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• (1530)

[*Translation*]

The Chair (Mr. John Williamson (New Brunswick South-west, CPC)): I call the meeting to order.

Good afternoon everyone.

Welcome to meeting number 115 of the House of Commons Standing Committee on Public Accounts.

[*English*]

Today's meeting is taking place in a hybrid format, although I believe everyone we're expecting is in the room. That could change.

Pursuant to the Standing Orders, members can be attending in person or by using the Zoom application.

I will remind you that all comments should be addressed through the chair.

[*Translation*]

Pursuant to Standing Order 108(3)(g), the committee is resuming consideration of Report 1 of the 2024 reports of the Auditor General of Canada entitled "COVID-19 Pandemic: ArriveCAN".

[*English*]

I'd now like to welcome our witnesses.

We have with us the Honourable Anita Anand, president of the Treasury Board. It's nice to have you here today, Minister.

From the Treasury Board and the Treasury Board Secretariat, we have Annie Boudreau, assistant secretary, expenditure management sector; Dominic Rochon, chief information officer of Canada; Karen Cahill, assistant secretary and chief financial officer; Francis Trudel, associate chief human resources officer; and Samantha Tattersall, assistant comptroller general, acquired services and assets sector.

Ms. Anand, you'll have the floor for up to five minutes. After that, we'll proceed to rounds of questions.

I'll turn things over to you, Minister.

[*Translation*]

Hon. Anita Anand (President of the Treasury Board): Thank you very much, Mr. Chair.

Good afternoon everyone.

I thank all the members of the committee for inviting me to appear before them today to discuss the Auditor General's Report 1 on ArriveCAN.

[*English*]

Before I begin, I would like to acknowledge that we are speaking and meeting here today on the traditional unceded territory of the Algonquin Anishinabe people.

I am joined today by members of my department.

[*Translation*]

Mr. Chair, Canadians expect their government to introduce the necessary rules and controls to responsibly manage their hard-earned money.

Since the start of my mandate, with the collaboration of my cabinet colleagues, I've been working to ensure the efficient management of our resources and of public funds.

[*English*]

While the Auditor General confirmed that rules to ensure sound procurement and management practices across government are in place, her audit revealed very concerning conclusions.

[*Translation*]

That's why we've taken a series of measures meant to reinforce our oversight of departmental practices in support of efficient management and stewardship across government.

[*English*]

I recently announced a series of actions that the Treasury Board of Canada Secretariat will take to strengthen our oversight of departmental practices and processes to support effective and streamlined management across government.

First, we're introducing a new risk and compliance mechanism.

[*Translation*]

By using this mechanism, the Treasury Board Secretariat, or TBS, will more actively supervise management practices as well as results government-wide in order to prevent and detect inadequate performance and inappropriate use of public funds.

[English]

The process will be informed by several sources of information, including a horizontal audit that the comptroller general is undertaking across numerous departments. This audit will assess governance, decision-making and controls associated with professional services contracts, including IT.

[Translation]

You'll also remember that, in the fall of 2023, I published a policy called "Manager's Guide: Key Considerations When Procuring Professional Services".

[English]

The purpose of this guide was and continues to be reliance on third party contracting. At that time, I said the manager's guide is evergreen. What that means is that it is continually open to be updated and changed.

[Translation]

We take the Auditor General's and the procurement ombud's recent conclusions very seriously, which is why, at the end of March, I announced some important updates to the manager's guide.

In order to further strengthen the guide's use, we will enforce managers' responsibilities when procuring professional services by integrating certain points of the guide into the mandatory procedures.

• (1535)

[English]

In addition, the chief human resources officer is reviewing the directive on conflict of interest to ensure that the requirements are clear and effective, particularly as they relate to employees who engage in outside employment.

We are also examining guidance on conflict of interest provided to deputy heads to support the effective exercise of their authorities and responsibilities under this directive.

[Translation]

We will also consider mandatory training for employees and managers, as well as additional oversight by my department, if need be.

[English]

Additional oversight could be included in terms of strengthening the consequences of non-compliance with the directive.

Finally, we are improving the Open Government portal to ensure that information about contracts is presented clearly, accurately and in a more user-friendly way for people inside and outside government.

Canadians deserve to know how their hard-earned tax dollars are being spent and that they're being spent wisely on priorities that matter to them. We will ensure that department heads of the public service manage their conduct effectively and preserve public confidence.

[Translation]

Thank you.

I'm available to answer your questions.

The Chair: Thank you for being here today.

[English]

To open things up, Ms. Kusie, you have the floor for six minutes, please.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you very much, Mr. Chair.

Thank you very much, Minister, for being with us here today.

Yesterday we had a historic day in Canada. We had an instance that has not occurred in over 100 years: A private citizen was called to the bar of the House of Commons and was reprimanded for not responding to questions that had been asked of him.

Of course I'm referring to Kristian Firth, one member of the two-person GC Strategies company. They were responsible and were the main vendors in the ArriveCAN scandal for a \$60-million app. A minimum of \$60 million was spent on the ArriveCAN app. In fact, there are individuals who state that they could have made this app for \$80,000, but Kristian Firth, the person I'm referring to here today, and GC Strategies made \$19 million, as far as is known currently, off the ArriveCAN app.

My colleague, in the first round of questioning for Mr. Firth, asked Mr. Firth directly if the Government of Canada—at a time when there is a \$52.9-billion deficit and when Canadians are struggling—had asked Mr. Firth and GC Strategies to repay these funds to Canadians. His response was no.

I am asking you, please, Minister Anand, if you have asked GC Strategies and Kristian Firth for this money back for Canadians from the ArriveCAN app and from GC Strategies. Have you asked for this money back, Minister?

Hon. Anita Anand: The Government of Canada takes allegations of wrongdoing and fraudulent activity extremely seriously. Minister LeBlanc, the minister in charge of the CBSA, specifically mentioned in the House today that there's an ongoing RCMP investigation—

Mrs. Stephanie Kusie: Minister, have you asked for the money back?

Hon. Anita Anand: —and that we intend to recoup all funds for the the Canadian taxpayers—

Mrs. Stephanie Kusie: Have you asked for the money back, Minister, with just a yes or a no, please?

Hon. Anita Anand: —once that investigation is concluded.

Mrs. Stephanie Kusie: Are you going to ask for the money back, Minister, for Canadians?

Hon. Anita Anand: Again I will say that departments are expected to record a receivable in their accounts and to pursue timely and cost-effective collection action—

Mrs. Stephanie Kusie: Minister, it's expected, when we have a \$52.9-billion deficit—

Hon. Anita Anand: —for debts owed to the Crown, and that may include overpayments.

Mrs. Stephanie Kusie: —and continuous deficits for nine years, that you will ask for this money back on behalf of Canadians. Canadians are counting on you to do it.

Hon. Anita Anand: As I said, our departments are recording receivables in their accounts and that may include overpayments, and we're—

Mrs. Stephanie Kusie: Minister, I am going to move on to the next piece, since it appears you're not willing to ask for this money back on behalf of Canadians. I will move on.

Hon. Anita Anand: That's not true, actually. I just said—

Mrs. Stephanie Kusie: You're not giving me a yes or a no, Minister.

• (1540)

Hon. Anita Anand: I actually just said that they're recorded as monies owed if wrongfully collected.

Mrs. Stephanie Kusie: Okay, but have you contacted GC Strategies and Kristian Firth?

Hon. Anita Anand: I also specified that the RCMP investigation is ongoing and that they are recorded as amounts to be recovered once that investigation—

Mrs. Stephanie Kusie: Then are you pledging here today to get that money back for Canadians?

Hon. Anita Anand: Yes, we will.

Mrs. Stephanie Kusie: Okay. I look forward to that report in the future, and should Mr. Firth ever come back to the House of Commons, I expect him to say that this money for Canadians has been asked for.

Hon. Anita Anand: We will always safeguard taxpayer dollars. That's what we do at Treasury Board and the Government of Canada.

Thank you.

Mrs. Stephanie Kusie: I look forward to that, Minister, as do Canadians. Thank you.

As well, yesterday, Minister, we heard testimony from the same individual, Kristian Firth, that he regularly met with Paul Girard, the former CIO of the Treasury Board, outside of the office to discuss the health of his contracts. Are you concerned that a top official in your department would regularly discuss contracts outside of the office?

Ms. Karen Cahill (Assistant Secretary and Chief Financial Officer, Treasury Board Secretariat): I can take this question, Minister.

As normal practice and part of the responsibilities of contracting with the Government of Canada, public servants may meet with the vendors community to discuss ongoing contracts and other subject matter items related to those contracts.

Mr. Girard left the Government of Canada in December 2022. I'm committed to doing more research and getting back to you and the committee members in writing on what we find out about those meetings referenced by Mr. Firth.

Mrs. Stephanie Kusie: Given the outcomes, I definitely would show concern over these discussions outside of the office.

Minister, you were just indicating that you were taking steps to eliminate conflicts of interest, yet when I'm looking here at a report from last year, 2023-24, out of the 162 public servants who declared a conflict of interest, 38% of them were actually determined to be in a conflict of interest, which is an increase of 2% from the 36% before.

I'd like to ask you this, then, Minister: What is the value of the contracts of the 38% of public servants who were found to be in a conflict of interest?

Hon. Anita Anand: I will start by saying that the rule is that you must disclose all conflicts of interest—any real or perceived conflicts—and that those must be assessed—

Mrs. Stephanie Kusie: Indeed, and 38% were found to be in a real conflict of interest, so what is the value of the contracts of the employees who were found to be in a conflict of interest? What are Canadians on the hook for with the double-dipping of these individuals?

Hon. Anita Anand: First and foremost, anybody who has not complied with the requirements in the directive will be subject to disciplinary measures—

Mrs. Stephanie Kusie: I'll try another question. Do we know who they work for? Which departments do they work for, Minister?

Hon. Anita Anand: —up to and including termination of employment.

Mrs. Stephanie Kusie: Minister, I don't know how you don't know this. We had a very serious situation with the head of Dalian, and we want to eliminate this in the future. This information as to who was in a conflict of interest, the value of those contracts and what departments they're working for should be at the top of your mind.

The Chair: So—

Hon. Anita Anand: If I may remind the honourable member, Mr. Chair.... May I have a moment to remind the honourable member?

The Chair: Let me just lay down some....

Yes, in this committee, I do allow witnesses to answer briefly.

Ms. Kusie, your time is up.

I will hear from the minister, but it must be brief, and I'd like the answer to come from you, please.

Hon. Anita Anand: Sure. The answer will come from me.

Perhaps the honourable member is not aware, but ministers don't hire and fire members of the public service. Her questions failed to take that into account.

Thank you.

The Chair: Thank you very much.

Mrs. Shanahan, you have the floor for six minutes, please—

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): I'm sorry, Mr. Chair. I have a quick point of order.

I want to make sure that we're getting accurate information. The minister said that Mr. Girard left the public service in 2022. I have his LinkedIn profile, which says he left in 2023.

Does the minister want to correct the response?

