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[This is an English version of the report originally transmitted in French to the mayor of Montreal and then submitted to Montreal City Council on April 27, 2015]

Annual report of the Inspector General of the City of Montreal to Montreal City Council

For the year ended December 31, 2014

March 31, 2015
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Message from the Inspector General

Mayor Denis Coderre, Members of Montreal City Council and citizens of Montreal,



I am pleased to submit the first annual report by the Office of Inspector General of the City of Montreal (hereinafter: OIG). This report describes the achievements of my office from the date of my appointment by Montreal City Council on **February 24, 2014** to **December 31, 2014**.

Immediately after I was appointed, I began building a solid team of professionals in order to create the first **office of Inspector General in Canada**, even though the National Assembly of Quebec had not yet adopted the law creating the function of Inspector General of the City of Montreal.

It was only on June 13, 2014 that *An Act respecting the Inspector General of the City of Montreal* came into force and that the function of Inspector General was legally created, with the incumbent duties, powers, and responsibilities.

The submission of reports by the Inspector General is foreseen under article 57.1.23 of the *Charter of the City of Montreal* (hereinafter: Charter), which states that:

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 opinion, must be brought before the council.

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

According to the second paragraph of this article, the **OIG can address the decision-making authorities of the City as often as it considers necessary.** By the observations and recommendations made in ad hoc reports produced following complaints, or at its own initiative, the OIG gradually informs elected officials of any problem that arises, and proposes possible solutions.

On the other hand, the OIG made a commitment to produce exceptional quality reports that are timely, objective, precise, and presented such that the individuals and agencies under its jurisdiction can act on the information transmitted.

The OIG intends to prioritise the filing of ad hoc reports and recommendations. In 2014, three public reports containing specific recommendations have already been submitted to decision-making authorities.

This annual report is primarily an opportunity to present the major achievements of the year 2014 and the priorities that we plan to implement in the coming year.

A handwritten signature in blue ink that reads "Denis Gallant". The signature is written in a cursive, flowing style.

Denis Gallant, Ad. E.
Inspector General

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The Inspector General and his team



Inspector General Denis Gallant, Ad. E.

Mr. Gallant holds a law degree from the University of Sherbrooke and a Master of Laws degree from the University of Quebec in Montreal (UQAM). He has been a member of the Quebec Bar since 1990.

In office as the first Inspector General in Canada since February 2014, his mandate is to promote integrity, as well as to prevent and fight fraudulent tactics as part of the awarding and execution of contracts by the City of Montreal and related agencies.

Prior to his appointment as Inspector General of the City of Montreal, he was Deputy Chief Counsel of the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry (Charbonneau Commission).

Mr. Gallant has also served as a crown prosecutor for many years. Specialized in the criminal prosecution of narcotics-related offences and organized crime, he was part of a special unit of the Department of Justice of Quebec 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 Montreal legal aid, where he practiced for several years, mostly in criminal law.

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

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

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

The Association of Inspectors General granted Mr. Gallant the accreditation of Certified Inspector General (CIG) in 2015.



First Deputy Inspector General – Strategy, Coordination and Integrity
Éric-Christopher Desnoyers

Holder of a Bachelor in Management Accounting from the University of Quebec in Montreal and a graduate degree in Forensic Accounting from the University of Toronto, Mr. Desnoyers is a Chartered Professional Accountant (CPA), a Chartered Administrator (C. Adm.), a Certified Inspector General (CIG and CIGA) and a member of the Quebec's Organizational Ethics Network.

Before being appointed to the OIG, he served as Chief of governance, ethics and internal auditing at the City of Montreal. Among his achievements, he helped establish the City's Office of the Comptroller General, overhaul the code of conduct, implement institutional indicators and dashboards and produce an institutional governance table. Before joining the City of Montreal's staff, Mr. Desnoyers worked in the fields of aeronautics and computer science. He has also acted abroad as a management consultant for governments.



Deputy Inspector General – Expertise and Analysis
Pierre Egesborg

Mr. Egesborg has worked for the City of Montreal for over 20 years. He has served as head of the engineering division and as interim director of public works for the borough of Saint-Leonard. His most recent position was Head of division – Management of contracts and technical analyses at the City's Office of the Comptroller General. Through these experiences, he acquired an extensive knowledge of diverse activities in municipal engineering, of the procurement process and of the management and analysis of contracts.

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



**Deputy Inspector General – Inspections and Investigations
Robert Pigeon**

As an experienced investigator, Mr. Pigeon has managed several investigation teams during his long career at the Quebec Provincial Police (Sûreté du Québec - SQ). He stood out for his participation in large-scale investigations including those related to biker gangs, and received three awards for his commitment to fight organized crime.

Mr. Pigeon has also held the position of director of operations and investigations at the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry (Charbonneau Commission). Through this unique experience he gained a global version of the challenges related to contract investigations, schemes, collusion and corruption in Quebec.



**Deputy Inspector General – Legal Affairs
General Counsel
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 a vast experience in administrative law, public freedoms and human rights. During his 25-year career with the City's Legal Department, he has represented the City of Montreal in several large-scale cases before all the courts and most of the administrative tribunals of Quebec. This specialist in access to information rights was invited by the Quebec Bar and the Quebec's Access to Information Commission to give a conference in 2012 to mark the 30th anniversary of the coming into effect of *An Act respecting Access to documents held by public bodies and the Protection of personal information*.



1. The creation of an Inspector General position in Montreal

The City of Montreal has always been a large work provider. Endowed with substantial budgets to execute its works, the metropolis of Quebec awards thousands of contracts annually, collectively valued at over \$1 billion. This figure rises significantly when the various agencies related to the City, such as the Société de transport de Montréal (STM) (Montreal's Subway and Bus Service), are considered.

Several scandals and problems at the City of Montreal have surfaced in recent years and made news, exposing cases of corruption, collusion, conflicts of interest and mismanagement. These events have had negative repercussions on public opinion.¹

On November 9, 2011, the Quebec government created the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry (hereinafter: Charbonneau Commission). The hearings held in the fall of 2012 and the winter of 2013 mainly covered the situation prevailing at the City of Montreal. Testimonials heard generated particular media attention, which compounded the cases previously brought to light. Although the Charbonneau Commission's report has not yet been published, and without ruling on the credibility of the testimonials heard,² we can already notice that the Commission's hearings have drawn the public's attention to the existence of a sophisticated system of collusion and sharing of municipal contracts, corruption among public officials and serious deficiencies in ethics and integrity.

1.1. Pledge to introduce an Inspector General in Montreal

On November 3, 2013, Mr. Denis Coderre was elected mayor of the City of Montreal. He committed to create an office of Inspector General for the City of Montreal, modelled after similar offices in the United States.

Because the creation of the position of Inspector General would require amendments to the *Charter of the City of Montreal*, the Executive Committee of the City of Montreal³ mandated, on November 20, 2013, the Legal Department, in collaboration with the City's Office of the Comptroller General, to submit the required amendments to the Charter to the Quebec government so that they could be integrated in a bill to put forth at the National Assembly as soon as possible.

¹ Examples include bribes in the borough of Saint-Laurent (2004), computer fraud (2008), Faubourg Contrecoeur (2008), repairs to the roof of City Hall (2009), and the water meter scandal (2009).

² The onus is on the commissioners to assess the credibility of the witnesses heard at the Charbonneau Commission. The Commission has until November 30, 2015 to submit its report and recommendations.

³ Resolution CE13 1723 (ordinary meeting of Wednesday, November 20, 2013)



On November 26, the mayor of Montreal shared his vision regarding the Inspector General position with members of Montreal City Council. Here is an excerpt from this presentation:

[Translation]

Evidently, for us, the Inspector General position is an essential component of our anti-corruption plan. [...]

The Inspector General will be in a way, a type of permanent inquiry commissioner. A person who will have, we want him to have the power to investigate, to compel. A totally independent person who must be elected by a two-thirds majority of members of the City Council. This person will not be under the authority of the mayor or the director general, it is really someone who will be independent, and who will in a sense depoliticize the entire procurement policy, the whole contractual reality.

Therefore this is a complete culture change, a first in Canada. In English-speaking countries this is a common practice, particularly in the United States [...]

His role is not to act as a police officer, so anything related to the Municipal Integrity Protection Squad (Escouade de protection de l'intégrité municipale – ÉPIM) or the Permanent Anti-Corruption Unit (Unité permanente anti-corruption – UPAC) will not be interfered with. Everything that concerns criminal offences will be taken care of by police operations, but in terms of someone who must look after a contract, who is able to reopen it, who, during the process and even after, is able to ensure [...] that no one is committing fraud, that we will not relive the same problems as in the past, I think this person will have a major impact on the way things are [...]

What changes with the Inspector General is, like I've said totally aside, that he will have the power to compel. Not only will he be able to investigate following a complaint, but also unexpectedly delve into any process.⁴

⁴ City Council of November 26, 2013 (starting from 17:45), Agenda and documents received, (Webcast), URL: http://ville.montreal.qc.ca/portal/page?_pageid=5798,85945653&_dad=portal&_schema=PORTAL, website consulted on 2015-03-18.

1.2. An American concept

As the mayor of Montreal mentioned, this concept is very widespread in the United States, and did not exist in Canada before the creation of the office of Montreal. There are more than 254 offices of Inspectors General in the United States. The function of Inspector General exists at the federal and state level, as well as in many American cities.⁵ Most of these offices are members of the **Association of Inspectors General (AIG)**.

