



House of Commons
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 012 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, March 26, 2009

Chair

The Honourable Shawn Murphy

Also available on the Parliament of Canada Web Site at the following address:

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to call the meeting to order. *Bienvenue*, everyone.

This meeting, colleagues, is called pursuant to the Standing Orders to deal with chapter 2, "Governance of Small Federal Entities", of the December 2008 *Report of the Auditor General of Canada*.

The committee has before it a lengthy and distinguished list of witnesses.

First of all, we have from the Office of the Auditor General of Canada, the Auditor General herself, Sheila Fraser. She is accompanied by Richard Flageole, assistant auditor general, and Tom Wileman, principal.

From the Treasury Board Secretariat, we have the Secretary of the Treasury Board, Wayne Wouters. He's accompanied by John Morgan, assistant comptroller general, and Frank Des Rosiers, assistant secretary.

From the Canada Public Service Agency, we have Mitch Bloom, vice-president, strategic policy, planning and research.

From the Privy Council Office, we have Karl Salgo, director of strategic policy. Madam Santi, assistant secretary to cabinet, was supposed to be here, but can't be because of illness.

Those are the witnesses, but before we go to the opening comments from the Auditor General, there are a couple of housekeeping items I want to deal with, and a point of order.

First of all, I would like at this time to deal briefly with the minutes of the steering committee. Those minutes have been circulated. They're in front of you. There are only three paragraphs. I don't believe there's anything contentious there. The chair would entertain a motion for their adoption.

So moved by Madam Ratansi.

Is there any discussion?

(Motion agreed to)

The Chair: Then, of course, there's the draft committee schedule also in front of you.

The second item I want to deal with is Madam Faille wanting to make a clarification to the blues of the last meeting.

Madam Faille.

[Translation]

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): This will be very brief. When I asked some questions about a public consultation, I requested documents, videocassettes, minutes and presentations. However, the deputy minister argued that there weren't any videocassettes, but that audio cassettes of the conference were available. I didn't want there to be any confusion or limit as to which documents he will be providing us on the public consultation. The blues state: "[...] make public the videocassettes [...]", but they aren't videocassettes; this isn't a tape with pictures, it was an audio tape. I simply wanted to mention that to the committee and to see whether there was any objection to amending the blues to include the words "audio cassettes" and forwarding the request to the department to provide the audio cassettes.

[English]

The Chair: Are you saying videotapes and audiotapes?

Ms. Meili Faille: No. The deputy minister mentioned to me afterwards that there were no videocassettes, but there was audio. It's not on video; it's on audio cassettes.

The Chair: So you want the blues to refer to audiotapes.

Ms. Meili Faille: Yes.

The Chair: Is there any objection to that amendment?

Ms. Meili Faille: It's a minor modification.

The Chair: Just for the record, we will be writing the department to take note of that change.

Ms. Meili Faille: Thank you.

The Chair: On the last item before we go to the opening statements, Mr. Christopherson, you indicated that you have a point of order.

Mr. David Christopherson (Hamilton Centre, NDP): I do. Thank you very much, Chair.

I seek your guidance. On March 5 this committee adopted a subcommittee report that states that "all departments and agencies of the federal government that have been subject to a performance audit by the Office of the Auditor General of Canada provide a detailed action plan to address the audit findings and recommendations—including specific actions...". It goes on.

My understanding is that at the last meeting we had with Public Works, we had such a document. It was an excellent document, actually, but I'm not seeing one here. I've just heard—it doesn't matter from where—that the response was that the answers we want, the action plan, are in the responses in the report. Of course, my understanding, Chair, is that what we want is the latest update on this, so that we don't have, as colleagues will recall, officials coming in and saying, "We have an action plan on that, we're all over it, and yes, we'll get it to you later." That's why we moved this thing. We'd like to see those ahead of time so we can incorporate them into our thinking and our asking. Again, we had that on Tuesday, but we're not getting it here.

I'm just a little unclear on it. Is that something we're expecting to be tabled with us before every meeting? Or do I have a wrong interpretation? I seek your guidance, Chair.

• (1535)

The Chair: That is basically correct, Mr. Christopherson. The committee did adopt that motion. We are looking for action plans, and we did have a very fulsome one from the Department of Public Works and Government Services at the last meeting.

We could question Mr. Wouters on that. We would like to have a more fulsome action plan. I'm just going to quote from paragraph 2.76:

The Treasury Board...response. Agreed. The Secretariat is currently developing a service strategy that will include options for delivery of services and will take into consideration administrative shared services arrangements. The Secretariat will address the issues related to small entities in the overall strategy.

We can get into this in the questions. Perhaps Mr. Wouters may want to get into it in his opening remarks, but the committee would be looking for something much more elaborate than that statement as to what is being done, when it's being done, etc. So we are looking for a detailed action plan dealing with recommendations that have been accepted by your department emanating from the Office of the Auditor General.

Is that okay, Mr. Christopherson?

Mr. David Christopherson: I believe so. The only other point I would make is that it's also meant to be an update. Both the audit and the responses can sometimes be months old by the time we get to them, so it's not only to give us more detail but to bring us right up to speed on the current aspect of the recommendations and the action plans that are being brought forward.

I see the Auditor General nodding, so we're on track, as you understand it, of what that was intended to be. Great.

Thank you, Chair.

The Chair: Let's get a response both from the Auditor General and from the Secretary of the Treasury Board during the presentations and questions. Before the end of the meeting, we'd like a little more clarification as to this particular issue.

Mr. Weston.

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Thank you, Mr. Chair.

At the risk of delaying our witnesses, I think what you bring up, Mr. Christopherson, is a good idea since we are an accountability

committee. I wonder if the clerk could keep track of these scheduled commitments. When people say they will come back to us within 90 days, it would be great to have a calendar like this with those types of commitments docketed, because I think that's the only way we will reliably keep track of them, and it might make those commitments a little more substantive.

Is that your idea?

Mr. David Christopherson: No, that was a motion we already passed a couple of weeks ago.

The Chair: The point that Mr. Christopherson made is that we are asking—and sometimes it won't be feasible—for the action plan prior to the meeting taking place, like the one we got at the last meeting with Public Works and Government Services. In this case, it's not quite as detailed. In fact, it isn't detailed at all. So we will be looking for more elaboration, and the clerk will follow up, as per your request.

So those are three preliminary items to deal with. I'm now going to call upon the Auditor General for her opening remarks.

Ms. Fraser.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Mr. Chair. We thank you for this opportunity to meet with the committee to discuss chapter 2 in our December 2008 report entitled "Governance of Small Federal Entities".

As you mentioned, I'm accompanied today by Richard Flageole, assistant auditor general, and Tom Wileman, principal, who were responsible for this audit.

Small entities are typically organizations with advisory, regulatory, or quasi-judicial functions. They have fewer than 500 employees, or annual expenditures below \$300 million. Despite their relatively small size, these organizations can have a significant impact on the health, safety, and quality of life of Canadians.

We looked at the arrangements by which the Treasury Board of Canada Secretariat oversees small entities. We also asked the heads of 51 small entities for their views, focusing on six in particular. We looked at oversight and coordination, reporting requirements, and shared services.

Mr. Chair, the two long-standing problems that need to be addressed are the reporting burden and shared services. Your committee could play an important role in ensuring remedial action.

Small entities face a reporting burden. With limited capacity, they have to meet the same central agency and statutory reporting requirements as do large departments. Reporting requirements in areas such as financial and human resources management play their part in ensuring prudent and effective management and accountability. However, the number of required reports is high—in fact, over a hundred per year—and filling them out is a complex and labour-intensive activity. Over the last five years, the Treasury Board Secretariat has acknowledged the need to reduce the reporting burden. When we completed our audit in May of last year, the secretariat's response to our recommendation was that they had developed action plans. The committee may want to ask about the progress that has been made since then.

● (1540)

[Translation]

Another key issue is shared services. Small entities do not have the systems available to large departments and may have only a few people responsible for key administrative functions. They often lack the capacity for internal services such as finance, human resources management and information technology. Sharing services is a way to address these problems.

The Treasury Board of Canada Secretariat has undertaken a number of studies since 2001, and has recognized the need for shared services in small entities. Yet little has been done. A major initiative on shared services proposed by the Secretariat over the next three to five years has not included small entities.

We found that several small entities are sharing services, but face serious risks in the absence of a framework from central agencies. These risks include unclear roles and responsibilities and a lack of agreed-upon standards.

Last May, the Secretariat was developing a service strategy intended to address the issues facing small entities. The Committee may wish to ask about the strategy and what has been done to date.

Our audit also found that mechanisms for oversight and coordination need attention. In particular, the Privy Council Office and the Treasury Board of Canada Secretariat have not issued practical guidance to ensure effective coordination between the activities of a department and the small entities in its portfolio. Small entities told us that communication and interaction with the portfolio department has been inadequate.

[English]

In contrast, the recent creation of a central internal audit function is a positive step, potentially allowing for better monitoring by the secretariat.

That concludes our opening statement, Mr. Chair. We would be pleased to answer any questions the committee may have.

Thank you.

The Chair: Thank you, Ms. Fraser.

We're now going to hear from Mr. Wouters, Secretary of the Treasury Board.

Mr. Wayne Wouters (Secretary, Treasury Board Secretariat): Thank you. *Bonjour.*

On this issue of the action plan, perhaps I could comment on that in the conclusion of my comments and we can have a bit of discussion on this, if you like, Mr. Chair.

Thank you for your invitation to appear before your committee to discuss the Auditor General's findings on the governance of small entities. My colleagues from the Treasury Board Secretariat and PCO have been introduced.

The Government of Canada is committed to building a culture of strong management in all its operations. To that end, we welcome the Auditor General's recommendations to improve the governance of small federal entities.

[Translation]

Her findings contribute to the work that is already underway to foster good governance throughout our operations.

[English]

I think many of you know what the picture is for small entities, but perhaps I could describe them a bit for you. There are about 50 small federal entities, generally defined as organizations that have fewer than 500 employees or annual approved expenditures of less than \$300 million. They can mean organizations with as few as two employees, like the Northern Pipeline Agency, as well as organizations with over 400 employees, like the National Capital Commission. Together, these organizations represent less than 1% of total government spending. Their functions vary considerably. They can be administrative, quasi-judicial, regulatory, or advisory bodies. Like the mandates of the agencies themselves, the legal obligations of agency heads also vary considerably.

