet the requirements set out in the tendering documents; and
- the second decision, rendered as part of the ongoing monitoring activities provided under the *Program for road surface levelling, the laying of asphalt and the reconstruction of curbs and sidewalks*, suspended a contract for road surface levelling work, the laying of asphalt and the reconstruction of curbs and sidewalks in the Montréal-Nord and Anjou boroughs. In this file, a partial and full lifting of the suspension were issued on October 13 and 26, 2015, respectively.

All of the cases leading to the filing of a public report in 2015 shall be presented in chronological order of publication. The full versions of the reports filed by the Inspector General are available on the website of the Office of Inspector General at www.bigmtl.ca.

Report and recommendations regarding the Horizon 2017 Rehabilitation and Development Project, Jean-Drapeau Park Society (SPJD)



Background

Filed with Montréal's City Council on March 23, 2015, the report of the Inspector General followed an in-depth investigation aimed at establishing whether the calls for tenders, service agreements and contracts by mutual agreement stemming from the Horizon 2017 strategic plan contained irregularities.

In his report, the Inspector General recommended that the Board of Directors of the SPJD terminate the four service contracts still in force at the time the report was filed given that major irregularities had been observed.

The Inspector General also recommended to Montréal's City Council that the Administration offer its support and expertise to the SPJD in matters of procurement, management and legal affairs with respect to the contracts awarded under Horizon 2017 and other upcoming large-scale projects.

Many violations of the rules for awarding contracts were observed, both on the part of the SPJD (a paramunicipal organization) and the Quartier international de Montréal (a non-profit organization). In particular, certain professional service agreements were awarded by mutual agreement whereas they should have been awarded through a public or invited call for tenders.

Major violations of the basic formalities set out in the *Cities and Towns Act* with respect to awarding contracts, which render the contract void if not followed, were also observed. For example, contracts of more than \$100,000 were awarded without prior cost estimates being carried out to verify that the offers received actually reflected the reality of the market.

*“Contrary to what initially appeared to be a simple investigation following allegations of favouritism with respect to a call for tenders, the findings of the present investigation unfortunately uncovered a paramunicipal organization that awarded a large-scale mandate to a project manager and, in so doing, either ignored or poorly applied the rules for awarding contracts in the municipal world.”**

* quoted from the Inspector General's report.

Furthermore, certain requirements set out in the call for tenders documents resulted in reducing competition and closing the market. Setting a minimum price for carrying out the work in certain tendering documents is an example of a clause that completely eliminates the free play of competition and does not enable the client to benefit from the lowest price. The evaluation and weighting system established for certain calls for tenders also resulted in inequity in the evaluation of the bidders and limited the competition.

Moreover, the report exposes the fact that the executive director of the SPJD exceeded some of his powers without obtaining the required authorizations and also bypassed certain approval processes regarding the awarding of contracts and the authorization of expenses.

Follow-up

In its reports filed with Montréal's City Council and Montréal's Agglomeration Council, dated April 27 and 30, 2015, respectively, the Standing Committee on the Inspector General (Commission permanente sur l'inspecteur general) adopted the recommendations issued by the Inspector General with respect to terminating the four contracts still in effect. It also recommended that the City place the SPJD under trusteeship and that no contract by mutual agreement be awarded to Quartier international de Montréal.

Following the report filed by the Inspector General, major administrative changes were made to the SPJD. The executive director, whose actions were widely criticized by the Inspector General, stepped down on March 31, 2015.

For its part, Montréal's Executive Committee namely:

- required the SPJD to terminate the four contracts still in effect;
- resolved that the SPJD no longer award contracts by mutual agreement to Quartier international de Montréal, a non-profit organization;
- approved the recommendations made by the Inspector General aimed at having the SPJD use the City's services for procurement, legal affairs and large-scale project management, which enabled the City to produce a memorandum of understanding to this effect;
- approved the lending of a City manager to the SPJD and his appointment as executive director of the SPJD;
- appointed an elected City official as an observer on the Board of Directors of the SPJD.

The SPJD also stated its intention to apply all of the recommendations made by the Inspector General and the Standing Committee on the Inspector General. Its Board of Directors terminated the four service contracts in effect. Since the publication of the Inspector General's report, the SPJD uses the City's services for project management, procurement, legal affairs and finances, among others.

Cancellation of the contract for the rental of a hydraulic excavator awarded under call for tenders 14-13430



Background

In this decision dated August 14, 2015, the Inspector General cancelled the contract for the rental of a hydraulic excavator awarded by the Ville-Marie borough, deeming that he had no other choice given the seriousness of the actions taken by contractor (section 57.1.10 of Montréal's City Charter).

The investigation conducted by the Office of Inspector General revealed that the company that was awarded the contract, Excavation R. Lécuyer & Fils Inc., was not carrying out the contract using the equipment stipulated in its bid and that the equipment used on the worksite did not meet major requirements of the technical specifications.

What is even more serious is the fact that the company included in its bid a falsified document (the technical specifications of the hydraulic excavator it owned) to lead the borough to believe that its equipment met the requirements set out in the call for tenders in order to obtain the contract.

In addition to the contractor's fraudulent tactics, the borough managers conducted a shoddy compliance study. The investigation demonstrated that the Ville-Marie borough had granted the company approval to use this excavator even though it likely did not meet the stipulated requirements.

*"[...] the fraudulent tactics used by Excavation R. Lécuyer & Fils Inc. not only deceived the borough but also undermined a fundamental principle of the contracting process, that of equal opportunity."**

* quoted from the Inspector General's report.

Follow-up

On September 9, 2015, the Ville-Marie borough council took note of the Inspector General's decision (CA15 240424).

The Office of Inspector General contacted the secretary of the Ville-Marie borough who confirmed that, following the Inspector General's decision, the borough issued a public call for tenders on October 7, 2015, to award a new two-year contract for the rental of two excavators including operators, maintenance and accessories.

However, the Inspector General notes that there is no reference whatsoever in the decision-making summary to the contract awarded to Excavation R. Lécuyer & Fils Inc. or to the Inspector General's decision to cancel said contract. It instead identifies the previous contract as being the contract

awarded by the borough in 2012, that is to say, the contract before the one awarded to Excavation R. Lécuyer & Fils Inc. in 2014.

The information provided in the summary is therefore clearly incomplete. This is an illustration of a more general observation made on page 49 of this report, to the effect that the information provided to citizens and decision-making bodies is not sufficiently detailed and is highly variable, which is likely to create confusion and may at times contribute to the lack of transparency.

Suspension of the contract for road surface levelling work, the laying of asphalt and the reconstruction of curbs and sidewalks (PCPR), in the Montréal-Nord and Anjou boroughs (call for tenders 320201)



Background

In a decision rendered on September 22, 2015, the Inspector General suspended the contract awarded to Demix Construction on June 15, 2015, under the Complementary Levelling and Paving Program (PCPR) for the non-respect of requirements set out in the technical specifications by the contractor. The breaches were deemed serious enough to warrant the use of the powers conferred on him by section 57.1.10 of Montréal's City Charter.

The purpose of the PCPR is to improve the overall state of Montréal's local road network by extending the useful life of several streets by anywhere from seven (7) to twelve (12) years and addressing the maintenance deficit.

Ongoing monitoring of the activities carried out under the PCPR enabled the Inspector General to detect an inconsistency in the bid filed by the successful bidder with respect to prices tendered for surface and partial-depth repair materials. The difference between the prices tendered by the successful bidder and the prices tendered by the other bidders immediately alerted the Inspector General: Demix Construction tendered a unit price of \$5.00 per ton for both types of materials whereas the second bidder had indicated a price of \$100.00 per ton for surface repair material and \$180.00 per ton for partial-depth repair material. The prices tendered by Demix Construction were also much lower than the City's own estimates.

The OIG visited the worksite and was able to observe breaches of the technical specifications. The contractor had made surface repairs where partial-depth repairs were required. Elsewhere, no repairs had been made despite the presence of visible defects and the mix used for partial-depth repairs was not the correct one.

The contract suspension announced on September 22, 2015, was partially lifted on October 13, 2015, and fully lifted on October 26, 2015, once the City received the contractor's commitment to abide by the

technical specifications and once the firm overseeing the work had committed to ensuring compliance with the requirements in the tendering documents related to surface and partial-depth repairs.

Follow-up

Once the PCPR is completed, the Inspector General shall file a report on all of his observations and recommendations as part of the ongoing monitoring of the program.

Notice of the Inspector General on the restoration of the arches and pagoda in the Chinese Quarter (call for tenders VMP-15-015)



Background

In this notice filed with the Ville-Marie borough council on November 10, 2015, the Inspector General released the results of his investigation into the contract awarded for the restoration of the arches and pagoda in the Chinese Quarter.

The investigation in this case was launched following the publication of an article in a Montréal daily newspaper on the appearance of collusion in the awarding of the contract. As well, the OIG received an official copy of a formal notice sent to the Public Works Department of the Ville-Marie borough alleging that the call for tenders process was biased because the specifications required a certain product (tiles) that only one supplier was allegedly authorized to supply.

After investigation, the Inspector General concluded that there was no collusion in this case, that the call for tenders mentioned in the formal notice had not been directed and that the borough's requirement that a specific product be used was in compliance with well-established legal principles and warranted by the need to use authentic tiles to preserve the heritage of the Quartier chinois.

Report and recommendations on Snow Removal and its Practices in Montréal



Background

In this recommendation report filed with Montréal's City Council on November 23, 2015, the Inspector General concluded, after conducting a wide-scale investigation, during which approximately one hundred (100) witnesses were met with, that well-established collusion and market control schemes existed in certain sectors of Montréal's snow removal industry.

Said schemes demonstrate that the market is being influenced by a small group of contractors and that competition is suffering as a result. The Inspector General observed in particular that certain sectors are perceived as historically belonging to certain contractors and that there are non-aggression pacts to ensure that contracts are awarded to the same contractors year after year in certain sectors.

Moreover, the Inspector General concluded that the assignment of contracts and subcontracting are mechanisms used by a small group of contractors to control the distribution of contractors in certain sectors and that certain contractors intervene to coordinate contract assignments when they are neither the assignor nor the assignee.

Finally, the investigation demonstrated that certain practices or requirements in the boroughs' specifications could encourage the development of schemes by contractors and limit competition, in particular certain requirements concerning equipment specifications and the highly variable size of snow removal sectors.

The recommendations made by the Inspector General in this case can be separated into four categories:

- Recommendations aimed at fighting collusion in the snow removal sector;
- Recommendations aimed at fighting market control by contractors through the mechanisms of contract assignment and subcontracting;
- Recommendations concerning factors that can affect competition in a call for tenders; and
- Recommendations aimed at improving the decision-making process and follow-up.

In particular, the Inspector General recommended implementing an electronic bidding system, prohibiting contractors from assigning contracts, exercising increased monitoring to ensure compliance with the call for tenders documents, specifically with regard to subcontracting, harmonizing and standardizing requirements and technical specifications related to the equipment, evening out the sizes of snow removal sectors, inspecting successful bidders' equipment systematically as well as justifying and documenting all situations requiring a decision on the part of the authorities.