The purpose of this association, founded in 1996, is to:

*foster and promote 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.*⁶

The Association describes the role and duties of an Inspector General as follows:

*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.***⁷

⁵ The first office of the Inspector General was created at the federal level in 1976. This number of offices created across the United States increased steadily after 1988 and sharply since 2005.

⁶ Association of Inspectors General, *Principles and Standards for Offices of Inspector General*, introduction, URL : http://inspectorsgeneral.org/files/2014/01/greenbook_may2004revision.pdf, website consulted on 2015-08-18.

⁷ Association of Inspectors General, *Principles and Standards for Offices of Inspector General*, introduction, URL : http://inspectorsgeneral.org/files/2014/01/greenbook_may2004revision.pdf, website consulted on 2015-08-18.



Because it shares all of these values, the Montreal OIG joined the *Association of Inspectors General* on June 19, 2014.

1.3. Appointment of the Inspector General of the City of Montreal

On February 12, 2014, Bill 73 (*An Act respecting the inspector general of the City of Montreal*) was introduced in the National Assembly. That same day, the mayor of Montreal announced that he planned to propose the appointment of Mr. Denis Gallant as Inspector General.

On February 24, 2014, the members of Montreal City Council unanimously approved the appointment of Mr. Denis Gallant as Inspector General of the City of Montreal.⁸ The very next day, Mr. Denis Gallant assumed the position of Inspector General and began setting up his team and office, the first of its kind in Canada.

Because of the calling of provincial elections in early spring 2014, Bill 73 could not be adopted by the National Assembly and it died on the order paper. Without a law and with a minimal staff, the Inspector General nonetheless launched some investigations and concentrated on setting up the new office.

Immediately upon taking office, the Inspector General began to receive complaints. Consequently, he set up a complaint hotline (**514 280-2800**) to facilitate such communications. To help him begin his investigations quickly, two experienced investigators were seconded by the Montreal Police Service (SPVM) and the Quebec Provincial Police (Sûreté du Québec - SQ).

On May 22, a new bill was introduced in the National Assembly, the first one under the new provincial government. Bill 1 (*An Act respecting the Inspector General of the City of Montreal*) was assented to on June 13, 2014. The *Charter of the City of Montreal* (Chapter C-11.4) was amended accordingly, officially creating the position of Inspector General and granting him full duties, powers and responsibilities.

1.4. Mandate of the Inspector General of the City of Montreal

The Inspector General is in charge of **overseeing the contracting process (the awarding and execution of contracts)** followed by the City of Montreal or any related legal person. He works towards **promoting integrity, as well as preventing and fighting fraudulent tactics related to the awarding and execution of contracts.**

⁸ Resolution CM14 0103 (Regular meeting of Monday, February 24, 2014, Sitting held on February 24, 2014).

Under the Act, the Inspector General is also required to:

- **Recommend** to the City 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;
- **Recommend** to the City 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;
- **Verify**, within the City, the implementation of such measures adopted by any council;
- **Train** the members of the councils as well as the officers and employees.

⚖️ THE ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 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.



1.5. Independence of the Inspector General of the City of Montreal

Independence is a fundamental principle that ensures the effective performance of the Inspector General's duties. Specifically, independence is a guarantee that the Inspector's reports, notices and recommendations are objective, impartial and free of conflict of interest. Independence in appearance and in fact has to be safeguarded by some degree of protection, autonomy and freedom of action.

The following factors guarantee the independence of the Inspector General:

A. Enshrined in the law

The function of Inspector General was created by an act of the National Assembly of Quebec and cannot be removed based on the political will of the municipal administration holding office.

B. Appointment is non-partisan, protected and free of conflict of interest

The Inspector General is appointed by a two-thirds majority vote of members of Montreal City Council, for a non-renewable five-year term. A two-thirds majority vote of members of Montreal City Council is also required to dismiss or suspend the Inspector General.

C. Hierarchical autonomy

Neither the mayor nor the director general of the City has authority over the Inspector General. The Inspector General reports directly to Montreal City Council. The OIG conducts its work totally independently. The OIG begins and implements investigations on its own initiative or following complaints received. Nothing or no one may influence the investigations, reports, notices and recommendations of the OIG.

D. Independent budget

The OIG cannot be subjected to budget cuts that may affect its activities and operations. The City's budget must include an amount equal to 0.11% of its overall budget for expenses related to the functions of the Inspector General. Recurrence of the budget is therefore guaranteed, unless there is a decrease in the value of the operating budget of the City of Montreal.

⚖️ THE ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 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.

Section 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;
[...]*

Section 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.

Section 57.1.5

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

Section 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.

Section 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).

1.6. Jurisdiction over the City, related agencies and suppliers

The jurisdiction of the OIG encompasses more than 18 agencies, including the City of Montreal. Together, these agencies represent more than \$6 billion in terms of annual budget, more than 38,000 employees (the City of Montreal alone has more than 28,000 employees) and more than 50,000 suppliers.

+ \$6,000,000,000	Annual Budget
+ 50,000	Suppliers
+ 38,000	Employees
+ 18	Agencies (including the City of Montreal)

1 Office of Inspector General

The mandate of the Inspector General specifically applies to the following individuals and legal entities⁹:

- the City of Montreal;
- any City officer or employee or related agencies;
- members of a city council;
- members of a selection committee;

⁹ Section 57.1.9 of the *Charter of the City of Montreal* (CQLR c. C-11.4).

- the mayor of the City or the members of the office of a City mayor;
- a designated councillor within the meaning of section 114.5 of the *Cities and Towns Act*¹⁰;
- any staff member of a designated councillor;
- persons or representatives of the following legal entities:
 - legal persons that are part of the reporting entity defined in the City's financial statements, such as:
 - Corporation Anjou 80
 - Bixi Montréal (Montreal's Bicycle Service)
 - Bureau du taxi (Taxi Bureau)
 - Conseil des arts de Montréal (Montreal's Art Board)
 - Conseil interculturel de Montréal (Montreal's Intercultural Board)
 - Corporation d'habitation Jeanne-Mance (Jeanne-Mance Housing Corporation)
 - Office de consultation publique de Montréal (Montreal's Public Consultation Office)
 - Office municipal d'habitation de Montréal (OMHM) (Montreal's Municipal Housing Bureau)
 - Société d'habitation et de développement de Montréal (SHDM) (Montreal's Housing and Development Society)
 - Société de transport de Montréal (STM) (Montreal's Subway and Bus Service)
 - Transgesco SEC
 - Société du parc Jean-Drapeau (SPJD) (Jean-Drapeau Park Society)
 - Société de gestion Marie-Victorin (Marie-Victorin Management Society)
 - Société de gestion du port de plaisance de Lachine (Management Society of Lachine's Marina)
 - Société en commandite Stationnement de Montréal (Limited Partnership of Montreal's Parking)
 - Technoparc Montréal (formerly Technoparc de Saint-Laurent)
 - Fiducie du Technoparc de Montréal (Montreal's Technopark Trust).
 - legal persons of which the City or a mandatary of the City appoints more than 50% of the members of the board of directors;
 - legal persons of which the City or a mandatary of the City holds more than 50% of the outstanding voting shares or units;
 - a person that has a contractual relationship with the City or with a related agency;
 - a subcontractor of the person that has a contractual relationship with the City or with a related agency.

¹⁰ The elected leader of the opposition and any party leader who obtained at least 20% of all the valid votes.



1.7. Powers of the Inspector General of the City of Montreal

To effectively carry out his duties and fulfil the mandate of overseeing **the contracting process (awarding and execution of contracts)** followed by the City of Montreal or by any related legal person, the Inspector General has been given important powers by law.

1.7.1. Power to demand information and documents

In the performance of his duties, the Inspector General is entitled to examine and make copies of any book, register or record, or obtain any information relevant to his 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 councillor designated under section 114.5 of the *Cities and Towns Act* or any staff member of such an office or of a contractor or representative of that person.¹¹

1.7.2. Power of inspection

The Inspector General may, at any reasonable hour, enter a building or on land 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.

He may require the owner or occupant and any other person on the premises visited to give him reasonable assistance.¹²

1.7.3. 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:

¹¹ Section 57.1.9 of the *Charter of the City of Montreal* (CQLR c. C-11.4)

¹² *Ibid.*

1. 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
2. if the Inspector General is of the opinion that the seriousness of the breach observed justifies the cancellation, rescinding or suspension.

It is important to note that the city council concerned or Montreal City Council which has jurisdiction over the mandate of the related legal person, may reverse the decision of the Inspector General to cancel a contracting process or to rescind or suspend the execution or carrying out of a contract.¹³

1.7.4. Power of recommendation

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 he thinks must be brought before the council. In addition, the Inspector General may, at any time, submit any notice or recommendation he considers necessary to any decision-making authority of the City.¹⁴

1.7.5. Delegation of powers

The Inspector General may delegate his powers, in writing, to one of his staff members, except for the powers to cancel a call for tenders, rescind a contract or suspend the execution of a contract, which can only be delegated to the person bearing the title of Deputy Inspector General as provided by section 57.1.19 of the *Charter of the City of Montreal*.¹⁵

1.7.6. Hindering the Inspector General

The following behaviour are considered offences and may result in a fine:

¹³ Section 57.1.12 of the *Charter of the City of Montreal* (CQLR c. C-11.4).