When you consider how many small entities there are, there have been few, albeit highly visible, significant management failures. I can assure you that the deputy heads of small entities take their jobs very seriously. In fact, over the past year and a bit, both the PCO and the Comptroller General have significantly increased their efforts to ensure that all newly appointed deputy heads of these small agencies fully understand their roles and responsibilities. This is done through one-on-one briefings on their key responsibilities, including financial and human resource management and the functioning and machinery of government.

As the government's management board, one of the Treasury Board's key responsibilities is to set management policies that make clear the accountabilities of departments and agencies for the full range of management functions. We support departments by providing guidance and tools and by developing capacity in key functional communities through learning and development activities. The responsibility of the deputy heads is to ensure the day-to-day management of their departments in compliance with Treasury Board policy.

TBS carries out its oversight of departments based on a risk assessment done through a number of tools, including audit and evaluation results and our own Treasury Board submissions. TBS reviews incidents of significant non-compliance and makes decisions on whether to intervene or take further oversight action.

TBS also relies on our management accountability framework assessments to measure the management performance of government organizations and to help deputy heads better understand where they are performing well and identify opportunities for improvement. These assessments are done for small agencies as well.

Now I would like to turn to the Auditor General's observations and recommendations with respect to the governance of small entities, beginning with oversight and coordination. We are very pleased that the Auditor General recognized that our policy on internal audit is sensitive to the situation of small departments and agencies.

● (1545)

[Translation]

Internal audit is an independent and objective organizational function that provides assurance to deputies, and reinforces good stewardship practices and sound decision-making.

[English]

Smaller organizations may not have the tools or the resources to undertake regular internal auditing work. This is why our internal audit policy mandates the Comptroller General to provide horizontal and other internal auditing on behalf of small departments and agencies.

In her report, the Auditor General recommended that central agencies provide more practical guidance on portfolio coordination. Portfolio coordination refers to the process used by ministers and deputies to ensure that the organizations within their portfolio cooperate and support each other while respecting, of course, statutory authorities and varying degrees of independence.

PCO has increased its guidance to portfolio deputies, and Karl can provide more information on that, if you wish. TBS has done so as well.

Earlier, I talked about the management accountability framework. As part of the annual assessment, portfolio departments are assessed on their performance with respect to portfolio coordination. Over the past three years in the 20 large departments that have portfolio management responsibilities, the results have been positive, and what's more important, the trend is on the upswing.

The guidance we have given to portfolio departments to explain how we are assessing them on coordination criteria is paying off. That said, we are also putting this guidance into a practical information piece or guide that will be available in a draft form in the coming weeks.

The Auditor General also commented on the need for better information to assess financial management and control. On this front, it really is a question of striking the right balance. We need to have sufficient information to ensure appropriate oversight, while recognizing that a one-size-fits-all approach is not necessarily the

best for small agencies. This is taken into account in the MAF assessments and in the criteria developed for each round of MAF.

● (1550)

[Translation]

That is why we only assess small agencies every three years while large departments and agencies are assessed annually.

[English]

The same principle holds true with respect to reporting requirements. As the Auditor General points out, reporting requirements are an essential part of the governance regime. We need sufficient reporting, but we also recognize the capacity issues of small entities in producing these reports. Again, it's a question of striking the right balance.

The area that generates one of the highest reporting requirements is the human resources front. I think here we have made important strides to streamline these requirements. In fact, we have reduced the number of questions on our human resource reporting portal by 85% and have simplified those that remain.

We've also achieved similar success in reducing the people management reporting requirements under the MAF. In fact, in the current round of MAF, we have cut the volume of documentation to be submitted for these agencies in half.

The reporting version is a long-standing issue, and it stems from a number of different areas. An important part of the reporting burden is legislative. For example, all departments and agencies, large or small, have to report under the Access to Information Act and the Official Languages Act. In addition, many organizations have legislation that requires an annual report.

Another source of reporting is our own Treasury Board policies, and we are working hard to address this component as we streamline our policies and directives.

Finally, there are also significant requirements for parliamentary reporting. The reports on plans and priorities and the departmental performance reports are two examples. On this front, the challenge is not just for the public service but also for parliamentarians.

I do believe we've come a long way towards achieving the right balance in our dealings with small entities. We continue to strive to ensure the appropriate oversight, while respecting the capacity of small entities and taking into account the risks of their operations.

Those are my concluding remarks, Mr. Chair. I would just comment on the action plan.

I do apologize, I wasn't aware that this is now a motion that this committee had passed. Maybe I should have been, but I wasn't aware that this is now a requirement. If it is, the one question we will need to look at is that when the government does submit recommendations based on the Auditor General's reports, there is usually an action plan in those reports, but they're fairly high level. I think probably what members are looking for is more detail. I think we can answer them, but we do not have a report today.

The question we will have to ask is if it's the government who issued the initial set of recommendations, is it the government or the minister...or who is responsible for issuing the reports? This is something we will have to follow up on, based on your motion. But we can understand that in some ways having this pulled together in one detailed document may be a much better way to go than always having us try to answer all the questions.

We take the motion seriously, and we will follow up. If, in this particular case, you feel we need to do one later, then we will definitely go back and give that serious consideration.

Thank you.

The Chair: Thank you very much, Mr. Wouters.

We're now going to hear from the Canada Public Service Agency.

Mr. Bloom, do you have any opening comments?

Mr. Mitch Bloom (Vice-President, Strategic Policy, Planning and Research Sector, Canada Public Service Agency): No, I have none.

Mr. Wayne Wouters: Actually, Mitch is now a part of the Treasury Board Secretariat. There were some machinery changes, and that organization has been wrapped up under the office of the chief human resources officer as part of TBS.

The Chair: And I understand, Mr. Salgo, you do not have any opening comments. Okay.

Thanks very much to both of you. We will have Mr. Wouters clarify that issue on the action plan. The committee is very specific as to what it's looking for. I don't think it's a matter for consideration. We are very specific in what we're looking for.

• (1555)

Mr. Wayne Wouters: Yes. When I say "for consideration", it's a matter of how we do respond. The government will have to make a determination on that.

Mr. David Christopherson: On a point of order, Mr. Chair, on this point that I'd earlier raised, I don't think we need to reinvent the wheel. If you take a look, maybe, at what your colleague presented us on Tuesday from Public Works, that should give you an idea. I'm not sure, but I think you're thinking it's more than it is. I think it's more of just an update with some details. Take a look at that, and we can work this out. It shouldn't be an overly burdensome thing. It's just a matter of our being up to date, given the time lag between some of the other activities.

Mr. Wayne Wouters: If the members clapped for the deputy minister coming here, we'll definitely try to emulate what he did.

Mr. David Christopherson: It stands out.

Voices: Oh, oh!

Mr. David Christopherson: We'll leave it at that.

The Chair: Our first round is seven minutes.

Ms. Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you.

Thanks to all of you for being here.

Mr. Wouters, in regard to the audit the Auditor General did, when the audit was taking place, I think the focus was on prudence, probity, and effective control of spending. I can appreciate it when you say that these small entities are 1% of the total government spending, which I assume is \$2 billion, but how do you balance the risk versus overburdening these small entities?

You've given us the example of the Northern Pipeline Agency, which has two employees, and the National Capital Commission, with 400 employees; yet they may be facing the same reporting requirements. How can they manage when they have a lack of human resources, a lack of people with a financial background or an IT background? The Auditor General states in her report that they have to submit about 100 reports per year.

As well, I'd like to find out what happens to those reports. We all want reports. I have seen organizations that want this report, that report, and every other report. I would like to know what is being done with these reports. Are these reports useful? Are you able to do your governance well? If it has been used to improve governance, then I'll have to go to another page where the Auditor General talks about the risks in governance and in accountability. Could you give me an idea as to why these things are not moving forward and why they are still being burdened with so much reporting?

Then for the Auditor General, Mr. Wouters had responded that this was legislative and that there are sometimes Treasury Board requirements. Which of these, in your opinion, would help in being streamlined, from the small entities' perspective?

Mr. Wayne Wouters: Thank you.

It is the case that reporting is very much part of the set of initiatives we have to deal with oversight in organizations. We agree with the Auditor General here that there is a balance, as I've said. There is a balance between good oversight and risk. Over time, I think, it is quite fair to conclude that for these small organizations, the burden that we've collectively put on these organizations for reporting has gone too far.

I think we are now collectively looking at what we can do to rebalance that risk versus oversight and prudence. I've outlined some of the areas. In regard to our policies, of the roughly 100 reports, about 45 of these reports are a result of the Treasury Board policies, so it's about 50%. We are now looking at every one of those policies and making a determination on the reporting requirements as we amend. In fact, we plan to reduce those policies from about 180 to about 45. That alone will reduce reporting requirements for all organizations, because it's going to streamline and modernize our overall policy suite. We're over halfway through that now.

But we're also, in each case, specifically looking at the small agencies. So for those policies that we do keep, we're making a determination as to what extent—if there is a report requirement—the small agency requires a report to be issued. For example, about three weeks ago Treasury Board passed a new evaluation policy. There, we're saying that in fact the small agencies do not need to comply with this policy fully or to the same extent as others do.

I talked about HR reporting. Of all our reporting, it's probably one of the more significant reporting requirements. We've had reports coming in for many different reasons. They have been streamlined, as I said. We've reduced that by roughly 85%. We are beginning to make progress in this area through our own policies and through the requirements we set through our policies, directives, and standards. About 24 of those 100 reports are because of legislation, and that's more difficult to get at.

• (1600)

Ms. Yasmin Ratansi: But who advises legislators as to how to govern? We can all go in a circular motion and say that to make it, you take risks; if I'm an accountant, I'll say that the risk for a small entity is \$100, for a bigger entity it's \$1,000, and for another one it is \$1 million. Who tells the legislature that these are the types of checks and balances, without overburdening the agencies? As well, who determines the return on investment? If there's a small agency that's dealing with health, it's wasting its time trying to fill out reports. We saw it with INAC; those small agencies are filling out report after report and are not really attending to the care that they're supposed to give.

Cynicism would say that you're creating jobs for yourself. How do you balance that with real service, which is supposed to be provided?