With a view to favouring the implementation of his recommendations, the Inspector General issued three more general recommendations to the City, namely:

- Complete its snow removal policy by centralizing the establishment of obligatory technical requirements common to all boroughs;
- Prepare and draft specifications specifically intended for snow removal activities instead of using a confusing “patchwork” of standardized specifications and specific clauses regarding snow removal. A full review of the call for tenders documents and procedures used by the Administration is required; and
- Determine the conditions for issuing a single call for tenders that applies to all of the sectors when the contracts expire.

After informing the Anti-Corruption Commissioner of the situation, the Inspector General also reported it to the Commissioner of Competition (Competition Bureau Canada), who is responsible for conducting criminal investigations related to agreements between competitors and bid rigging, because he believed that certain contractors may have breached the *Competition Act*.

Follow-up

On January 21, 2016, the Standing Committee on the Inspector General met with the assistant general manager of the Ville-Marie borough and of the Boroughs’ Consultation Service (*Concertation des arrondissements*) as well as representatives of the Boroughs’ Consultation Service (*Service de la concertation des arrondissements*) and the Procurement Service (*Service de l’approvisionnement*) to [TRANSLATION] “take stock of the actions taken since the filing of the Inspector General’s report and assess the feasibility and relevance of the recommendations made in the report.”

In its January 25, 2016 report to City Council, the Standing Committee on the Inspector General adopted all of the recommendations made by the Inspector General in his report and recommended their implementation. It also added the following specific recommendations:

- That snow removal specifications be developed and drafted in close collaboration with the boroughs and that said specifications be systematically validated by the boroughs;
- That the municipal administration, along with the boroughs, take the time to analyze equipment requirements and technical specifications before aligning and standardizing them;
- That the municipal administration work consistently with the boroughs to optimize the size of snow removal sectors, while taking into account the typology of existing streets and encouraging innovation;
- That the Inspector General’s recommendations be reviewed, reassessed and improved on a regular basis.

On January 26, 2016, the *By-law amending the By-law concerning the delegation to borough councils of certain powers relating to the arterial road system (08-055)* was adopted. This regulation addresses the Inspector General’s main recommendations. For example:

- It limits the delegation of powers to boroughs to operational activities related to the monitoring and management of snow removal contracts, the provision of human resources and equipment directly related to operations, and the compilation and administrative management of activities;
- It repeals the provision regarding the issuance of calls for tenders and the awarding of contracts by the boroughs.

Other case related to the *Report on Snow Removal and its Practices in Montréal*

One of the points covered in the Inspector General's public report is the importance for the City to respect a minimum period of time between the awarding of contracts and the beginning of snow removal operations in order to give contractors enough time to plan and organize their operations but also to allow sufficient time for the boroughs to inspect their equipment, as set out in the call for tenders documents.

In his report, the Inspector General pointed out that the time granted varied greatly from one borough to the next, ranging from more than five months to less than one month. The average for the 18 calls for tenders that were analyzed was 1.8 months.

The Inspector General also observed that the calls for tenders granted discretionary power to boroughs' directors of public works to accept equipment that did not meet certain specifications. In the Inspector General's opinion, despite the need to display a certain level of flexibility in certain cases where there exists a minor non-compliance and to avoid rejecting a bid without allowing the contractor to correct said non-compliance, such a provision may prove to be problematic and applied arbitrarily in cases where calls for tenders are directed, manipulated or favour a certain contractor.

The Office of Inspector General handled a case involving these very elements. The Inspector General did not file a public report on said case, but it is worth mentioning it here to illustrate the effects that such practices can have.

Late issuance of the calls for tenders

The Office of Inspector General conducted an investigation on an allegation of directed specifications in two calls for tenders issued by the Anjou borough. The snow blower capacity requirements, as well as the restrictions regarding the age of the equipment, were at the heart of the complaint received, and were alleged, according to the whistleblower, to have limited the number of bidders.

The investigation demonstrated that these were not the criteria that limited competition, but rather the fact that the calls for tenders were issued late, on September 15, and the bids were not opened before October 6, whereas the contracts were scheduled to begin on November 15. In this case, the borough was responsible for the late issuance of the calls for tenders.

In order to proceed with the calls for the tenders, the City's Procurement Service, in charge of preparing the specifications, tried to obtain the technical specifications from the Anjou borough beginning in March. It was only in August that the borough provided them.

The investigation also revealed that during inspection of the successful bidder's equipment for one of the snow removal contracts, certain technical non-compliances were uncovered, such that the successful bidder's equipment did not fully meet the specifications.

In a letter sent by the borough to the City's Procurement Service, the borough explained that it had resorted to a clause of the tendering documents that granted the director of public works the discretionary power to accept equipment that does not meet certain specifications in order to approve the inspected equipment.

The investigation conducted by the Office of Inspector General revealed that the borough had resorted to said clause because it no longer had the time to issue a new call for tenders before the beginning of the contract and because the price provided by the second bidder was much higher.

In the Inspector General's opinion, this illustrates the potential consequences when a call for tenders is issued late and therefore the importance for the boroughs to plan a minimum time period between

CASES HAVING LED TO OTHER INTERVENTIONS BY THE INSPECTOR GENERAL

During the year, the Office of Inspector General of Montréal launched several investigations that were completed without the need to file of a public report with a decision-making body. The Inspector General's activities therefore extend well beyond the scope of the public reports that he files.

The annual report is a timely forum to discuss some of these accomplishments, which were unknown to the public up to now and which illustrate the fact that the Inspector General also takes actions upstream of problem situations with a view to improving current practices.

Cancellation of a directed call for tenders following an intervention of the Inspector General

The Office of Inspector General received a complaint alleging that an invited call for tenders to retain the services of a creative content consultant had been directed by the division head in the aim of hiring a specific firm, which was found to be owned by one of his personal friends.

The investigation by the Office of Inspector General, after meeting with several witnesses, revealed several irregularities, including the following:

- During meetings, the division head clearly indicated his desire to award the contract to his friend's firm;
- The division head asked his employees to prepare the call for tenders documents in such a way as to enable his friend's firm to win the invited call for tenders issued by the City;
- The division head had contact with the firm's owner during the bidding period;
- The division head chose the members of the selection committee, including one of his subordinates, and called them to invite them to sit on the committee, a process normally handled by the Procurement Service;
- Moreover, during the bidding period, the division head attempted to award a mandate by mutual agreement to his friend's firm to have the work begin more quickly. A legal opinion issued by the City's legal department prevented said mandate from being awarded. The opinion concluded that such a procedure was an unjustified division of contracts that violated the fundamental principle of equal treatment of bidders and therefore ran the risk of discrediting the call for tenders process. Indeed, awarding this mandate by mutual agreement would have given the firm an undue advantage in the invited call for tenders.

The Inspector General concluded that the call for tenders process was organized in such a way as to allow a specific firm to obtain the contract. The division head admitted to having expressed his preference for the firm to the selection committee; however, when met by the Office of Inspector General, he refused to admit that he imposed his choice on them.

Following the investigation, the Office of Inspector General met with the division head's immediate superior to inform him of the findings of his investigation. That same day, the invited call for tenders process, then underway, was cancelled.

Raising awareness as to the importance of clearly defining needs in calls for tenders

The Office of Inspector General examined two invited calls for tenders issued by the Montréal Police Department (SPVM) for daily press review services. The investigation revealed that the way in which the calls for tenders were developed should be improved to protect the SPVM from exposure to unnecessary risks.

The calls for tenders in question did not enable the SPVM to obtain a product that met its needs. The specifications state that the content of the press review must be relevant, accurate, current and presented in a way that allows ease of consultation. However, it does not specify that the information processing was to be done by the service provider. In the absence of a more accurate definition of the needs and the product required, the supplier would deliver “bulk” media content. The SPVM was thereby exposing itself to the risk that excerpts of the press reviews distributed or updated several times a day be included several times in the provided press review and billed more than once. These issues were in fact identified in the press reviews that the SPVM received at the time of the investigation.

The calculation of the copyright royalties in the calls for tenders also prevents the SPVM from obtaining the best possible bid. The method used was complex and confusing and led to differences in interpretations among the bidders. The call for tenders requires the monthly royalty payable to the Canadian Broadcasters Rights Agency to be calculated based on the number of news excerpts provided, whereas, by law, the royalty is calculated based on the gross revenue associated with the media monitoring service. The bidders had no knowledge of the number of excerpts that would be provided and therefore had to estimate in advance what would be delivered during the course of the year. The Inspector General recommended that royalties be calculated in accordance with the law.

Moreover, at the time of the OIG’s investigation, the service provider invoiced the SPVM for an electronic media monitoring service. This service was added to the contract verbally and was never officially authorized, while it was stipulated in the tendering documents that the service was optional and was not to be accounted for in the bid for contract awarding purposes. According to the Inspector General, this additional service should have been considered as an amendment of the initial contract.

Finally, the Inspector General noted that the procedure used to process purchase orders was problematic: the SPVM issues purchase orders as services are provided. This makes it difficult for the SPVM to evaluate whether costs are being exceeded. The Inspector General thus recommended that a single purchase order be issued when the contract is awarded and that the service provider be paid upon receipt of invoices and supporting documents from the budget allocated to the issued purchase order.

The Office of Inspector General presented its observations and recommendations to the SPVM to enable it to adjust its procedures. A representative of the SPVM confirmed to the OIG that the development of new specification clauses was underway, as recommended by the Inspector General, and that an invited call for tenders would be issued through the City’s Procurement Service.

Control and monitoring of compliance with a framework agreement

In response to a complaint it received, the Office of Inspector General conducted an investigation into the awarding of contracts for the purchase of tires by the Public Works Department of the Outremont borough.

The investigation revealed that several aspects of the framework agreement to which the borough was subject had not been respected. Since October 2011, the boroughs have been required to comply with the City's procurement policy, which sets out that the boroughs are required to verify the existence of a framework agreement and, if so, to use the services of the suppliers participating in said agreement when awarding contracts by mutual agreement. Since 2012, the City's tire purchases have been governed by a framework agreement.

Under section 7.2 of its procurement policy, the City states that [TRANSLATION] "it considers the use of framework agreements as a privileged tool that enables each business unit to benefit from economies of scale and to act cohesively in its business relations with the market." The City adds that [TRANSLATION] "all units are required to use the framework agreements to ensure fair treatment of the agreements' successful bidders, cost control with respect to future bids and the City's market credibility."

The investigation revealed that in the Outremont borough, a foreman obtained a derogation authorizing him to fill out purchase orders and approve them for expenses of less than \$2,000.

It would appear, however, that said foreman was not thorough in the performance of his duties and did not comply with several aspects of the framework agreement, in particular:

- Tires were purchased that were not part of the framework agreement while an equivalent product was available from a manufacturer recognized under the framework agreement;
- Certain purchases of more than \$2,000 were made by issuing multiple purchase orders so as not to exceed the maximum amount that could be authorized pursuant to the derogation;
- Several purchase orders were approved after the invoice had been issued;
- Invoicing was handled by the retailer rather than by the supplier, which resulted in higher purchase costs;
- The purchase orders were not sufficiently documented, which made it almost impossible to identify the products and difficult to carry out internal verifications.