¹⁴ Section 57.1.23 of the *Charter of the City of Montreal* (CQLR c. C-11.4).

¹⁵ Section 57.1.19 of the *Charter of the City of Montreal* (CQLR c. C-11.4).



- Hindering or attempting to hinder the performance of the Inspector General's duties in any way;
- Misleading the Inspector General by concealment or misrepresentation;
- Refusing to hand over a document or information the Inspector General may demand or examine;
- Concealing or destroying such a document or information.

⚖️ THE ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 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.

To date, no offence report has been issued.

1.8. Use of powers conferred by the law

1.8.1. Witnesses and stakeholders interviewed

Investigators and experts all have delegation of authority by the Inspector General. Consequently, they may meet with or contact officers, elected officials, members of selection committees or the administration, bidders and anyone with a contractual relationship with the City and its related agencies.

For the year 2014 (February 24 to December 31), staff members of the OIG have met with or contacted over 200 stakeholders or witnesses.

1.8.2. Request for information or documents/Access to a building and inspections

Staff members of the OIG are authorized case by case and in writing by the Inspector General or its General Counsel (the Deputy Inspector General - Legal Affairs) to require the production of any document or information. The same procedure applies to access to premises or building, and access to data contained in a computer. They also have the power to order any person on the premises to give reasonable assistance.

Since the adoption of the bill providing the Inspector General and its office with their powers (June 13 to December 31, 2014), 20 requests to produce information or documents have been issued.

During the same period, the Inspector General authorized one inspection at a company in a contractual relationship with a legal person related to the City of Montreal.

1.8.3. Powers of cancellation, rescinding and suspension

During the period ended on December 31, 2014, the Inspector General was simply unable to exercise the powers set out in section 57.1.10 of the *Charter of the City of Montreal*, namely:

- **Cancel** any contracting process involving a contract of the City or of any related legal person;
- **Rescind** the carrying out of such a contract;
- **Suspend** the carrying out of such a contract.

The conditions under which the Inspector General can, on its own initiative, cancel a call for tenders or rescind a contract are very restricted. In fact, the power of intervention is limited to noncompliance with one of the requirements specified in a document of the call for tenders or a contract, or to false information transmitted by the bidder.

1.8.4. Power to make recommendations to the council

As elaborated more fully in the *Achievements in 2014* section, the Inspector General submitted three public reports in 2014 and made several recommendations therein.

1.8.5. Complaints

Anyone (citizens, employees, suppliers or elected officials) may communicate information to the OIG that he feels is relevant to the performance of the Inspector General's mandate.



The OIG can be reached:

-  By phone : 514 280-2800
-  By online form : www.bigmtl.ca
-  By email : BIG@bigmtl.ca
-  By fax : 514 280-2877
-  Par postal mail or in person : 1550, Metcalfe Street, 12th floor, suite 1200, Montreal (Quebec) H3A 1X6

1.8.6. Confidentiality and protection of complainants

All complaints received are treated confidentially, objectively and impartially by the OIG.

It is notably thanks to the courage of people who report complaints and problematic situations that the OIG can initiate investigations. Consequently, the Inspector General has the duty and obligation **to take all necessary measures to protect the identity of persons who report a complaint.**

Anyone who contacts the OIG to report a complaint is protected. The law prohibits the taking of reprisals against a person who communicates with the Inspector General. It also forbids the threatening to take reprisals against a person so that he or she will abstain from communicating with the Inspector General. Lastly, the legislator has foreseen heavy fines for those who would try to take reprisals against someone who collaborates with the OIG.

⚖️ THE ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 57.1.13

Any person may communicate any information to the inspector general that is relevant to the inspector general's mandate¹⁶ [...]

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

¹⁶ Some exceptions are provided.

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.

Section 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.

Section 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.

1.9. Complaint treatment procedure





1.9.1. Receipt of a complaint

The process starts with receiving a complaint. Each complaint received is handled by a staff member of the OIG with utmost confidentiality. A preliminary analysis is done to determine the area of jurisdiction and the related issues.

When the complaint is deemed to be related to the mandate of the Inspector General, an investigation file is opened.

1.9.2. Analysis and investigation

Once the file is opened, the complaint is processed either by the Inspections and Investigations team or by the Expertise and Analysis team, depending on the nature of the complaint. For more complex files, the two teams are involved simultaneously.

After the analysis and the investigation are done, an investigation report is submitted to the Inspector General for decision.

1.9.3. Decision by the Inspector General of the City of Montreal

Following the analysis and investigation, the result is presented to the management committee of the OIG. Ultimately, the Inspector General may take one of the following decisions:

- close the file (after analysis and investigation) if the complaint is found to be unjustified;
- close the file (after analysis and investigation) when the complaint is justified but that in the Inspector General's opinion, the problem does not deserve to be brought to the attention of a decision-making authority;
- cancel a contracting process; rescind or suspend a contract, if the qualifying conditions required under section 57.1.10 of the *Charter of the City of Montreal* are met;
- send a report and recommendations to a decision-making authority of the City.



1.9.4. Submission of a public report

When an investigation leads to recommendations that deserve the attention of Montreal City Council or of another decision-making authority, the Inspector General produces a public report.

2. Achievements in 2014

As soon as the Inspector General was appointed and assumed office, he began to receive complaints. Consequently, he immediately put in place a complaint hotline (**514 280-2800**) to make reporting complaints easier. Two priorities were established for the 10 months of operation in 2014:

- respond to numerous complaints and conduct investigations;
- set up the first office of Inspector General in Canada.

Furthermore, in 2014 the City administration charged the OIG with managing and coordinating the ethics hotline and granted the office an additional budget. This hotline was formerly the responsibility of the City's Comptroller General.

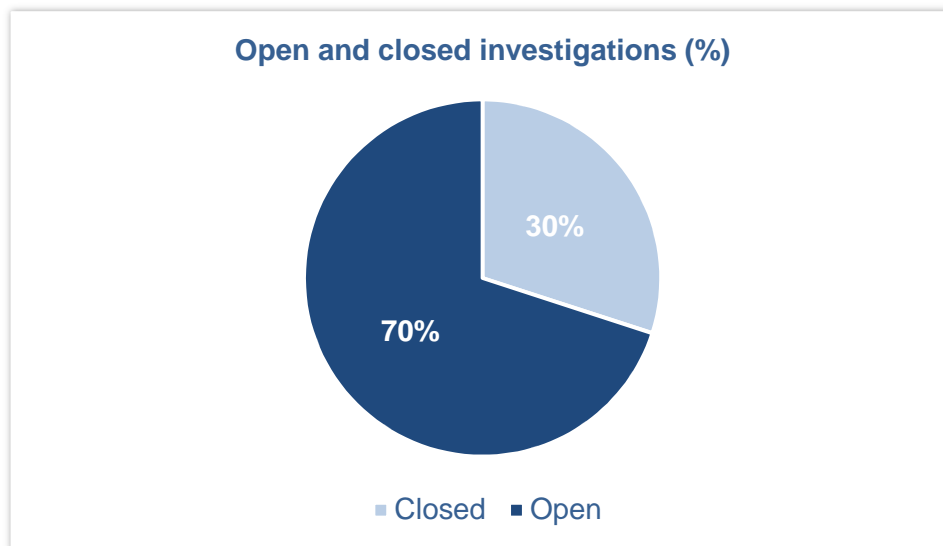
2.1. Priority 1: Respond to complaints and conduct investigations

Processing complaints and conducting investigations is the top priority of the OIG. Consequently, all of the OIG's resources and actions are oriented toward supporting investigations.

Investigations may begin in two ways:

- following a complaint reported; or
- upon the initiative of the OIG.

For the year 2014 (February 24 to December 31), **104 investigation files were opened**. At December 31, 2014, **31 files were closed and 73 were still open**.



2.1.1. Ongoing investigations

At December 31, 2014, **73 investigation and analysis files were ongoing**. Among these, some large-scale files requiring extensive investigation may generate specific public reports in 2015. For example, the report on the *Projet de revalorisation et de développement (revitalization and development project)*, **Horizon 2017 Société du parc Jean-Drapeau** that was submitted to Montreal City Council on March 23, 2015 was still under way at December 31, 2014.

2.1.2. Closed investigations

It should be also noted that of the **31 closed files**, three investigations led to a report submitted to the decision-making authorities. Two reports were submitted to Montreal City Council and one report to the Verdun Borough Council. The other files were closed for various reasons such as:

- investigation referred to another authority;
- complaints that, after investigation, were found to be unjustified or did not fall under the mandate or the jurisdiction of the OIG.

Closed investigations that did not lead to a public report

During the year, the OIG opened many investigation files following complaints received. Many of these investigations ended in a way that did not require the submission of a public report to a decision-making authority. Here are some examples:

🔍 INVESTIGATIONS 🔍

BIG-D-2014-001 – Bid rejected

A tenderer complained that his bid was rejected which was disqualified from the evaluation process because he did not provide documents confirming that it was indeed a supplier in the field of the call for tenders. However, this supplier has been doing business with the City of Montreal for many years. The price proposed by the winner of the call for tenders was \$100,000 higher than that of the plaintiff.

- ✓ **Action taken by the OIG:** After analysis, the OIG intervened between the supplier and the City of Montreal. This intervention enabled the supplier to produce the missing documents and make its bid compliant. In the end, the contract was awarded to the plaintiff and generated savings for the City of Montreal.

