



Special Report  
of the Auditor General of Québec  
to the National Assembly  
concerning the use of public funds  
by the former Lieutenant-Governor of Québec

## **Highlights**

June 2007

**SPECIAL REPORT  
OF THE AUDITOR GENERAL OF QUÉBEC  
TO THE NATIONAL ASSEMBLY  
CONCERNING THE USE OF PUBLIC FUNDS  
BY THE FORMER LIEUTENANT-GOVERNOR OF QUÉBEC**

**MAIN POINTS**

- 1.** The Lieutenant-Governor of Québec represents the Queen and is the head of state of the province. He gives force of law to policy determined by the government by giving Royal assent to the laws passed in the legislative assembly and by signing orders, for, among other things, the holding of general elections and by-elections. In addition to playing this traditional role, the Lieutenant-Governor has come to increasingly support philanthropic works.
- 2.** On January 30, 1997, the Honourable Lise Thibault was sworn in as Lieutenant-Governor of Québec. She held this position until 7 June 2007.
- 3.** The federal government pays the Lieutenant-Governor's salary and provides approximately \$150,000 a year to cover expenses incurred as part of the Lieutenant-Governor's official duties. For its part, the Government of Québec covers the cost inherent to general management: salaries of employees, cost of security and operation of the Office, etc. This budget totals approximately \$1 million a year.
- 4.** At the request of the Government of Québec and the former Lieutenant-Governor, we examined how the public funds allocated to her had been administered from the time she took office. To do this, we first examined whether the expenses in question were for activities involving the Lieutenant-Governor's official duties; we then examined whether the required controls were in place to ensure that these expenses were incurred using sound management practices and in keeping with the applicable guidelines and conditions. However, we did not express an opinion on the amount of expenses incurred for activities associated with her official duties.

5. Moreover, the Government of Canada asked the Office of the Auditor General of Canada to carry out a similar examination. We invite the reader to consult the report of the Auditor General of Canada to learn more about the conclusions of these examinations.

#### **FUNDS FROM THE GOVERNMENT OF CANADA**

6. The Government of Canada allocates funds to cover the expenses associated with the Lieutenant-Governor's duties, with some expenses being incurred in the provincial capital and others outside Québec City.

#### **FUNDS FOR EXPENSES INCURRED IN THE PROVINCIAL CAPITAL**

7. From 1 April 1997 until the end of March 2007, the former Lieutenant-Governor had received \$343,200 from Canadian Heritage to cover the expenses incurred in the provincial capital related to official duties. We found no supporting documents certifying that funds totaling \$219,000 had actually been used to pay for expenses of an official nature incurred by the former Lieutenant-Governor. As for the other portion of the grants, namely \$124,200, we found cheques issued to various suppliers for which we were unable to clearly determine the link with her official duties.
8. We noted that lieutenant-governors were somewhat uncertain about the purpose and the use of the grant for expenses incurred in the provincial capital. Yet in no way do the terms and conditions of this grant stipulate that it is a remuneration supplement or a non-taxable allowance. We expected that the former Lieutenant-Governor would have supporting documents making it possible to establish the official nature of her expenses and to publicly report on such expenses.

#### **FUNDS FOR EXPENSES INCURRED OUTSIDE THE PROVINCIAL CAPITAL**

9. We were able to establish that a proportion of 74 percent of these expenses, namely \$1,035,300, constituted expenses of an official nature. However, we were unable to draw the same conclusion for the remaining sum, namely \$368,000, for the following reasons:
  - The former Lieutenant-Governor claimed \$129,000 in accommodation and meal expenses from the federal government despite the fact that the Government of Québec paid her an allowance for this purpose.

- We also identified \$239,000 in expenses related to personal activities or for which the supporting documents did not allow us to establish a link with the official duties of the former Lieutenant-Governor. The expenses related to personal activities concern notably family gettogethers, trips and shows. Concerning the other expenses which, for the most part, were incurred for accommodations and meals, no official duty was recorded in the agenda or described in a scenario and no name or remark concerning the activity in question was mentioned in the supporting documents that we examined.