Furthermore, the investigation led by the Office of Inspector General revealed a lack of control and monitoring on the part of the Outremont borough even though it had been informed in 2013 by the City's Office of Comptroller General that the framework agreement was not being respected and that, consequently, the City was paying more to purchase tires. Despite that, thereafter, the borough's Public Works Department did nothing to ensure compliance with the framework agreement and did not monitor the orders placed by the foreman pursuant to the derogation.

At the end of its investigation, the Office of Inspector General contacted the Outremont borough's director of public works. Following discussions, the borough made corrections to ensure that its employees had a better understanding of the City's framework agreements. The borough also implemented measures aimed at improving control and monitoring of both purchase requests and purchase orders issued.

Raising awareness with regard to a call for tenders that restricts competition

In response to a complaint, the Office of Inspector General examined call for tenders 15-14367 for the acquisition of landline telephony services issued on May 20, 2015. At the end of the resulting call for tenders process, two companies filed a bid and the five-year contract was awarded to Bell on October 29, 2015.

The information received was to the effect that the call for tenders underway favoured the current supplier whose contract was about to expire, i.e., Telus Québec. The investigation conducted by the Office of Inspector General revealed that the call for tenders issued by the City restricted competition and limited the market to two players; Bell and Telus. Moreover, no prior market analysis had been carried out before issuing the call for tenders to ensure an adequate understanding of current and future trends with a view to preparing a call for tenders that opened up the market and positioned the City favourably for the future.

In the Inspector General's opinion, the following factors contributed to restricting the market:

1. Centrex technology requirement

In its call for tenders, the City specified that the successful bidder would be required to provide both analog technology and IP technology for the landline telephony services. It identified Centrex as the analog technology to be provided for 8,000 analog lines. The Centrex platform is, however, described as an outdated technology for which little expertise exists and few possibilities for technological development.

By requiring bidders to provide Centrex technology, the call for tenders basically forced bidders to make purchases and obtain prices from Bell or Telus seeing as they are the main two companies able to provide the required technology. However, Bell and Telus were also interested in obtaining the contract. In fact, Bell and Telus were the only two companies that filed bids.

The Inspector General concluded that by continuing to require the outdated Centrex analog technology, the City restricted competition in its call for tenders process to the main two suppliers of this technology, i.e., Bell and Telus. The decision to combine the Centrex platform and IP telephony in a single call for tenders will always restrict the market.

2. An unbalanced evaluation grid

The evaluation grid placed a great deal of importance on the transition and migration to the new supplier (70 points out of a total of 100), whereas it provided no criteria for assessing the bidders' proposed technological solutions.

The Inspector General clearly believes that this approach tends to favour the City's current supplier given the absence of any transition.

3. Lateness penalties

The call for tenders provided a relatively short (6 months) transitional period between suppliers and stiff lateness penalties of \$100,000 per month. In the Inspector General's opinion, this significantly increased the risks for potential suppliers.

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Although the City justified this delay by the fact that the current contract was about to expire and that the transition could not be extended beyond the end of the contract with Telus, the investigation by the Office of Inspector General revealed that the City should have realistically planned for a longer transition period. Consequently, this lack of planning reduced the number of potential bidders responding to the call for tenders by eliminating those companies that could not afford such stiff potential financial penalties.

4. Period granted to file a bid

The tendering period was initially planned from May 20, 2015 to June 22, 2015, i.e., over a period of four weeks, but it was extended by two weeks following questions received by potential bidders. The deadline for filing bids was finally set at July 13, 2015 (including two legal holidays during this period).

Furthermore, the number of questions asked by potential bidders, 94 in total, reflects potential bidders' difficulty in understanding the City's needs and therefore suggests a lack of clarity in the information provided in the specifications.

In the Inspector General's opinion, this period was too short for a call for tenders of this scope, that lacked clarity and included hundreds of pages of documents and six addenda. Moreover, the last addendum was distributed only five days before the deadline for submitting bids and the companies had to base their bid on 16,000 telephone lines and 823 sites making up the City's inventory.

The short period granted by the City to file a bid, combined with the vagueness of the specifications, the numerous questions asked by potential bidders and the time it took to receive answers from the City favoured bidders who were familiar with the City's infrastructures, i.e., those who had already had dealings with the City.

Commitments made by the director of the Information Technologies Department following the investigation:

No public report was drafted on this investigation, but the Office of Inspector General did contact the City's director of the Information Technologies Department to provide him with the results of analysis of the tendering process and make him aware of the problems identified. Following this discussion, the director made the following commitments:

- take inventory of all the Centrex lines and remove ("decommission" in computer jargon) the lines that are no longer required;
- align the migration of the Centrex lines with the positioning of the "Office of tomorrow" (Bureau de demain) project to best meet the City's future needs: a Centrex line will be cancelled ("decommissioned"), migrated to IP technology or replaced by a cellular line;
- review the launch strategy for the next call for tenders by separating the contracts in two to open up the market: analog lines and IP lines; and
- recruit IT professionals with extensive telecommunications knowledge and put them in charge of drafting the next calls for tenders.

Ability to bid of the exclusive distributor of a product referenced in specifications

The Office of Inspector General received a complaint regarding a call for tenders issued by the Lasalle borough to purchase an industrial dust collector. The information was to the effect that the technical specifications recommended the installation of a specific referenced product, supplied by a single distributor who was also identified in the specifications. The contract was awarded to said distributor.

The courts have long recognized that a client may limit a call for tenders to specific makes and models as long as the call for tenders concerns more than one supplier (*Les Équipements Diésels Abitibi Inc. v. Ville de Val D'Or*, [1981] C.S. 434).

However, the Inspector General considers that the borough exposed itself to risks by issuing a call for tenders that allowed an exclusive product distributor to bid on its installation given that such a practice does not give full effect to the principle of equal opportunity among bidders.

The ability of an exclusive distributor of the referenced product to submit a bid gives the distributor a competitive advantage. The bidding distributor has the ability to “control the price” seeing as the other bidders have to approach him to obtain the product referenced in the call for tenders. In this case, the bidding distributor presented an offer that was 22% lower than competitors’ bids for the dust collector and related equipment.

The bidding distributor was also contacted before the call for tenders was issued by the firm in charge of drafting the technical specifications to obtain an estimate for the dust collector and related equipment. The Inspector General observed that the amount provided to the firm by the bidding distributor was much lower than the price he quoted the other bidders who contacted him during the tendering period.

Although the specifications provided for the possibility of having equivalent equipment recognized, the other dust collector suppliers were unable to confirm to the bidders that their product was equivalent given the large number of technical items in the specifications. It was therefore difficult to have other products recognized, especially given that the tendering period was only three weeks long and during the peak summer season.

In the Inspector General’s opinion, resorting to a referenced product distributed exclusively by a single player in Québec creates an artificial monopoly to the benefit of the distributor, who has no reason to negotiate the price.

Beyond this issue, the OIG’s investigation also revealed a major shortcoming: the lack of verification by the borough of the specifications drafted by the external firm mandated to do so. Furthermore, neither the borough nor the external firm’s engineer verified if the supplier indicated in the specifications held a permit from the Régie du bâtiment du Québec authorizing it to install its own equipment and thus participate in the call for tenders.

Once the borough’s director of public works was informed of the Inspector General’s findings and recommendations, the borough decided to cancel the call for tenders and announced its intention to issue a new one.

Recognition of equivalent products

The Office of Inspector General receives many complaints involving the issue of equivalent products and the procedures used to establish product equivalencies.

One of the complaints received alleged a potential closed market situation in the Rivière-des-Prairies–Pointe-aux-Trembles borough. The information concerned two calls for tenders for the purchase and installation of playground sets for children in two parks. Both calls for tenders stipulated the same playground set supplier and the accepted model numbers. According to the complainant, the equivalencies were refused without justification.

The investigation of the Office of Inspector General revealed that the complainant had not fulfilled his obligation to have his product recognized as equivalent, as required in calls for tenders. An analysis of the documents also enabled the Inspector General to conclude that the complainant was informed of the reasons why the product was not granted equivalency.

Once again, the Inspector General points out that the courts have long recognized a client's right to limit a call for tenders to specific makes and models as long as the call for tenders concerns more than one supplier (*Les Équipements Diésels Abitibi Inc. v. Ville de Val D'Or*, [1981] C.S. 434).

In this case, the Inspector General's investigation provided a more extensive analysis of the procedure used to establish product equivalencies in the calls for tenders in question.

The tendering documents stipulated that bidders could request equivalencies. Several criteria needed to be met for a product to be recognized as equivalent. These criteria were aimed at ensuring that the products met certain quality, durability, warranty and safety standards.

In the calls for tenders in question, equivalency requests were analyzed by the borough employee who had chosen the product specified in the call for tenders. This same individual had developed the applicable equivalency criteria, some of which were subjective and difficult to evaluate. According to the witnesses met, the procedure that bidders were required to follow to have their products recognized as equivalent was complex and it appears that equivalencies were rarely recognized.

Allowing equivalent products tends to open up the market, but it has to be a real possibility. In the circumstances, the Inspector General concluded that the equivalency recognition process was problematic. Although it did not prevent several bidders from participating in the call for tenders, this shortcoming could certainly have placed the borough at risk and jeopardized the validity of the call for tenders if the specificity of the requested product had had the opposite effect.

The need to establish a procedure for conducting random draws

Following a complaint it received, the Office of Inspector General conducted an investigation into the procedure used for a random draw to determine the winner of a call for tenders for the removal of stickers from the City's fire trucks. The contract was to be awarded according to method of the lowest compliant bid, in which the bid price is the only factor taken into consideration.

During the analysis of the bids received, the procurement officer in charge of the file noted a tax calculation error in one of the bids filed. In accordance with the applicable rules, the procurement officer corrected the calculation error.

Following the correction, it turned out that two companies bid the same price. The lowest bidder having been deemed non-compliant, the City decided to proceed by random draw to determine the successful bidder. The random draw is not a formally prohibited procedure under the *Cities and Towns Act* and doctrine* dictates that this way of proceeding to determine the successful bidder respects the principle of equal opportunity among bidders.

However, the investigation of the Office of Investigator General revealed that the draw was not conducted in accordance with all the principles of transparency. While the two bidders were present for the random draw, they were not given the opportunity to verify that their names had been written on the pieces of paper. Furthermore, the bag in which these pieces of paper were placed was not transparent and the bidders were not given the opportunity to verify that the bag contained only their names. After the random draw, the name that was drawn was not shown to the bidders to allow them to confirm the result.

Although the individuals involved in this case acted with integrity, the Inspector General observed a lack of a planned and documented procedure for conducting random draws. To prevent future improvised situations and with a view to establishing clear guidelines, the Office of Inspector General contacted the City's Procurement Service to recommend the establishment of a procedure for situations in which a random draw is required to determine the successful bidder. The OIG is following up on this case to verify that the procedure has been modified. The follow-up is currently underway and will be covered in the 2016 annual report.