BIG-D-2014-002 – Contract cancelled

A firm complained that it was adversely affected by the cancellation of a call for tenders on which it bid, and for which it was the lowest compliant tenderer.

- ✓ **Action taken by the OIG:** Following the investigation, it was determined that this decision was not made to eliminate one bidder in favour of another, but for other reasons. The OIG found the decision of the work provider to be justified and consequently closed the file.

BIG-D-2014-003 – Corruption of an officer in the sale of land

This investigation followed a complaint alleging several administrative irregularities and potential corruption of an officer in the sale of land.

- ✓ **Action taken by the OIG:** After investigation, the complaint mainly mentioned administrative irregularities, and the allegation of corruption was backed by neither fact nor information, but by hearsay. In light of the investigation, the OIG noted that the sales process and the guidelines of the City of Montreal were followed and obeyed, and that no advantage resulted from this transaction.



Disclosure to the Anti-Corruption Commissioner

The OIG has conducted investigations that, in light of the facts gathered, were referred to authorities responsible for law enforcement. In 2014, **six investigations were referred** to the Permanent Anti-Corruption Unit (UPAC).

⚖️ THE ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 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).

Below is an example of a file processed by the Inspector General that was also subject to a complaint reported to the Anti-Corruption Commissioner.

🔍 INVESTIGATION 🔍

[BIG-D-2014-001 – Report and recommendation concerning public call for proposals 1111368002](#)

As part of an investigation of public call for proposals 1111368002, the OIG obtained the following information, which was presented in the report submitted to Montreal City Council on September 12, 2014:

In the autumn of 2005, a third party asked a proposer to get him cash in return for advancing the file with the political authorities. According to the versions heard, this third party met with the proposer in question several

*times and solicited \$100,000 in cash. The proposer solicited did not acquiesce to this request, because in his words, he underestimated the real influence that the third party had with the political authorities to advance the file. In addition, it was difficult for him to come up with the \$100,000 in cash. Therefore, no monetary transaction took place.*¹⁷

- ✓ **Action taken by the OIG:** “The allegations regarding the bribe of \$100,000 are criminal in nature and must be reported by the Inspector General to the Anti-Corruption Commissioner (UPAC).”¹⁸

2.1.3. Public reports and recommendations

Section 57.1.23 of the *Charter of the City of Montreal* deals with the submission of reports and recommendations by the Inspector General. It reads as follows:

⚖ THE ACT ⚖

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 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.

¹⁷ Office of Inspector General, Report and recommendation concerning public call for proposals 1111368002. URL: http://www.bigmtl.ca/content/uploads/2014/11/rapport_12_sept_2014.pdf, page 10, website consulted on 2015-03-18.

¹⁸ Ibid.



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.

Paragraph 2 of this article authorizes the Inspector General to contact the decision-making authorities of the City as often as he considers necessary. Based on observations and recommendations made in ad hoc reports produced following complaints, or at its own initiative, the OIG gradually informs elected officials of any problem that arises, and proposes possible solutions. **The OIG plans to submit ad hoc reports and recommendations as often as required, and will not wait until its annual report to publicize a situation that it considers problematic.**

Furthermore, the OIG made a commitment to produce exceptional quality reports that are timely, objective, precise, and presented such that the individuals and agencies under its jurisdiction can act on the information transmitted.

The conclusions and recommendations of all public reports must be supported by evidence. The OIG consequently adopts the standard of proof used in the courts of civil jurisdiction: preponderance of evidence or balance of probabilities. Evidence will be sufficient if it renders the existence of a fact more probable than its non-existence.

For the year 2014, **three reports**¹⁹ were submitted to decision-making authorities and made public:

1. Report to the Verdun Borough Council concerning an allegation of directed specifications for the supply of a snow blower;
2. Report and recommendation to Montreal City Council concerning public call for proposals 1111368002 (sale of land in the borough of Ville-Marie);
3. Report and recommendations to Montreal City Council concerning call for tenders 13-3242 (Sainte-Catherine interaction project).

¹⁹ Office of Inspector General, *Publications and reports*, URL: <http://www.bigmtl.ca/publications-et-rapports/>, website consulted on 2015-03-04

These reports contain a **total of 31 findings and 10 recommendations**, mainly concerning procurement management.

Further, as at the date of the submission of the 2014 annual report, one public report was submitted to Montreal City Council:



- **Projet de revalorisation et de développement (revitalization and development project), *Horizon 2017 Société du parc Jean-Drapeau*.**

Given that this report was submitted to the council on March 23, it will be listed among the achievements in the 2015 annual report.

These publicized investigations alone required a very large number of working hours, meetings with over 100 witnesses and several requests to produce documents and information.

Before discussing the three public reports and the decision-making authorities' responses thereto, it is important to explain the role of the authority in charge of studying these reports, namely the Standing Committee on the Inspector General.

Role of the Standing Committee on the Inspector General

The Standing Committee on the Inspector General (hereinafter: Committee) was formed following the creation of the Montreal OIG. It has precise objectives and meets particular needs.

The Committee was notably created to allow Montreal City Council to follow up and take a stance on the recommendations issued by the OIG. When the OIG submits a report to the authorities, Montreal City Council transmits this report to the Committee for examination and issuance of an opinion on the recommendations made by the Inspector General.

The official role of the Committee is resumed as follows:

[Translation]

This committee studies all questions related to the Inspector General's mandate and makes recommendations it deems appropriate to the council. It fulfills this function either upon request by the council or by the Executive Committee, or on its own initiative.

The operating procedures of the committee are foreseen in the By-law of Montreal City Council's Standing Committee on the Inspector General (14-



013) and the By-law concerning the Agglomeration Council's Standing Committee on the Inspector General (RCG 14-014). Given the confidential and strategic nature of the information exchanged, access to the Committee's work is limited to the people concerned. Each Committee member pledges to preserve the utmost confidentiality of the information received.²⁰

Each time a report by the OIG is submitted to decision-making authorities, the Committee invites the Inspector General to answer certain questions or clarify aspects of the report.

Because the Inspector General is totally independent from the Committee, the Committee may not interfere with his investigations.

The members of the Standing Committee on the Inspector General

The members of the Committee are appointed by Montreal City Council and by the Agglomeration Council. There are 11 members including 1 president, 3 vice-presidents, and 7 regular members. Of these members, two are also members of the Executive Committee and two come from a city in the agglomeration.



Lorraine Pagé

President,
Borough of Ahuntsic-Cartierville



Jean-Marc Gibeau

Borough of Montreal-North



Richard Bergeron

Vice-president,
Borough of Ville-Marie



Beny Masella

City of Montreal-West



Benoit Dorais

Vice-president,
Borough of South-West



Marie-Andrée Mauger

Borough of Verdun



Edgar Rouleau

Vice-president
City of Dorval



Valérie Plante

Borough of Ville-Marie

²⁰ City of Montreal, *Standing Committee on the Inspector General*, URL: http://Ville.montreal.qc.ca/portal/page?_pageid=6877,125153570&_dad=portal&_schema=PORTAL, website consulted on 2015-03-04.



Manon Barbe

Borough of LaSalle



Lili-Anne Tremblay

Borough of Saint-Leonard



Manon Gauthier

Borough of Verdun

Lastly, it should be noted that regarding the two files it received, the Committee recommended that Montreal City Council follow most of the recommendations of the OIG. The Committee's recommendations are presented in Appendix 2 of this report.

Report to the Verdun Borough Council concerning an allegation of directed specifications for the supply of a snow blower

On August 4, 2014, the OIG received a complaint that the specifications related to call for tenders 14-13787 for the supply of a Larue or RPM Tech brand snowblower was directed.

Recommendations made to the Verdun Borough Council:

- **That call for tenders 14-13787 for the supply of a Larue or RPM Tech brand snow blower be cancelled and that a new call for tenders be launched;**
- **That the technical specifications be prepared by people with sufficient skills to express the needs in technical terms and to eliminate as much as possible the use of brands and models to define the characteristics required.**

Here is the decision by the Verdun Borough Council which cancels call for tenders 14-13787²¹:

²¹ Resolution CA14 210318 (Regular meeting of Tuesday, September 2, 2014).



Extrait authentique du procès-verbal d'une séance du conseil d'arrondissement

Séance ordinaire du mardi 2 septembre 2014

Résolution: CA14 210318

Annuler l'appel d'offres public numéro 14-13787 - Fourniture d'une souffleuse à neige de marque Larue ou RPM Tech. (1146458009)

Il est proposé par la conseillère Manon Gauthier

appuyé par la conseillère Marie-Eve Brunet

ET UNANIMEMENT RÉSOLU :

D'annuler l'appel d'offres public numéro 14-13787 relatif à la fourniture d'une souffleuse à neige de marque Larue ou RPM Tech.

20.09 1146458009

Jean-François PARENTEAU

Maire d'arrondissement

Caroline FISETTE

Directrice du bureau d'arrondissement et
secrétaire d'arrondissement

Signée électroniquement le 4 septembre 2014

Report and recommendation to Montreal City Council concerning public call for proposals 1111368002 (sale of land in the Borough of Ville-Marie)

In March 2014, the OIG received an allegation that a process for the sale of land by the City of Montreal to a third party was flawed and presented irregularities relative to the prevailing administrative rules. In addition, the complaint mentioned that elected officials and senior officers were involved, and that there was a potential conflict of interest.