Mr. Wayne Wouters: When it comes to legislation, each piece of legislation comes into Parliament separately. I think reporting on access to information, for example, and having all organizations report on it is often seen as a way to be transparent. When we and parliamentarians look at it individually, I don't think we look at the whole picture, because we're looking at that one piece of legislation.

I think what we're saying now is that when you add it all up, it creates a serious burden for those organizations, so we want to know how we can change it overall. I think parliamentarians may want to look at the legislation or the parliamentary reporting around estimates and DPRs and RPPs, because these are requirements you have for the government to report to Parliament. Small agencies are part of those, and they are responsible for issuing those reports like anyone else.

I think both parliamentarians and the government have a role in seeing what we can do collectively to address the issues for these organizations.

Ms. Yasmin Ratansi: Madam Fraser, we have seen reports, and we need to balance accountability and reporting and good governance. I don't want to put you on the spot, but in your opinion, how many reports do we really need? Have you had a look at reports from the agencies, the small entities, and do you find them useful?

Ms. Sheila Fraser: Madam Chair, we didn't look at the use that was being made of these different reports, but certainly one of the major issues the small agencies brought forward in the interviews was that they found this requirement to be a significant burden on them. That was especially true for the very small ones.

I would raise three issues. As the secretary has mentioned, often when you look at programs or requirements one by one, the reporting requirements seem reasonable. It's when you add them all up that you start to realize there's duplication. For example, they raised with us the issue that while they have to produce a departmental performance report, many of them have to produce an annual report as well. It's basically the same information in both. People can say they can just reprint it, but is there not a way to combine them and do one report that is meaningful?

Another issue is that when policies are issued, no distinction is made between big and small. I know you come from the world of accounting, where we're even starting to talk about standards for small and medium-sized businesses. Maybe a distinction needs to be made for smaller organizations, and I hear the secretary saying they're considering that.

One of the options they might look at is the frequency of reporting. Do things need to be reported as frequently for smaller agencies as for the larger ones?

I think different alternatives are available. Some reports, of course, are required. We can't eliminate all the reports. They are absolutely essential to good accountability. However, I think there needs to be a focus given, a lens given, especially for the smaller agencies.

• (1605)

The Chair: Thank you, Ms. Ratansi.

Madame Faille, vous avez sept minutes, s'il vous plaît.

[Translation]

Ms. Meili Faille: Thank you, Mr. Chairman. My questions will mainly concern human resources.

Mr. Wouters, you mentioned that you had also focused your efforts on improving human resource management controls.

You noted a number of reductions in policies and rules. Can you give us a little information on that subject and cite some examples of rules you have abolished?

[English]

Mr. Mitch Bloom: The process of reducing the rules for human resource management has been under way since the overall secretariat began a process of reviewing and evaluating all of its policies across the full range of management instruments.

In the case of people management and human resource management policies, that was part of this process. Piece by piece, it has started to look at the policies, directives, and standards that are promulgated by the board itself to try to streamline that suite of instruments. It has done that to the extent that Mr. Wouters pointed out.

What I would add is that we are now taking that work to another level. We're examining each and every instrument, those three levels, in great detail to truly understand their purpose and objective, and to establish what other tools we might have at our disposal in order to better understand the human resource management operations of those organizations.

We anticipate that this process will result in a further significant reduction in the number of instruments that we currently use, not necessarily in the sense of not wanting to be able to ensure the proper operations of government, but by looking at a broader array of tools and instruments that we could use in order to work with departments.

I would also underscore that in going through that process, we have added a very specific element related to small agencies. This is part of our ongoing work with small agencies in the area of human resource management. There is a specific requirement in that to examine every instrument against the lens of the impact on a smaller agency—and for all aspects, not just monitoring and reporting—in regard to the full impact on their operations.

[Translation]

Ms. Meili Faille: All right. Can you cite a more specific example? If I remember correctly, a number of changes were made to human resources at the IRB. Can you give us a specific example, like that of the IRB?

[English]

Mr. Mitch Bloom: In terms of a specific example in these areas, as I said, it covered the full range of human resource management policies. We're looking at elements such as telework and other sorts of flexible work arrangements, and specifically at the instruments to understand the extent to which essential direction has to be provided, or the extent to which it might be better to allow organizations the flexibility to develop their own internal practices and operations to address issues like that.

As I said, this is covering the full range of instruments. I've offered one. There are volunteer policies. There are policies on terms of employment. Each of these is being examined, one after the other, to establish, as I said, the impact on every government organization. The added element at this time is a specific requirement in our review to examine the impacts on small entities.

[Translation]

Ms. Meili Faille: Ms. Fraser, earlier you mentioned that you had conducted a specific study on Governor in Council appointments. Or is that study forthcoming?

Ms. Sheila Fraser: It's an audit that will be part of our report of next week.

Ms. Meili Faille: All right. Thank you.

Perhaps the Treasury Board or Privy Council Office officials can tell us how many Governor in Council appointments there are to the small agencies.

[English]

Mr. Karl Salgo (Director of Strategic Policy, Machinery of Government, Privy Council Office): I do not know that number off the top of my head. I can get you the number. Are you asking about it in the course of a given year?

[Translation]

Ms. Meili Faille: The number of small agencies is assessed every year. In all, among the officers of those agencies, how many positions are filled by Governor in Council appointments? Since you'll be providing us with the figures, perhaps you could also tell us how many positions are currently vacant and since when.

I also have a question concerning appointments. I know that changes have been made to the selection committees. Is that part of the improvements that you are making to the management framework?

• (1610)

[English]

The Chair: Just briefly, Madam Faille. I'm not sure that this is part of this audit—

[Translation]

Ms. Meili Faille: Pardon me, but I'm going to clarify a point. It says here that the number of human resource policies and rules was streamlined from 180 to 44, but I don't know which ones were abolished. Unless the Treasury Board provides us with all the rules that have been abolished.

[English]

The Chair: Perhaps I'll ask Mr. Wouters or Ms. Fraser to elaborate.

We are getting another report on Monday, a report on the appointment process, but we're not there yet. Could I ask either one of you to elaborate?

Mr. Wayne Wouters: The policies that Mitch was referring to are policies that apply to public servants. They do not apply to Governor in Council appointees. These are policies that set the terms and conditions of employment for public servants under schedule 1 of the act. It does not apply to GIC appointments.

[Translation]

Ms. Meili Faille: That somewhat clarifies the direction I'm giving to my questions. I thought it also concerned Governor in Council appointments.

I have another question, if I have some time left. In the 2003 audit, Ms. Fraser, you considered problems at the Office of the Privacy Commissioner and Office of the Correctional Investigator. In both cases, you found that there was inadequate oversight and that there was also some difficulty detecting irregular activities.

In your current study, have you seen any improvements? Have you also detected any additional oversight mechanisms?

Ms. Sheila Fraser: Thank you. I would say yes. One of the most important mechanisms that we noted is the creation of the audit committee and the internal audit service that covers all the small agencies, and also the introduction of what we call the MAF in English. In French, I believe it's the CRG, the Cadre de responsabilisation de gestion. The MAF is a tool used by the secretariat to analyze management of the departments and agencies. These are important tools that have been put in place since then. For example, we conduct an audit of the officers of Parliament every year. So a number of mechanisms have since been introduced.

The Chair: Thank you very much, Ms. Faillie.

[English]

Mr. Christopherson, for seven minutes.

Mr. David Christopherson: Thank you very much, Chair.

Thank you all, again, for coming—those who are new and those who've been through the drill before.

As I said at the time this report was tabled, I too in a previous life have had some experience being responsible for smaller entities and having them report to me. So I am aware of the challenges of trying to manage all of this and I understand the seriousness of it. But I have to tell you I'm a little disappointed with your response, Mr. Wouters, and I'll tell you why.

In your response today, you state on page 2 of your opening remarks that the Auditor General's "findings contribute to the work that is already underway to foster good governance throughout all our operations". I hear that, and it sounds like your thinking is, oh, thank you for the nice little report; it helped us do some of the little we were hoping to get around to do. It just didn't sound like it was taken seriously.

And then what I read on page 8 was, "The reporting burden has been a long-standing issue", which you then go on to explain. But there's no sense, Mr. Wouters, you're taking it seriously, that this is a problem that needs to be dealt with soon. I get the impression that you accept that it's a problem, but that it's going on and on and on.

Last, your conclusion was, "I believe we have come a long way towards achieving the right balance in our dealings with small entities...". Yet that's just a response versus what you were faced with on page 16 of the Auditor General's report, a subheading that read, "The reporting burden is well known and long-standing", and paragraph 2.53: "The reporting burden is a long-standing issue. It has been pursued by the Small Agencies Administrators Network (SAAN or the Network) for many years, and was clearly defined in a series of studies commissioned in 2003, 2004, and 2007."

The Auditor General also went on to say on page 17, in a subheading, that the "Actions taken to date have not substantively addressed the reporting burden", and in paragraph 2.55, that "Five years after acknowledging that they have a role in reducing the reporting burden, the central agencies have not taken substantive action to reduce it."

So help me to understand, Mr. Wouters, the serious issues the AG has raised and your rather lukewarm responses—and that's my word, "lukewarm".

• (1615)

Mr. Wayne Wouters: Thank you, Mr. Chair.

I think we have taken this very seriously. Where the initiative really stems from or goes back to is the public service renewal. If you also read the Tellier-Mazankowski report on the web of rules, or the fact that we've created way too many rules with too many reports, it shows this issue is not only for small agencies, but also that we're looking at this right across the government. And small agencies have, I think, really felt the full impact of this.

So I take exception to the honourable member's point about our not having done anything, because I said the most—

Mr. David Christopherson: Did I say that? I think the Auditor General made a reference. I don't know that I said you didn't do anything.

Mr. Wayne Wouters: But this was back in 2006, and I think if you look at it over the last couple of years, the most difficult set of reports...I'm sorry, March, I guess it was 2008, but for the period prior to 2008. But if you look at it over the last year and a half, one of the areas that we did focus on—and Mitch Bloom can talk about this—was the whole area of HR reporting. It was probably the most significant issue and the most significant area.

That is where we had the most reports, so we said, let's focus on where the burden is the greatest: HR reporting. We had a number of different organizations there: the Treasury Board Secretariat had reporting requirements, the old agency had a reporting requirement, and the Public Service Commission had reporting requirements. We said, can we make progress in that area?