* André LANGLOIS, *Les contrats municipaux par demande de soumission*, 3^e éd., Éditions Yvon Blais, 2005, p. 270.

Raising awareness with regard to prohibited contract division situations

The Office of Inspector General received a complaint to the effect that a company was being awarded contracts by the City without having the authorization of the Financial Market Authority (Autorité des marchés financiers) (AMF). The information turned out to be unfounded since the OIG's investigation revealed that the applicable rules did not require authorization by the AMF to carry out the type of activity involved in the contract in question.

The investigation nevertheless revealed that the company had been awarded several contracts by mutual agreement by the same administrative unit (the Service de la culture) for the same type of work. Each of the contracts awarded was under the \$25,000 threshold, but combined, the issued purchase orders totalled more than \$75,000.

In the Inspector General's opinion, this was a case of contract division (splitting), which is prohibited under sections 573 and onward of the *Cities and Towns Act* to prevent clients from dividing contracts to avoid having to issue a call for tenders.

At the end of its investigation, the Office of Inspector General contacted the assistant director of the administrative unit in question. The latter agreed to take the necessary measures to have the situation corrected in 2016. The Inspector General will follow up on the situation next year.

OBSERVATION STEMMING FROM ALL INVESTIGATIONS

A general observation stems from all of the investigations conducted, whether or not they were the object of a public report, and deserves particular attention.

Information available to citizens and decision-making bodies

As part of his investigations, the Inspector General noted that in several respects the information made available to citizens and decision-making bodies with regard to the awarding of contracts was often incomplete and highly variable.

Several tools are available to document the contract awarding process: decision-making summaries, the Decision-making Management System (Système de gestion des dossiers décisionnels) (GDD), meeting minutes and resolutions adopted by the decision-making bodies (City Council, Executive Committee, Agglomeration Council, borough councils).

These tools are used to keep traces of files and inform the elected officials and authorities involved to enable them to make informed decisions. However, they also help ensure the transparency of the municipal administration toward citizens.

The Inspector General would like to stress the importance that these documents contain complete and detailed information and that their content be standardized. It is also essential that decisions made by the administration and elected officials be justified in the file.

This observation was namely the subject of recommendations made by the Inspector General in the November 23, 2015 Report on Snow Removal and its Practices in Montréal and was also pointed out in this report when it came to the follow up of the Inspector General's decision to rescind the contract for the rental of a hydraulic excavator awarded to Excavation R. Lécuyer & Fils Inc. (call for tenders 14-13430). Let us recall that the decision-making summary of the new contract awarded in 2015 by the Ville-Marie borough did not mention the Inspector General's decision and did not identify the previous contract as the one with Excavation R. Lécuyer & Fils Inc. awarded in 2014 (refer to pages 34–35 of this report).

Moreover, certain tools are also made available to the population to enable citizens to be informed about the contract awarding process and elected officials' decisions. These tools include the Electronic Tendering System (Système électronique d'appels d'offres) (S.É.A.O.), the Montréal Open Data Portal (Portail des données ouvertes de la Ville de Montréal) as well as the resolutions adopted by decision-making bodies and decision-making summaries, once approved by the relevant authorities. It is important that the information provided in these documents be sufficiently detailed and consistent with the decisions made by elected officials.

Although certain files are well documented, each file must minimally contain the following items as well as the necessary explanations and justifications:

- the list of bidders;
- the number of bidders who obtained the specifications and the reasons they did not present a bid (reasons should be provided in an anonymous manner);
- a comparative table presenting tenders and prices along with analytical data and the total contract cost with or without taxes as well as the annual contract cost with or without taxes;
- the reasons justifying the calculation method used to select a bid;
- significant price differences noted between the first and second lowest compliant bidders and justifications for such differences;
- the reasons for selecting the successful bidder when such bidder was the only one to present a compliant proposal even though several companies (or a limited number of companies) had obtained the tendering documents;
- the reasons for selecting the successful bidder when a limited number of companies (two or three) presented bids or the successful bidder did not present the lowest bid;
- the reasons why bids received were found to be non-compliant;
- the fact that related companies bid on the same call for tenders; and
- the history of the contract and circumstances leading to the call for tenders or the decision to issue another call for tenders after all bids were rejected or a call for tenders was cancelled, including reasons for such rejection or cancellation.

DISCLOSURE TO THE ANTI-CORRUPTION COMMISSIONER

In certain cases that the Office of Inspector General investigated, information was disclosed to the Anti-Corruption Commissioner.

Cases referred to UPAC (p. 14 of this report) must not be confused with the disclosures that the Inspector General makes to the Anti-Corruption Commissioner. The former are cases that do not fall under the mandate or jurisdiction of the Inspector General whereas disclosures are made to the commissioner when, during an investigation, the Inspector General judges that a contravention of a law or regulation involving corruption, wrongdoing, collusion, fraud or influence peddling may have been committed.

Section 57.1.18 of Montréal's City Charter dictates that the Inspector General must immediately disclose such information to the Anti-Corruption Commissioner.

In 2015, two of the Inspector General's public files were reported to the Anti-Corruption Commissioner:

- The decision to rescind the contract for the rental of a hydraulic excavator under call for tenders 14-13430, rendered on August 14, 2015; and
- The *Report on Snow Removal and its Practices in Montréal*, filed with City Council on November 23, 2015.

In 2015, criminal charges were laid in one case that the Inspector General had reported to the Anti-Corruption Commissioner in 2014.



Falsification of a signature to authorize a payment

In 2014, the Office of Inspector General received information to the effect that Richard Taylor, at the time a project technician employed by Montréal's Subway and Bus Service (STM), an organization that falls under the jurisdiction of the Inspector General, had falsified his superior's signature to authorize the granting and payment of additional amounts to Constructions Martha inc. The contractor, who was under contract with the STM, could have thereby received additional amounts.

At the end of his investigation, the Inspector General sent the file to the Anti-Corruption Commissioner, as he is required to do under section 57.1.18 of Montréal's City Charter.

In May 2015, following its criminal investigation, Montréal's Municipal Integrity Protection Squad (Escouade de protection de l'intégrité municipale) (EPIM), mandated to conduct criminal investigations and protect municipal integrity in the 16 municipalities making up the Agglomeration of Montréal, placed Richard Taylor under arrest. The STM has since discharged Mr. Taylor as well as the contractor who benefitted from the falsified document produced by the former employee.

Richard Taylor was accused of breach of trust and fraud. In October 2015, he pleaded guilty to breach of trust.

ONGOING MONITORING OF THE COMPLEMENTARY LEVELLING AND PAVING PROGRAM



In his 2014 annual report, the Inspector General set as a priority for his investigations and operations in 2015 the implementation of one or several ongoing monitoring strategies for targeted activities

The ongoing monitoring of the Complementary Levelling and Paving Program (PCPR) was identified as a priority considering the inherent risks associated with the implementation of a program of this scope.

Operations carried out in 2015

In 2015, the Office of Inspector General visited several worksite to verify the types of controls carried out by site supervisors.

This strategy enabled the Inspector General to identify certain risks to which the City was exposed as a client.

Considering the Inspector General's concerns with respect to asphalt mixes purchased by the ton, various operations were launched in July 2015 and continued until November of that year. For example, the Office of Inspector General conducted truck weighing operations in partnership with the highway controllers of the Automobile Insurance Board (Société de l'assurance automobile du Québec) (SAAQ). These operations were aimed at verifying, based solely on truck weights, if the tonnage of asphalt mix delivered to worksites corresponded to the tonnage entered on the shipping label used for payment purposes.

In total, as part of the ongoing monitoring of the PCPR, the OIG met with some thirty witnesses and conducted 48 monitoring operations, including truck weighing operations.

The Office of Inspector General is currently analyzing the data gathered as part of these various operations. Once the PCPR is completed, the Inspector General will present his observations and recommendations.

What is the PCPR?

Under the 2015–2017 three-year capital expenditures program, the decision was made to allocate to the Infrastructures, Roads and Transports Service (Service des infrastructures, de la voirie et des transports – SIVT) a budget of \$50 million per year for years 2015 and 2016 to launch the PCPR local road network support program.

This program is aimed at increasing investments in the local road network and optimizing effort-sharing between arterial and local road networks to achieve the objective of rehabilitating Montréal's road network as quickly and cost-effectively as possible.

VISIBILITY OF THE OIG



IMPORTANCE OF ENSURING THE VISIBILITY OF THE OFFICE OF INSPECTOR GENERAL OF MONTRÉAL

The visibility of the Office of Inspector General is likely to have a positive impact on the number of complaints it receives.

Various means are used to ensure the visibility of the Office of Inspector General, in particular the filing of public reports that are also made available to the general public through the OIG's website.

In addition to the public reports he filed and the ongoing monitoring of certain activities, the Inspector General took several steps in 2015 to provide information on his responsibilities, mandate, activities and accomplishments.

PRESENTATIONS MADE BY THE INSPECTOR GENERAL TO ORGANIZATIONS

The presentations made by the Inspector General and his team to organizations with regard to his mandate help to inform these bodies of the OIG's existence, mandate and powers. They also enable the Inspector General to maintain an effective presence with these organizations.

In 2015, the Inspector General, Denis Gallant, and the Deputy Inspector General – Legal Affairs, Philippe Berthelet, made presentations on the OIG and its activities to elected officials, academics, contractor associations as well as City managers as part of seminars, conference luncheons, roundtables and conferences.

NETWORKING WITH AMERICAN OFFICES

In the spirit of increasing visibility and benefitting from the experience of American offices of inspectors general, in 2015, the Inspector General and his team continued to develop relationships and to communicate with the Association of Inspectors General (AIG) and its members.

It should be noted that as a member of the AIG, the Office of Inspector General of Montréal is subject to regular peer reviews aimed at ensuring that the office under evaluation complies with the AIG's principles and standards.

Moreover, on September 22 and 23, 2016, the Inspector General of Montréal, in collaboration with the AIG, will be holding a symposium entitled "The Added Value of an Inspector General." This symposium's objectives and preliminary program are presented in the "Priorities for 2016" section on page 59 of this report. At this stage, it is worth mentioning that many offices of inspectors general in the United States have been invited to attend the conferences and some have even agreed to give presentations during the symposium.

DEVELOPMENT OF A COLLABORATION NETWORK

Conscious of the fact that he does not operate in a vacuum, the Inspector General collaborates with several control, monitoring and law enforcement organizations whose mandates and powers are complementary to his own.