Recommendation:

- **That public call for proposals 1111348002 concerning the sale of land situated between Saint-Jacques street and Notre-Dame street, in the Borough of Ville-Marie, be cancelled and that a new call for proposals be launched.**

The recommendations by the Standing Committee on the Inspector General are presented in Appendix 2 of this report.

Here is the decision by the Executive Committee of the City of Montreal which cancels the call for proposals²²:

Montréal

Extrait authentique du procès-verbal d'une séance du comité exécutif

Séance ordinaire du mercredi 17 décembre 2014	Résolution: CE14 1965
---	-----------------------

Il est

RÉSOLU :

- 1- d'annuler l'appel public de propositions, aux fins de la vente d'un terrain vacant d'une superficie de 2 023,8 m², situé entre les rues Notre-Dame et Saint-Jacques, à l'est de la Place d'Armes, dans l'arrondissement de Ville-Marie et constitué du lot 1 180 954 du cadastre du Québec, circonscription foncière de Montréal ;
- 2- d'abroger la résolution CE12 0278 du 7 mars 2012.

Adopté à l'unanimité.

20.002 1143177001
/lt

Pierre DESROCHERS _____ Président du comité exécutif	Yves SAINDON _____ Greffier de la Ville
--	---

(certifié conforme)

 Yves SAINDON
 Greffier de la Ville
 Signée électroniquement le 19 décembre 2014

Report and recommendations to the Montreal City Council concerning call for tenders 13-13242 (Sainte-Catherine interaction project)

In May 2014, the OIG received a complaint alleging that the successful bidder had received an advantage because of its involvement in a contract granted by mutual agreement for preliminary studies directly linked to the call for tenders. During this investigation, other elements were added to the initial analysis plan to paint a complete portrait of the situation.

Recommendations:

- **That the Administration re-evaluate the rules currently in force at the City of Montreal that allow firms that do a preliminary study to participate in the bidding process, so that the impression shared by a large number of potential**

²² Resolution CE14 1965 (Regular meeting of Wednesday, December 17, 2014).



suppliers that a firm doing a preliminary study has a major advantage be dispelled.

- That the Administration, during a public call for tenders, ensure that there are market studies concluding that several suppliers qualify for the call for tenders, to favour healthy competition.
- That the Administration raise awareness among officers, when awarding contracts by mutual agreement, to compile minimal documentary support presenting an analysis and justifying the management decision, so that transparency, traceability and equity be enhanced.
- That the Administration minimize the launching of call for tenders processes during the holiday period, or that an appropriate extension be granted.

In this report, the Inspector General left it up to discretion of Montreal City Council to decide whether or not to cancel the contract.

The recommendations by the Standing Committee on the Inspector General are presented in Appendix 2 of this report.

Here is the decision by the Agglomeration Council which rescinds the professional service contract awarded to the firm²³:

²³ Resolution CG14 0534 (Regular meeting of Thursday, November 27, 2014, Sitting held on November 27, 2014).

Montréal

Extrait authentique du procès-verbal d'une assemblée du conseil d'agglomération

Assemblée ordinaire du jeudi 27 novembre 2014
Séance tenue le 27 novembre 2014

Résolution: CG14 0534

Suites à donner au contrat octroyé à Acertys dans le cadre du dossier 1146676001 pour la mise en oeuvre d'une démarche d'interaction avec le public dans le cadre du projet de la rue Sainte-Catherine Ouest

Vu la recommandation du comité exécutif en date du 24 novembre 2014 par sa résolution CE14 1794;

Il est proposé par M. Alan DeSousa


appuyé par M. Pierre Desrochers

Et résolu :

de résilier le contrat de services professionnels accordé à Acertys inc., approuvé par la résolution CG14 0122, relativement à la mise en oeuvre d'une démarche d'interaction avec le public dans le cadre du projet de la rue Sainte-Catherine Ouest.

Adopté à l'unanimité.

20.26 1144223001

 Denis CODERRE

Maire

Colette FRASER

Greffière adjointe

(certifié conforme)

Colette FRASER
Greffière adjointe

Signée électroniquement le 1er décembre 2014

2.2. Priority 2: Establish the first office of Inspector General

Setting up the first office of Inspector General required considerable efforts. Notably, the establishment of the values to hire and orient the new staff, the acquiring of work tools, the development of working practices and standards, and several other important aspects to ensure the timely conduct of quality investigations. The OIG should be fully established by the summer of 2015, when the last positions should be filled.



2.2.1. Values of the OIG

To ensure that the staff of the OIG is guided by common principles in their investigations, the values of the OIG have been defined and prioritized, namely:

Trust– Integrity – Transparency

This choice is explained by the fact that citizens, elected officials, employees and suppliers must put their **trust** in the OIG if they are to report complaints concerning irregularities or breaches. This trust results from the independence, professionalism and confidentiality of the OIG. Similarly, to be credible when it makes recommendations on problems, the OIG itself must exemplify **integrity**. Lastly, the ultimate goal of the OIG is to conduct investigations aimed at improving the **transparency** of municipal activities and decisions by investigating problems, making recommendations or taking other actions if applicable.

These three values were considered essential to the success of the OIG, and were therefore stated (in French) in the official logo of the OIG.



2.2.2. Structure of the OIG

The OIG is made up of three teams that allow maximal coordination to effectively conduct analyses and investigations, process complaints and provide training.

Inspections and Investigations team

The members of this team are in charge of carrying out investigations and inspections and meeting with witnesses. They also must protect the identity of individuals who report complaints.

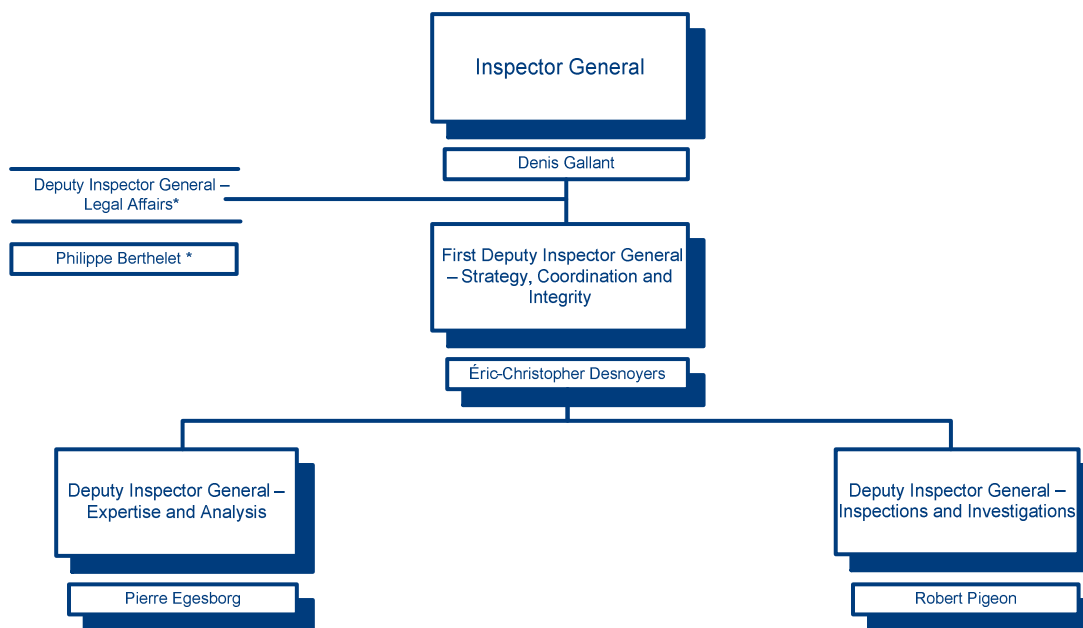
Expertise and Analysis team

The members of this team support investigations by providing high level expertise in various areas such as engineering, procurement and information technologies. They also perform market analyses in the fields of contract management and cost analyses.

Strategies, Coordination and Integrity team

The main mission of this team is to oversee strategic planning at the OIG, coordinate administrative activities, manage the hotline, direct the integrity training plan and support investigations in ethics and forensic accounting.

The organization chart below presents the organizational structure put in place to enable the OIG to carry out its mandate.



* By law, the General Counsel (Deputy Inspector General – Legal Affairs) assumes the role of assistant to the Inspector General under the meaning of section 57.1.19 of the Charter of the City of Montreal.

2.2.3. Recruitment of the team

At December 31, 2014 the OIG had **21 employees** out of a potential **total of 31**.



At March 31, 2015, the staff was 25 employees.²⁴ The recruitment process is fairly long because of the unique nature of the positions to fill and the time it takes to conduct the necessary security and reputation investigations on each employee. These investigations are indispensable to ensure the high level of integrity and reliability of the staff of the OIG.

Once all of the employees will be recruited, the OIG will benefit from the areas of expertise shown in the diagram below.



* The legal expertise of the OIG is provided by both the Inspector General and the General Counsel (the Deputy Inspector General– Legal Affairs).

2.2.4. Choice of offices, move and acquisition of supplies

After having shared the premises of the City's Office of the Comptroller General for slightly more than three months, the Inspector General and his team moved to offices situated at 1550 Metcalfe Street, 12th floor, suite 1200 in June 2014.

Because the OIG was a new entity, it had to purchase all of the material resources it required for its operations and investigations.

²⁴ Including four service loans from police forces.