I think we have made substantial progress. Mitch can outline exactly where we are. I said an 85% reduction on how we got there; Mitch can explain that. But also, as I said, in the last year and a half we have fundamentally changed most of our policies, which now will lead to a reduction in reporting for many of those small agencies.

MAF is another area. We've reduced the reporting requirements through MAF by 50% for these organizations. They are required to do an assessment only once every three years. Also, for the very small agencies, the micro agencies, we don't require them, in fact, to submit all the information that other organizations do. Now they essentially have to come in and have an interview with us, as opposed to submitting the full reports.

So if you look at the overall set of initiatives under way, I agree that we still have further steps to take, but we are looking at it, we are looking at it seriously, and we are making progress.

The one area I will come back to that we probably have not made as much progress on is the area of those reports that are a legislative requirement or a parliamentary requirement. As I said, of the 100 or so reports, 27 of those are either parliamentary or legislative requirements. That's something that perhaps we could have a discussion with you as—

Mr. David Christopherson: I hear you on that. I have to say, though, that I'm still just one member. I'll listen to my colleagues, but I would have liked to hear a little more seriousness. What I'm getting is that you want us to acknowledge how well you've done, and what I'm looking at is that it's been pointed out that you haven't done that well, and you don't seem to want to say that. That always makes me frustrated.

Let me get into a question on this, on a detail. Again, it seems to me that everybody wants to talk about doing something, but nobody's really doing anything. That's my biggest concern.

On the reporting burden, the report states on page 18, at point 2.56, "The Secretariat brought to our attention its policy renewal initiative, which it believes will lead to fewer policies and fewer reporting requirements". You've already alluded to this. It states, "The initiative was launched in 2005 with the objective of streamlining policy instruments and clarifying the accountabilities and responsibilities of ministers and deputy heads". Later in that paragraph, it says, "Treasury Board officials informed us"—that's the Auditor General's department—"that this project will be ongoing into the 2008-09 fiscal year". Finally, it says, "The impact of this initiative on the reporting burden will not be known before it is completed". That just blows me away.

Then in March 2008, there was a committee formed. In point 2.57, the AG tells us, "However, at the time of our audit, the committee was just getting started and had not yet made specific plans or taken any concrete action".

We've had reports going back for years. In 2005 you decided to do something about it and get serious, but we don't know exactly how much of the burden will be reduced when you've done the exercise, and the exercise is not going to be done until, at the earliest, next year. That's half a decade.

That's a long time to merge policies or to reduce policies. I'm sure there's a good answer, but it blows me away that you're going to go through this whole process and you really don't have any idea of how much of the burden it's going to alleviate at the end of it. Help me understand.

• (1620)

The Chair: Mr. Christopherson, you're out of time.

Mr. David Christopherson: Yes, I'm out of time. Thank you.

The Chair: Go ahead, sir.

Mr. Frank Des Rosiers (Assistant Secretary, Treasury Board Secretariat): Thank you, Mr. Chair.

In terms of understanding the honourable member's concerns about the state of progress, perhaps just before I dive into the specific question being addressed, I would like to step back a little and have a look, because I think we all agree it would be very tempting to do a quick cleanup and just throw all of those rules into a garbage bin and start afresh.

Mr. David Christopherson: You've already missed that chance.

Mr. Frank Des Rosiers: We've had those discussions with colleagues in other jurisdictions, at the provincial and international levels, and I think it's important to remember that doing that kind of cleanup is fairly tedious. It's one of the reasons those rules and the

associated reporting burden have been around for the past several decades for most OECD countries. They take a lot of time and effort to clean up.

In the case of policy renewal, the commitment was very clear that we wanted to have a major review of all of them—there were 180 of them—with all of their associated directives and standards. So it is quite a pile, trust me, to review. We didn't just want to trash them and improvise a new set of rules that would create more problems and more headaches for departments thereafter. So in order to do it in a thoughtful and structured fashion, it does require careful review and discussion with departments to do it properly.

Mr. David Christopherson: For half a decade?

Mr. Frank Des Rosiers: In terms of the actually target, we'll be going down from the initial 180 policies to 45. This we already know. The 45 policies will be completed by the end of the year.

In terms of the associated reporting burden for the remaining 45, the reduction will be in the order of 25%. Will the number be slightly higher or slightly lower? We'll see, but it will be very much in line with those targets.

So we do feel very confident this work will be completed and that we'll achieve the objectives laid out.

Secondly, on the activities of this ADM committee, which gathers together not only central agencies but also representatives from smaller organizations, it is true that at the time of the AG's report this committee had just recently been formed and there were not yet any concrete results to report. But much of the activities of this ADM committee, during its first six months or so of operations, was focused around the people component—the one that my colleague Mitch Bloom spoke to briefly—which resulted in fairly dramatic positive reductions for all departments, particularly the small ones.

So I do believe it speaks to some progress.

The Chair: Thank you very much, Mr. Christopherson.

Mr. Saxton, for seven minutes.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair.

Thank you all for being here today.

My first question is directed at the Auditor General. Auditor General, can you explain to us, in your opinion, how this report stacks up against previous reports on small entities?

Ms. Sheila Fraser: Chair, to my knowledge, we have not done a specific audit of these issues in small entities before now. We have done certain work on specific small entities, which has tended to indicate there were problems in these entities. But this is, I believe, the first time the office has looked at these kinds of issues broadly.

• (1625)

Mr. Andrew Saxton: Can you let us know how the requirement for qualified chief financial officers is being met and how that relates to the small entities?

Ms. Sheila Fraser: Thank you for the question.

There was a new requirement put in, probably about two or three years ago, I guess, on chief financial officers.

A voice: Two years ago.

Ms. Sheila Fraser: Two years, probably.

That resulted, in part, from an audit we did, I believe, in the Office of the Correctional Investigator Canada, where no one actually wanted to assume the responsibility of saying they were the chief financial officer—probably for good reason in that case, as there were some untoward transactions. The committee members who were around then will remember this. After that, there was a clarification made to the policy so that every department and agency had to designate quite clearly a chief financial officer, and that chief financial officer obviously had to be aware of his or her responsibilities.

That was certainly a good response, in part, to the problems we saw in that audit.

Mr. Andrew Saxton: Thank you.

Mr. Secretary, can you describe some of the mechanisms the Treasury Board Secretariat uses to ensure effective oversight of small entities?

Mr. Wayne Wouters: As I said, we do that in a number of ways. Speaking more broadly, government has undertaken a number of measures to improve overall financial oversight management. We created the Office of the Comptroller General back in 2004. Every organization must have a chief financial officer, as already noted. Those are now up on the website for all to see. Also, 80% of the chief financial officers in large departments now have professional accounting designations. That's compared to about 33% for both chief financial officers and deputy financial officers as assessed by the Auditor General in 2002, so we've made tremendous progress in terms of getting highly qualified chief financial officers in these organizations, including the small organizations. In the small organizations we have 35 CFOs or DCFOs who have a designation.

As well, in terms of oversight accountability, all of these agency heads have been designated as accounting officers under the Federal Accountability Act. They are required, therefore, to take on those responsibilities as accounting officers.

Reporting is one way of providing oversight, and that's why it's such an important initiative. As we reduce and remove policies at the centre, it means that the centre has somewhat less oversight. As we reduce reports, we want to do so in a way that still allows some measure of oversight. The worst thing that could happen would be to remove all these reports. Then if something went wrong, the question would be why we didn't know about it. It's finding that balance.

Again, I want to emphasize that we recognize the burden being placed on these organizations. However, I think Frank is right: it does take some time to ensure that we have the right set of policies and therefore the right set of reports. In my view, that is coming together.

Mr. Andrew Saxton: Specifically, can you tell us what you're doing to help lessen the reporting burden on the small entities?

Mr. Frank Des Rosiers: We spoke on the policy renewal process earlier on. It might be worth describing a little of what has been done with the MAF.

In the case of the oversight tools that the secretary spoke about, the ones that were described were critical ones. MAF is also a very important tool for us to track how well the departments are actually managing the enterprise. I don't know to what extent the committee members are familiar with it, but through 21 areas of management we track all the key lines of activities that a department or agency would be expected to perform, and perform well. In doing so, we set out what the expectation is from the centre, from the Treasury Board perspective.

In doing that, we were engineering along the way very much in response to what the small agencies network has been telling us. They said they totally recognized the importance of improving public sector management. They are all aware of the events that happened early in 2000 and they don't want to be caught in that situation. We work with them to find a way to get to that desired outcome by getting back to the balance the secretary was discussing and by minimizing meaningfully the amount of work that is required of them.

We came up with three levels of requirements that have to be performed.

Large departments and agencies above 500 FTEs and \$300 million budgets have to go through an annual assessment and through all those various stages.

Smaller ones, those below 500 FTEs, go through an assessment only every three years. In the years between, they're free to do some self-evaluation or have ongoing dialogue with the Treasury Board, but they don't have to publish a report to the centre over and above what they would normally do for legislative or parliamentary purposes. Right there is a very significant time saver from their perspective.

Micro-agencies used to be those with under 15 employees, but we cranked it up to 50. Below 50 employees, an interview of two hours or so does the job. We have a conversation with the heads of those organizations. There may be some follow-up discussions if some issues warrant extra attention, but we felt overall that this was actually a very good example of striving to achieve the balance we were talking about. Certainly that's the feedback we've been getting on MAF particularly.

As we renew TB policies, we're trying to do the same thing by having this gradation. We don't want to lose sight of what's going on there, but we want to do it thoughtfully and deliberately and address those concerns in a meaningful way. In our view, these are meaningful and impactful ways to get at it.

•(1630)

Mr. Andrew Saxton: Thank you very much.

The Chair: Thank you Mr. Saxton.

I have just a couple of points I want to cover.

First of all, to you, Ms. Fraser, as you pointed out in your comments, we have had a couple of horrendous situations involving the Office of the Correctional Investigator and the Office of the Privacy Commissioner, where there was no semblance of any type of financial control, and questionable behaviour went on—in one case, I think, for 20 years. One of the reasons given for why there was no financial oversight was that these bodies were quasi-administrative, or had adjudicative responsibilities, and people were scared to go in and exercise any form of due diligence.

Has all of that been corrected?