### **SECURITY OF THE LIEUTENANT-GOVERNOR**

10. We found problematic situations concerning the practices adopted in the security field having regard to the applicable rules or the principles inherent to the sound management of public funds. Furthermore, we recommended to the Ministère du Conseil exécutif du Québec to review the relevance of having the staff members of the Office ensure the security of the Lieutenant-Governor. Among the findings that we made, mention may be made of the following:
  - Between November 1998 and the end of March 2007, on-call premiums totaling close to \$140,000 were paid to the head of security. A portion of this sum, namely \$44,900, concerns days for which no official duty was recorded in the agenda or days when this employee accompanied the former Lieutenant-Governor during sports activities (golf or skiing), whereas another bodyguard was generally on duty at the same time.
  - Since the protection of the Lieutenant-Governor has been entrusted to her Office, the head of security has had an official car; yet this advantage has never been considered from a tax standpoint.

### **CONTROL ENVIRONMENT**

11. We found that the former Lieutenant-Governor and her Office had not adopted clear expense policies concerning the use of public funds. We ascertained situations that point to weaknesses in the control environment. They concern, among other things, the use of credit cards as well as the lack of agreement between the meal and accommodation expenses and the duties recorded in the former Lieutenant-Governor's agenda.

- 12.** The inadequate documentation for a large portion of the expenses as well as the examples presented in the report also testify to the inadequacy of the controls put in place by the former Lieutenant-Governor and her Office.
- 13.** It should be pointed out that the situation was not rectified over time despite the fact that in 2002, Canadian Heritage had given the former Lieutenant-Governor and her Office instructions with a view to increasing the number and the quality of supporting documents when claiming reimbursements. Canadian Heritage had asked the former Lieutenant-Governor and her Office to specify, for example, the date, the city, the name or the description of the event, as well as the names of the staff members accompanying the Lieutenant-Governor.
- 14.** The Ministère du Conseil exécutif, for its part, has not established clear and precise guidelines concerning the eligibility of the Lieutenant-Governor's expenses. Various costs assumed by the government show the need to establish such guidelines. Examples include the payment of expenses related to the practice of sports activities such as the remuneration paid to a ski instructor or the payment of invoices issued by the Service aérien gouvernemental, notably for trips that did not follow an official duty, such as the return trip airfare at a cost of \$12,000 within the context of a fishing trip combined with a visit to a provincial park.
- 15.** Finally, the Lieutenant-Governor did not honour the commitment made to Canadian Heritage to publish, beginning in 2004-2005, annual financial statements for public disclosure.
- 16.** Given the scope of the expenses paid with public monies for which we were unable to establish the link with the official duties of Lieutenant-Governor, the Auditor General of Québec and his Canadian counterpart recommend, among other things, that their respective government initiate discussions with the former Lieutenant-Governor to determine the sums that she should reimburse in relation to the unjustified outlays.

## RECOMMENDATIONS

### **17. The Ministère du Conseil exécutif should:**

- **specify the expenses eligible for reimbursement by the Government of Québec within the context of the Lieutenant-Governor's duties by taking into consideration the expenses supported by Canadian Heritage;**
- **make sure that adequate controls have been put in place at the Office of the Lieutenant-Governor;**
- **review the relevance of having the staff of the Office of the Lieutenant-Governor assume responsibility for the Lieutenant-Governor's security;**
- **ask the Lieutenant-Governor to report in a timely manner on the use made of the funds allocated;**
- **initiate discussions with the Lieutenant-Governor to identify the amounts that she should reimburse to the Department for the unjustified portion of these expenses.**

### **18. The Lieutenant-Governor and her Office should:**

- **put in place appropriate financial controls notably with respect to personal expenses and expenses related to the Lieutenant-Governor's duties as well as concerning the supporting documents that should be kept;**
- **report on the use made of the public funds allocated.**