An added value of the development of a network is that these organizations are made aware of the Inspector General's presence and activities and are therefore more likely to disclose information to the OIG when cases they are handling fall under the Inspector General's mandate. For illustrative purposes, **since its creation, the Office of Inspector General received nine disclosures from partners.**

The *Report on Snow Removal and its Practices in Montréal*, filed with Montréal's City Council on November 23, 2015, is a good example of a case involving collaboration and demonstrates the importance of the various control and monitoring organizations establishing strong ties with one another. Before being investigated by the Office of Inspector General of Montréal, this case had been examined by the Office of the Auditor General. Montréal's Auditor General found several indicators of irregularities but did not have the necessary powers to confirm his suspicions or even intervene. The Inspector General, with the benefit of being invested with important investigative powers and having been given a mandate to monitor contract awarding and management processes, was able to intervene in the case. At the end of his investigation, the Inspector General disclosed information to the Anti-Corruption Commissioner and to the Competition Bureau Canada, responsible for conducting criminal investigations into schemes between competitors and bid rigging.

CENTRAIDE / RED CROSS CAMPAIGN



In 2015, the Office of Inspector General participated in the City's campaign aimed at raising funds for Centraide of Greater Montréal and the Canadian Red Cross in Québec.

The objective set by the City's Fund Raising Office (Bureau des campagnes de financement) was \$2,000 for the Centraide campaign. As for the Red Cross campaign, no objective was set, but the OIG raised \$520 in 2014.

The Inspector General is proud to announce that the objective set and the amount raised in 2014 were both surpassed. In total, through donations made by its employees and fundraising activities organized with various partners, the OIG was able to raise \$3,853.10, \$2,746.05 of which was awarded to Centraide of Greater Montréal and \$1,107.05 to the Canadian Red Cross in Québec.

PRIORITIES FOR 2016



It is already clear that 2016 will be an important year for Montréal in terms of investments in the three-year capital expenditures program (PTI) for the Water Service (Service de l'eau) and the Infrastructures, Roads and Transportation Department (Service des infrastructures, de la voirie et des transports).

The PTI encompasses a host of projects and programs that the City intends to implement over the next three years. The 2014–2016 PTI indicates that the expenses for these projects will total **\$714.5 million in 2016**.

The Inspector General has noted a considerable increase in the City's actual expenditures over the years. In 2013, expenditures totalled \$270 million, in 2014 they amounted to \$400 million, and roughly \$470 million was invested in 2015.*

With this reality in mind, the Inspector General will perform ongoing monitoring of the awarding and performance of contracts to ensure process integrity, compliance with legal provisions and the City's contractual requirements, as well as to prevent and combat fraudulent tactics.

Today, the Office of Inspector General is fully operational and in its third year of existence. The Inspector General intends to conduct his investigations proactively and will not wait for a complaint before opening a file. It is worth reiterating the importance of the Inspector General being able to open and conduct investigations on his own initiative. **In 2015, 11 investigation files were opened on the initiative of the Inspector General** (monitoring).

The Inspector General would also like to point out that his contract monitoring does not excuse managers from performing their duties. It is primarily up to the managers of the City's various administrative units and related legal persons to implement control and monitoring measures for contract awarding, management and performance processes. It would be unfortunate, and especially inefficient, if the Inspector General had to intervene each time an obvious violation involving a major aspect of a contract was observed. As part of his work, the Inspector General fully intends to bring managers' accountability back to the forefront.

* The amount of projected expenditures for 2016 is taken from the City's three-year capital expenditures program. As for actual expenditures from 2013 to 2015, they come from the City's accounting system, from which expenditure items coded "PTI" for the Water Service (Service de l'eau) and the Infrastructures, Roads and Transportation Department (Service des infrastructures, de la voirie et des transports) were extracted.

RESPOND TO COMPLAINTS AND CONDUCTING INVESTIGATIONS

Handling complaints and conducting investigations are the Inspector General's priority. Accordingly, all of the OIG's actions and resources are aimed at supporting investigative operations.

Investigations can be launched:

- in response to complaints; or
- on the initiative of the Inspector General.

FILE RELEVANT PUBLIC REPORTS

The Inspector General may address the City's decision-making bodies as often as he deems necessary. The Inspector General can issue two types of reports:

- reports and recommendations under section 57.1.23 par. 2 of Montréal's City Charter; and
- decisions to cancel a contracting process, to rescind a contract or to suspend the performance of a contract under section 57.1.10 of Montréal's City Charter.

Through the observations, decisions and recommendations made in his ad hoc reports, the Inspector General of Montréal informs elected officials of problems as they arise and suggests possible solutions.

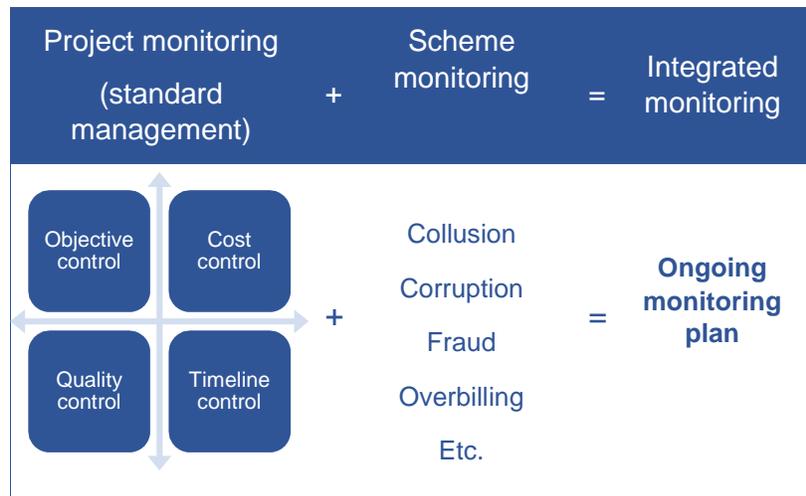
Consequently, the Inspector General intends to file as many ad hoc reports as necessary and will not wait for the publication of his annual report to publicly expose situations that he considers problematic and worthy of being brought to the attention of elected officials and the public.

ENSURING ONGOING MONITORING

In the same vein as what is done in certain U.S. offices, the Inspector General of Montréal performs ongoing monitoring of certain large-scale projects and activities that present a high risk of anti-competition or fraudulent schemes.

Ongoing monitoring has been a priority from the first year of his nomination, and the Inspector General intends to continue to make it a key focus. In his opinion, ongoing monitoring represents a means to intervene upstream of problematic situations, even before receiving a complaint.

It should be reminded that an ongoing monitoring plan involves, for an independent body that is not a stakeholder in the operations, monitoring a project from initial development to final execution.



Work performed under the Complementary Levelling and Paving Program (PCPR) was targeted by the municipal administration as it presented inherent risks. On February 18, 2015, the administration called on the Inspector General of Montréal to monitor this program on an active and ongoing basis. Contracts awarded as part of the implementation of the PCPR will continue to be closely monitored in 2016.

In 2016, the Inspector General also foresees the possibility of performing ongoing monitoring in other sectors.



In his *Report on Snow Removal and its Practices in Montréal* filed with Montréal's City Council on November 23, 2015, the Inspector General announced that he intended to closely monitor the awarding and performance of contracts through inspections and visits during snow removal operations.

The investigation that led to the production of the report provided the Inspector General with enough information to conclude that several collusion and market control schemes have been set up in the snow removal sector.

Monitoring will now enable the Inspector General to intervene in specific contracts as needed, through decisions, if he observes fraudulent tactics or serious breaches, pursuant to section 57.1.10 of Montréal's City Charter.

Moreover, at the time this report was filed, a first decision to rescind a snow removal contract had been rendered. The contract in question, awarded by the Ahuntsic–Cartierville borough, involved subcontracting, a practice that was prohibited according to the tendering documents. This decision rendered by the Inspector General on February 15, 2016, and available on the OIG's website will be discussed in the 2016 annual report.

A light blue circular icon with a dotted border, containing the text "INFORMATION TECHNOLOGY FILES" in blue capital letters.

INFORMATION TECHNOLOGY FILES

In November 2015, the Auditor General of Québec, Ms. Guylaine Leclerc, conducted a special audit of information technology contracts.

In her report, she exposes widespread shortcomings observed in the contract management process, risks related to process integrity, and a lack of independence and impartiality of the individuals involved in the preparation of the call for tenders and the selection process. She also pointed out that the risks were not shared between the service provider and the client.

Despite the fact that this audit dealt with the contracts awarded by certain departments and agencies of the Québec government, it remains that the information technology contracts awarded by Montréal are a concern for the Inspector General, namely in terms of their scope and the expenditures they involve for the municipal administration. The Inspector General has therefore decided to make this an investigative priority for 2016 and will be monitoring information technology contracts more closely with his team to be on top of problematic and irregular situations.

The Inspector General also has on staff an information technology expertise and specialized analysis manager. This person holds a bachelor's degree in computer science and possesses twenty years of experience in technology infrastructure management, development and implementation, strategic planning, and the management of teams made up of IT analysts, technology architects and project managers. Over the years, this expert has acquired extensive knowledge of the information technology sector and will be directly involved in the analysis of files related to this sector.

The Office of Inspector General has already investigated one file involving the City's acquisition of wired telephony services. The overview of the OIG's investigation and follow-up was covered under "Cases leading to other interventions by the Inspector General" on pages 44-45 of this report.

A light blue circular icon with a dotted border, containing the text "ENSURING THE OIG'S VISIBILITY" in blue capital letters.

ENSURING THE OIG'S VISIBILITY

The Inspector General has, seeing as the Office of Inspector General of Montréal is the first office of its kind in Canada, set one of his priorities to ensure and strengthen the Office's visibility.

Several actions were already taken in 2015 to promote the role of Inspector General and the Office of Inspector General, including presentations to several organizations whose activities are related to the mandate of the Inspector General (see "Visibility of the OIG" on page 53 of this report).

In 2016, the Inspector General will continue to give presentations on his mandate and accomplishments to organizations and to produce public reports. He will also ensure his visibility by prioritizing the translation of his reports into English and by organizing a symposium at the Palais des congrès.

ENGLISH TRANSLATION OF PUBLIC REPORTS

The Inspector General has all of his public reports translated into English in order to promote his activities to all Montréal citizens as well as to benefit the rest of Canada and offices of inspectors general in the United States.

At the time this annual report was filed, the vast majority of the public reports produced by the Inspector General since he took office are available in English on the OIG's website.

For 2016, the priority is to have English versions posted on the OIG's website almost simultaneously with the original French versions.

2016 SYMPOSIUM

With a view to increasing his visibility and promoting this administrative investigation model that remains the only one of its kind in Canada, the Inspector General of Montréal decided to organize a first symposium in 2016, in collaboration with the Association of Inspectors General.

This symposium, entitled "The Added Value of an Inspector General," will be held on September 22 and 23, 2016, at the Palais des congrès de Montréal. Apart from presenting the role of Inspector General and the Office of Inspector General of Montréal, it is aimed at explaining the fundamental role and various functions of the various offices of inspectors general and conveying the added value of inspectors general in the fight against fraud, waste, corruption, collusion and other forms of abuse, specifically in public contracts.

In terms of the program, some twenty or so speakers have been invited, including several from the United States, and panels are also planned to discuss themes such as the ties between organizations that fight corruption and collusion, and protecting whistleblowers.

Simultaneous interpretation from French to English is planned for all conferences.