Ms. Sheila Fraser: I don't know if I could actually respond on whether it's been corrected or not. I certainly hope those audits and the actions taken subsequently have made it very clear to the quasi-judicial bodies that they are accountable for their management. The fact that they might need independence to render their decisions does not mean they are not accountable and shouldn't be accountable, for example, to the Treasury Board Secretariat or to other central agencies as to how they're managing. I think the introduction of the MAF, for example, with their now having to present on the management of their agencies, is an indication of this as well.

I think that was perhaps more of an explanation when it was dealing with the officers of Parliament than perhaps with the ombudsman. The issue, if I recall, with the ombudsman was in part that the processing and the transactions were going through a department and that the department was accepting what came in without challenging it. The people within the agency, moreover, weren't always necessarily aware of what was going through until after the fact. So there was confusion, too, around roles and responsibilities, and the fact that people just didn't speak up.

The Chair: Another issue I wanted to talk about is what I consider to be a fundamental change in the way financial management operates here in Ottawa with the institution of the accounting officer concept—and of course, the protocol issue by this committee. In this case, each of these small agencies have, for some time now, been designated with accounting officers. As such, these officers are responsible for the proper administration of the resources of their department or agency. They are also responsible for developing and maintaining proper systems of internal audit and, of course, personally responsible for signing the accounts at the end of each year, so that the consolidated fiscal statements can be prepared.

In preparing for this audit, Ms. Fraser, and interviewing the heads of these agencies, is it your view that they're certainly aware of their responsibilities, their roles, and their obligations? These are very serious. They are accountable to Parliament.

• (1635)

Ms. Sheila Fraser: I would say yes, very much so. I would also make the comment that in the report we're tabling next week on Governor in Council appointees, we have looked at the question of the training provided to them as they come into their functions.

The Chair: Do you, Mr. Wouters, or you, Mr. Morgan, have any comment on that particular issue?

Mr. John Morgan (Assistant Comptroller General, Financial Management and Analysis Sector, Treasury Board Secretariat): One of the key things we've just done is to issue a new policy on internal control that will require deputy heads to sign off on their

assessment of their internal controls over a period of time. We'll be phasing that policy in over a period of three years. And one of the things we're doing with respect to small agencies is giving them a bit more time to come up to speed in terms of assessing their internal controls.

So we've done quite a bit in terms of putting in place chief financial officers who are qualified. Furthermore, the policy on internal controls will also go a long way to raise the awareness of deputies and departments or their knowledge of internal controls and what they're doing to close the gaps where there are some weaknesses.

Mr. Wayne Wouters: If I could comment, I do think the accounting officer model does reinforce their management responsibilities.

The other thing, as I said, that we've been doing is having these one-on-one briefings with the new deputy heads who are coming into these small agencies to make it very clear to them that these are their responsibilities under the Financial Administration Act and as accounting officers. So in my view, they're much more aware now of their overall role and responsibilities when it comes to management generally.

The Chair: Last, I have a comment, not a question.

I certainly want to agree with your comment, Mr. Wouters, on some of the reports that are designated by Parliament, particularly the departmental performance reports. My own view is that they're probably not read that much by parliamentarians and not used that much by parliamentarians. It's probably an issue that is ripe for change. We all should have a look at that, because I know it takes a lot of time for these departments to prepare these reports. There's a lot of work, a lot of effort, put into them. I think sometimes things could be done with not as much paperwork and not as much onerous responsibility.

However, we'll start the second round.

Mrs. Crombie, five minutes.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): Thanks to all of you for joining us today.

I'll address my questions to Mr. Wouters and then to the Auditor General, Ms. Fraser.

I was, at one point in my life, the principal of a small Canadian start-up. We had 12 employees, but as we grew, we doubled that. We were still pretty small, and we were pretty good at creating and manufacturing a product and then getting it out to market and marketing it. But there were a lot of things we weren't good at. We didn't have legal expertise; we didn't have HR or IT expertise. I thought, wouldn't it be terrific if there were a pool of specialized talent and expertise? So my questions are going to be around shared services.

I notice that the Office of the Auditor General recommended that you address the issues of shared administrative services in small entities. I was one and I recognize that there's a need for this. Would you agree, as well, that the needs of small entities are vastly different from those of the larger organizations, and that they can't often attract or afford specialized talent or expertise like the kind I described with HR, IT, finance, legal, contracting, etc.? Is it your intention to develop a shared administrative services strategy? If so, when? How will that strategy address the concerns of small entities in regard to sharing their administrative services?

Is there a plan? When do you plan to put it in place? Let's start there.

Mr. Wayne Wouters: Thank you for the question.

I couldn't agree with you more that this is also an area where I think some of our small agencies are struggling. I have to say my personal view is that we have not moved along on this as quickly or as far as we can.

I would argue that it's perhaps not only for small agencies, but also for shared services more broadly across the public service. I think there are some real opportunities to provide better service at a lower cost if we start to combine some of our back office HR, finance, and the like. I think there's clearly room for improvement.

In fact, I felt that this whole area was an area where we have not progressed far enough, so a year ago I created a new sector, called the service sector, within the Treasury Board Secretariat to give this more emphasis and more profile. That sector basically has been mandated to develop an overall internal service delivery strategy to look not only at the major departments across the public service but at small agencies.

There, we've essentially created a number of councils to look at materiel management, financial management, and HR management. We have small agencies on those organizations. That is to determine where we need to go. I think there are a couple of different models. One is where we can actually share the services among these agencies by having a number of the agencies come together and share their back office services. Some of those agencies are doing that now. It's their own initiative to do that. Some progress is being made, but not as much as we need.

I think the second area is where we can perhaps find a larger provider for the smaller organizations. There, for example, Public Works right now is actually delivering HR shared services for about 26 smaller agencies. This is in the area of compensation, staffing, and the like. Some of that work is being done for the small agencies now, and other agencies are looking at moving in that direction.

A third possible area is outsourcing.

So for the work on developing the overall strategy, we hope to have it completed by the fall and go to ministers at that time to see, in fact, if we can move forward in this area. We are part of the small agency administrative network. We're working with them to see which of these models works for these organizations. The fact is that they're so unique and so different that, again, one size doesn't fit all.

But I do agree with the Auditor General again on this one. I agree fully. Collectively, we haven't made the progress that we need to in this area.

● (1640)

Mrs. Bonnie Crombie: Can the Auditor General respond?

The Chair: She can if she wants to.

Ms. Sheila Fraser: I would just reiterate, as we have said in the report, that we think this is a really critical area. A lot of these agencies are very small and are not, as the member mentioned, able to afford or even attract the kind of expertise that's often required, be that financial, human resources, or IT, and so shared services are obviously a really important solution to addressing many of the issues they have had.

The Chair: Thank you very much, Ms. Crombie.

Mr. Shipley, go ahead for five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair.

Thank you, Ms. Fraser and the rest of the panel, for being here.

I was going to follow up a little bit, Mr. Wouters. We had Public Works in, and actually you referred to Public Works. Ms. Crombie talked about shared services. That is a very significant issue, and I very much appreciate the example that she used. Those of us who have been in business recognize some of those areas for which we are responsible but that are actually very difficult to manage because of the resources in smaller businesses.

You talked about putting together a new sector. I didn't catch the name of that. How many people are involved with that? Could you tell me just a little bit about that? How many people do you actually have to help with doing this? I always get concerned, when we start to build, that we are building in another layer of bureaucracy, quite honestly.

What are the benchmarks, and how are they going to be working?

Mr. Wayne Wouters: Thank you for the question.

In this particular area there are about 15 to 20 public servants actually working on the service strategy. We also have our service policies, like all other policies that they are responsible for. Part of their responsibility in bringing this strategy forward is actually to develop those benchmarks, those milestones, that we need to achieve over the next number of years. So it's very much part of their work, and it's not simply their work. As I said, we've created councils with departments and small agencies, so it's a collective effort to determine where we need to go.

In this area we have moved out on a number of different fronts to look at shared services. There are some models out there, but I don't think it has been done within an overall framework of where we think this can go or how far we can move on that. That is the work we need to do now, but that doesn't stop us from moving forward with some early adopters where we think that's possible. There are some opportunities to do that.

• (1645)

Mr. Bev Shipley: I'll just follow up again.

One of the other things you talked about was transparency. You brought up the comment about the Federal Accountability Act, an act that was brought in when we came into government. I'm just trying to find out what impact that has had, if any, on the transparency and the accountability that might be effected by you. If not, what changes should be made or what are some things that should be looked at that would help improve those two issues—transparency and accountability?

Mr. Wayne Wouters: I think the Accountability Act has clarified the accountability of ministers and deputy ministers, as was already noted, through the accounting officer provision.

On transparency, if you look at OECD countries and what the government has done through the Federal Accountability Act and other measures, the transparency requirements when it comes to travel, hospitality, contracting.... All of this now has to be made available to Canadians. I have to report on my website once a quarter on all my hospitality and travel. All contracts over \$10,000 are now fully transparent as well on the goods and services side. There is a fair bit being done in this area of proactive transparency.

Within the Federal Accountability Act, one thing that helps the overall accountability regime is that we did increase protection for whistle-blowers. We also increased penalties for fraud. There are a number of areas that have helped to define or redefine accountability and also clarify reporting. From our point of view, those areas have made a real difference.

Mr. Bev Shipley: Could the Auditor General comment also? We're trying to learn as much as we can.

Ms. Sheila Fraser: The introduction of the accounting officer has had an impact just in the fact that the deputy ministers now are clearly responsible and accountable before Parliament for the administration of their departments. Even though it may have been there in bits and pieces previously and even though they obviously assumed that responsibility previously, to have it written into a law somewhere has made it even more obvious to people. I think even the relationship with this committee has changed because of that act.

Mr. Bev Shipley: Thank you very much.

[Translation]

The Chair: Mr. Desnoyers, you have five minutes.

Mr. Luc Desnoyers (Rivière-des-Mille-Îles, BQ): Thank you very much, Mr. Chairman, Ms. Fraser, ladies and gentlemen.

First of all I would like to cite a passage from the Auditor General's report which appears on page 17 and which states, and I quote: "Five years after acknowledging that they have a role in reducing the reporting burden, the central agencies have not taken substantive action to reduce it." If I understand correctly, the small

agencies are being asked to do a lot, whereas they don't have the necessary tools—which are mentioned in your report—to solve the problem. Five years later, much of the work should have been done to address the problem we are faced with. The Treasury Board Secretariat, first of all, should have significantly reduced this reporting burden or everything that was requested in the context of that report, whereas we find ourselves in a situation where virtually nothing has been done.