The Chair: Mr. Genuis, that is not a point of order. There will be another opposition slot in a minute.

Mrs. Shanahan, you have six minutes, please.

Hon. Anita Anand: It's actually the official who said that, Mr. Chair.

The Chair: There are six minutes for you, Mrs. Shanahan.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Mr. Chair.

I want to thank the minister, as well as the other witnesses on the panel, for being here today in front of this committee.

I'll just remind Canadians watching at home, and maybe some colleagues, that it is not normal practice for ministers to attend meetings of the public accounts committee. Normally, we study the reports of the Auditor General and we hear from officials up to the deputy minister level. However, I am very pleased to see that the minister is in front of us today to answer questions if, of course, members would allow her to answer questions, which would be very helpful to the work that we have before us.

My first question for the minister is this: What role did the Treasury Board have in the development of ArriveCAN?

• (1545)

Hon. Anita Anand: The first and most important point is that the Treasury Board did not have any involvement in the development of the ArriveCAN app. Deputy heads are responsible for ensuring that decisions on procurement and the management of contracts follow the procurement policies and ensure sound fiscal management.

Mrs. Brenda Shanahan: Thank you, Minister, but we did hear, in the numerous meetings that we've had on this issue, from other officials of other departments—including the CBSA, the procurement department and other departments—that there is a role for the TBS with regard to procurement.

Perhaps you can explain that further to us. Is there an oversight role? What exactly would the TBS role be?

Hon. Anita Anand: Thank you for the question.

Treasury Board sets the policies and defines the responsibilities for departments. Given the volume of procurement, controls are in place at various levels based on contract value, risk and complexity. Deputy heads of departments and heads of agencies are responsible for procurement activities in their organizations.

The Auditor General's report specifically mentioned the CBSA. It is the CBSA, in all of her recommendations, that bears responsibility for ensuring contracting practices are compliant with the policies that define the responsibilities for departments.

Approval from Treasury Board is only required for contracting values over certain dollar amounts or risk levels. The department heads and deputy heads bear responsibility for compliance, and we want to see compliance with Treasury Board guidelines.

Mrs. Brenda Shanahan: Thank you, Minister.

Indeed, that is the reason we typically see deputy heads in our meetings here at public accounts when the Auditor General produces reports that bring those kinds of issues to our attention.

You mentioned policies and guidelines. There is an oversight role for TBS. Of course, of concern here is the oversight of IT projects. They're particularly gnarly to get around in terms of procurement. We've heard from other officials about the lack of expertise we have in the public service.

Can you expand for us here today on what the role of your office is, particularly in dealing with the oversight of IT projects?

Hon. Anita Anand: I most definitely can.

Our role at TBS is designed to support IT project success. Again, deputy heads and departmental chief information officers—CIOs—remain responsible for the overall achievement of business outcomes. There are many IT projects being managed across institutions. It would not be feasible or effective to review each and every one of those projects at Treasury Board. Therefore, our oversight at TBS is provided on projects of significant complexity, value and risk, among other factors. The ArriveCAN app did not meet those criteria at the time.

Mrs. Brenda Shanahan: Thank you, Minister.

Of course, you've held a number of ministerial positions. Did you, in any of your ministerial positions, sign contracts for ArriveCAN?

Hon. Anita Anand: No, I did not.

Mrs. Brenda Shanahan: Thank you, Minister.

How much time do I have?

The Chair: You have just under a minute.

Mrs. Brenda Shanahan: Excellent.

Minister, at the onset of the pandemic, there were changes to the government's contracting policies. Can you explain what these were?

Hon. Anita Anand: Sure.

In order to execute a rapid and effective government response to the pandemic, temporary emergency contracting limit increases were brought in. However, Treasury Board was clear that as departments were lessening upfront controls in order to respond to the national public health emergency, back-end controls—such as documenting decision-making—would take on an even greater role at that time.

Any instances in which this did not occur were completely unacceptable. I know that at PSPC, I specifically directed my department to ensure there was integrity in contracting.

• (1550)

Mrs. Brenda Shanahan: With the time I have left, I want to thank the minister for her work during the pandemic and for procuring the vaccines that saved Canadians' lives.

Thank you.

Hon. Anita Anand: Thank you.

The Chair: Thank you.

[*Translation*]

It is now Ms. Sinclair-Desgagné's turn.

You have six minutes.

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Thank you, Mr. Chair.

Minister, thank you for accepting the committee's invitation.

As you know—you even stated it publicly—ArriveCAN is a shocking development for Quebec and Canadian taxpayers, and obviously for each and every member of this committee.

We've discovered that ArriveCAN is but the tip of the iceberg and that this file points to a number of issues in Canada's public service.

As for you, minister, you've had an impressive career. During the pandemic, you were Minister of Public Services and Procurement. When the ArriveCAN contracts were signed, you then went on to become Minister of National Defence. Some people have noted the fact that David Yeo's employment at the Department of Defence was confirmed when you were Minister of National Defence and Mr. Yeo's business had contracts with the Department of Defence. So he was in a conflict of interest.

Now here you are at Treasury Board, one of whose roles happens to be to define the conflict of interest policy.

I'd like to know how your experience allows you, today, to never repeat all the mistakes that were made these last few years.

Hon. Anita Anand: I'd like to correct the record. I was not Minister of National Defence when the individual in question was there. The fact is that I was appointed President of the Treasury Board in July, when he started in September. So it's not accurate to say that I was there when he was.

Ms. Nathalie Sinclair-Desgagné: Based on the information I have, you were still in office on June 13, which is when he was informed of the selection. He only took his position in the fall, but the selection process occurred when you were still in office.

In any case, that doesn't change much to the question I asked about your experience, what it's taught you and how it can help ensure that none of this happens again. After all, you have a responsibility and a duty to be accountable.

[*English*]

Hon. Anita Anand: Thank you.

[*Translation*]

I thank you for your question, and also for the opportunity I'm given to answer it.

I don't know if you're aware of this, but on March 20, I announced along with my colleague Mr. Duclos, Minister of Public Services and Procurement, a series of measures to improve oversight of departmental practices and processes and to support efficient management across the whole of government. For instance, we now have horizontal audits in some of the larger departments in order to assess their governance, decision-making and controls related to professional services contracts.

I've also introduced a new edition of our guide for managers who are responsible for contracting with third parties. Lastly, we will be reviewing our conflict of interest policy yet again. So obviously, we will be taking steps. We continue to work on this but as the Auditor General stated, the problems were at the Border Services Agency, who will now have to keep following the rules.

Ms. Nathalie Sinclair-Desgagné: From your global understanding of the situation, would you say that everything has been cleaned up at the Border Services Agency?

[English]

Hon. Anita Anand: Of course we have the received the report from the Auditor General.

[Translation]

However, we're still waiting on the RCMP's report and we're still following the necessary recommendations. We also intend to follow the RCMP's recommendations. That said, I can't just wait around. I'm a woman of action. That's why I've announced these measures. To the extent possible, I'd like for us to take measures at Treasury Board.

Annie Boudreau, who's with me today, will be able to answer as the new comptroller general.

• (1555)

Ms. Nathalie Sinclair-Desgagné: I'm sorry, but my time is limited and I can only ask one more question with the time I have left. We'll be able to hear from Ms. Boudreau later.

The following question is quite important. I think that Quebecers and Canadians need to hear it. Now that you're the President of the Treasury Board, do you believe that Quebec and Canadian taxpayers got their money's worth during the pandemic when \$60 million was spent on ArriveCAN?

Hon. Anita Anand: As we know, ArriveCAN was developed in an emergency, when the country was going through a hard time. We needed to protect our borders and our population.

That said, the Auditor General said that we should have been able to get more for that amount of money if we had taken a different approach.

I'd like to ensure that the people who work at our borders keep following Treasury Board rules. These rules need to be followed. That's what's most important to me, as President of the Treasury Board.

The Chair: Thank you very much.

Next up, we have Mr. Desjarlais.

[English]

Mr. Desjarlais, you have the floor for six minutes. Go ahead, please.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Chair.

Thank you to the minister for being present.

I agree that rules have to be followed. In the Auditor General's report, page 8, finding 1.33 reads as follows:

Given the urgency created by the pandemic, the Treasury Board of Canada Secretariat encouraged government organizations to focus on results while still demonstrating due diligence and controls on expenditures. To support this direction, the agency invoked exceptions so that certain procurements were not subject to the provisions of the trade agreements and the Government Contracts Regulations and allowed for the consideration of a non-competitive approach to address urgent needs.

There were rules in place. We had the government contracts regulations, which would have prescribed, for example, that the government could issue a non-competitive contract, which ultimately went to GC Strategies. That was part of how they were able to get access to the government service.

I also want to highlight how important this is. This isn't just a one-off; Canadians are used to seeing multiple corruption schemes like this, regardless of who is in power. Since 2006 we've seen a massive increase in outsourcing and vulnerabilities, as the Auditor General's report outlines. It's very clear that some rules and the exceptions for those rules were waived.

Minister, you were the Minister of Public Service and Procurement Canada at the time, for which these regulations were waived for the purpose of allowing non-competitive contracts.

Do you regret that now?

Hon. Anita Anand: I do not regret being able to procure vaccines for our entire population so that by July 2021 all Canadians who were eligible had access to two vaccines. We led the world in vaccine procurement. When the Auditor General did her analysis of our vaccine procurement, she found no irregularities.

Mr. Blake Desjarlais: I would agree with that, Minister. I want to thank you for that work in procuring vaccines. It's an important piece of how we were able to combat that virus. The Auditor General also agreed that regardless of the work in regard to the procurement of vaccines, there was no excuse to waive the regulations and rules in relation to that.

Would you agree with the Auditor General's finding that these regulations should have been kept in place?

Hon. Anita Anand: We were clear at the Treasury Board that when departments were lessening upfront controls in order to respond to the national public health emergency, back-end controls, such as documenting decision-making, took on even greater decision-making importance.

We, at Treasury Board, communicated this direction in writing to deputy heads. It was necessary for these flexibilities to be in place in order to do the procurements. By the same token, the departments were obliged to ensure that they were writing down and documenting the decisions they were making.

• (1600)

Mr. Blake Desjarlais: I appreciate that answer, Minister, but I'll quote the Auditor General:

I have to say that I am deeply concerned by what this audit didn't find. We didn't find records to accurately show how much was spent on what, who did the work, or how and why contracting decisions were made. That paper trail should have existed. Overall, the audit shows a glaring disregard for basic management and contracting practices throughout ArriveCAN's development and implementation.

She went on to state the following:

Government organizations needed to be flexible and fast in responding to the COVID-19 pandemic

—and I give you that. It was a difficult circumstance—

but they still needed to document their decisions and demonstrate the prudent use of public funds. In this audit, we found serious failures and omissions everywhere we looked.

These aren't my words, Minister. These are the words of our Auditor General. We have to take them quite seriously. I want to be able to do my best as a member of the public accounts committee to give Canadians the best perspective I possibly can. I know this issue of ArriveCAN has been deeply partisan, and it deeply troubles many of us that it has become that way, but I want to find a way to give true accountability on this issue, which is why I submit that those regulations had to be more flexible.