The symposium is self-funded and addressed mainly to municipal and government bodies, client organizations and companies, organizations that control and fight fraud, collusion and corruption as well as academics and professionals. Approximately 150 people are expected to attend.

Registration will be through the Office of Inspector General's website, and the program and other information on the symposium will be available in the coming weeks.



BUDGET AND ACCOUNTABILITY

In 2015, the Inspector General of Montréal had a total budget of **\$5,550,400**. The budget is established by a fixed percentage (0.11%) of the City's total budget along with additional credits of \$247,700 for the City's ethics hotline.

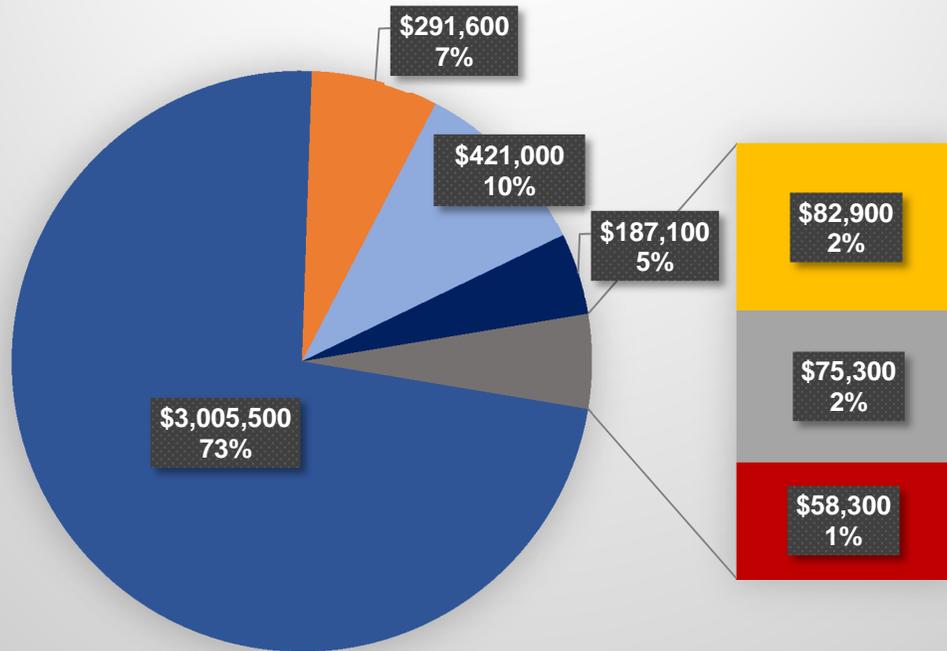
Out of concern for the economic context in which he is operating, carefully spending the public funds with which he is entrusted and always leaving a little financial room to meet specific needs in human or material resources, special investigations and/or to strengthen the structure, the Inspector General did not spend all of the budget allocated to him in 2015. An amount of \$1,428,700 was not spent and was returned to the City surplus.

The following table and graph illustrate the amounts spent by the Inspector General in 2015 on the various expenditure items.

Operating budget and expenses for the year ended December 31, 2015 (in thousands of dollars)

ALLOCATED BUDGET	5,550.4
TOTAL EXPENDITURES	4,121.7
Compensation and employer's contributions	3,005.5
Employee secondments	421
Rental, maintenance and repair expenses	291.6
Technical and other service purchases	187.1
Contracts to access databases, namely:	
• <i>Employee training</i>	78.5
• <i>Translation services</i>	19
Durable and non-durable goods	82.9
• <i>Office supplies, furniture, cellular phones, etc.</i>	
Transportation and communications	75.3
Professional fees	58.3
• <i>Communication services</i>	11.5
DIFFERENCE IN \$	1,428.7
DIFFERENCE IN %	25.7%

Operating expenses of the Inspector General in 2015



- Compensation and professional contributions
- Rental, maintenance and repair expenses
- Employee secondments
- Technical and other service purchases
- Durable and non-durable goods
- Transportation and communications
- Professional fees



APPENDIX 1

Excerpts of Montréal's City Charter as amended by the *Act respecting the inspector general of Ville de Montréal*

DIVISION VI.0.1 **INSPECTOR GENERAL**

§ 1. — *Appointment*

57.1.1. The city shall appoint an inspector general and fix his or her salary.

The inspector general is appointed by the regular city council.

The resolution appointing the inspector general must be adopted, on the recommendation of the mayor, by a two-thirds majority vote of the council members.

A two-thirds majority vote of the council members is also required to dismiss the inspector general or suspend him or her without pay.

57.1.2. To be appointed inspector general and remain as such, a person must, as a minimum,

- (1) have been a member of the Barreau du Québec or the Chambre des notaires du Québec for at least 10 years, provided that disciplinary action has not been or is not being taken against the person; and
- (2) not have been found guilty anywhere of an offence for an act or omission that is either an offence under the Criminal Code (R.S.C. 1985, chapter C-46) or an offence, referred to in section 183 of that Code, under any of the Acts listed in that section and that is related to the employment.

57.1.3. The following persons may not act as inspector general:

- (1) a member of a council of the city or the council of a reconstituted municipality, or a former member of any of those councils, in the latter case before the expiry of 12 months following the end of that member's term of office;
- (2) an associate of a member mentioned in paragraph 1;
- (3) a person who, personally or through an associate, has any direct or indirect interest in a contract with the city or with a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9.

57.1.4. The inspector general is appointed for a non-renewable five-year term and shall remain in office until a successor is appointed.

57.1.5. The inspector general shall perform the duties of office exclusively and on a full-time basis.

57.1.6. If the inspector general is unable to act or if the office of inspector general is vacant, the council shall,

- (1) not later than at the sitting following the inability to act or the vacancy, designate, for a period of not more than 180 days, a person qualified to replace the inspector general; or
- (2) not later than at the sitting following the inability to act or the vacancy, or not later than at the sitting following the expiry of the period fixed under paragraph 1, appoint a new inspector general in accordance with section 57.1.1.

57.1.7. Despite section 113 of the Cities and Towns Act (chapter C-19), the director general of the city does not have authority over the inspector general, who reports directly to the council.

§ 2. — *Mandate*

57.1.8. The mandate of the inspector general is to oversee contracting processes and the carrying out of contracts by the city or by a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9.

The inspector general shall recommend to the council any measure aimed at preventing a breach of integrity in the making of contracts by the city or the carrying out of such contracts. The inspector general shall also recommend to the council any measure designed to foster compliance with the applicable legal provisions and with the city's requirements regarding contracting or the carrying out of contracts. In addition, the inspector general shall verify, within the city, the implementation of such measures adopted by any council.

A further mandate of the inspector general is to train the members of the councils as well as the officers and employees to recognize and prevent any breach of integrity or of the applicable rules in the making of contracts by the city or the carrying out of such contracts.

The inspector general shall carry out his or her mandate with regard to contracts that come under an urban agglomeration power as well as those that come under a local power. The inspector general may make recommendations to any council of the city and shall verify the measures adopted by any such council, and the training he or she provides may be intended for the members of any council as well as all officers and employees of the city.

57.1.9. In the performance of his or her duties, the inspector general is entitled to examine any book, register or record or obtain any information relevant to his or her mandate from the city, any city officer or employee, any member of a city council or a selection committee, the office of a city mayor or of a designated councillor within the meaning of section 114.5 of the Cities and Towns Act (chapter C-19) or any staff member of such an office or of a person described in the fifth paragraph or a representative of that person. The inspector general may make copies of them.

The inspector general may, at any reasonable hour, enter a building or on land to conduct the examination provided for in the first paragraph. The inspector general may require the owner or occupant and any other person on the premises visited to give him or her reasonable assistance.

The inspector general may also use any computer or material or any other thing found on the premises visited to access data relevant to his or her mandate and contained in an electronic device, computer system or other medium or to inspect, examine, process, copy or print out such data.

The inspector general may determine the reasonable terms according to which the documents or information mentioned in the first paragraph are to be transmitted to him or her.

The person referred to in the first paragraph is:

1° a legal person that meets one of the following conditions:

- (a) that is part of the reporting entity defined in the city's financial statements;
- (b) of which the city or a mandatary of the city appoints more than 50% of the members of the board of directors; or
- (c) of which the city or a mandatary of the city holds more than 50% of the outstanding voting shares or units;

(2) a person that has a contractual relationship with the city or with a legal person described in subparagraph 1; or

(3) a subcontractor of the person referred to in subparagraph 2 in relation to the principal contract referred to in that subparagraph.

The inspector general shall, on demand, provide identification and produce for the owner or occupant or any other person on the premises visited under the second paragraph a certificate of authority signed by the city clerk.

57.1.10. The inspector general may cancel any contracting process involving a contract of the city or of any legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9, or rescind or suspend the carrying out of such a contract if the inspector general

- (1) finds that any of the requirements specified in a document of the call for tenders or a contract has not been met or that the information provided in the contracting process is false; and
- (2) is of the opinion that the seriousness of the breach observed justifies the cancellation, rescinding or suspension.

The inspector general's decision must include reasons and be sent immediately to the clerk and the mayor of the city. If the decision concerns the contract of a legal person referred to in the first paragraph, it must be sent immediately to the secretary of the legal person.

On receipt of the decision, the clerk shall immediately send it to the contracting party concerned.

Any decision received by the clerk under the second paragraph must be tabled before the city council concerned or, in the case of a decision regarding a contract of a legal person referred to in the first paragraph, before the council having jurisdiction over the mandate of the legal person, at the first sitting of the council following receipt of the decision.

Any decision received under the second paragraph by the secretary of a legal person referred to in the first paragraph must be tabled at the first meeting of its board of directors following receipt of the decision.

57.1.11. A decision by the inspector general to cancel a contracting process takes effect immediately and ceases to have effect the day it is reversed under section 57.1.12.

A decision by the inspector general to suspend the carrying out of a contract takes effect immediately and ceases to have effect on the 91st day following the day it is received by the city clerk or the secretary of the legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 or, as applicable, the day it is reversed under section 57.1.12.

If not reversed under section 57.1.12, a decision by the inspector general to rescind a contract takes effect on the 46th day following the day it is received by the city clerk or the secretary of the legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 or the day it is confirmed by the city council concerned, if applicable.

57.1.12. The city council concerned or, as the case may be, the council having jurisdiction over the mandate of the legal person concerned may reverse a decision of the inspector general.

In the case of a contract of a legal person, the council cannot reverse a decision without considering the recommendation of the board of directors of the legal person. Consequently, any legal person concerned by a decision of the inspector general must send to the council having jurisdiction over its mandate, not later than the 15th day following receipt of the decision, its recommendation as to whether or not to reverse the decision. The recommendation must give reasons.

For the purposes of the second paragraph, if no recommendation is sent within the prescribed period, the board of directors of the legal person concerned is presumed to be in favour of maintaining the inspector general's decision.

The recommendation required under the second paragraph must be sent to the city clerk, who shall, at the first sitting of the council following receipt of the recommendation or following the expiry of the period fixed in the second paragraph, table it before the council having jurisdiction over the mandate of the legal person or inform the council of the absence of a recommendation.