2.2.5. Launching of the website

On December 4, 2014, the OIG launched its website, intended to become a preferred communication tool for citizens, elected officials, employees, suppliers and the media:

www.bigmtl.ca.

The website contains useful information such as the reports submitted by the OIG. A user-friendly and secure application allows the confidential reporting of complaints. The website is designed to be a **one-stop portal** to gather several types of complaints.

The screenshot shows the website's layout. At the top, there is a navigation menu with links for 'Home', 'About', 'Complaints', 'Integrity', 'Training', 'Publications and reports', and 'Media centre'. Below the navigation is a banner image with the text 'TRUST | INTEGRITY | TRANSPARENCY'. The main content area is titled 'About the OIG' and includes a description of the bureau's mandate. The 'Main Actions' section is organized into six numbered items, each with an icon and a brief description. The footer contains contact details for the Bureau de l'inspecteur général de la Ville de Montréal, including the address, email, phone, and fax numbers.

2.2.6. Networking with American offices

To benefit from the experience of other offices of Inspectors General, communications were initiated between the Montreal OIG and the **Association of Inspectors General** as well as some offices in the United States as soon as the OIG was created. Over several months, these communications evolved into a solid exchange network, notably with the Inspector General of the City of Chicago, a city similar to Montreal in terms of size, staff



and activities. Other exchanges allowed the OIG to acquire essential tools to set up its office.

Lastly, the OIG has sparked great interest in the United States because it is the first of its kind in Canada. As a result, the **Association of Inspectors General** invited the Inspector General of the City of Montreal to give a conference on his role as the first Inspector General in Canada.

This conference was held in Newark, New Jersey, at the annual meeting of the **Association of Inspectors General**, on October 22, 2014.

2.3. Priority 3: Launching of the complaint hotline

Complaint hotlines are a key factor for the success of offices of Inspectors General. A survey done among some offices in the United States showed that all of the complaint hotlines were managed by offices of Inspectors General.

Consequently, as soon as the Inspector General was appointed, one of his first priorities was to put in place this hotline, which was done within the first month. Creation of this complaint hotline involved establishing standards for collection, treatment and analysis of information and for protecting the confidentiality of people reporting complaints.

2.3.1. History of the ethics hotline at the City of Montreal

In April 2009, the City administration asked the Auditor General's Office to set up a complaint hotline for the City of Montreal, called the ethics hotline.²⁵ In 2010, the City administration transferred responsibility for the ethics hotline and the related resources to the office of the Comptroller General.²⁶ The Executive Committee of the City of Montreal then granted the OIG responsibility for managing the ethics hotline.²⁷ To this end, the OIG received an additional budget of \$247,700.

[Translation]

*[...] given the mandate conferred on the Inspector General under bill 73, Act respecting the inspector general of the City of Montreal, and in keeping with the will of the Administration to transfer the ethics hotline to an independent entity reporting to Montreal City Council, the present report aims to transfer the ethics hotline [...]*²⁸

²⁵ Resolution CM09 0293 (Regular meeting of Monday, April 27, 2009, Sitting held on April 28, 2009).

²⁶ Resolution CM10 0949 (Regular meeting of Monday, December 13, 2010, Sitting held on December 14, 2010).

²⁷ Resolution CE14 0890 (Regular meeting of Wednesday, June 4, 2014). Note that approval of the transfer of appropriations was authorized by resolution CE14 1230 (Regular meeting of Wednesday, August 6, 2014).

²⁸ Decision-making summary 1143570005.

Entrusting the OIG with the ethics hotline is more appropriate because this reduces confusion among complainants by creating a single gateway. In addition, the OIG can process complaints concerning elected officials, which was not possible when the general direction ran the hotline. Lastly, the confidentiality of complainants is fully guaranteed.

2.3.2. Merging of the two hotlines: the complaint hotline of the OIG

Following the transfer of the ethics hotline to the OIG, its operation was reviewed: the two hotlines (the ethics hotline of the City's Office of the Comptroller General and the complaints hotline of the OIG) were merged. The resulting hotline is now a single gateway through which citizens, elected officials, employees, suppliers, etc. can report irregularities or reprehensible and abnormal acts related to a broad range of problems.

Essentially, this hotline is designed to receive complaints from any individual related to:

- theft, loss or inappropriate use of City property;
- conflicts of interest;
- administrative irregularities;
- collusion, corruption, bribery or fraud;
- loss and inefficiency;
- ethical breach by an employee;
- mismanagement or noncompliance with policies or procedures in force.

2.3.3. Cancellation of the contract with an external firm

An external firm was managing the ethics hotline since its creation, for an annual cost of about \$55,000. Given the mission of the OIG and its powers and obligations related to confidentiality, it was decided that the service should be provided within the OIG. A secure website was designed and employees were trained to receive and handle complaints. The contract with the external firm will end in June 2015.

2.3.4. Discussions related to the takeover of the STM's complaint hotline

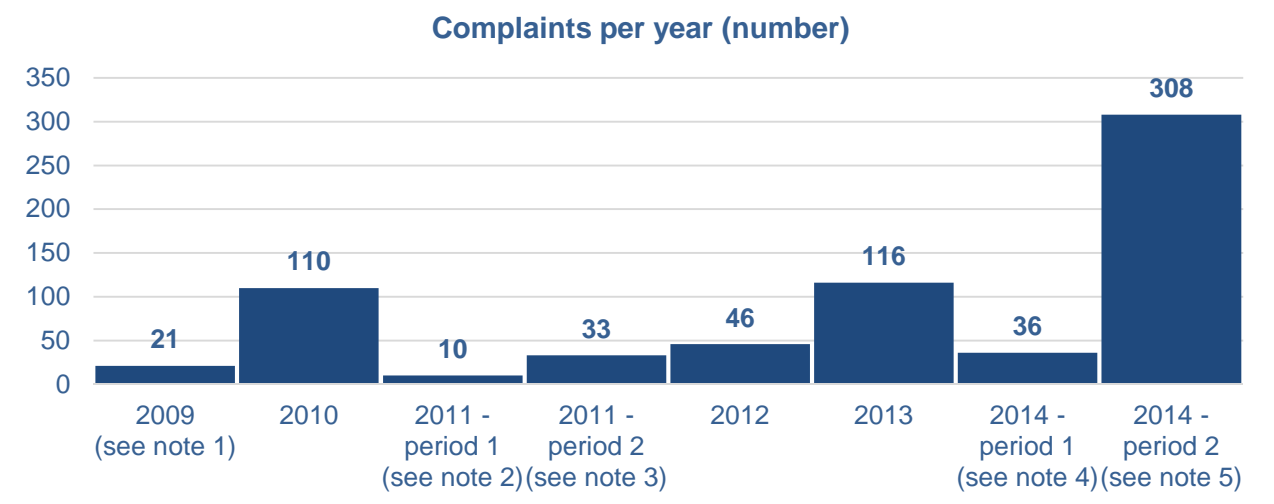
The Société de transport de Montréal (STM) (Montreal's Subway and Bus Service) is holding discussions with the OIG regarding management of its complaint hotline by the OIG. The OIG would thus oversee the launch and management of the complaint hotline for this agency through its current hotline. The STM has over 9,000 employees.



2.3.5. Results for 2014, a record number of complaints

During the year 2014 (February 24 to December 31), a record number of complaints were reported. The OIG received more than **308 complaints**. This is **nearly 3 times the number of complaints** received for the previous year (116).

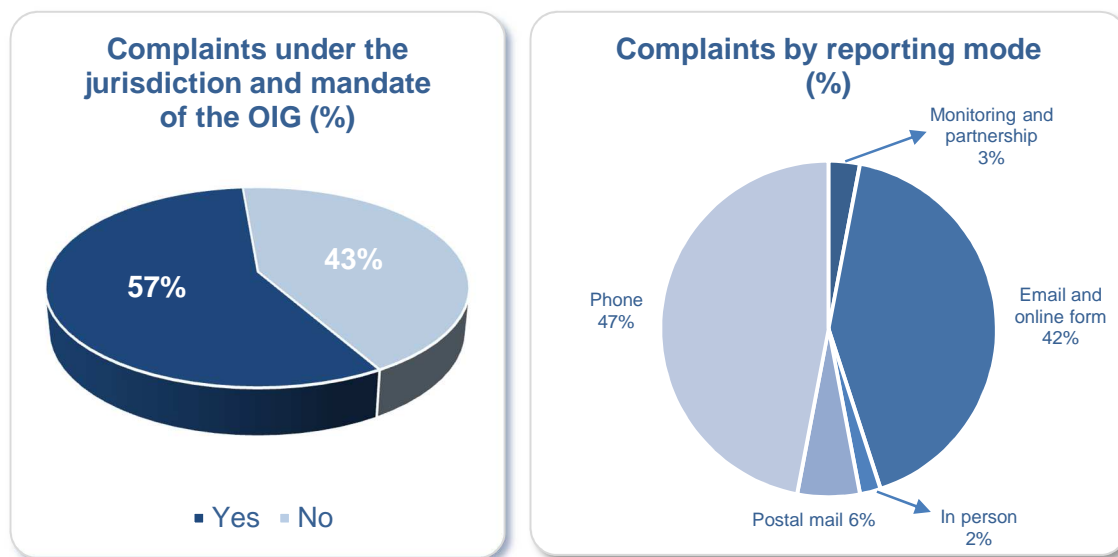
Number of complaints since the creation of the ethics hotline



Notes

- 1) Starting December 15, 2009.
- 2) From January 1 to March 27, 2011, namely the period when the ethics hotline was managed by the City's Office of the Auditor General.
- 3) Starting March 28, 2011, namely the date from which the ethics hotline was managed by the City's Office of the Comptroller General.
- 4) From January 1 to July 6, 2014 (Office of the Comptroller General)
- 5) From February 26, 2014 to December 31, 2014, namely from the creation of the OIG until the end of the year.