However, I agree with the Auditor General that what happened was inappropriate and should not have happened.

Do you agree with the Auditor General's comments made on February 12 that there still needed to be documentation of decisions and the demonstration of the prudent use of public funds?

Hon. Anita Anand: I do. Of course I do. I've stated it many times, and I'll state it here again today. I brought this report with me as well. I have read it numerous times. I agree with the Auditor General. I agree with her recommendations. I will note that her recommendations relate to the CBSA and to the Public Health Agency of Canada.

Once again, I agree that we need to ensure documentation; we need to ensure compliance with government policy; and we need to ensure that whatever policies are in place are being respected by deputy heads and everyone who is working under their watch.

Mr. Blake Desjarlais: I appreciate that.

Now I want to move to a particular issue that was announced earlier this week in relation to the budget.

We know that much of the work in procurement and what happened with ArriveCAN was because of the deep tradition of outsourcing work to wealthy contractors with preferential access to the government. They have been profiting like a systemic rot since that time. It's a very difficult circumstance Canadians find themselves in, particularly due to the reality of the affordability crisis. It's hard for Canadians to witness a government not be able to track or even know the amount of money the ArriveCAN app cost.

I hope you understand and can sympathize with Canadians who are struggling right now to pay for their bills, rent and groceries while seeing the hard-earned dollars they are paying toward taxes not being used properly. I have sympathy for that. I would hope that governments since 2006, when this started increasing, could heed that message.

Why is it that over 5,000 public service employees were told on Tuesday that they may be out of a job? The government's excuse is attrition. This will hurt the public service.

The Chair: Thank you, Mr. Desjarlais. That is your time.

I'm going to allow the minister to answer. You got your point in.

Mr. Blake Desjarlais: Sure.

Thank you, Chair.

Hon. Anita Anand: Actually, 5,000 is an estimation contained in budget 2024. We expect that is the number that will result after natural attrition.

However, there is a process we will follow in phase 2 of the refocused spending initiative. It will involve consultation with all departments to identify where their needs are and where service delivery would not be interrupted through natural attrition. We do not expect, as the PBO indicated with regard to our first phase of refocused government spending, that service delivery will be negatively impacted—

The Chair: Thank you—

Hon. Anita Anand: —and certainly, this is going to be by attrition, so there won't be Harper era-type cuts.

The Chair: Thank you, Minister.

We're turning now to our second round.

Mr. Barrett, you have the floor for five minutes.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): The top arrive scam contractor, GC Strategies owner Kristian Firth, had his home raided by the Royal Canadian Mounted Police two days ago as part of the Mounties' investigation into his work with the Trudeau government. Kristian Firth is well documented as being part of more than a dozen investigations into fraud and forgery due to his role with government contracting. He has a track record of meeting some of the most senior public servants at bars and steak houses.

Minister, do you think that's normal?

• (1605)

Hon. Anita Anand: I was not here at that time as President of the Treasury Board. However, I would expect that rules would be followed in every instance. Because I was not here, I am not certain if the rules were followed.

I will ask my colleague to respond.

Mr. Michael Barrett: Minister, it's a question of judgment.

The question is, do you think Canadians find it acceptable that millionaire consultants are discussing government contracts with senior officials, many of whom control these contracts—chatting over whisky and steak about getting paid with taxpayer money?

Do you think Canadians find that acceptable?

Hon. Anita Anand: I do not know exactly what occurred, but I don't find it acceptable to violate any rule or principle.

There's importance in letting the RCMP do their work. I am not, as a minister of the Crown, going to interfere in the investigation of an independent organization. I think it is important that we let the investigation continue. Then, as the Minister of Public Safety said, we look forward to following the recommendations of the RCMP.

Mr. Michael Barrett: Minister, do you know what TBS employees discussed at these outings in steak houses and bars with the millionaire consultants? Mr. Paul Girard, Sevac Eskibashian and Gary Hobin are directors—the former chief information officer and senior advisers.

Do you know what they discussed?

Ms. Karen Cahill: If you don't mind, I'll take the question, Minister.

As I mentioned—

Mr. Michael Barrett: Ms. Cahill, the question is whether the minister knows. Unless your answer is about whether or not the minister knows, I would like to hear from the minister, please.

Hon. Anita Anand: I do not know. I was not the President of the Treasury Board at the time.

Mr. Michael Barrett: Minister, I'm glad you find it funny. However, this is a \$60-million scandal. We have the RCMP kicking doors in because of fraud and corruption. These are people who work in your department. Even though they shuffle the deck chairs on the *Titanic* every couple of months, you're still responsible for the department. If your suggestion is that we need the former President of the Treasury Board to come and tell us what's going on in your department, I'd appreciate that as a suggestion. It is incumbent on you, when there is a matter of great public interest like this, to at least show an interest and concern for what's going on.

My question to you is this: On what date was Minh Doan hired as the chief information officer?

Hon. Anita Anand: It is not my purview, Mr. Chair.

In response to that allegation that I find this funny or that I in some way do not care about this issue, it is not my purview to oversee the day-to-day work of employees—

Mr. Michael Barrett: Right: No one is in charge over there, Minister. No one is in charge.

Hon. Anita Anand: —and I, as the president of the Treasury Board, will continue to ensure that we promulgate guidelines and policies for public servants to follow. It is the responsibility of deputy heads—

Mr. Michael Barrett: Do you know when Minh Doan was hired?

Hon. Anita Anand: —including the deputy head of the CBSA, to ensure that rules are followed.

In terms of the individual the honourable colleague just mentioned, I will ask the CIO to respond.

Mr. Michael Barrett: Just the date, please, sir.

Mr. Dominic Rochon (Chief Information Officer of Canada, Treasury Board Secretariat): I believe it was May 2023. I can't give you the specific date, but I can get that to you in writing, no problem.

Mr. Michael Barrett: Was it a competitive process?

Mr. Dominic Rochon: As far as I understand it, he came over at level.

Mr. Michael Barrett: It wasn't a competitive process. Who was in charge of that decision, that hiring?

Mr. Dominic Rochon: It would have been my predecessor, Catherine Luelo.

Mr. Michael Barrett: It was Catherine Luelo.

Who was in the position before him?

Mr. Dominic Rochon: I don't know the answer to that question.

Mr. Michael Barrett: Was it Paul Girard? No?

Ms. Karen Cahill: No.

If I may, Mr. Chair, Mr. Girard was reporting directly to me, and Mr. Girard was the CIO for the Treasury Board Secretariat as a department.

Mr. Michael Barrett: Who was in the role before Minh Doan was hired?

Mr. Dominic Rochon: Would you like to take that question, Sam? Do you know?

Ms. Samantha Tattersall (Assistant Comptroller General, Acquired Services and Assets Sector, Treasury Board Secretariat): It was Marc Brouillard.

Mr. Michael Barrett: It was Marc Brouillard.

It's interesting that we have successive chief information officers who favoured GC Strategies: one who provides testimonials for the website and one who was willing to lie before committee to hide his favouritism for GC Strategies. The question is, who else at the Treasury Board Secretariat—

The Chair: Thank you.

Mr. Michael Barrett: —are GC Strategies fanboys?

The Chair: Thank you, Mr. Barrett.

We're turning now to Mr. Chen.

You have the floor for five minutes, please.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for appearing here, and thank you as well to the panel of witnesses.

ArriveCAN has been a focus of this committee and many investigations. We've heard reference to an RCMP investigation, and departments are investigating the ethics and conduct of their employees. I recall sitting here and hearing from the Auditor General and feeling shock and disbelief in the findings of her report.

What has your reaction been, Minister, to the Auditor General's report and the many reports and inquiries that have come out of this matter?

• (1610)

Hon. Anita Anand: The details that have come to light in recent months, including the details in numerous reports, as well as the one that I am holding here from the Auditor General, are extremely concerning. They include evidence of a high markup of fees, contracting irregularities and a lack of adherence to procurement rules. I find it extremely disconcerting that there are public servants who are not following the rules that are established by the Treasury Board.

Federal organizations have to have controls in place for procurement management, and the Treasury Board Secretariat has recently taken additional steps to provide departments and agencies with guidance to adopt practices consistent with our policies, but there is work to do, and I encourage all deputy heads of agencies and departments to follow the rules of this government to ensure that their employees are complying with the rules. That is the way that we can protect integrity in contracting.

Mr. Shaun Chen: There have been many accusations around the conflict of interest arising from public servants having jobs outside of government. We've heard one witness at this committee testify that this is commonplace and occurs quite regularly. It was again another shocking revelation as I sat here and listened to that witness.

Could you please let this committee know if this practice is allowed? If it is, what constraints are there around it?

Hon. Anita Anand: Let me specify that the directive on conflict of interest states that public service employees should refrain from having private interests and engaging in outside employment that may impair their ability to be objective and to be impartial. Employees are under an explicit obligation to advise their deputy head of outside employment and activities that "might give rise to a real, apparent or potential conflict of interest". Anyone in the public service who is not compliant with the requirements in the directive may be subject to disciplinary measures, up to and including termination of employment.

Mr. Shaun Chen: Thank you.

Earlier, in your opening statement, you talked about the additional oversight that is being put in place. You mentioned revisiting the government portal to make it clearer, more accurate and more user-friendly.

How do you hope this will make a positive difference in enabling, more broadly, the many different businesses across the country to engage in work with the government so that there are

fewer instances of potential conflict when it comes to government employees securing government contracts?

Hon. Anita Anand: As minister, I wanted to make sure that we provided more transparency and more clarity relating to government contracts for individuals inside and outside government. That is why I sought to ensure to have this portal revised; it's so that there is greater information.

Some of the improvements that have been made are entries that now show a contract and its amendments as a single total value when data permits. This clarified instances in which published information created confusion about the number of contracts and the total contract value. We will be making continued improvements to the portal, including new dashboards, and we will provide visuals to simplify key data points.

The comptroller general, who is sitting here beside me, is also undertaking a horizontal audit and a review of the proactive publication of contract data for completeness and accuracy. This will be done by June 7 of this year.

• (1615)

The Chair: Thank you very much.

[*Translation*]

It's now Ms. Sinclair-Desgagné's turn for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: At a time when we're seeing how extremely important audits are to ensuring sound fiscal management, the Canadian Audit and Accountability Foundation has had its funding slashed this month. On December 14, 2023, the Standing Committee on Public Accounts passed a motion in support of the foundation's funding, and the Treasury Board was asked several times for updates on the matter.

How is it that no funds should be available to the foundation at such a crucial time, when we're persisting in giving hundreds of millions of dollars to companies that provide no services?

Hon. Anita Anand: First, I'd like to congratulate the foundation on its work and its educational activities. This is a very important organization, which my team has met.

I'd like to turn to Ms. Boudreau, who will be able to give you an explanation.

Ms. Annie Boudreau (Comptroller General of Canada, Treasury Board Secretariat): Thank you very much.