A decision to reverse the cancellation of a contracting process or the rescinding of a contract must be made not later than the 45th day following the day the city clerk receives the inspector general's decision.

Any reversal decision regarding a contract of a legal person must be sent to the secretary of the legal person.

57.1.13. Any person may communicate any information to the inspector general that is relevant to the inspector general's mandate, except information regarding the health of a person or any of the following:

- (1) information regarding the existence of an order whose publication is deferred under the Executive Power Act (chapter E-18) or the order itself;
- (2) information regarding the existence of a decision resulting from the deliberations of the Conseil exécutif or the decision itself, information regarding the existence of a decision resulting from the deliberations of one of the cabinet committees of the Conseil exécutif or the decision itself, or information regarding the existence of a decision of the Conseil du trésor or the decision itself, before the expiry of 25 years from the date of the decision;
- (3) information regarding the existence of information which, if disclosed, would reveal a budget policy of the Government before it is made public by the Minister of Finance or the information itself;
- (4) a legal opinion concerning the application of the law to a particular case, or the constitutionality or validity of legislative or regulatory provisions, or a preliminary or final draft of a bill or regulation;
- (5) a study, if its disclosure might well affect the outcome of judicial proceedings, unless those proceedings concern parties other than the Government, the Conseil exécutif, the Conseil du trésor, the government departments, and the persons, agencies and bodies referred to or described in the second and third paragraphs of section 3 or in section 4 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1);
- (6) a communication from the Conseil exécutif to one of its members, the Conseil du trésor or a cabinet committee, before the expiry of 25 years from the date of the communication;
- (7) a communication from a member of the Conseil exécutif to another member of the Conseil exécutif, before the expiry of 25 years from the date of the communication;
- (8) a recommendation from the Conseil du trésor or a cabinet committee to the Conseil exécutif, before the expiry of 25 years from the date of the recommendation;
- (9) a recommendation from a member of the Conseil exécutif to the Conseil exécutif, the Conseil du trésor or a cabinet committee, before the expiry of 25 years from the date of the recommendation;
- (10) a study made within the Ministère du Conseil exécutif or the secretariat of the Conseil du trésor regarding a recommendation or request made by a minister, a cabinet committee or a public body, or regarding a preliminary or final draft of a bill or regulation, before the expiry of 25 years from the date of the study;
- (11) a record or report of the deliberations of the Conseil exécutif or a cabinet committee, before the expiry of 25 years from the date of the record or report;
- (12) a list of titles of documents containing recommendations to the Conseil exécutif or the Conseil du trésor, before the expiry of 25 years from the date of the list;
- (13) the agenda of a meeting of the Conseil exécutif, the Conseil du trésor or a cabinet committee, before the expiry of 25 years from the date of the agenda;
- (14) a document from the office of a Member of the National Assembly or a document produced for that Member by the services of the Assembly, unless the Member deems it expedient to send the document himself or herself or request that it be sent;
- (15) a document from the office of the President of the Assembly or of a Member of the Assembly referred to in the first paragraph of section 124.1 of the Act respecting the National Assembly (chapter A-23.1) or a minister to which section 11.5 of the Executive Power Act (chapter E-18) applies;
- (16) a preliminary or final draft of a bill or regulation, other than a draft by-law of the city or of a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act, before the expiry of 10 years from the date of the draft;
- (17) a study directly relating to a document referred to in subparagraph 16, other than a draft by-law of the city or of a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act, unless the draft bill has been tabled in the National Assembly or the draft regulation has been made public in accordance with the law;
- (18) an opinion or recommendation issued or made less than 10 years earlier by a member of a public body or of its personnel in the discharge of his or her duties, or issued or made less than 10 years earlier, at the request of a public body, by a consultant or an adviser on a matter within its jurisdiction, unless the opinion or recommendation emanates from the city or from a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act or unless it is prepared at the request of the city or the legal person;
- (19) an opinion or recommendation issued or made by an agency under the jurisdiction of a public body to a public body, or issued or made by an agency under the authority of a minister to the minister, if no final decision on the subject matter of the opinion or recommendation has been made public by the authority having jurisdiction and if the opinion or recommendation does not emanate from the city or from a legal person

described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act or has not been prepared at the request of the city or the legal person;

(20) a study prepared in connection with a recommendation made in the course of a decision-making process, until a decision is made on the recommendation or, if no decision is made, until five years have elapsed from the date the study was made, and if the study does not emanate from the city or from a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act; or

(21) information regarding the existence of information or the information itself, if the information does not emanate from the city or from a legal person described in subparagraph 1 of the fifth paragraph of section 57.1.9 of this Act and if its disclosure would be likely to:

(a) hamper an audit in progress;

(b) reveal an auditing program or operation plan;

(c) reveal a confidential source of information regarding an audit; or,

(d) seriously impair the power of appraisal granted to the Auditor General pursuant to sections 38, 39, 40, 42, 43, 43.1 and 45 of the Auditor General Act (chapter V-5.01).

A person who communicates information authorized under the first paragraph to the inspector general may do so despite the Act respecting Access to documents held by public bodies and the Protection of personal information, the Act respecting the protection of personal information in the private sector (chapter P-39.1), any other communication restrictions under other laws of Québec and any duty of loyalty or confidentiality that may be binding on the person, in particular with respect to an employer or a client.

The second paragraph does not however authorize the person to communicate information to the inspector general that is protected by professional secrecy between an advocate or a notary and a client.

57.1.14. The inspector general must take all necessary measures to protect the identity of persons who have communicated with him or her. Within the scope of his or her mandate, the inspector general may nonetheless communicate the identity of such persons to the police service of the city or to the Anti-Corruption Commissioner.

57.1.15. It is forbidden to take a reprisal against a person who has communicated with the inspector general or to threaten to take a reprisal against a person so that he or she will abstain from communicating with the inspector general.

In particular, the demotion, suspension, termination of employment or transfer of a person referred to in the first paragraph or any disciplinary or other measure that adversely affects the employment or working conditions of such a person is presumed to be a reprisal.

Any person who contravenes this section is guilty of an offence and is liable to a fine of

(1) \$2,000 to \$20,000 in the case of a natural person; and

(2) \$10,000 to \$250,000 in other cases.

For any subsequent offence, the amounts are doubled.

57.1.16. Any person who in any way hinders or attempts to hinder the performance of the inspector general's duties, misleads the inspector general by concealment or misrepresentation, refuses to hand over a document or information the inspector general may demand or examine, or conceals or destroys such a document or information is guilty of an offence and is liable to a fine of \$4,000 to \$20,000.

For any subsequent offence, the amounts are doubled.

57.1.17. Any person who, by an act or omission, helps or, by encouragement, advice, consent, authorization or order, induces another person to commit an offence under section 57.1.15 or 57.1.16 is guilty of an offence.

Any person who is found guilty under this section is liable to the same penalty as that prescribed for the offence the person helped or induced another person to commit.

57.1.18. If, in the opinion of the inspector general, a federal or Québec law or a by-law or regulation made under such a law may have been contravened, and if the contravention pertains to corruption, malfeasance, collusion,

fraud or influence peddling in, for example, the making or carrying out of contracts, the inspector general must, without delay, disclose the wrongdoing to the Anti-Corruption Commissioner.

In addition, the inspector general shall send the Autorité des marchés financiers any information that may be relevant to its mandate under Chapter V.2 of the Act respecting contracting by public bodies (chapter C-65.1).

§ 3. — *Designation of representatives of the inspector general*

57.1.19. For the purposes of his or her mandate, the inspector general may designate, in writing, an assistant from among his or her personnel.

Only a person who meets the requirements set out in sections 57.1.2 and 57.1.3 may be designated as an assistant.

The designation is valid for a period of not more than five years and is non-renewable.

The assistant shall perform the duties of office exclusively and on a full-time basis.

The assistant has the same powers and rights as the inspector general and is subject to the same obligations.

In addition, the inspector general may designate, in writing, a person from among his or her personnel to perform the following duties:

- (1) the duties set out in the first and third paragraphs of section 57.1.8;
- (2) the verification of the implementation of the measures adopted under the second paragraph of section 57.1.8;
- (3) the duties set out in section 57.1.9.

In the performance of his or her duties, a person designated under the sixth paragraph is subject to the same obligations as the inspector general.

§ 4. — *Ethics requirement*

57.1.20. The inspector general must disclose in every report produced any situation that could cause a conflict between the inspector general's or his or her assistant's personal interest and their respective duties of office.

§ 5. — *Operating expenses*

57.1.21. The budget of the city must include an appropriation to provide for payment of a sum to the inspector general to cover the expenses relating to the performance of his or her duties.

The appropriation must be equal to or greater than the product obtained by multiplying the total of the other appropriations provided for in the city's budget for operating expenses by 0.11%.

The appropriation constitutes a mixed expenditure subject to the by-law provided for in section 69 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (chapter E-20.001).

57.1.22. The inspector general is responsible for the application of the city's policies and standards relating to the management of the human, material and financial resources assigned to the performance of his or her mandate.

§ 6. — *Reports, notices and recommendations*

57.1.23. Not later than 31 March each year, the inspector general shall send the city clerk and the mayor a report, to be tabled before the council at the first regular sitting following its receipt, presenting the results of the activities carried out under the inspector general's mandate and making recommendations, if applicable. The inspector general shall also send the report to the Anti-Corruption Commissioner and the Autorité des marchés financiers.

The inspector general may also, at any time, send the mayor and the clerk any report presenting findings or recommendations that, in the opinion of the inspector general, warrant being brought to the attention of the council. The mayor shall table the report before the council at the first regular sitting following its receipt.

The inspector general may include any notices or recommendations in these reports that, in his or her opinion, must be brought before the council.

In addition, the inspector general may, at any time, submit any notice or recommendation he or she considers necessary to any decision-making authority of the city.

§ 7. — *Protections*

57.1.24. Despite any general law or special Act, the inspector general and the employees under his or her direction or the professionals under contract may not be compelled to give testimony relating to any information obtained in the performance of their duties or to produce any document containing such information.

The inspector general and the employees under his or her direction may not be prosecuted for any act or omission in good faith in the performance of their duties.

No civil action may be instituted for the publication of a report of the inspector general prepared under this Act or the publication in good faith of an extract or summary of such a report.

Except on a question of jurisdiction, no application for judicial review under the Code of Civil Procedure (chapter C-25.01) may be exercised nor any injunction granted against the inspector general, the employees under his or her direction or the professionals under contract acting in their official capacity.

A judge of the Court of Appeal may, on an application, summarily annul any proceeding instituted or decision rendered contrary to the first paragraph.