Detailed statistics on these complaints are presented in the following charts and tables:



Complaints by nature (%)

Nature	%
Irregularity in the contracting process (awarding and execution)	30.5%
Collusion, corruption, bribery or extortion	11.0%
Mismanagement or violation of rules in force	9.2%
Breach of ethics by an elected official or employee, conflict of interest	5.5%
Irregularity in a staffing process or other case in human resources	5.5%
Zoning issue, irregularity in real estate management or in issuance of permits	4.9%
Fraud, theft or misuse of property	3.9%
Other cases, miscellaneous complaints or lack of information	29.5%
Total	100%



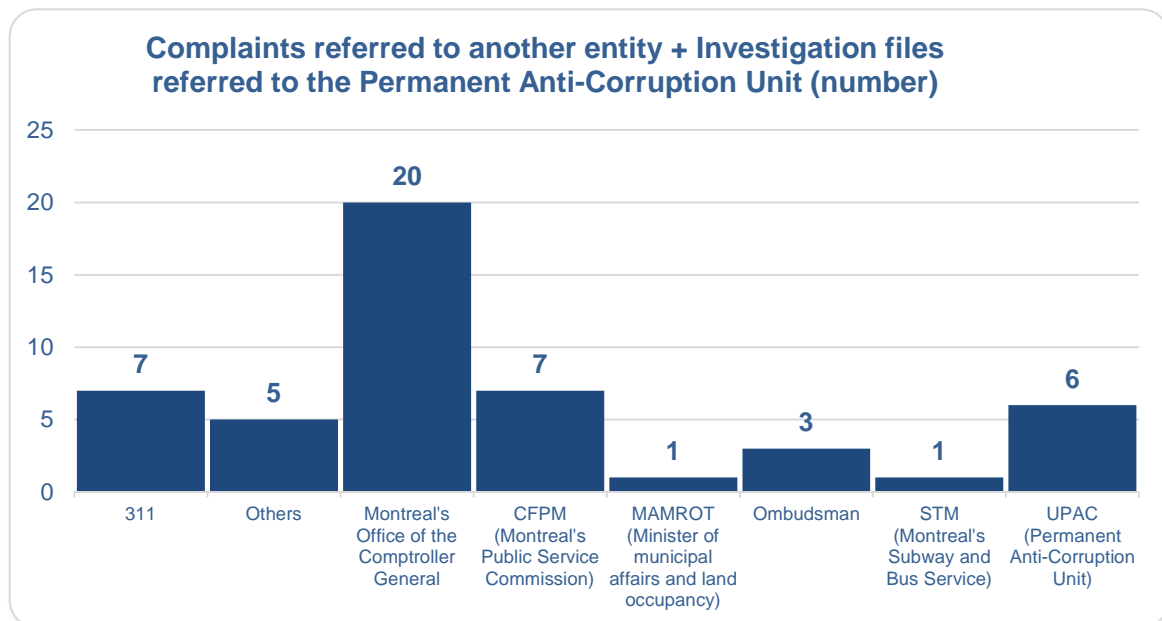
Complaints by type of complainants (%)

Types of complainants	%
Citizen	46.8%
Current or former employee	17.8%
Supplier, subcontractor or bidder	16.2%
Anonymous or unknown	8.8%
Partner	2.3%
Monitoring	0.6%
Other	7.5%
Total	100%

Since it assumed sole responsibility for managing the complaints hotline, the OIG has received many complaints that do not fall under its mandate. Depending on the case, the complaint is then transmitted, with the complainant's consent, to the appropriate entity, or the complainant is invited to contact the service or agency concerned directly.

Complaints referred or transferred to other entities by the OIG

During the year 2014 (February 24 to December 31), **50 complaints files were** referred or transferred to other entities. Six files were referred to the Permanent Anti-Corruption Unit (Unité permanente anticorruption - UPAC).



Here are some examples of complaints referred to other entities.

🗣️ COMPLAINTS 🗣️

BIG-S-2014-001 – Irregularity in a staffing process

An employee was appointed to a position but no posting was published to allow other employees to apply for the position.

- ✓ **Action taken by the OIG:** Complaint transmitted, with the complainant's consent, to the City's Public Service Commission (Commission de la fonction publique de Montréal).

BIG-S-2014-003 – Theft of time and inappropriate use of City property

An employee did personal work during work hours. He also used City supplies for personal purposes.

- ✓ **Action taken by the OIG:** Complaint transmitted, with the complainant's consent, to the City's Office of the Comptroller General.

BIG-S-2014-003 – Rezoning

A citizen wanted his agricultural land to be rezoned. He complained that depending on the political party in power, some lands are rezoned and some not.

- ✓ **Action taken by the OIG:** The complainant was referred to the Ombudsman of Montreal.

3. Priorities of the OIG for 2015

Founded less than one year ago, the Montreal OIG continues to work on the priority projects that it initiated in 2014, and is putting in place its 2015 action plan based on three priority actions: **investigate**, **monitor**, and **train-raise awareness**.



3.1. Investigate

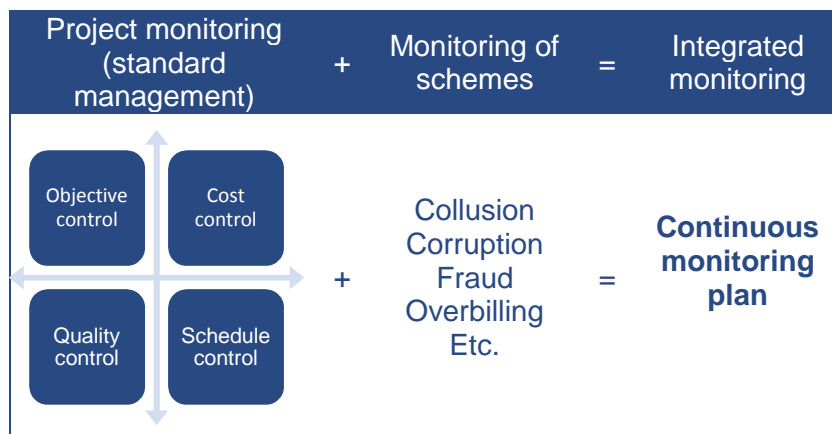
As mentioned above, investigations can be initiated in two ways: as a result of a complaint, or at the initiative of the OIG.

The priority of the OIG is and will remain to investigate complaints that fall within its mandate and jurisdiction. Note that at December 31, 2014, **73 files were still open**. Following new complaints received in 2015, other investigation files have been added to this list.

3.2. Monitor (continuous monitoring plan)

The OIG is inspired by the work of similar offices in the US, which carry out continuous monitoring of large-scale works or of projects whose risk level is high. Consequently, the OIG will implement one or more continuous monitoring plans on works or activities awarded under a contract.

Under a continuous monitoring plan, an independent entity that is not a stakeholder in the operations of a project monitors the project from its initial development to its final execution. In addition to standard management controls (objectives, costs, quality and timetable), the OIG will carry out monitoring of all attempts at fraud, collusion, corruption, overbilling, etc.



Concretely, here are some examples of actions that the OIG may take under a continuous monitoring plan:

- verification of cost estimate before a call for tenders is launched;
- participation (announced or not) of a member of the OIG as an observer within a selection committee;
- being present when bids are opened;
- observing the writing of specifications and calls for tenders;
- verification of impacts, contingencies or cost overruns (extras);
- verification of billing;
- verification of quality;
- verification of the timetable;
- etc.

It is important to note that the project manager always remains accountable, and that controls resulting from a continuous monitoring plan do not replace normal controls that managers must apply.

Given the level of effort required to implement a continuous monitoring plan, in 2015 the OIG will put in place one or more strategies that can be executed on targeted activities or on an entire project or work.

Complementary levelling and surfacing program (Programme complémentaire de planage – revêtement (PCPR))

What is the PCPR?

As part of the three-year capital expenditures program (Programme triennal d'immobilisations PTI) for 2015-2017, it was decided to allocate to the Infrastructures,



roads and transports Department (Service des infrastructures, de la voirie et des transports - SIVT) an annual budget of \$50 million for 2015 and 2016 to launch a program to support local roads (the PCPR). As described in the three-year plan,

[Translation]

*This program aims to increase investment in the local road network and to optimize the sharing of efforts between the arterial road network and the local road network in order to rehabilitate Montreal's road network as quickly as possible and at the lowest cost.*²⁹

Montreal City Council decided to offer the boroughs services related to the implementation of this program.³⁰

To mitigate the risks inherent in implementing this large-scale program, the municipal administration contacted the OIG to ensure continuous monitoring of the PCPR. The Montreal OIG accepted this role and will make it one of his priorities in 2015 and 2016.

3.3. Train and raise awareness

By law, the Inspector General must train the members of the councils as well as 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 ACT ⚖️

Charter of the City of Montreal (R.L.R.Q. c. C-11.4)

Section 57.1.8

[...]

