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The Honourable Shawn Murphy

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• (1530)

[English]

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

This afternoon, colleagues, this meeting is broken in two. The first hour will be devoted to hearing from the two representatives from the Treasury Board Secretariat. We're very pleased to have them here. We welcome Mr. Rod Monette, the Comptroller General of Canada, and Mr. Bill Matthews, the Acting Assistant Comptroller General. Both Mr. Monette and Mr. Matthews have been before the committee many times previously, so again we want to welcome them here today. They are going to be here to address the committee's motion on vote 35.

At the end of an hour we're going in camera and we'll deal with two reports. The first one is "National Security", and then we'll do "Managing Risks to Canada's Plant Resources".

Before I turn the meeting over to Mr. Monette for his opening remarks, what I'd like to do is spend a minute approving the minutes of the steering committee meeting that was held earlier today. Those minutes are in front of you.

The two items are about the future work plan of the committee. One of the relevant dates, of course, is Thursday. We have Public Works and Government Services Canada for one hour on each of two subjects. The first hour is to deal with the audio cassettes and their refusal to provide the audio cassettes in their unaltered state, and then we have the procurement process.

As for the one on June 23, whether or not that meeting will take place is anyone's guess. We have Natural Resources Canada. And then the clerk has also in the schedule given some tentative dates for September, coming back here Monday, September 21. The Natural Resources meeting will mostly likely be moved to September 21. You can see a draft. This is only a draft form, but this is to get it going so that the clerk has something to work with over the summer months in order to get the last two weeks in September and most of October scheduled before we come back.

The other item on the steering committee is an annual event, colleagues, that comes up each year. It arises from a request from the Comptroller General to waive the publication of actual details related to certain *ex gratia* payments. That comes up every year, and there are different reasons for this, whether it's payments to people with HIV or they're too long, but that was considered by the steering committee and approved this morning, subject of course to this committee.

Those are the minutes. The chair would entertain a motion for the acceptance of the schedule.

Mr. Christopherson.

Do you have any further discussion or questions?

(Motion agreed to)

The Chair: Thank you very much.

Now we're going to move right into vote 35.

I understand, Mr. Monette, you have an opening statement. You seem to be an awful distance away there today, I can hardly see you down there.

The clerk tells me that this has been set up for the joint committee of finance and industry. As a result, it's much larger, and it's not what we're used to. I take it that it's you down there, so we're going to trust that.

Mr. Monette, the floor is yours.

Mr. Rod Monette (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Mr. Chair and members of the committee. Thank you for the opportunity to appear today to discuss your motion of May 14.

Let me begin by reiterating my respect for this committee and for the work that you do. Mr. Chair, I believe strongly in being helpful and responsive in support of this committee's work. I would like to provide an explanation to the committee in two areas: how a central vote like vote 35 works, and what my role is in relation to reporting financial information.

Vote 35 is a central vote. Central votes include funding required across government for a specific purpose, but which cannot be included in a specific department or agency since the requirements by each organization are not known at the time of tabling the estimates.

[Translation]

The wording of the vote specifies the purpose and the conditions under which the funds may be used. In the case of Vote 35 for Budget Implementation Initiatives, as is the case for all central vote allocations, Treasury Board must approve the allocation of the funds to departments and agencies.

[English]

As I noted in my correspondence to you, Mr. Chair, no expenditures are actually charged to vote 35. Rather, this vote is used to move funds to departmental votes in support of the economic action plan. It is these departmental votes that expenditures are actually charged against. In other words, it is the individual departments that track the actual expenditure information. Vote 35 was created to provide departments with the funds they need to move forward quickly with economic action plan initiatives before the normal supply period.

Under the supply process, Parliament normally approves funding for budget initiatives through supplementary estimates in the supply periods ending June 23, December 10, and March 26. Authority to allocate funds from vote 35 expires on June 30, because we are now into the regular supply process. In essence, vote 35 provides bridge funding to top up departmental votes used in the delivery of programs and spending of funds.

• (1535)

[Translation]

As Comptroller General, my focus has been to work with chief financial officers and chief audit executives to ensure that the right accountability mechanisms are in place.

[English]

With respect to the economic action plan, this includes ensuring that the right audit, financial control, and risk frameworks are in place.

As you know, my office prepares the Public Accounts of Canada, which provide the full and detailed accounting of expenditures on an annual basis. Our system is generally designed to provide monthly reporting. Reporting of expenditures is done at the departmental level so that deputy heads and managers can manage their budgets. *The Fiscal Monitor*, prepared by the Department of Finance, does present the government's expenses at the whole-of-government level approximately 50 days after the end of any given month.

I realize this is a complex process and I would be pleased to explain it in greater detail, if you wish.

The best information available at this time relevant to the motion is how much has been allocated to departmental votes from vote 35.