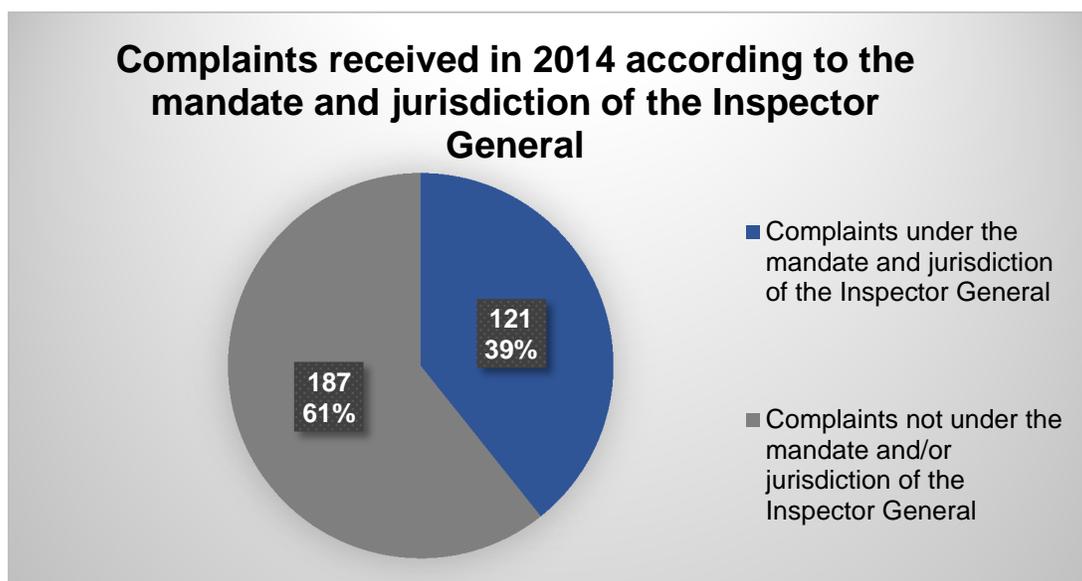
§ 8. — *Audit of the accounts and affairs of the inspector general*

57.1.25. Despite section 107.8 of the Cities and Towns Act (chapter C-19), the auditing of the accounts and affairs of the inspector general does not include auditing for value-for-money.

APPENDIX 2

Statistics for 2014 in accordance with the new data compilation methodology

In 2014, the Office of Inspector General received 308 complaints. Of this total, 187 complaints did not fall under its mandate or jurisdiction.

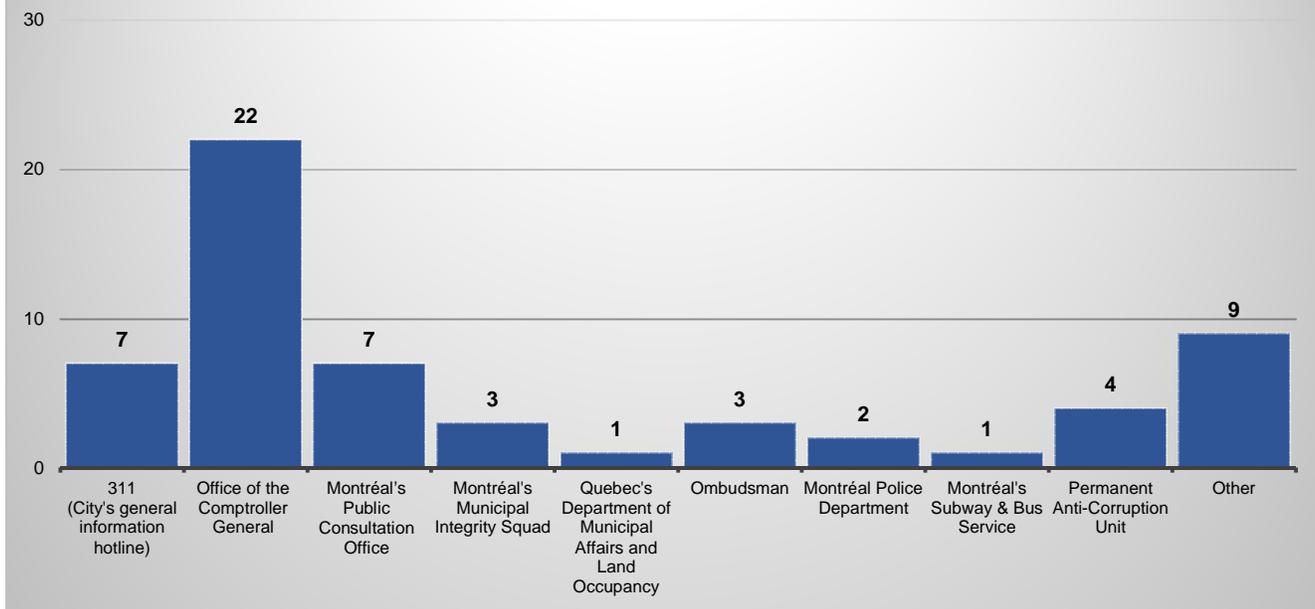


Complaints that did not fall under the mandate or jurisdiction of the Inspector General were sent, with the complainant's consent, to the appropriate body, or the complainant was invited to contact the appropriate department or organization directly.

In 2014, 59 complaints received by the OIG were referred to another body.

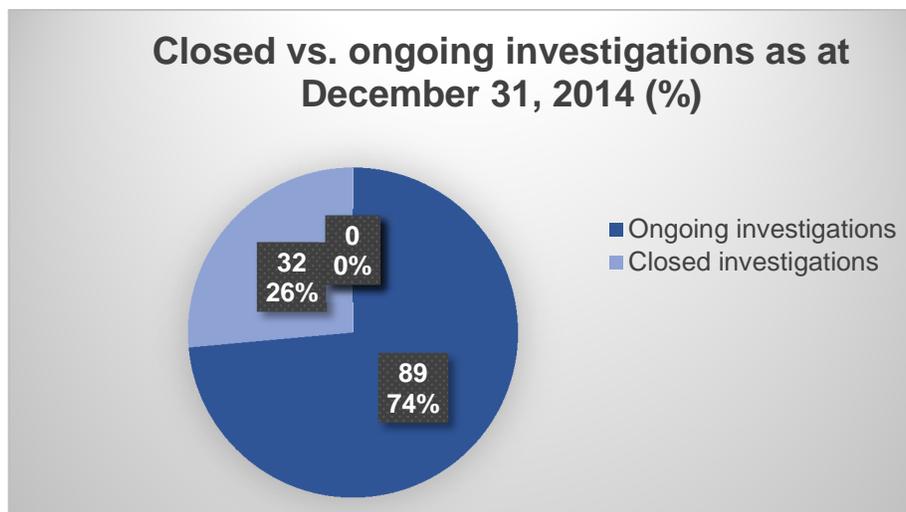
The following graph illustrates the breakdown of complaints referred to other bodies.

Complaints referred to another body



Among the complaints falling under the mandate and jurisdiction of the Inspector General, **in 2014, 121 investigation files were opened.**

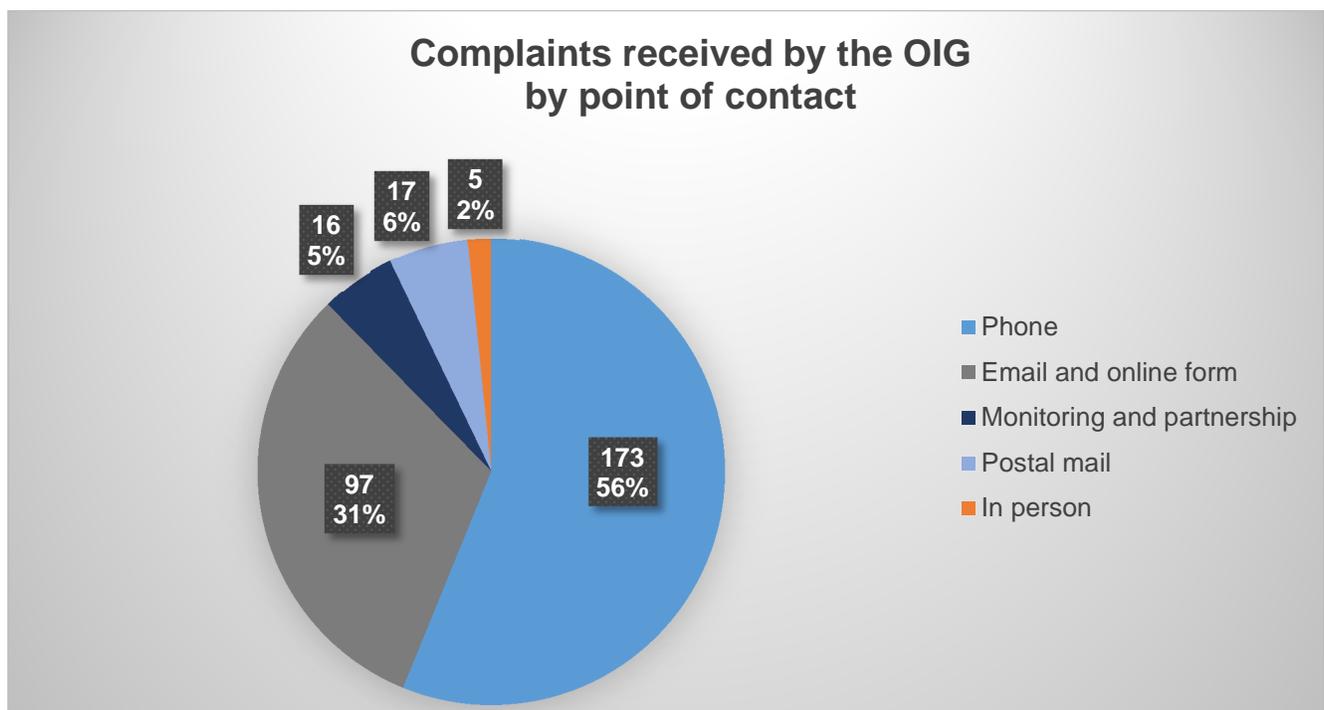
On December 31, 2014, the Office of Inspector General had closed 32 investigation files and 89 investigations were still ongoing.



More detailed statistics on all complaints received in 2014, whether or not they fell under the mandate or jurisdiction of the Inspector General, are presented in the following graphs and tables:

Complaints by nature	
Irregularity in the contract awarding or performance process	31.2%
Collusion, corruption, bribery or extortion	12%
Mismanagement or violation of the applicable rules	6.8%
Breach of ethics or conflict of interest	6.5%
Zoning issue, irregularity in real estate management or the issue of permits	5.8%
Irregularity in a staffing process or other human resources case	5.2%
Fraud, theft or misuse of property	3.9%
Other miscellaneous cases	28.6%
Total	100%

Complaints by source	
Citizen	46.7%
Current or former employee	19.5%
Supplier, subcontractor or bidder	16.6%
Anonymous or unknown	7.8%
Partner	2.3%
Elected official or cabinet member of an elected official, former elected official or former cabinet member of an elected official	2%
Monitoring	0.6%
Police	0.3%
Other	4.2%
Total	100%



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To contact the Office of Inspector General:

Address

 1550 Metcalfe Street
Suite 1200
Montréal, Québec
H3A 1X6



Website

www.bigmtl.ca



Email

BIG@bigmtl.ca



Telephone

514-280-2800



Facsimile

514-280-2877