*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 OIG plans to begin a training program in the fall of 2015.

²⁹ Our translation of: City of Montreal, *Three-year capital expenditures program 2015-2017, Detailed notes per services*, URL: http://ville.montreal.qc.ca/pls/portal/docs/PAGE/SERVICE_FIN_FR/MEDIA/DOCUMENTS/PTI2015-17_Fiches_detaillees_service_optimise.pdf, website consulted on 2015-03-05, page 109.

³⁰ Resolution CM14 1035 (Regular meeting of Monday, October 27, 2014, Sitting held on October 28, 2014).

This training program will allow participants to:

- ✓ Improve their understanding and detection of risks related to contracts;
- ✓ Reinforce knowledge related to procurement and integrity;
- ✓ Develop assessment and risk management capacities as well as a culture of integrity within the organization;
- ✓ Publicize the OIG and raise stakeholders' awareness of the importance of reporting problems.

To avoid overlap and duplication, this training should be harmonized with that currently provided by other units of the City of Montreal or other agencies.

Discussions between the Permanent Anti-Corruption Unit and the Montreal OIG

The Permanent Anti-Corruption Unit (UPAC) and the OIG are currently holding discussions to ensure that “Training on integrity in public contracts and on the fight against corruption and collusion” is integrated in the training provided by the OIG.

Consequently, the OIG will provide, for the two agencies, training for the City of Montreal and for all related legal persons (e.g. the STM). The Permanent Anti-Corruption Unit and the OIG both strive to develop a culture of integrity and ethics.

3.4. Finishing building up the Montreal OIG

Created less than one year ago, the OIG is still very recent, and actions must be taken to complete its establishment, particularly regarding:

- the hiring of employees (the OIG is aiming to have all positions filled by the summer of 2015);
- the full integration of the complaint hotline resulting from the termination of the contract with the external firm in late June 2015;
- the communication plan intended to promote the complaint hotline and reduce confusion among complainants regarding the different control units within the City of Montreal.



Appendix 1 – Accountability

Equal opportunity employment

Here are some detailed statistics from March 31, 2015, regarding groups covered by *An Act respecting equal access to employment in public bodies*.

Distribution of OIG staff according to groups covered by the law

Category	Number	%
Men	15	60%
Women	10	40%
Total	25	100%
Aboriginal peoples*	0	0%
Visible minorities*	4	16%
Ethnic minorities*	1	4%
Handicapped persons*	0	0%

*These groups include both men and women.

2014 Budget

The OIG has a budget corresponding to 0.11% of the operating expenses of the City of Montreal. The original budget allotted for the year 2014 was \$5 million. In addition, supplementary appropriations of \$125,056 were granted following the transfer of the ethics hotline (amount adjusted in proportion to the part of the year elapsed).

In its efforts to set up the office, the OIG spent 53% of the amount allotted to it for 2014. The gap results mainly from unfilled positions.

2015 Budget

The 2015 budget of the OIG corresponds to 0.11% of the operating expenses of the City of Montreal plus supplementary appropriations of \$247,700 following the transfer of the ethics hotline. The 2015 budget of the OIG is therefore \$5,550,400.



Appendix 2 – Recommendations by the Standing Committee on the Inspector General

[Translation]

RECOMMANDATION BY THE STANDING COMMITTEE ON THE INSPECTOR GENERAL

WHEREAS Montreal City Council adopted By-law 14-013 on the Standing Committee on the Inspector General on March 24, 2013;

WHEREAS the Inspector General submitted the report and recommendation concerning public call for proposals 1111368002 (submission CM14 0875) at the meeting of Montreal City Council on September 15, 2014;

WHEREAS the Committee held a work session on September 25, 2014 to study the report by the Inspector General;

GIVEN the questions raised by the Committee members and the information provided by the Inspector General;

GIVEN the numerous findings of the Inspector General regarding irregular situations in this file and regarding the abnormal delays associated with the process of selling land, initiated more than nine years ago;

The Committee unanimously recommends that the Executive Committee act on the recommendation by the Inspector General to cancel public call for proposals 1111368002 concerning the sale of land situated between Saint-Jacques and Notre-Dame streets, in the borough of Ville-Marie, and that a new public call for proposals be launched.

[Translation]
CONTEXT

On November 6, 2014, the Standing Committee on the Inspector General held a work session to study the report and recommendations by the Inspector General concerning call for tenders 13-13242 (Sainte-Catherine interaction project).

The Committee first heard from the Inspector General, Mr. Denis Gallant, who presented his analysis, findings and recommendations. The Inspector General believes that the call for tenders did not favour a competitive market. He also finds this call for tenders highly problematic because of the criteria of the specifications, the communications surrounding the call for tenders and the conduct of the selection committee. He also noted that the events investigated reflect poorly on the officers and the expertise of the employees of the organization. He thinks that changes in methods are required to prevent this situation from recurring. Lastly he notes that the firm that obtained the contract was given an advantage in the process, although one cannot affirm that this firm influenced the contract awarding process or its result. Nonetheless, the Inspector General mentioned the uneasiness expressed several times by the firm regarding the conduct of the process.

Thereafter, the Committee heard representatives of the Infrastructures, roads and transports Department (Service des infrastructures, de la voirie et des transports - SIVT) and of the Procurement Service (Service de l'approvisionnement - SA). The Committee members wanted to be informed of the progress in the execution of the contract covered by the Inspector General's report, to assess the impacts of the possible cancellation of this contract and to learn more about management of the call for tenders process in this file.

According to the SIVT, 55% of the contract deliverables had been provided at October 31, 2014, and steps 1 to 4 of the mandate should probably be completed by mid-November. For the SIVT, cancellation of the contract at this stage would have major short and medium-term impacts. It would interrupt the consultation process under way and possibly lead to the supplier's seeking compensation. In addition, a team from the City, not all of whom have the expertise required, would have to replace the lost supplier. It would be necessary to award another contract to complete the public interaction process, which would prolong the scheduled execution of the project significantly. Over the medium-term, this would generate delays related to the obligation to award another contract and social acceptability, but also increase the risk of urgent actions on infrastructures and defer investments foreseen under the three-year capital expenditures program (Programme triennal d'immobilisations - PTI), with the risks of rising costs because of inflation.

Cancellation of the contract would also impact the current perception of the quality of the process and would require that a new relationship be formed with the project stakeholders. For the SIVT, delaying the undertaking would have unfavourable impacts on the social

acceptability of the project, would harm the image and credibility of the project, and would represent a risk of the project's not being executed according to the needs expressed during the ongoing citizen participation process.

Lastly, the SA and the SIVT described the measures governing procurement of professional services at the City of Montreal.

RECOMMENDATIONS OF THE STANDING COMMITTEE ON THE INSPECTOR GENERAL

GIVEN By-laws 14-013 and RCG 14-014 on the Standing Committee on the Inspector General;

GIVEN the report and recommendation concerning call for tenders 13-13242 (Sainte-Catherine interaction project) (CM 14 0970) submitted by the Inspector General to the meeting of Montreal City Council of October 27, 2014;

WHEREAS the Committee held a work session on November 6, 2014 to study the report by the Inspector General;

GIVEN the questions raised by the Committee members and the information given by the Inspector General and the representatives of municipal services;

GIVEN the findings and recommendations of the Inspector General;

GIVEN the state of advancement of the mandate of the contract resulting from call for tenders 13-13242 and the consequences of cancellation of the contract on the timetables and implementation of the Sainte-Catherine project;

The Committee unanimously makes the following recommendations to the Executive Committee:

R-1

That the Administration rescind the contract awarded following call for tenders 13-13242 by the City of Montreal to the firm Acertys.

R-2

In accordance with the recommendation by the Inspector General, that the Administration reassess the By-laws currently in force at the City of Montreal that allow firms that do a preliminary study to participate in the call for tenders process, so that the impression

shared by a large number of bidders that a firm doing a preliminary study has a major advantage be dispelled.

R-3

In accordance with the recommendation by the Inspector General, that during public calls for tenders, the Administration **ensure that there are market studies concluding that several suppliers qualify for the call for tenders, to favour healthy competition.**

R-4

In accordance with the recommendation by the Inspector General, **the Administration raise officers' awareness, when awarding contracts by mutual agreement, to compile minimal documentary support presenting an analysis and justifying the management decision, so that transparency, traceability and equity be enhanced.**

R-5

That the Administration assign the director general to ensure that officers strictly apply the rules and guidelines related to management of call for tenders processes, particularly regarding contracts for professional services.

R-6

More specifically, that the director general remind senior managers at the City that they must closely monitor contract-related actions taken by employees under their responsibility.

R-7

That the Administration ensure, in the case of professional services contracts where preliminary studies have been done by a bidder as part of the project, that these studies are mentioned in the decision-making summary along with the name of the firm that conducted the studies.

R-8

That the director general's office ensure that the recommendations of the present report be followed up and presented to the Executive Committee.

Lastly, the Committee invites the Inspector General to follow up on his intention to adjust his training plan in ethics and integrity, notably to:

- inform new employees of differences between rules for awarding contracts in the public and private sectors;
- raise officers' awareness of the importance of segregating the tasks of the project manager and the selection committee;

- encourage employees to report any uncomfortable or abnormal situation they experience to the OIG's complaint hotline.

The Committee also hopes that this training will be delivered to officers and elected officials as soon as possible.