Indeed, there have been discussions between that organization and my predecessor, the previous comptroller general. I've only held the position since Monday.

I'm committed to having discussions with the foundation in the coming weeks in order to better understand their contribution and answer the committee's question.

Ms. Nathalie Sinclair-Desgagné: I think that would be a good thing, because they've been waiting a long time for funding and for an answer.

The committee has also been expecting an answer since the motion passed unanimously four months ago. We officially support this organization and its funding. Former auditor general Sheila Fraser was of the same mind. In fact, many auditors general published a letter in The Hill Times on that subject. Everyone's wondering where the foundation's funding has gone.

I would very much appreciate it if you could move this file along quickly and ideally start funding this important foundation again.

Thank you.

Hon. Anita Anand: Thank you once again for the question.

I'd like to reiterate that my team has already met with representatives from the foundation and that this is indeed an important question. As my colleague stated, she will be giving the committee more information as well as an answer to your question.

The Chair: Thank you. We'll be expecting it.

Let's move on to Mr. Desjarlais.

[English]

You have the floor for two and a half minutes.

Mr. Blake Desjarlais: Thank you very much, Chair.

I want to echo my support for my Bloc colleague's request with regard to institutions that would support this work, because it's critical. It's been decades. We've had procurement issues since 2006, so it's particularly important.

I don't want to waste all my time on that, however. I want to turn our attention to page 13 of the report and finding 1.51, which reads:

We found that Public Services and Procurement Canada, as the government's central purchasing and contracting authority, challenged the Canada Border Services Agency for proposing and using non-competitive processes for Arrive-CAN and recommended various alternatives.

My goodness. What a great thing to have done, but the problem is that the checks and balances didn't work. Unfortunately, the Auditor General's finding after that is:

Despite alternative options proposed by Public Services and Procurement Canada, and statements from Canada Border Services Agency officials that other vendors were capable of doing the work, the agency continued to use a non-competitive approach.

It's disappointing. I don't even know what I can say, Minister, to try to highlight how disappointing it is to know that we had an opportunity. You were the minister. Your officials reached out and said, "Hey, there's a red flag. This is a problem. You can't be using non-competitive approaches like this, non-competitive contracts. Why are you giving your buddies access when you shouldn't be?" However, the CBSA continued business as usual.

What do you have to say to Canadians who had faith in Public Services and Procurement Canada, but lost that faith in its ability to keep contractors and proposers of contracts accountable when non-competitive approaches are used?

• (1620)

Hon. Anita Anand: Thank you for the question. It is extremely important, as you suggested.

The CBSA now has a 10-point action plan that includes the creation of a new procurement—

Mr. Blake Desjarlais: I'm sorry, Minister. I have only a bit of time.

Could you not focus on what it's doing now, but just on what happened in this circumstance between findings 1.51 and 1.52? What did your ministry do to respond to the fact that the CBSA said, "No, thank you"?"

Hon. Anita Anand: As you're aware, this is not a contract that came to me as minister, but as I said, I directed my team at PSPC to make sure that we had integrity in contracting. That's probably why they did what they did in suggesting alternatives to the CBSA.

Mr. Blake Desjarlais: Why did it fail, then?

Hon. Anita Anand: It was because the CBSA did not follow the rules. It now has a process in place for the rules to be followed.

Mr. Blake Desjarlais: Shouldn't you have been able to do more, in that case?

Hon. Anita Anand: As I said, it is within the purview of department heads—so the head of the CBSA at the time—to ensure that the rules were followed. That's the role of the head of an agency.

Mr. Blake Desjarlais: Don't you think that's a vulnerability?

Hon. Anita Anand: The new measures that we have to strengthen procurement will hopefully address some of the issues you are raising.

Mr. Blake Desjarlais: It was an omission, then, that it was a vulnerability.

Hon. Anita Anand: I am trying to strengthen the set of rules that we have.

Mr. Blake Desjarlais: It didn't work before, but now it's working.

Hon. Anita Anand: Can I just mention, Mr. Chair, that—

The Chair: I'll tell you what, Mr. Desjarlais: We'll hear from the minister briefly.

Minister, yes, I will give you the last word, but could you make it brief, please?

Hon. Anita Anand: I will.

The Auditor General said the rules that were in place were sufficient. That was her finding. She said they were simply not followed.

The Chair: That is very true. Thank you very much.

We're turning now to Mr. Genuis.

Mr. Desjarlais, I gave you a few extra seconds because Madame Sinclair-Desgagné left a few on her clock, so you had a few extra seconds. That's just for the scorekeepers around the room.

Mr. Genuis, you have the floor for five minutes.

Mr. Garnett Genuis: Thank you, Chair. Hello, Minister.

You served as the Minister of Public Services and Procurement Canada and the President of the Treasury Board during the period of the arrive scam scandal. There are two major outstanding questions that I hope I can get answers to today. The first is to ask why GC Strategies was so special to the Trudeau government. Second, what were Liberal ministers doing while this was unfolding?

On the first question, GC Strategies was founded in 2015. It has done extensive and lucrative work with your government, receiving contracts and then doing subcontracting. It has been a go-to contractor and adviser, even though its business is simply to get contracts and subcontracts. In fact, Kristian Firth spoke yesterday about being flattered by being a go-to adviser and resource for the government, even asking questions about what would be the content of RFPs that he would then bid on.

I want to ask you what your government saw in GC Strategies. Why did you have this special relationship with it?

Hon. Anita Anand: I had no meetings with GC Strategies. I have no—

Mr. Garnett Genuis: Just to clarify, I'm talking about the government. I'm not talking about you personally.

Hon. Anita Anand: —background as to why those individuals were contracted with.

When I first learned about the ArriveCAN application, it was at COVID committee meetings during the pandemic, and it was in the context of protecting the borders.

However, I understand that predecessors to this company were under contract with the government of Stephen Harper—that is the company called Coredal, I believe—so the question can be asked of the Harper government as well.

Mr. Garnett Genuis: Minister, the company was founded in 2015, and even similar companies had much lower magnitudes.

I want to drill down on this question.

You've hopefully at least asked some questions about it, even if you didn't know about it until recently. Your own department did about \$10 million in contracts with GC Strategies. Kristian Firth testified that he was gone to multiple times for advice on RFPs.

I want to ask the minister again, because the minister is responsible for the department, whether she has sought information about the close relationship between the government and GC Strategies.

I'm just trying to understand why GC Strategies was this go-to for the government for so long, at such magnitude.

Hon. Anita Anand: I thank my honourable colleague for the question.

Of course I've sought information. I'm an extremely thorough and systematic minister—

Mr. Garnett Genuis: That's great.

Hon. Anita Anand: I have found that there are 10 contracts. None are currently active, and the amount is \$9.97 million. I have been briefed repeatedly by my team; I have sought information from the department and I have taken proactive measures to address the issues—

• (1625)

Mr. Garnett Genuis: But I'm asking the why question. Let me jump in, because you're giving me numbers I already have. I'm asking the why question. Why was GC Strategies a constant go-to? You didn't just give them contracts; you asked them for advice about what should go into RFPs.

All of us have found representatives of this company to completely lack credibility and to be dishonest. What did your government see in this company that caused you to keep coming back to them for deals?

Hon. Anita Anand: This is a piece of information that can be given only by the CBSA, not by me as President of the Treasury Board. They are the ones who approved this contract. They are the ones who were engaged with the suppliers—

Mr. Garnett Genuis: I get it. I have to move on.

Hon. Anita Anand: —so it's difficult for me to even provide that response.

Mr. Garnett Genuis: Aside from ArriveCAN, you said your department did \$10 million of contracts with them. GC Strategies had a special relationship, not just with the CBSA but with your department as well.

In the time I have left, I want to ask you about ministerial responsibility in our system of government.

Ministers don't do everything themselves, but they are supposed to take responsibility for their departments because they establish the policies and the culture that guide them.

Do you believe in the principle of ministerial responsibility as it relates to ArriveCAN?

Hon. Anita Anand: I believe that we need to ensure we have the rules in place to ensure integrity in contracting.

Mr. Garnett Genuis: You're avoiding the question. I think it's fairly obvious. It's a yes-or-no question. Do you believe in the principle of ministerial responsibility as it relates to ArriveCAN?

Hon. Anita Anand: I believe in the principle of ministerial accountability as a general matter.

Mr. Garnett Genuis: And in this case?

Hon. Anita Anand: I will say that I believe in the Westminster system of government as a whole, which is why I ran for public office.

Mr. Garnett Genuis: Okay. What does ministerial responsibility mean to you in this context?

Hon. Anita Anand: Ministerial responsibility in this context means coming to committee, answering the questions that members of the opposition and parties in the House—

Mr. Garnett Genuis: By saying you don't know?

Hon. Anita Anand: —have, and I'm answering questions, as I expect all of my colleagues to do, honestly and—

Mr. Garnett Genuis: What does it mean to you that your government is responsible, that the ministers in your government are responsible?

The Chair: Thank you, Mr. Genuis. That's your last word.

I will give the last word, if there's any, to the minister, and then I will turn—

Mr. Garnett Genuis: I'd love a response, yes.

Hon. Anita Anand: Mr. Chair, everyone in this room believes in the Westminster system of government. That is why we are contributing to our democracy, and I appreciate the questions that my colleagues have answered across the board.

The Chair: Thank you.

I'll turn now to Ms. Khalid. You have the floor for five minutes.

Go ahead, please.

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you very much, Chair.

Thank you, Minister and officials, for being here today.

Just to carry on with that point, Minister, I know that over the past eight years you have been a huge advocate for ensuring there is inclusivity in our procurement system and that there is transparency in our procurement system. We've had a number of conversations on this as well, and I want to highlight that when we talk about the public service—the thousands and thousands of employees who do the hard work, who provide the service to Canadians—this ArriveCAN app and all of these ensuing committee meetings and investigations are not a reflection of the public service.

Minister, perhaps you can start by helping us to understand, as you have been responsible for dealing with this portfolio, the steps you have taken to rectify this. How have we, as a public service, tried to make sure that these instances by a small number of people do not disrupt the trust in our public institutions and the work we do collectively as a government to provide these services to Canadians?

Hon. Anita Anand: Mr. Chair, I want to review the measures that I announced on March 20 to further improve the policies that we have in place at the Treasury Board related to contracting.

First and foremost, I released an updated guide on the issues related to third party contracting to ensure that there is greater oversight on contracting with external consultants. That is the second edition of the guide that I have announced and provided since I was

appointed, which was less than a year ago, so you can see how seriously I take that issue.

The second announcement that I made was related to a horizontal audit that we are taking across government, especially with large departments, with regard to governance and decision-making. We plan to find out exactly what is happening in those departments, especially in the area of contracting with third parties.

The third announcement was that we are updating our directive on conflicts of interest, because we need to make sure that in this economy, the conflict of interest directive is applicable and pertinent and responds to the realities of the work environment that we currently have. You will see me publish a revised version of the conflict of interest directive this year.