[Translation]

What I provided to the committee on May 22 was a list of programs in a number of departments that were topped up by Vote 35 as of April 30. This was reported to Parliament through the Supplementary Estimates (A).

[English]

Although my office does not produce these reports, I do have an updated list—which Bill Matthews has—that's current as of May 31 and published on June 11. I would be pleased to share it with you.

With the assistance of my colleague Bill Matthews, I am prepared to answer any further questions you may have.

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

We are going to go to the first round of five minutes each. We are going to try to keep this to an hour, colleagues, so I'm going to ask all members to keep your questions short and to the point, and I'd ask Mr. Monette and Mr. Matthews to keep their answers relevant to the question. If members elect to go for a two- to three-minute rant and then load up with three questions, I'm going to cut it off at the time.

Ms. Ratansi, you have five minutes.

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

I have very specific questions for clarification purposes.

You say there was a specific need for vote 35. That was fine; it was to be used to stimulate the economy within 120 days. As you are the chief accounting officer, I'd like to ask you the following questions: what were the parameters used to allocate the \$1.8 billion you have in the supplementary estimates (A); and what was the process used and due diligence exercised in selecting these departments and programs?

In terms of value for money, I'm just looking at the stimulus. So if we could go to page 3 of your supplementary estimates (A) and look at the Canada Revenue Agency and Canadian Institutes of Health Research, could you give me an idea of how the allocation of these moneys would have stimulated jobs or the economy?

Thank you.

Mr. Rod Monette: Thank you very much for that question, Madam Ratansi.

The due diligence started with Treasury Board, the actual cabinet committee there, which approved the terms and conditions. That means all of the eligibility criteria for the budget initiatives.

Ms. Yasmin Ratansi: What were the eligibility criteria? If you don't have them, could you supply them to us? I don't need them now, if you don't have them.

Mr. Rod Monette: It would depend on the various programs, or whatever the programs were. For example, if it were an infrastructure program, it would say who could do those particular projects. That would be the first step.

Once those program terms and conditions are satisfied, the next step is for the chief financial officers and audit executives in every department to ensure they have put in place review mechanisms and to ensure that the documentation is processed, so that people are actually signing off and putting in place the right documentation for all of the decisions made.

Vote 35 was really to bridge a time gap between April 1 and the end of June. So the chief financial officers would look at their cash requirements and then have to sign off on a statement saying they had a cash requirement for that period. They would then submit that to the Treasury Board. That would also require full approval by the Treasury Board cabinet committee, and it would go through our normal vetting process; we would have analysts look at it and so forth.

● (1540)

Ms. Yasmin Ratansi: Specifically, for the Canada Revenue Agency and the Canadian Institutes of Health Research, there's \$8.5 million and \$6.9 million. Could you help me understand this? I was supposed to stimulate the economy. I understand it was bridge financing, and I am fine with that, but the purpose was to stimulate the economy and to create jobs. I'm just at a loss to see these allocations. I listened to what you were saying about terms and conditions, and I can't seem to reconcile the two.

Mr. Rod Monette: Thank you.

I must say I'm not an expert on those particular programs, and—

Ms. Yasmin Ratansi: I wouldn't mind if you could send a written response to us later. That's fine.

Mr. Rod Monette: I would be pleased to do so.

Ms. Yasmin Ratansi: I have another one.

How much of the money that you have allocated do you know has been drawn down? I understand you have a financial management reporting system that can tell you what departments can draw down on. Could you tell me if anything has been drawn down on that \$3 billion?

Mr. Rod Monette: That exact question I can't answer, because the financial systems in the departments collect that information. Although we do have a Receiver General for Canada who collects summary information, the coding for those expenditures is in the departments, so it's the chief financial officers in the departments who would have that information.

What I can tell you is that they've all signed off on the fact that they do need that cash and that they need that money.

Ms. Yasmin Ratansi: When will it roll up? When it is utilized, will it roll up to the main financial system? Once the departments utilize the money, expense it, will it then flow right into your central financial system?

Mr. Rod Monette: Actually, in most cases it won't, and I'll have to explain why.

The reason is a bit technical. The coding in the system is like putting a flag on the expenditure to say that it is a budget expenditure. You don't normally put those flags in the government's big system for something that's going to last a year or two, because it's a significant machinery change. That exists at the departmental level, in their systems, so you need to take the departmental information and then roll it up, almost through a manual process, to get that information.

Ms. Yasmin Ratansi: Then I have a last question for you. Out of the 2008-09 budget, would you know how much lapsed, and would you be able to give it to us by department? How much was lapsed and sent to the consolidated revenue fund?

Mr. Rod Monette: I don't have that information in my office. There's an expenditure report that's prepared by the expenditure management group at Treasury Board Secretariat. They prepare that information. To my knowledge—and correct me if I'm wrong, Bill—I don't believe that report has been prepared at this point.

