

## "FINAL" AUDIT REPORT

**Montreal, December 3rd, 2003** – As promised, Alliance Quebec President Brent Tyler released the “final” audit report Wednesday commissioned by the Department of Canadian Heritage into the organization’s administration.

He also made public AQ’s management response and comments on an earlier draft of the auditor’s statement. The investigation was sparked by media reports last spring.

“I’m pleased by several aspects of this exercise,” Mr. Tyler said. “The auditors found very little to complain about and we think they are mistaken in some of the points they raised. We aren’t finished with this yet.”

In the first paragraph of the covering letter sent with the final draft audit report, Judith A. LaRocque, Deputy Minister of Canadian Heritage, said: “You will note that the report recommends that an amount of \$62,613 be recovered from your organization for ineligible expenses for the 2001-2002 and 2002-2003 program funding agreements.”

“That’s an improvement,” Mr. Tyler said. “Initially they wanted to claw back \$155,000.”

But AQ Chairman James Hanna, a chartered accountant, noted that in his view the \$62,613 figure is still too high.

“The report is flawed,” Mr. Hanna said.

Among other things, it appears to assign to Canadian Heritage more than \$45,000 that Alliance Quebec raised from other sources and “we don’t think they’re entitled to do that,” Mr. Hanna explained, adding that there are other anomalies as well. He considers the report “a work in progress.”

Fred Semerjian, AQ’s executive director, said he was pleased that the department noted that Alliance Quebec has put in place effective mechanisms to track, control and report spending from various sources.

“Yes, there were problems in the past,” Mr. Semerjian said, “but we have dealt with them effectively.”

More worrisome is the second paragraph in the deputy minister's covering letter that refers to Canadian Heritage's approved contribution of \$539,182 for 2003-2004. As can be seen on Page 15 of the audit report, the department approved spending of \$634,534 for 2002-2003. There is no explanation for this cut of \$95,352 from AQ's annual budget.

"This is unfair," Mr. Tyler said. "They found very little wrong with us in the audit and yet that seems to be tied in the same letter to a cut of nearly \$100,000."

"I don't understand."

Alliance Quebec is a non-profit, volunteer-based organization created in 1982 to promote the interests of Quebec's English-speaking Official Language Minority and its institutions.

In their report, the auditors paid particular attention to the expenses of Mr. Tyler, a lawyer whose advocacy of human rights cases against Quebec's controversial language law has brought him before the Supreme Court of Canada and the United Nations. The report refers, for example, to \$1,100 paid for personal security services when Mr. Tyler was AQ's acting president in the summer of 2001. He and the organization have been the object of frequent physical threats. Mr. Semerjian noted that funding for safeguarding Mr. Tyler was raised from private sources and not from money provided by Canadian Heritage.

Auditors also questioned the cost of Mr. Tyler's cell phone. Alliance Quebec checked what is common practice in private industry with regards to executives who use corporate cell phones and asked Mr. Tyler to repay the organization 30 per cent of the total cost, a proportion that Alliance Quebec thinks is fair. He paid the amount several months ago.

The report also states wrongly that Alliance Quebec paid some costs associated with Mr. Tyler's private legal practice and carried these costs on its books as a personal loan.

In fact, the Alliance made a \$5,000 loan to Edwige Casimir, a plaintiff in a case contesting the constitutionality of limits placed by Quebec on access to the province's English-language schools. It will be heard by the Supreme Court in March and groups representing Official Language minorities across Canada will intervene. Costs at the stage for permission to appeal in the case have been awarded to Ms Casimir and the \$5,000 will be repaid shortly.

"I am relatively pleased with this report," Mr. Tyler said. "It clears the air."

“Its cover page says this is a “final” report but the pages with the numbers that determine the claw back are marked “Draft, for discussion purposes only,” he noted. “Given the number of issues that have yet to be addressed by Canadian Heritage, we don’t see this report as the final product.”

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