• (1630)

Ms. Iqra Khalid: Thanks very much for that, Minister.

You've said many times that you have not signed off on any of these contracts associated with the ArriveCAN app and that investigations that are ongoing. However, I'm sure you must have received some briefings around what has happened with GC Strategies. Perhaps you can share with us what you have been briefed on and what steps are being taken now.

Hon. Anita Anand: As I indicated, I am an extremely thorough person, so as soon as I understood that there were contracting concerns at the CBSA with regard to this application, I asked for more information from my department. I had a long conversation with my deputy minister at the time. I have asked my team at the ministry level to be in constant contact with regard to information about all contracts with the supplier. I have concerns, for sure, given the findings of the Auditor General herself, given the findings of the ombudsman for procurement and given the upcoming report of the RCMP on this matter.

Yes, I am concerned. Yes, we need to address the issue. That is exactly why I made my announcement on March 20, and I continue to follow this matter closely.

Ms. Iqra Khalid: Thank you very much for clarifying that, Minister.

Can you help us clarify a little bit more? What are the consequences of non-compliance with contracting rules, and where do you think we should be moving forward with that?

Hon. Anita Anand: First and foremost, what I want to say is that the deputy heads of departments and agencies have the responsibility to ensure that the rules are complied with. The Auditor General found that adequate rules existed, but they were not complied with at the CBSA. I believe there is one other recommendation that is related to another government agency.

In terms of consequences for non-compliance, those would be determined by the deputy minister or heads of agency, but I can say specifically that if you do not comply with the directive on conflict of interest, you could face termination.

For further explication, I will ask my department to explain further—

The Chair: We're well over. I wanted to hear a full answer, and we did. Could you provide that to us in writing?

We're well over the time. I also know, Minister, that you have another appointment.

I do want to thank Ms. Anand and officials of the Treasury Board Secretariat for appearing today and assisting us in our work in relation to the study of "Report 1: ArriveCAN".

Could you please send any other information? I know we had several items that were promised to us. We thank you for that.

I will now suspend this meeting for about five minutes so that these witnesses can be excused and our next witnesses can come in.

This meeting is suspended for five minutes.

• (1630) _____ (Pause)

• (1635)

The Chair: Welcome back, everybody.

I appreciate the journalists who are being respectful of the parliamentary rules with regard to cameras. That's greatly appreciated.

• (1640)

[Translation]

Pursuant to Standing Order 108(3)(g), the committee is meeting today to study the Main Estimate, 2024-25, more specifically Vote 1 under Office of the Auditor General.

[English]

I'd like to welcome our witnesses.

From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada; Andrew Hayes, deputy auditor general; Jean-René Drapeau, assistant auditor general; and Paule-Anny Pierre, assistant auditor general.

Thank you for joining us here today, everyone. I appreciate seeing you all again. I feel we're becoming family.

Ms. Hogan, you have the floor for five minutes. It's over to you. Then we'll go to questions from the members.

Thank you.

[Translation]

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Thank you, Mr. Chair.

We are pleased to have this opportunity to discuss the work of our office, including our most recent departmental reports.

I would like to acknowledge that this hearing is taking place on the traditional unceded territory of the Algonquin Anishinabe people.

The Office of the Auditor General of Canada serves Canada primarily through auditing and other work that assists Parliament in its authorization and oversight of government spending and opera-

tions. We provide Parliament and the territorial legislatures with independent and objective information, advice, and assurance about government financial statements and the management of government programs.

We also assist boards of Crown corporations and audit committees in overseeing the management of government activities. The Commissioner of the Environment and Sustainable Development assists me by focusing on the environment and sustainable development. We also support the development of legislative auditing and accounting standards and contribute to improving public sector auditing in Canada and internationally.

Let me turn first to our 2022-23 Departmental Results Report. We provided this report to Parliament in November 2023. As shown in our financial statements, our net operating cost was approximately \$144 million, and we employed the equivalent of 732 full-time employees.

With these resources, we completed financial audits, performance audits, special examinations of Crown corporations, and other reports. In total, we delivered 117 audit reports to Parliament, federal and territorial legislatures and boards of Crown corporations.

[English]

In addition, the commissioner of the environment and sustainable development delivered the annual report on environmental petitions and several other reports related to sustainable development and climate change and began work on additional reporting requirements under the Canadian Net-Zero Emissions Accountability Act.

As part of our follow-up work, we updated our online dashboard, which provides a snapshot of the progress that select departments and agencies achieved in areas we previously audited.

As we do every year, we audited the financial statements of 90 federal and territorial government organizations and Crown corporations, including those of the Public Accounts of Canada. We issued clean opinions on 87 of these financial statements. We also presented our annual commentary on our financial audit work.

Our "Departmental Results Report" presents indicators that measure our performance and the impact of our audit work. One of the ways we have historically assessed the impact and performance of audit work is through the level of parliamentary engagement with our reports. In the 2022-23 fiscal year, parliamentary committees reviewed 88% of our federal and territorial performance audit reports, up from 80% in the prior year. I want to thank the Standing Committee on Public Accounts for reviewing all performance audit reports referred to it during this period and for reviewing two reports of the commissioner of the environment and sustainable development.

Internally, in 2022-23, we made progress on initiatives to review and renew the foundations of our work. This included enhancing our process for selecting performance audit topics to reinforce the relevance of our work for Canadians, legislators and the entities we audit. We also made progress on modernizing our IT infrastructure, reducing our environmental footprint, and supporting a healthy and inclusive workplace culture.

I would like to move on now to our main estimates and our department plan for the next fiscal year.

In the previous department plan, we introduced our updated departmental results framework. This framework articulated revised results and the indicators we will use to measure our progress. In this departmental plan, we added targets to our indicators, and we will be reporting on the results of these indicators for the first time in our next departmental results report.

For the 2024-25 fiscal year, our total budget is approximately \$128 million. With these resources, we plan to employ the equivalent of 770 full-time employees.

● (1645)

During this period, we plan to issue 90 financial audits, 25 performance audits and three special examinations. These reports are planned on a wide breadth of topics, such as cybersecurity of government networks and systems, the Canada emergency business account, and critical minerals and batteries.

During the 2024-25 fiscal year, we will continue to work on several ongoing internal initiatives, such as our engagement with interested parties, our transformation journey, and initiatives to sustain and further develop a skilled, diverse and engaged workforce. All of these initiatives are fundamental to delivering value to those we audit and meeting the needs of legislators and people living in Canada.

Mr. Chair, I would like to acknowledge the committed, hard-working and devoted team of professionals in my office. I am incredibly proud of the excellent work that they deliver every day.

We thank the committee for its ongoing support and the use of our work. We would be pleased to answer any questions the committee members may have.

The Chair: Thank you very much, Auditor.

Before I turn to Mr. Stewart, for those of you on the earpieces, I think there was a crack or a crackle. The translators have asked us to be careful with the headpieces, even close to your phones. I'm trying to determine if it's the microphone or the earpiece, but if you can, be aware of that.

Mr. Chen, maybe you can hold your phone away from the microphone. Just watch out. There's an audio issue, and we do not want to harm our translators.

Mr. Stewart, you have the floor for six minutes.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you, Mr. Chair.

I'd like to welcome Auditor General Hogan and her team today.

We truly appreciate the great work you do every day to assist this committee and Parliament in our oversight of government spending and operations. It's a challenging task you have with the Liberal government's \$480 billion in program spending while running an annual \$40-billion dollar deficit.

I believe the work you've done to uncover the historic levels of corruption and fraud associated with the ArriveCAN scandal will have a lasting legacy.

Your recent report reminds me of the work of Canada's first female Auditor General, Sheila Fraser, whose report on the sponsorship scandal rocked Canada's political scene during the last Liberal regime. Auditor General Fraser stated that the troubling transfer of hundreds of millions of dollars in sponsorship funds used "highly questionable methods". She also referred to the Liberal sponsorship scandal as a "pivotal event with a lasting impact" and said it "broke just about every rule in the book". Her quotes sound very familiar in regard to your comments to this committee about ArriveCAN.

In her 2011 speech, Madam Fraser also criticized the truly shocking lack of improvements on first nation reserves and said the following: "I actually think it's quite tragic when you see that there is a population in this country that does not have the sort of basic services that Canadians take for granted." I've seen this up close as minister of aboriginal affairs in my own home province of New Brunswick.

Your recent reports on housing and first nation communities and on policing show a lot of similarities to Auditor General Fraser's comments. It's very unfortunate to have seen a lack of progress over the past nine years.

The Office of the Auditor General has stated that it is committed to improving socio-economic outcomes for indigenous peoples by increasing opportunities for first nations, Inuit and Métis businesses in procurement processes. For example, you have stated plans to award a minimum of 5% of the total value of all contracts to indigenous businesses.

Because of the egregious misuse of indigenous set-asides that your ArriveCAN audit has uncovered, may I ask if you have considered taking a deeper look at the 5% program, and have you put in place a directive that your office not subcontract with Dalian Enterprises and David Yeo?

● (1650)

Ms. Karen Hogan: I can start by letting you know that we have never had contracts with Dalian Enterprises.

We have a plan, as you've stated, to help meet the 5% minimum target that the government has set. This past year, I would say, didn't achieve the levels that we were hoping to achieve.

Part of it was that as a result of our audit work, we have introduced an extra layer of rigour, an extra layer of examination, to ensure that the organizations we contract with are truly indigenous organizations. We don't want to issue a contract to an organization that might be a joint venture and was awarded the contract just to meet a set-aside. We truly want to make sure that the work we're giving goes to indigenous people.

We're going to work hard at trying to meet our commitment, but it's more important for me to make sure that it's done in the right way. Based on what we've found, we're also considering whether we want to audit this government-wide, and we haven't really landed on that yet.

Mr. Jake Stewart: I appreciate that answer.

Also this week, the Treasury Board of Canada Secretariat provided to this committee a report on federal government employees double-dipping as contractors to the Liberal government, which is another disturbing trend you uncovered in the ArriveCAN audit. With the work still under way, 76 organizations in the core public administration so far have reported 140 federal employees who are double-dipping as contractors to the Liberal government.

If I recall, you were quite upset to discover that two or three Office of the Auditor General employees were double-dipping as well. Can you tell us how you became aware of these employees, and what process unfolded once you were made aware?

Ms. Karen Hogan: I'll ask Andrew to provide you with a bit more detail.

We've continued to look at and run procedures internally. I can tell you that I'm aware of five cases within my organization. Three were employees who had contracts with other government departments, and two of our contractors were either employees or contractors with other departments.

I'll ask Andrew if he can give you a bit more detail about that.

Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General): Yes. Thank you.

I would distinguish between employees who have come forward to disclose that they have external employment and have received proper approval for that versus the ones who haven't. The cases the Auditor General was referring to were largely ones of people not disclosing that they had alternative employment.

In one case, we found that there was an employee who had other employment, and there was a problem because when we hired them, the process for "secret" clearance signalled that there was a problem. In another case, PSPC advised us that there was an ongoing investigation involving one of our employees in a number of other departments. A third case, which is currently being considered, is another case that was brought to our attention.