The same is true when it comes to reducing the number of policies from 180 to 44. Still not much has been done, from what I understand, even in the report. There is still talk of doing these things, whereas an enormous amount of work to that end should have been done in the past five years.

Are there any deadlines? Has anyone started to develop something to eventually solve these problems? Is anyone going to establish an operating structure? You get the impression that people are saying that these are 51 small agencies, that it's only \$300 million and that they don't really need to address the issue. That's sort of what emerges, to my mind, from the Auditor General's report. I want to hear what you have to say on that.

Are there any deadlines, a real work plan?

• (1650)

Mr. Frank Des Rosiers: Thank you for your question.

We entirely acknowledge the importance of the matter. In our mind, these are not 50 small agencies of no importance, with respect to the nature of their functions or their expenditures and activities. We are very definitely concerned about their proper operation and we want to make progress in that direction. We definitely could have done more in the past five years. In accepting the Auditor General's recommendations, we acknowledge that more could have been done during the period. However, as the secretary noted a little earlier, very significant efforts have been deployed over the past year and a half or so. Many of them have been orchestrated around this commitment stated in the Throne Speech last fall, when the issue was the web of rules and the government made a firm commitment to address the problem.

I'd like to draw a parallel. In the past 10 or 15 years, the Canadian government, like those of most developed countries, has focused on the impact of regulation on businesses, individuals and private sector organizations. There have been all kinds of twists and turns, all kinds of names, but it has very definitely been acknowledged that those regulations weighed heavily on the expenses and operations of small, medium-size and large businesses. It was environmental, regulatory and health and safety regulation. It was based on highly honourable intentions, but it imposed very heavy costs on businesses.

We've addressed those rules in the past 15 years or so. You'll tell me that the work isn't finished in Canada, as in most OECD countries, but it is still advancing. From an intellectual standpoint, we have a similar counterpart within the government: there is what's called the internal regulation of government. I must tell you, having had conversations with my colleagues in the United States, Great Britain, France and Australia, that Canada is in fact one of the most advanced in its thinking in this direction. Now we are at the stage of taking action.

Once the vision is established—the one the secretary stated earlier—we know the direction we want to take, which is to establish a certain balance between the risks and the impact that may occur. We've been told, by the committee chaired by Messrs. Mazankowski and Tellier, not to try to set objectives for five or 10 years, but rather to set short-term objectives over the next year, as you suggest, sir. If we manage to make progress every year, there is a good chance this will produce positive results at the end of the line. That's what we've done over the past year.

Mr. Luc Desnoyers: I want to conclude with the issue of shared services because it's important, but I asked you whether there were any deadlines. Perhaps Ms. Fraser could add a comment on the subject. In five years, nothing or virtually nothing has been done. Are there any deadlines?

Ms. Sheila Fraser: When we concluded our audit, the government had started a series of initiatives. They are stated in the report. For an answer concerning deadlines, you should consult the action plan referred to at the start of the meeting.

Mr. Luc Desnoyers: We're talking about establishing a strategy to implement shared services. In point 2.69, you state: "Other jurisdictions have developed approaches to shared services based on a model or strategy." That's the case in Quebec, among others. Ontario, British Columbia and Alberta have taken measures in that direction. Why aren't we at the federal level capable of adopting a strategy or of implementing this kind of measure? Sharing with a view to providing services to these small agencies could be a good initiative. Is there a strategy, a deadline?

• (1655)

Mr. Frank Des Rosiers: I'd like to answer the first question, as to whether there are any deadlines. Absolutely. In the context of this web of rules, an action plan was established and submitted to Messrs. Mazankowski and Tellier. A report was produced on the subject quite recently. The result—and here I'm relying on the report; I didn't put the words into their mouths—was very favourable. In that report, the authors hailed the initiative, encouraged us to continue it and to launch it again next year. That's what we would be prepared to do around springtime. We'll establish concrete, measurable objectives. At the end of the year, you'll be able to determine whether you, as the government and parliamentarians, have achieved the objectives you set for yourselves. You'll see that those targets are quite bold.

As for the second part of the question, we absolutely draw on the experience of other jurisdictions, at the provincial level, among other things. You mentioned the case of Quebec. Those of British Columbia and Alberta are very interesting in our minds. We've deployed some of our officials to go and solicit opinions and advice. We've also invited those people to talk with our people, here in the departments, but also with people from foreign governments. The secretary went to Great Britain last fall to speak with his peers. He also went to France. That country, it has to be said, is more advanced than we are in this area.

The Chair: Thank you, Mr. Desnoyers.

Mr. Kramp, you have five minutes.

[English]

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Chair.

Hi, everybody.

Just as an example, Minister Ablonczy reported to Parliament, and to the House, and to her colleagues that she was faced with a mandate of reducing paperwork and red tape and burden. In the course of two years, to the private sector in small business reporting, there was a reduction of 25%. My thought is, why can't you do it?

Mr. Wayne Wouters: We are. I think one thing you want to look at is our action plan on the web. There are some very clear deliverables laid out in that action plan in terms of the policies we want to change.

In reporting, as I indicated, one of the major reporting burdens we had at the Treasury Board Secretariat was our MAF assessments. I forget how many thousand reports—

A voice: It was 17,000.

Mr. Wayne Wouters: Yes, 17,000 reports were coming in. We've reduced that by over 50% in one year. I mean, why a thousand reports? We don't need a thousand reports.

I mentioned HR reporting. That's down by 85%. As I said, I can't emphasize enough how out of control, I would say, the reporting was. People ask who reads the reports. I would have to say that I agree; I don't know.

On the work that was done, if we think we can get the information through other sources—for the most part, we think we can—we don't need a report. So we're down 85% in the overall requirements through HR reporting, which is probably one of the most significant areas.

Financial reporting is an area as well in which I think we could make further progress. But again, a lot of it is for public accounts. A lot of it is for main estimates. A lot of it is just the business of government, reporting through Parliament to Canadians. I'm not certain that we could make a lot of progress there.

But there are other areas. In such areas as procurement and contracting, I think we can go even further. Where we've set the targets over the past year or year and a half, we've hit those targets. Now we will put in another set of targets coming up for the next year as part of our overall action plan.

That's how we've been going at it. To me, it's a practical way of going at it. It's doing it step by step.

Mr. Daryl Kramp: We understand you can't have one size that fits all. Usually in the small entities, as you mentioned, there might be 500 individuals or there might be two individuals involved.

In designing or mandating a reporting process, what do you use as a criterion or benchmark? Is it the number of employees, the dollars expended? Where do you find the slide on that, and how do you categorize it?

• (1700)

Mr. Wayne Wouters: I wouldn't necessarily totally go to size, because I don't think size is necessarily the determining factor. It is a factor, but not the determining factor.

Mr. Daryl Kramp: What are the factors?

Mr. Wayne Wouters: I think one of the key factors in terms of looking at reporting is to remember that reporting is part of oversight, so it really comes down to risk management at the end of the day. If we're not necessarily totally comfortable that an organization's overall management regime is performing well, we may want to insist on more reports from that organization.

Size is certainly important, because they simply can't manage some of the reports, but this whole issue of reporting is multi-dimensional. The first concern is how to do it as efficiently as we can and with as few reports as we can, but we also have to ask if it is commensurate with the risk of the organization we are looking at. It's that balancing act. If we decide to remove all reports, which I don't think we'll ever do, and one of those organizations has a significant management failure, you will have us—the Treasury Board Secretariat—in here tomorrow to ask us what the hell went wrong and why you didn't know about it.

That's what we have to worry about when we look at this balancing act. We need to have somewhat of an oversight overall, but at the end we need to watch that we don't create too much burden in terms of reporting. That is not an easy thing to do.

The Chair: Thank you very much, Mr. Kramp.

Go ahead, Mr. Christopherson. You have five minutes.

Mr. David Christopherson: Thank you, Chair.

I have to say that this is the first time I think we at this committee have ever dealt with the question of whether size matters or not. I'll just let that lie there.

Mr. Wouters, I apologize for mispronouncing your name. You've been in front of this committee often enough. I apologize, sir.

I would like to point out something in relation to my earlier point of order, Mr. Wouters, in responding to the Auditor General. She said: "When we completed our audit, in May last year, the Secretariat's response to our recommendation was that they had developed action plans." That is something we would want to see.

Mr. Des Rosiers, you talked about the activities of the ADM meeting. I had raised the issue, and then you talked about it. That's another example of something that could have been put in front of us that may have negated a question or at least provided a more informed question. Those are just examples.

I wanted to go to.... My colleague has already raised this point, so I will not do that one again. Just give me one second.

By the way, Mr. Wouters, I also wanted to thank you for your forthrightness in answering. That's the kind of thing. It's not a question of coming in here and genuflecting in front of the committee, although there are times when that wouldn't do any harm, but to come in here and, when it's an honest problem, no matter who you are, to look at it and say it's a problem, to admit it, goes a long

way in developing the relationship. So I very much appreciate your forthrightness in talking about the shared services.

On that point, page 21 says, in paragraph 2.67: "Following the 2005 Budget, the Secretariat launched the Corporate Administrative Shared Services (CASS) initiative. However, CASS does not take into account the capacity and business continuity risks that small entities face." That's been addressed somewhat. It goes on: "Small entities have not been included in CASS for at least three to five years, since CASS is seeking investment funds."

I'm going to leave you with a couple of questions, because this is a short round. Could you help me understand what that means? I didn't understand it.

Then paragraph 2.68 says: "A shared services framework or model could provide valuable guidance for small entities. The Secretariat had undertaken some preliminary business model analysis under the CASS initiative, and had developed a draft for discussion in May 2006." Then I don't see it mentioned again. It just kind of lies there.

Whatever happened to that draft, and what actions came after May 2006?

I won't have time to respond again, so I'll just leave those two questions with you. Thank you.

Mr. Wayne Wouters: On the corporate administrative shared services initiative, we launched that a couple of years ago now, to basically look at this and to get almost like a pilot project moving forward on back office shared services.