Mr. Bill Matthews (Acting Assistant Comptroller General, Financial Management and Analysis Sector, Treasury Board Secretariat): No, you're right.

I'll add a couple of clarifications on that point. The financial results—including spending by departments against appropriations, which then drives your lapsed number—get finalized over the summer. We're in the process of having the books closed and audited by the Auditor General, etc., so those numbers are not yet final. That's point number one.

I'd like to come back to your first question on the two items about economic stimulus that you mentioned from page 3 of the supplementary estimates. It's just a clarification about eligibility for vote 35. If you look at the wording of the vote, you'll see that any initiatives announced in the budget are eligible for this funding if a department feels that it needs the cash to get going.

The CRA example is around getting in place a new tax program related to the home renovation money. The department had a new initiative that was announced in the budget; the department came forward and said that they needed some money to get this work going, and that's the logic for it.

As long as it was a new initiative that was announced in the budget, there was not already authority for it, they couldn't manage with existing cash, and it was within the legal mandate of the department, they're eligible for vote 35. I just wanted to add that clarification for you.

Ms. Yasmin Ratansi: Thank you.

The Chair: Thank you, Ms. Ratansi.

Madame Faille, *vous disposez de cinq minutes.*

[Translation]

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): It is always difficult to be second when the first asks such specific questions.

Mr. Monette, we want to be able to see where the \$3 billion that departments have just received goes. At certain times of the year, they are all required to report to us about their progress towards meeting the objectives that they have set for themselves.

Could you advise the committee on how best to measure the effectiveness of this initiative, which does not appear to be a normal one? I feel that, at present, the committee's objective is to follow the money, to make sure that the process works and that the specific measures produce results.

Departmental performance reports are perhaps not in your area, but they are in ours. So I would like to know if there is an understanding, or if we can have the expectation, that departments will report publicly on their use of the funds.

● (1545)

Mr. Rod Monette: Thank you very much, Ms. Faille.

Yes, absolutely. Departments must report on the effectiveness of their resources from the budget. Effectiveness reports are found in departmental performance reports. For example, if we want an idea of the effectiveness of the infrastructure program, we need to know that one or two departments use the majority of the program's funds. Given that the resources are concentrated in that way, it would be good to sit down with the representatives of those departments, here or in another committee, and ask them what their measures of effectiveness are. For the public accounts, Mr. Matthews is thinking of ways in which information on budget use can be clearly presented.

Ms. Meili Faille: So we would be well-advised wise to ask the departments that have received these extra funds if we can look at their performance reports.

Mr. Matthews.

Mr. Bill Matthews: I will give you more details about the public accounts, but I will do so in English, because it is a little technical. [English]

If you think about the financial statements, you have three areas in which you can provide additional disclosure. You have something called subsequent events, which is for something that has happened after year-end but is still important enough to talk about. In years gone by, we've used it to disclose information on sale-leaseback transactions, etc. That's one opportunity.

We do have a note on significant transactions. If there has been a transaction or an event that's big enough to warrant separate discussion and disclosure in the financial statements, it gives the government the latitude to do that. In addition, volume 2 of the Public Accounts of Canada contains a full listing of allocations from central votes to departments. You will see that when the time comes around.

Finally, on top of all of the financial information in the Public Accounts of Canada, there's a section called "Financial Statements Discussion and Analysis". It's the first section of the public accounts themselves. It often talks about the financial situation of the country, the results achieved, and the economic situation. That would be a good chance at a macro level to discuss that. That goes on top of the departmental performance reports, which you've already flagged.

[Translation]

Ms. Meili Faille: But this data is only available once the year is over. Is that correct?

Are there no management tools or reports that let us see the status at the moment?

Mr. Rod Monette: We are thinking of adding up-to-date information to the public accounts that you will get in three to five months. So, then, there will be no more time lag.

[English]

The Chair: *Merci beaucoup, madame Faille.* Thank you, Mr. Monette.

Mr. Christopherson, you have five minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you, Chair.

Thank you. It's good to see you both again.

It seems to me that through this whole piece there have been two aspects, and I'm talking as much to colleagues as to our witnesses. The two aspects were the request itself and the question of whether or not we got everything we asked for, and if not, why not, and where that leaves us. The second piece would be what information we got, what it tells us, and what we want to ask questions about. It's difficult to get to the second one because we never really got past the first one, so I want to return to that whole issue. It's very complicated, and I'm going to need you to explain it in the language of a layperson.

As I understand it, the government claimed a need for this special fund for the reasons that Mr. Matthews stated, and there were other reasons the money needed to be there, or was that exclusively why? I wanted to ask that. Could they access the money only if it was a new startup program and they needed to get going, and there was nowhere else?