In terms of the contractors, one of them was identified in the PSPC disclosure about a month ago. There were three contractors working for a number of departments and agencies. The last case

was one that we uncovered because we had identified signals that raised red flags.

In all of those cases, we took prompt and immediate action. We've undertaken investigations where appropriate. In the ones that have been completed, either those contractors don't work for us anymore or their employment has been terminated.

The Chair: Thank you very much. That is your time, Mr. Stewart.

Next up is Mrs. Shanahan. You have the floor for six minutes, please.

Mrs. Brenda Shanahan: Actually, it's Jean.

The Chair: That's fine.

Ms. Yip, you have the floor.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): She'll be next.

Thank you, Chair.

Welcome back. It's good to be discussing the important work the Office of the Auditor General does for all Canadians.

Could you describe, Ms. Hogan, the types of audits undertaken by your office, and how they can be utilized effectively in the public policy process?

Ms. Karen Hogan: We do annual financial audits of the federal government as well as the three territorial governments, and we do financial statement audits for many territorial corporations and Crown corporations. Those are audit opinions that are given to the boards of directors or to Parliament about whether or not the financial statements accurately present the results of the organization for the year.

I'll tell you that when it comes to the public accounts of Canada, it's really that final accountability loop, so you get to see what was committed in a budget and then, in the financial statements for the year, what actually happened.

Those would be our financial audits. We do about 90 of those every single year.

We also do performance audits. In performance audits, we go into departments and agencies—at times, they include Crown corporations, depending on the program we might be looking at—to determine whether the programs have been managed with due regard to the economy, efficiency and the environment, and whether or not management has put in place ways to measure whether these programs have been effective and provide good value for money for Canadians.

Very closely linked to a performance audit is a special examination. It's about the equivalent of a performance audit, but in a Crown corporation. The parameters of that, however, are dictated by the Financial Administration Act. We must do a special examination for parent Crowns once every 10 years, and it's about processes and whether they have processes in place to safeguard their assets and deliver on their mandate.

We provide all of that to their boards, but we also provide it to Parliament so that you can hold Crowns accountable for managing their assets and delivering against their mandate.

The commissioner of the environment will usually issue performance audits, so he does my job on the sustainable development and environment side. He also has responsibilities arising out of other acts, like the net-zero emissions act and so on, so he provides other reports to Parliament that show whether or not the government is meeting the commitments it has made for sustainable development.

• (1655)

Ms. Jean Yip: Thank you.

Ms. Karen Hogan: There are also petitions.

Petitions are not our audit work, but we do manage the petitions process. It's one that I'm not sure many Canadians know about.

Canadians can submit an environmental petition if they want to how the government is handling certain environmental matters. It's submitted to us; we ensure that a government department receives that petition, and then the department provides a response to Canadians.

We're really more of an administrative box there, but we do provide a summary of all petitions received so that Parliament is aware of what Canadians are concerned about when it comes to the environment.

Ms. Jean Yip: That's a lot of work in many different areas.

I would say that funding for your office is probably really important. It allows you to do the work that you've just discussed.

During the first year of the Harper government, your budget was \$78.6 million. During the last year, it was only \$81.8 million. When Pierre Poilievre was the minister responsible for safeguarding our democracy, he did not ensure that officers of Parliament were funded adequately.

Can you explain to the committee how your office is funded and what adequate funding means for the work that you do?

Ms. Karen Hogan: That's a very important question.

Our office does seek its funding through the regular parliamentary budget process. We submit a budget request to the Department of Finance, and it goes through the normal process that every department must go through.

You may recall that when I was nominated back in early 2020, my office had been looking for additional funding. At that time, I had put in a request for funding as well. We received the money I asked for, but I then talked about the need for an independent funding mechanism.

I think this is something that so many agents of Parliament should ensure they have. It is difficult for us to ask for money from a department that we audit. There should really be an independent mechanism through which we can turn to Parliament and have some accountability there.

I will tell you that since I received that money back in 2021, we have received additional mandates that have been unfunded. This is a continuous pressure point on my office.

Since 2021, the commissioner has received a mandate in the net-zero emissions act. There are five additional Crown corporations that we have been asked to audit, and none of those audits came with additional funding.

This is something I monitor. I will tell you that very soon I might be saying that if I don't want to impact the number of performance audits that I provide to Parliament, it's likely that I'll be needing additional funding.

• (1700)

Ms. Jean Yip: Chair, how much time do I have?

The Chair: You have about 20 seconds.

Ms. Jean Yip: That's time for a very quick question.

Has any progress been made since last year on diversifying senior management positions?

Ms. Karen Hogan: That's a question I have to admit that everyone sitting here, as members of senior management, thinks about and talks about often. I view the employment equity targets as just the minimum that we should meet. We are exceeding most of them, except for representation around indigenous individuals. However, that's our workforce as a whole.

When it comes to management, we are still struggling to meet employment equity targets. It's probably due mostly, in my view, to attrition. Our historical attrition rate has been about 10%. In the past few years, that has dropped to around 4%, and that is much higher in our working level than it is in our management. Management is even less than 4%.

That's an issue that I know we have to tackle in a real, concrete way in the coming months and years. We're very management-heavy. How can I increase diversity in that cadre if there is no turnover?

It's a challenge that we have to face coming forward, because we haven't met the equity targets that we've set for ourselves in management.

The Chair: Thank you very much.

[Translation]

Ms. Sinclair-Desgagné, you have six minutes.

Ms. Nathalie Sinclair-Desgagné: Good afternoon, Auditor General.

I'd also like to welcome all the witnesses, whom I thank for being here.

I'd like to expand on the questions raised by my colleague Mr. Stewart regarding these double-dipping employees who hold various positions.

The Department of National Defence has launched an investigation. Mr. Hayes, when you answered the question, to which case were you referring? I'd like to know the status of this investigation into the official who was both a department employee as well as a consultant for the Office of the Auditor General.

Ms. Karen Hogan: I can give you a quick answer to that question.

The Department of National Defence investigation doesn't involve any employee in my office. I don't have any more details than you just mentioned.

Ms. Nathalie Sinclair-Desgagné: Okay.

However, you talked about internal investigations. Are investigations going on in other departments in connection with double-dipping employees?

Mr. Andrew Hayes: Investigations affecting our office focused on other departments like Public Services and Procurement Canada and the Treasury Board Secretariat.

Ms. Nathalie Sinclair-Desgagné: Who's investigating those cases?

Mr. Andrew Hayes: Those cases were investigated by the Department of Public Services and Procurement. For the case involving suppliers, we conducted the investigation.

Ms. Nathalie Sinclair-Desgagné: When you perform an internal investigation, how does it work?

Mr. Andrew Hayes: It's like every other investigation.

We start by verifying the allegations; then we track down the necessary information; and then we end by presenting our findings and recommending measures to resolve the situation.

Ms. Nathalie Sinclair-Desgagné: You say that it's like any other investigation. I'm trying to understand how that works internally.

Mr. Andrew Hayes: In our office, we have a team—

Ms. Nathalie Sinclair-Desgagné: Is it human resources, for example, that manage that?

Mr. Andrew Hayes: It's human resources, or it could be our security section.

Ms. Nathalie Sinclair-Desgagné: Do you check to make sure that the people conducting the investigation had no previous connection to the employees.

Mr. Andrew Hayes: Yes.

Ms. Nathalie Sinclair-Desgagné: I imagine there are fairly strict processes in that regard. What I wanted to know about was internal investigations.

Mr. Andrew Hayes: They have to be independent.

There could be a problem if there were conflicts of interest. In those cases, the managers in charge are not the investigators.

Ms. Karen Hogan: I'd like to add that Mr. Hayes and I decide at the beginning of an investigation on what direction it'll take and who will carry it out. We participate in that decision, and then we step aside and let the investigation proceed. We only get involved again at the end, when the highlights are updated.

It's important that I'm not involved in the investigation in case anyone challenges it.

• (1705)

Ms. Nathalie Sinclair-Desgagné: How can we prevent cases like this from happening again at the Office of the Auditor General?

Do you plan to introduce a new system?

Ms. Karen Hogan: We've put certain controls in place to detect situations like that.

I can't say more because I think it might jeopardize those measures. However, I know that it starts with information. Employees really need to be aware of our policies and their responsibilities. Then it's up to employees to let us know if they might have a conflict of interest. It's an ongoing dialogue, not just something that happens at the beginning of their employment and then once a year after that, when they're asked to reread our policies. It really needs to be a dialogue. I think it's like that across the government, and in my office.

We kind of dropped the ball. It really has to be more of a daily dialogue than what we've had in the past.

Ms. Nathalie Sinclair-Desgagné: I'd like to hear you talk about that too. You just said that various departments dropped the ball in terms of double-dipping, and other things.

What would you advise the government to do to stop this from happening somewhere else?

Ms. Karen Hogan: I think that the Clerk of the Privy Council has started an important dialogue. He's asked all departments to establish a dialogue with their employees.

For our part, we're creating a training program that everyone in our office will have to take. It won't be a once-in-a-career occurrence, however. People will have to take it now and again later, on a regular basis. I don't know the number of times in all, but I think we need to establish an ongoing dialogue. Right now, we ask people to learn about their obligations when they join the public service, but there's no follow-up later on.

We have an annual form that everyone has to sign. We're in the process of updating it to include more questions and more checklists instead of just a link that people can follow to read our policies. We're going to encourage our employees to discuss any conflicts with their managers.

The Chair: Thank you very much.

[English]

Next up is Mr. Desjarlais. You have the floor for six minutes.

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

I want to thank the Auditor General and her office for the departmental plan and for ensuring that the work of her office can continue.

I want to touch on some of the items brought forward by some of my colleagues, but before I get into that, I'll ask questions about the incident that several members have already spoken about in regard to what was reported in public about two employees.

You and Mr. Hayes spoke about some of that important work. You also described the annual process that is required for employees. Was it through that annual process and in the reporting of documents that you were made aware? Did they declare that through this process of annual review, or did your office have another tool through which you were able to review that?

Ms. Karen Hogan: Regarding the three employees and the two contractors we mentioned, we were not made aware through our annual process. As Andrew distinguished, there are employees who have come forward and told us about other employment opportunities that they have, and we've had a dialogue and determined that those weren't conflicts of interest. We have this well documented. That would be part of the annual process that happens. Even if your situation changes, you should be talking with your manager more regularly than that.

In these five cases, people did not disclose to us, and that's serious and calls into question ethics and value judgments. That's why we launched an investigation. We were first made aware—

Mr. Blake Desjarlais: How did you find out?

Ms. Karen Hogan: On the first one, we were made aware of it by PSPC. For the second one, we were actually hiring an employee. I believe we reached out to PSPC then to have their security clearance transferred, as we were initiating our security process, and that's when we found out that the security clearance of the individual had been revoked.