We started that work, and my assessment is that we probably oversubscribed the initiative. We brought in 12 departments. We were going to take 12 departments and take all their back office functions—HR, finance, and materiel—and bring them together. That would have been part of a significant upfront investment. I think what we learned as we looked to other governments was that many other governments started a lot smaller than that and had a number of gates to move forward through and pilot it as they went ahead.

So a little over a year ago, we kind of went back to the drawing board. We reduced the number of departments. In fact, we have five departments now that are part of the shared service initiative. We have taken one function, which is HR, and we have looked at bringing HR functions for those five departments together in a shared service model. That proposal is essentially ready to go to the board now. I hope the board will approve it and give us the funding that we need to move it forward.

Unfortunately, in coming to a decision, we had to pick five departments of a reasonable size, so we don't have the small agencies in any of that, but they're part of the work we're doing, and we would hope that as we move this forward, we can bring other departments, including small agencies, into the shared services model.

I guess that in some ways you have to start someplace to prove that the model does in fact work. We feel quite confident that it does. Do you know why? Because this is not new. B.C. has done this. Alberta has been doing this. Other countries have been doing this. Our view is that we just need to get on with it. The quicker we get on with it and test it, the quicker we believe we can bring on the other departments and other agencies that really need this support.

• (1705)

Mr. David Christopherson: That's excellent.

I have a moment, I think, and I'm going to ask one quick question.

Under paragraph 2.47, there were planned audits in the departments. The Auditor General said, "We noted that the planned audits were delayed in a number of cases, in part because of resourcing problems." It's the first time that I can recall a department coming in and saying they haven't been doing auditing of any sort because of resources. That's a troubling statement. Could you help me to not be so troubled on this?

The Chair: That's your last question, Mr. Christopherson.

Mr. David Christopherson: Yes, I hear you. Thank you, Chair.

Mr. John Morgan: That goes back to the recreation of the Office of the Comptroller General. In that office, we're recreating the internal audit function. Part of the challenge there is just competing in the marketplace. You have internal auditors hired into the government, professionally trained, and positioned in departments as well. It's a major challenge going forward trying to do that and rebuild that internal audit function.

Mr. David Christopherson: It wasn't because you didn't have the money to do the audit and you just decided to do something else? That's not what happened?

Mr. John Morgan: We may have money, but we didn't...we just can't get the right resources, the qualified resources—

Mr. David Christopherson: Are we going to see a lot of this, AG?

Ms. Sheila Fraser: I would just add that there have been several initiatives in government to increase internal audit financial management, so essentially there's been a big recruiting campaign for people with those skills. That is why, when establishing this horizontal internal audit group within the Office of the Comptroller General, it was difficult for them to hire the people, to get the people in. Everybody was looking for the same people at the same time. That, I think, was the major obstacle.

Mr. David Christopherson: Okay. I hear you. Thank you.

Thank you, Chair.

The Chair: Thank you, Ms. Fraser.

Mr. Norlock, five minutes.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you very much for coming here today.

As I'm not a regular member of the committee, you will excuse me if I'm not 100% up to speed, but I always look at myself as the conduit of the people who elected me to be here to talk to the people they have concerns about, or you may have reciprocal concerns.

My first question is about how I'm very impressed by anybody who can reduce their paper burden by 50%. Most Canadians out there would fall off their chairs in the living room if they heard that, and they would look to Ms. Fraser to verify that this has occurred.

Ms. Sheila Fraser: We will, I would expect, at some point do a follow-up audit on this—

Mr. Rick Norlock: Thank you.

Ms. Sheila Fraser: —and we will be quite glad to report if government has reduced the reporting burden.

Mr. Rick Norlock: Thank you. I'm not necessarily a doubting Thomas, but I worked for the Ontario civil service while Mr. Christopherson was in charge. Let me just say that I wish I had had *him* at the end of the table, but anyway....

And let me tell you this. Should you ever decide that you need to genuflect, you need to find another job, because none of us in here are worthy of that. One time I was accused of being a micromanager, and I really didn't think I was.

I just toured a lot of manufacturing facilities. I'm very interested in some of Ms. Crombie's submissions, because I think she was right on with some of her questions. Management style is very important to me. I don't know if I'll be sued for saying this, but you know the old McDonald's style, where they decide how much productivity each worker needs? If you don't live up to that productivity, you're out the door. Something tells me most Canadians don't think that's the management style of government, at least not of the federal government.

I gather it isn't, Mr. Wouters.

• (1710)

Mr. Wayne Wouters: Well, I—

Mr. Rick Norlock: I guess the right question to ask would be what you consider to be the federal government's management style, or what kind of management style you would be able to tell Canadians you use.

Mr. Wayne Wouters: Well, I think what we've seen—

Mr. Rick Norlock: Can you give me an answer in three or four sentences?

Mr. Wayne Wouters: Well, that's very difficult.

Mr. Rick Norlock: Can I help you then? I'm going to lead you along, because time is very short. Even though I'm told the organization I worked for doesn't go along with this management style, I sort of liked participatory management.

The thing I like about participatory management is that the first- and second-line supervisors at the top are told, "We want this kind of efficiency", or "Here's our target. We want to know how to do our job better, and we want to know how to do the job better by the people who actually do the job." They can't change the policies or the laws, but what they can do is tell us how they can do their job better. Do you do that?

Mr. Wayne Wouters: Yes, we do that. I think the deputy heads do this every day. This is something that I think, more than ever, as long as I've been a public servant... I think the attention given by senior leaders in the public service to management has changed dramatically over the last five to six years.

Mr. Rick Norlock: No, but I'm talking about the people actually doing that work. Do you give them an opportunity—some time in the workplace—to plan how to go about achieving the goals that management sets for them?

Mr. Wayne Wouters: I think it's very participatory. Every organization is different, right? Every department has its own chief executive officer who works with his own management team. You could ask my management team if I'm participatory. I think I am very participatory.

Mr. Rick Norlock: No, I'm talking about the people who actually do the work saying that they have to fill out 86 darned forms every year and they think they can give you the same result with 50 forms. If the employee comes up with that idea...do you incent people to do those things?

Mr. Wayne Wouters: Yes, we do. We could do more. I think often when it comes to the administrative burden and rules and procedures, it's the folks at the coal face, those on the ground, who have the best understanding and knowledge of where the problems are.

Mr. Rick Norlock: Thank you. This is very respectful. I don't want to demean the work. Most of the people out there, and especially manufacturers, who I've gone to talk to, in order to keep the people they have working in their plants and offices, have moved to what they call lean manufacturing.

May I respectfully, humbly suggest that you look? We're in a huge economic problem in the world and in this country. I think people need to see leadership from their government. Boy oh boy, would you guys ever score a point with the taxpayers of this country and with the people—especially manufacturers—if you said you were looking at the type of management those folks are doing to keep folks working and that you would like to implement things like lean management and participatory management and look at ways of saving money. That's just something out there that I'm asking you to look at, because that's really important.

Mr. Wayne Wouters: I appreciate your comments.

The Chair: Thank you very much, Mr. Norlock.

Mrs. Ratansi, five minutes.

Ms. Yasmin Ratansi: Thank you.

I'm going to be very specific with my questions. My questions are to Mr. Salgo, to the Auditor General, and to Mr. Wouters as well.

In my previous life, I sat on boards and chaired boards. We were given parameters. We were told what our legal liability was. We were oriented. What I want to know is, what are some of the parameters that you provide to Governor in Council appointees? What is the orientation you provide? What pool do you choose them from? What skill sets are required? Generally, are these political appointees, or could they be appointees from elsewhere?

Keep that in your mind, because I have a question for the Auditor General.

Madam Fraser, in your paragraph 2.8 in the audit report, you said that the first risk you noticed was that “the practices and procedures for the appointment, orientation, and performance management...did not prevent...the instances of serious abuse and wrongdoing”. What was this serious abuse and wrongdoing?

You also found that accountability was at risk due to “a lack of clarity and consistency in relationships”. I have been told by the chair that if you cannot give me your answers because of time constraints, I'd have to ask for written responses.

The last thing I would like to ask is for the Treasury Board. Page 13 of the report states that there were “20 indicators and 84 measures”. However, the secretariat informed us that only four of these measures were applicable and used to assess small entities, and I guess Mr. Norlock was talking about some creativity. Can you give us an idea of whether there's an action plan to reduce the measurements to relevant measurements so that they are more applicable?

• (1715)

Mr. Karl Salgo: I will happily speak to the issue of the orientation of new GIC appointees. I should say initially that when we say “new”, they're not always necessarily new to a role as a GIC appointment. We provide orientation whenever somebody receives a GIC appointment. Their welcome letter indicates that there's an expectation, in fact, that they participate in an orientation process. That orientation process is organized according to a menu, essentially, so that it's tailored to the particular needs of the individual and the organization they're in.

The senior personnel secretariat, one of my colleague secretariats within PCO, would make available to them a list of secretariats within PCO, within Treasury Board, and within other entities within government—a list of resources, essentially, and of assistant secretary and senior level individuals who are available to provide briefings to them, and substantial briefing materials in many cases, in a whole range of areas.

That ranges, for example, in the case of senior personnel itself, from explaining the terms and conditions of employment and their conflict of interest responsibilities to, in the case of the machinery of government secretariat that I'm part of, understanding where their organization fits within the larger framework of government, understanding the way that system works, and understanding things like portfolio coordination and the nature of a public servant's responsibilities in dealing with elected officials. There's a whole scope of things like that, as well as other areas such as management and control and oversight, that are offered by TBS.

There is a whole range of things. Individual GIC appointees do have some capacity to choose themselves what they need, because many of them.... You may have a seasoned public servant who knows a lot of these things or you may have somebody from outside the public sector who is not familiar with all aspects of this and may want more orientation—

Ms. Yasmin Ratansi: So you do give a briefing session on all these aspects?

Mr. Karl Salgo: On all of these things—

Ms. Yasmin Ratansi: What skill sets are required on these boards?

Mr. Karl Salgo: That's a more complex question, which my senior personnel colleagues would be better placed to speak to, but I will say that it varies according to the organization, according to statutory provisions, and according to the judgment, because ultimately they are Governor in Council appointees. They're ultimately ministers and—

• (1720)

Ms. Yasmin Ratansi: What is the pool that they are chosen from?

Mr. Karl Salgo: Again, that will vary enormously, because you're talking about everything from deputy ministers and associate deputy ministers, who are generally drawn from the public service—

Ms. Yasmin Ratansi: The Auditor General says that there is a risk. I just want a quick answer from the Auditor General on the issue of serious abuse.