This, for me, highlights part of the problem that needs to be addressed government-wide: There is a gap in information. There's this very siloed approach, and there was valuable information that was held by another department that mine did not know about. We came across it because we asked. Somehow, we have to fill that gap across the public service so that we not only rely on awareness and declarations by employees but we also acquire information that we use to vet and challenge what we're hearing or not hearing. It's what you're not hearing that you're more concerned about.

• (1710)

Mr. Blake Desjarlais: Exactly. Just previous to your coming here, we had the minister responsible for the Treasury Board here, and she actually confirmed for us that there was an instance of this siloing—that's the language I'm using in her defence—between Public Services and Procurement Canada and the CBSA. In your audit on ArriveCAN, you looked at, for example, the issue of PSPC saying, "Hey, CBSA, there's this big issue happening. You shouldn't be doing a non-competitive contract; maybe you should really make it a competitive contract."

When I asked the minister about that directly, she told us it was the CBSA's decision. She said she did what was possible for her to

do, and that it was the CBSA's decision at that point. Is that an example of how siloing can really fail Canadians?

Ms. Karen Hogan: I don't know if I would call that an example of siloing. I think that's an example of the fact that a deputy head is considered the accounting officer of their department.

We are siloed in the sense that every department has an accountable head—the deputy head—and the accounting officer makes these decisions and is responsible for them. You set up your own mechanisms to ensure that you follow policies. However, when there's a central agency like Public Services and Procurement Canada, and you're not using them and seeking out their expert advice and guidance—in this case, on procurement—you're missing out on an opportunity.

There isn't always an obligation, because whether or not you need to go to them is set by dollar thresholds.

Mr. Blake Desjarlais: Why didn't your audit contemplate, for example, a recommendation related to that instance alone? PSPC gives the directive. That should be the check and balance Canadians rely on to say, "Whoa; this is a big problem, and even PSPC sees that."

What recommendation or advice, given that hindsight is 20/20, could be made in this particular instance? I personally believe a grave error took place, and that we had an opportunity... It was almost like a flag was raised, and we could have caught this issue before it became as detrimental as it did.

What tools could PSPC have had, in that instance, rather than just saying, "Hey, CBSA, I got the email return. You said, 'No problem; it's fine. You can go ahead with the non-competitive contract, even though we know at PSPC that it's bad'"?

Is there maybe a recommendation around some kind of enforcement mechanism for PSPC to be able to say, "Hey, CBSA, you shouldn't be doing this. We're going to stop you."?

Ms. Karen Hogan: Andrew totally wants to answer this question.

Voices: Oh, oh!

Mr. Blake Desjarlais: Okay.

Please go ahead, Mr. Hayes.

Ms. Karen Hogan: He keeps looking at me, so I'm going to let him.

Mr. Blake Desjarlais: You might have the answer that solves decades of Liberal and Conservative corruption here.

Mr. Andrew Hayes: Your question is built on a foundation of quality information.

Take, for example, the fact that every organization in the government essentially has the ability to enter into contracts. Not all of those contracts will be known at PSPC. The big ones will be, but not all of them. In order to find the situations we're talking about—when, say, employees are working for multiple departments or have contracts or are subcontractors, etc.—there needs to be a way to look at quality information, accurate information, and monitor it and cross-check it. The government can do that if it pulls all of that information together.

Hopefully, PSPC's solution of an integrated procurement system will help achieve some of that. I think that was a response to our audit. We'll be very interested in seeing how it gets implemented.

Mr. Blake Desjarlais: Just take the choice away. Take away the CBSA's ability to put the stamp on it.

Mr. Andrew Hayes: Well, I'm not sure that removing delegation for contracting is the solution, because that will have the negative impact of gumming up all procurement business. There should be some ability for ministers and departments to operate in their spheres.

What we really need is a system that allows the government to know what's going on across the way.

I would signal that the silo issue is not limited to administrative things. Quite frankly, when we talk about horizontal programs that are not run horizontally and each department sticks in their lane and doesn't collaborate.... Climate change might be one of those. Sustainable development might be one of those. Those sorts of situations are all because of the siloed approach of government.

Mr. Blake Desjarlais: Thank you.

The Chair: Thank you very much. That is your time.

Mr. Viersen, I'm aware of the clock. I'm going to truncate the time, so I'll let you have four minutes.

• (1715)

Mr. Arnold Viersen (Peace River—Westlock, CPC): Thank you, Mr. Chair.

I want to thank the Auditor General for being here again today.

I note that in the 2024-25 budget, there is planned spending of \$127.5 million. That's a 5% decrease from the previous fiscal year.

Can you explain why that would be?

Ms. Karen Hogan: As an accountant, even I find some of these things confusing in the way estimates work in the budget.

I can tell you that on average, our office's budget is about \$130 million. It ebbs and flows based on the timing of things, such as retroactive payments for employees, but it is still the same budget. My budget doesn't change every year. It's just a matter of what year things might fall into.

Jean-René, do you want to add anything?

Mr. Jean-René Drapeau (Assistant Auditor General, Office of the Auditor General): It's mainly caused by adjustments throughout the year.

In our case, I would say it's mostly salaries. There are retroactive payments, for example, that are dated two or three years back but are then paid in a specific fiscal year. That's why you see those ups and downs.

Mr. Arnold Viersen: I anticipate that with inflation, your demand for funds will go up.

Would that be a fair assessment?

Ms. Karen Hogan: Normally, the way it works is that if economic increases are announced across our unrepresented employees, we wait for the Treasury Board to give us the okay to match those. The Treasury Board funds it, and you'll see our main estimates increasing to deal with that. When it comes to our represented employees, the Treasury Board will fund the negotiated mandates in accordance with their envelope.

In the end, I'm always waiting for the Treasury Board to give me the additional funding to deal with economic increases that result from inflation. I have to find inflationary increases in expenditures on my own, in my budget.

Mr. Arnold Viersen: As technological advancements occur, I can imagine that in some instances audits will be harder. In other cases, they'll become much easier. Blockchain technology, smart contract technology and some AI are pulling together patterns that we can't see now. If we could have pulled those patterns together, it would have been flagged for you along the way, or flagged for a minister.

Do you see the government using any of that kind of technology, or have you ever recommended use of that kind of technology?

Ms. Karen Hogan: We definitely see that the government is trying to move into that sphere. Some areas are. Statistics Canada is doing a lot of great work when it comes to data analytics. A lot of the outdated systems that the government currently has are a bit of a detriment, and I know that even in our organization, over the years when we had limited funding and had to try to meet the needs of Parliament, we stopped investing in our IT, which created a need back in 2017 for funding. This was part of the funding I requested in 2021 to help deal with our systems that had been neglected, for lack of a better word, for many years.

You're right. As you move through this, the cost becomes exponentially higher. Technology is more expensive, and it continues to change. I think that if you look at some of our audits around IT, you see that the need for more nimbleness in funding IT projects, even if it applies to my organization or the government in general, is inhibiting the government from moving forward and doing more in this sphere. It's hard to access funding for this.

Mr. Arnold Viersen: I would just push back. I think sometimes technology can make it cheaper to access some of these things.

Ms. Karen Hogan: It can, except you have to transition to it. You have to train people and you have to maintain it, and it depends on where you put that technology. If it's in the cloud, there's an ongoing cost other than just that initial investment. I don't think life cycle costing is always thought through well when it comes to funding.

The Chair: Thank you. That's your time.

Mr. Chen, you're up next for four minutes, please.

Mr. Shaun Chen: Thank you very much.

Thank you to the Auditor General and the witnesses for being here today.

Your departmental plan outlines five core values that drive how you and your team conduct themselves in their work: democracy and independence; respect for people, integrity and professionalism; stewardship and serving the public interest; and commitment to excellence. How do these core values continue to drive the work that you do and allow you to be a proactive, objective organization in support of Canadians?

Ms. Karen Hogan: I would highlight that those values—as much as I would like to say we thought about them—are the public service values. They are the core values of the public service that every single employee should think about as they go through their day.

We try very much to keep those values alive in our organization, and in fact we just had a little campaign across our organization. We call it our culture compass. It's about the values you need to think about to drive our culture and our work, and we issue little videos for all of our staff to think about what it means to them on a day-to-day basis. We talk about our values a lot and about the behaviours we expect from our employees. It's part of the competency model that we hold our employees to and use in evaluating them on an annual basis.

Commitment to excellence is something that we take seriously, and that's why we have rigorous processes to select our audits and to deliver on our audits. We respect Canadian auditing standards in everything we do, so that Parliament and Canadians can rely on our work, because we're committed to it being excellent.

• (1720)

Mr. Shaun Chen: Thank you, Auditor General. You certainly have tremendous experience in this area. You have nearly 20 years of experience with the Office of the Auditor General of Canada, culminating in your current appointment as the AG.

How have there been changes in priorities and continuous improvement in the way that the Office of the Auditor General conducts its work? More specifically, how have you worked to enhance service delivery within your office in your current capacity as AG?

Ms. Karen Hogan: I've really built on some of the priorities of my predecessors, but we have had a really big push since I became Auditor General to ensure that sustainable development goals are considered in everything that we do. We even try to remind Crowns and remind the territorial legislatures of them, even though they haven't signed on to the sustainable goals in a formal way.

We have also committed to using an EDI lens, an equity, diversity and inclusion lens, in all of our work, so we try to think about regional distribution and employment equity. You'll see that a lot of our audits are chosen that way as well. We try really hard to keep the lens on racialized and indigenous employees so that we can make sure that we think about all Canadians when we carry out our work.

Those would be two big main streams that I have definitely tried to push and keep alive.

I also hold the view that when we audit a department or an entity, we should then look at what we are doing, because if we're going to make recommendations for an organization to improve, chances are we might not be doing as well either, so we're trying to adopt those recommendations even in our own organization to improve our own processes.

Mr. Shaun Chen: Fantastic.

In examining the work that is being done through the lens of sustainable development goals and equity, diversity and inclusion and looking at differences within regions, what is your perception of how departments themselves have initiated their own work to further these very important goals that Canada believes in, and certainly your department believes in?

Ms. Karen Hogan: Well, I will definitely see if Andrew wants to jump in on this. For a while he was our interim commissioner of the environment and sustainable development, so he probably has some thoughts for sure.

I think that many departments, as we have shown through all of our audits, really talk about the sustainable development goals, but then have a hard time figuring out how they contribute to them or how they can measure whether or not they're actually having a positive contribution to Canada's commitments. When individual departments aren't doing that, it's hard to take a step back as a whole of government and see if Canada is meeting them. I think there's a lot of work to do there—not just talking about the goals but actually trying to measure progress and think about how programs are impacting them.

The Chair: I'm going to have you hold off for Mr. Hayes.

Ms. Karen Hogan: That's okay. I'd like to thank you, Mr. Chair. You're letting us go on and on.

The Chair: You're very welcome.

[Translation]

Ms. Sinclair-Desgagné, you have two minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you.

As you clearly saw, your ArriveCAN report disclosed many deeper problems within the federal government. How are you going to address these issues in future audits? I mentioned double-dipping in particular, which is a little more widespread, hiring companies that ultimately do no work, and procurement problems, which are also widespread, that have been going on for at least 15 years. A lot of issues need to be explored.