The Chair: Please be very brief, Ms. Fraser.

Ms. Sheila Fraser: We were referring, I think, more specifically to two cases. There was the Privacy Commissioner in an audit we did in 2003. There was the correctional investigator in 2006. Even previous to that, there was the head of the Canada Labour Relations Board, which would have been in the late 1990s.

Ms. Yasmin Ratansi: Could we have a written response? We will get the action plan anyway, so we'll see then.

Thank you.

The Chair: Thank you, Ms. Ratansi.

Mr. Weston, you five minutes.

[Translation]

Mr. John Weston: To start with, I'm going to tip my hat to my colleague opposite, which doesn't happen often. I very much admire Mr. Christopherson, even though he is an NDP member.

You do a lot of reading. It's also good to be able to take advantage of the experience of a former solicitor general in the context of the analysis we're conducting today.

[English]

To our witnesses, thank you so much for coming and for answering questions as you have done.

I have a very simple question for you, Ms. Fraser. If you were addressing a class of grade 5 students, what would you say is the largest problem that you have identified at this level of governance for small entities? I've read the materials a couple of times now, and today I've seen some of the reports, but I wonder what you would say at that level.

Ms. Sheila Fraser: I think what we see out of this is the challenge that they have, given the limited capacity. They don't have a lot of people. Most of these agencies have very few people working in them. They aren't able to have the expertise and knowledge they need to respond to all the requirements placed upon them. There are a lot of requirements placed upon them.

It's an issue of capacity and requirements. It gives them a great deal of challenge. As was mentioned, some of them are as small as two people.

Mr. John Weston: Mr. Wouters, if you were to answer the question, again for a group of 10-year-olds, what would you say is the one thing you need to address most generally in this area of governance?

Mr. Wayne Wouters: I think it's where the focus of the questioning has been, the reporting burden. When you have two people in an office, or five people, can they be expected to do their job, to fulfill their mandate, and undertake the same level of reporting as the Department of Fisheries and Oceans, which has 10,000 people? It can take a lot of one's time to do what needs to be done.

Mr. John Weston: I noticed that the size of the entities covered in this analysis ranges from two to 500 employees. Is that correct?

I'll come back to you, Ms. Fraser. I wonder if it would be useful to divide that fairly large spectrum into smaller substrata to perhaps, in a more focused way, target some of the recommendations.

Ms. Sheila Fraser: That's perhaps true, although in the report we do indicate that 68% of them have fewer than 100 people, so there are some very small organizations. Even for an organization of 500, to produce 100 reports a year is still a significant burden.

Mr. John Weston: Again I have the same question, Mr. Wouters. In preparing for this meeting and in dealing with these kinds of questions, would you have preferred to be able to focus on one to 20 as a group, for instance, and come out with different conclusions?

• (1725)

Mr. Wayne Wouters: If you look at what we've done over the past year, both in the area of HR reporting and the MAF—a large assessment of the performance of departments—we've said to the small, small, folks, those with 50 people and fewer, that you don't have to send us a report to do your assessment. You don't have to fill out all the templates for the assessment requirements, but just come in for an interview and let's talk about what you're doing to ensure you're managing your resources appropriately. We can then have an assessment on the basis of a conversation, as opposed to heavy reporting.

So yes, I think you're on the right track. I think that is a way to categorize these organizations. The National Capital Commission has about 500 people, and they're regarded as a small agency. It's still small, but they can do more things than an organization with 20 people. It's true that for every hour these people are doing this kind of oversight, it's another hour taken from their mandate. That's what we always need to be cognizant of.

[Translation]

Mr. John Weston: Thank you, Mr. Chairman.

[English]

I have one last question. How would you say morale has gone over the last reporting period as you have done this? I know it's a very subjective thing, but do you think morale has improved or declined as people understand that you're trying to address the gruelling levels of bureaucracy that may be encumbering them?

Mr. Wayne Wouters: I think it's a work in progress. We're not where we need to be. We're only getting through some of the pretty significant initiatives, but I think we have to go further before some of those agencies, particularly the smaller ones, can feel that they're maybe out from under the burden.

So I'm not going to sugar-coat this. We're not at the end of this journey; we working our way through it with them.

Mr. John Weston: Thank you.

The Chair: Madame Faille, you wanted to have something tabled.
[Translation]

Ms. Meili Faille: Mr. Des Rosiers' great enthusiasm has made me think of a question. Can you provide us with the shared services strategy? You said you had made a presentation and a report on the strategy and that people had praised it saying that you were headed in the right direction.

Can you share that report with us?

Mr. Frank Des Rosiers: I don't think I was referring to shared services.

Ms. Meili Faille: What was the report you referred to about? You said you had submitted a report.

Mr. Frank Des Rosiers: I'm talking about the Mazankowski-Tellier Report. That's the Advisory Committee on the Public Service appointed by the Prime Minister, co-chaired by Messrs. Mazankowski and Tellier, which has been conducting proceedings for nearly two years. They first targeted human resources. In their most recent 12-page public report presented last month, which is available on the Prime Minister's website, most of the attention is focused on questions regarding the web of rules. You can read it yourself.

Ms. Meili Faille: I thought it was a report on shared services, that you had conducted an assessment of the needs of the various agencies for shared services, and that a study had been conducted by the Treasury Board. Is there one?

Mr. Frank Des Rosiers: Not in the sense you seem to be describing.

Ms. Meili Faille: All right. That was my question, sir.

[English]

The Chair: Okay, thank you very much, Madame Faille.

What I'd like to do before we adjourn or ask for closing comments is to firm up some things with you, Mr. Wouters. You're going to provide us with a more detailed action plan in response to the Auditor General's recommendations. Would June 30 be okay? Is that fine?

Mr. Wayne Wouters: Yes. Again, I need to look at your recommendation.

I'm just worried about the reporting burden we have, because now in each report we have to have a set of recommendations and an action plan. There's an action plan in the recommendations, so now we have to come forward with another detailed action plan.

Is this going to be annual?

The Chair: No, it's not annual.

Mr. Wayne Wouters: And now every department—and the small agencies too—is going to be required to submit an action plan to Parliament.

● (1730)

The Chair: That's not the case at all. We have declared, by a resolution of this committee, to ask any agency or any department that is subject to an audit by the Office of the Auditor General and that has agreed with the recommendation—they don't have to agree, but if they have agreed—to submit an action plan to us on how they plan to meet the recommendation.

Mr. Wayne Wouters: Is that how this is applied to small agencies? Will there be recommendations that the Auditor General makes to small agencies?

Ms. Sheila Fraser: No, they're recommendations in this report.

Mr. Wayne Wouters: Okay, if a recommendation is made to a small agency, or if the audit covers a small agency, and the small agency says "I recommend...", are they required to develop an action plan?

The Chair: Madam Fraser.

Ms. Sheila Fraser: I will give the example of the last small agency that we did, which was problematic. That was the Office of the Correctional Investigator. I will admit—and the secretariat knows—that they produced a mountain of reports because things were so badly run. We've been asking for this for years. When departments agree with us, they give us a very small text saying they are agreeing and general broad strokes of what they're going to do, but we would expect them to have a detailed plan as to how they're actually going to carry out what they say they're going to do.

Mr. Wayne Wouters: I'm just asking if you want this to apply to small agencies. They will then be required to develop an action plan, an additional report. I'm just asking the committee to consider that as part of its recommendations, because there will be recommendations that are specifically directed at small agencies.

The Chair: Mr. Christopherson.

Mr. David Christopherson: I have a suggestion, sir. Most of us agree this is not that complicated and shouldn't be that onerous. Maybe we can ask Mr. Wouters and Ms. Fraser to meet, and if it's still unclear, sir, you could have access back to us. If you think it's going to put a reporting burden on you—and I hear you—that's fair enough. Then come on back to us, but if you talk to the Auditor General and get a little more clarity around what we're looking for, I don't think you'll be quite as shaken by what you are undertaking.

Mr. Wayne Wouters: Members also have to be aware that we all have internal audit committees now that we have strengthened, and part of the role of the internal audit committee is that we report to them periodically on what we're doing. I'm just saying that overall we will follow through because this is what the committee wants. I'm just asking the committee to take a good look at what you're asking us to do, because you're asking for additional reports here to Parliament, which is just like what we have been talking about today.

The Chair: I'm just going to read for the record the motion passed by this committee:

That all departments and agencies of the federal government that have been subject to a performance audit by the Office of the Auditor General of Canada provide a detailed action plan to address the audit findings and recommendations - including specific actions, timelines for their completion and responsible individuals - to the Public Accounts Committee and the Office of the Auditor General of Canada within six months of the audit being tabled in the House of Commons; and that departments and agencies that are invited to appear before the Public Accounts Committee to discuss the findings of an audit should, when feasible, provide an action plan to the Committee prior to the hearing.

That's the basis we are working under.

Mr. Wayne Wouters: We will add one more report to this number of reports that we need to produce.

The Chair: So be it.

At this point in time, I'm going to ask for closing comments.

Ms. Fraser, the floor is yours.

Ms. Sheila Fraser: Mr. Chair, I would like to thank the committee for reviewing this audit report. The issues we have raised are certainly of great importance and of concern to the small agencies. We heard a lot of frustration expressed by small agencies concerning, in particular, the reporting burden, so I am hopeful that the actions the secretary has outlined will address that going forward.

Hon. Shawn Murphy: Mr. Wouters.

Mr. Wayne Wouters: I think this has very much helped us move forward on some of the issues. They're very clear in the Auditor General's report, and I think we all agree that we do need to act on them. Hopefully we do feel we're making progress, and hopefully we will continue to make progress.

The Chair: Is there anyone else—not the members but any of the other witnesses—who wishes to make any closing comments?

Okay, if we have no further comments I am going to adjourn. But before I adjourn, I want to remind everyone that there is no steering committee on Monday. On Tuesday morning we're having the briefing session with the Auditor General on her March report. The lockup starts at 9 o'clock. The actual hearing with the presentation from the Auditor General starts at 9:30 and goes to 10:30. Then the staff, of course, have to remain here until 2 o'clock, at which time the Auditor General will table her report in the House of Commons.

The meeting that afternoon from 3:30 to 5:30, colleagues, will be dealing with reports.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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