Do you intend to conduct performance audits and make solid recommendations in that regard?

• (1725)

Ms. Karen Hogan: You began by asking how we've changed our approach and how we're going to take account of the ArriveCAN findings when conducting other audits. These days, I have to admit that, when we produce a report, we wonder whether we should consider some of the items identified during the ArriveCAN audit.

It's changed our approach and the questions we ask about contracting out and conflicts of interest a little. We've modified our programs a bit to see if any other issues might come to the surface if we dig a little deeper.

It has definitely changed our approach.

Ms. Nathalie Sinclair-Desgagné: Okay. Basically, what I specifically wanted to know is whether you intend to conduct future studies on the more important issues uncovered by the ArriveCAN study.

Ms. Karen Hogan: We could examine contracting out processes and potential conflicts of interest in the course of various audits. We could step back and perform a more horizontal audit of all government programs.

I'd like to see the government's response to the findings first, and give it time to make adjustments. We could consider that later. However, we'll certainly keep it in mind when choosing the appropriate time to audit these issues.

The Chair: Ms. Sinclair-Desgagné, you have time for a brief question.

Ms. Nathalie Sinclair-Desgagné: I think this approach seems appropriate in a number of cases, but we could immediately start examining our use of companies that are nothing more than head-hunters, for example, since it's a widespread problem within the government.

On the other hand, we need to conduct a performance audit of the procurement system now, before we waste even more money.

Ms. Karen Hogan: I understand your question.

Yes, work is needed on government procurement. There are lots of regulations right now. I'm concerned that the government could add more, when what we may really need is to step back a little and see if the regulations are overly complicated, if people tend to avoid them, and if they can be improved.

There are lots of possible approaches, but the ombud is working on that too, in addition to internal audits by the departments and the work done by my office. We want to avoid double-dipping.

The Chair: Thank you very much.

[English]

Next up is Mr. Desjarlais. You have the floor for two minutes, please.

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

I want to speak about the recommendation you made, Ms. Hogan, on an independent funding mechanism.

I think it's important that Canadians try to understand why that's important. Of course, for members of Parliament, including me, it's important that we understand the need for an independent funding mechanism.

Let's rewind the clock a bit to a time when the Office of the Auditor General didn't have the kind of funding needed to achieve its goals.

When I first became a member of Parliament earlier this session—when we first met—you came to us asking for more support and money. Of course, there is a deep connection between accountability and the Auditor General's office. If the Auditor General's office can't perform audits, the government can't accept recommendations. Worse yet, we can't hold the government accountable. The Office of the Auditor General is very important, which is why it's one of the oldest offices in the country. It's what made our country and what makes Canada highly democratic. It's a very valuable democratic contribution to the world.

What is the value, do you think, of a government that would fund the Office of the Auditor General versus a government that would not fund the Office of the Auditor General? What impacts would that have on your service and work?

Ms. Karen Hogan: I know Andrew wants to add here.

I will just mention that my office will be celebrating its 150th anniversary in 2028. It has been around for a very long time and is an important institution for our democratic system, absolutely.

Andrew will talk a bit more about funding mechanisms and the importance of them.

Mr. Blake Desjarlais: Before you go to Andrew, for the context I'm trying to get—

The Chair: Mr. Desjarlais, why don't we hear the answer?

Mr. Blake Desjarlais: No, I'm trying to get context here, if I can. I'll be very quick.

The Chair: Okay. Be very brief.

• (1730)

Mr. Blake Desjarlais: It's the context relating to the direct connection between accountability and a government that has to decide how much money you get. Let's say we rewind the clock, go to the Harper era and look at... You just mentioned you didn't have enough money during that time to perform the audits.

Does that damage the Office of the Auditor General's ability to have good maintenance?

Mr. Andrew Hayes: I think I would like to answer that question by saying that the role of the Auditor General is critical to democracy. We bring forward impartial, objective and independent advice. We make our recommendations on the basis of facts that have been cleared and have been certified by the departments themselves as accurate.

Ultimately, when it comes to our funding, it is difficult to go to a government and say, “Give us more money so we can critique you.” That’s where the role of parliamentary committees comes in. This committee, in particular, through a series of governments, has shown itself to be an incredible ally to the Office of the Auditor General and an ally to democracy. It was because of the work of this committee, even before 2020, that we got our funding. Quite frankly, it was the pressure this committee put on the government.

I would refer the members to the report that was submitted by this committee to Parliament in the previous Parliament signalling the importance of independent funding mechanisms. This committee does great work for democracy, and I would highlight the importance of non-partisanship and the importance of support for the Auditor General not being lost.

The Chair: Thank you very much.

Mr. Stewart, you have the floor for three minutes.

Mr. Jake Stewart: Thank you, Mr. Chair.

This week the Treasury Board Secretariat provided the public accounts committee with a shocking summary of the contracts that GC Strategies, Dalian Enterprises and Coradix Technology Consulting have had with the federal government. There were 1,108 contracts in total, with a value of more than \$914 million.

Just three companies closed in on a billion dollars. That’s very concerning to us, but not, apparently, to the government—especially on top of the more than \$120 million in untendered contracts the Liberal government has handed to McKinsey & Company.

Can I ask your thoughts on the massive number of questionable contracts for outside consultants? When do you expect your McKinsey review to be completed?

Ms. Karen Hogan: My office is in the process of clearing the facts with the entities involved in our professional services contract. It is a lengthy one. There are 10 departments and 10 Crown corporations included in that. Our goal is to have that tabled very soon, before Parliament rises for the summer break, so that Parliament has the opportunity to hold some hearings on it.

What are my views on using external consultants? At times, they are needed. At times, there should be a bigger challenge to it. For example, my office will use a professional service contract to supplement when we have a peak and don’t have staff to do all the audit work we might need to, or we might use a professional service contract to get expertise—such as actuarial expertise—when we don’t have enough work to keep someone busy 365 days a year.

At times, it makes sense. At other times, I think bigger scrutiny is needed on the use of contractors.

Mr. Jake Stewart: Thank you for the answer.

You will probably not be surprised by my next question. Since your last appearance, this committee has received more information about the National Capital Commission’s \$8-million “barndoggle”, including detailed blueprints. The \$8-million barn does in fact have a basement, so we now have confirmation that the infamous elevator does in fact go down but not up.

Why the \$8-million barn has an elevator is still a very outstanding question, and the secrecy surrounding it is very interesting—

Mrs. Brenda Shanahan: I have a point of order.

Some hon. members: Oh, oh!

The Chair: Ms. Shanahan, you are next.

What is your point of order, citing the Standing Orders, please?

Mrs. Brenda Shanahan: It’s about relevance.

The Chair: You know I give latitude. This is an issue this committee has studied.

I would ask the room to come to order, please.

Mr. Jake Stewart: Can I finish, John?

The Chair: Yes, you have the floor, and we have been so good on the points of order this time.

Mr. Stewart, you have 30 seconds.

Mr. Jake Stewart: From the blueprints, we learned that the \$8-million barn does have a car wash bay, a laundry room, two washrooms and, believe it or not, a doghouse—yes, a doghouse. Whose dog is it registered to? Who owns it? What kind is it?

Have you considered doing any further audits of the super-secretive National Capital Commission, especially in light of this new information?

• (1735)

Ms. Karen Hogan: I believe that in previous testimony I’ve told the committee that this is a capital project that the NCC’s board approved in their annual plan, and we don’t usually target individual capital asset acquisitions within an organization.

The Chair: Thank you very much for that merciful answer.

Ms. Shanahan, you have the floor for three minutes.

Mrs. Brenda Shanahan: Thank you very much, Chair.

I want to thank the Auditor General and her entire team again for appearing in front of our committee and for the wisdom of the responses we get. Chair, I think you'll agree that whatever we hear from the Auditor General, whether it's through the reports or in answer to questions that members bring up, is measured and balanced. There is a lot of work behind those answers. They're not gratuitous. They're not looking for sensationalist headlines. They're not trying to mislead Canadians. We're getting the right time of day when we hear from the team at the Auditor General's office and from the Auditor General herself.

Along that line, Auditor General, among the things you've talked about today was this issue of chronic underfunding of IT projects, which has led to big trouble, as we've seen, later on, with problematic contracts later on and this idea that being penny-wise and pound foolish is somehow the way to handle public finances. We've heard this time and time again, and we've seen this in previous governments: Cheap gets what cheap buys, and this use of public taxpayers' money is just a disservice to Canadians.

You also talked a little earlier about how piling on regulations is not necessarily the way to go, nor is doubling the work being done by different agencies, your office, the ombud or the RCMP, but Conservatives and other members have been quick to criticize any institution or office that does not push a narrative they support. Can you confirm for Canadians here today that your office is free from political interference?

Ms. Karen Hogan: I can tell you that the foundational element of my office is being independent, and that's why it's important that I can choose whom we audit, when we audit and what we audit. I will always ensure that we have that right, and it is what makes the Auditor General's office unique.

I'm always happy to listen to the concerns of parliamentarians, whether they be from the House or from the Senate, as we consider what to audit, but it is really important that we not be influenced. During my tenure, I can tell you that we have freely chosen what we have audited.

Mrs. Brenda Shanahan: But how does it affect your messaging, Auditor General, when your words are taken out of context time and time again? We can think of any number of reports we've had here, the latest, of course, being on ArriveCAN and the fact that you did, in an earlier report, find that there was enduring value, that there was value for money, in replacing a paper-based system. In the latest report, of course, you found that there were gross inadequacies and that documentation and rules cannot be thrown out the window.

The Chair: Ask your question, please, Mrs. Shanahan.

Mrs. Brenda Shanahan: Can you talk to us about how you address that kind of misinformation around your reports?

Ms. Karen Hogan: Once my reports are made public, they are on the public record. Any individual can use them as they would like.

This is why I appreciate that when we come to committee, especially here in the public accounts committee, we appear when departments appear, so that we can tell you what we found and make sure that we can articulate clearly what our report says, if it's being misunderstood.

We strive very hard to make our reports easy to understand, but there is always the chance of someone misinterpreting something.

I appreciate the number of committee appearances we have before this committee, before other House committees and before the Senate so that we can help everyone understand our work and they can hold government to account.

• (1740)

The Chair: Thank you very much.

That concludes our witnesses.

I want to thank Ms. Hogan and her team from the Office of the Auditor General.

We'll just be 30 seconds. You're welcome to leave, if you like, but we'll be really quick here.

I'm going to ask members for their attention, please. This is a vote on the estimates.

OFFICE OF THE AUDITOR GENERAL

Vote 1—Program expenditures.....\$114,689,350

(Vote 1 agreed to)

The Chair: Shall I report vote 1 under the Office of the Auditor General of Canada, less the amount voted in interim supply, to the House?

Some hon. members: Agreed.

The Chair: Thank you very much.

Thanks very much for coming. We'll see you after the recess week.

Without further ado, I adjourn this meeting.

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