• (1550)

Mr. Bill Matthews: You have to look at the actual wording of vote 35, but from memory, it's around new budget initiatives.

Mr. David Christopherson: So that is expressly what it's for, and it's only for that. Okay, I got that.

There was a vote 35. We've asked for the expenditures on that, and your response, if I understand it, is that there aren't really any expenditures as a result of that vote. That vote authorized the expenditure of what other votes contained.

Mr. Rod Monette: That's correct.

Mr. David Christopherson: I'm saying it, but I'm not even sure what I'm talking about—

Mr. Rod Monette: That's correct.

Mr. David Christopherson: The one vote accessed those other votes, and the permission that was given for that expenditure was allowed to be made by the \$3 billion fund if it fit those criteria, so our request was for all of the expenditures that are being spent under vote 35. Your answer was that "because it comes under all those other votes, I can't do that". The chair responded this way, and I'll quote from his May 27 letter:

While expenditures may not be incurred against Vote 35, this vote is being used to support expenditures through other votes. Also, the Supplementary Estimates and the quarterly reports will be less frequent than the Committee had requested. Thus, the Committee would still like to receive weekly reports of what expenditures are being supported by Vote 35, even if those expenditures are incurred against other votes.

In plain language, what is your response to that, please?

Mr. Rod Monette: You got it exactly right, Mr. Christopherson. I think it's actually about 30 or so votes in different departments. I don't have the expenditure information on those 30 votes. I do have what was moved from vote 35 to those, but I do not have the information on the rate of spending on those appropriations. I just don't have that information. That's basically in the departments.

Mr. David Christopherson: Those tallies wouldn't be anywhere right now?

Mr. Rod Monette: They would be in the departments.

Mr. David Christopherson: And you can't access them?

Mr. Rod Monette: Well, what you could do is ask the chief financial officers to report on that in their departments, and you could do a manual roll-up on that.

Mr. David Christopherson: You couldn't do that, sir?

Mr. Rod Monette: I could. There's actually a group at Treasury Board Secretariat that does some of that. It's not in my office. It's the expenditure management group. In preparation for the budget reports, they do have some of that through April, but to my knowledge, that's the most current information they have.

Mr. David Christopherson: Here's my concern. I'm trying to get at the root of it. This was a dicey one for us as to whether it's germane to our mandate or belongs elsewhere. That's partly why I'm trying to suss this out.

The concern is that you're telling me it's sort of there, and there are some mechanisms to get at it, but you're not necessarily the one. That begins to feel like resistance, and that's always a concern. Again, if it could be found—you said there are some means—that sounds like a technicality, and that on a technicality there are no expenditures on that vote, so “Here's your letter and technically I don't have to do anything”. That always ruffles us the wrong way.

• (1555)

Mr. Rod Monette: I didn't want to make it sound like you didn't ask the question the right way so I'm not going to give you anything, because I don't think that's right. I figured the—

Mr. David Christopherson: That would obviously be one of your points.

Mr. Rod Monette: The allocation information out of vote 35, I figured, would be what you want. We do have the report here as at May 31. The next one will be the end of June. But I figured that at least that will show you the programs that it's going to, and then we can talk about how the due diligence is being done in those programs.

Once the money gets into those votes in those departments, it goes into our regular system. All the due diligence, the reporting in the departments, the documentation, the controls, and all of that happen when that money is moved. An allocation is like moving it within the government, whereas an expenditure is when it goes outside the government. It won't go outside the government until the department gets it.

So the way you said it at the beginning is right.

The Chair: Thanks very much.

Mr. Saxton, for five minutes.

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

Thank you, Mr. Monette and Mr. Matthews, for coming in today.

My first question is to Mr. Monette, the Comptroller General.

You've made it very clear in your correspondence to the chair that it is not within your capacity to provide the information as it was requested by the motion, because you don't process the information yourself. It's processed within the department. Is that correct?

Mr. Rod Monette: That's correct.

Mr. Andrew Saxton: Okay. So you couldn't possibly have answered the question as it was posed in the motion.

Mr. Rod Monette: That's true, and thank you, Mr. Saxton, but I did want to give the allocation report as well to at least give you something, so that you had that.

Mr. Andrew Saxton: Right. I want to point out as well that you did what you thought was correct. On May 22 you provided us with annex A of the supplementary estimates to try to help answer the questions that were being asked. Also, you provided the quarterly budget report as of May 31 in your last correspondence to the chair. You did what you could to try to provide information that was available to you at the time.

Mr. Rod Monette: Yes, that's correct.

Mr. Andrew Saxton: The motion requests “a report on expenditures approved from this \$3,000,000,000 appropriation”. In the chair's letter of May 27, the chair requests “reports of what expenditures are being supported by Vote 35, even if those expenditures are incurred against other votes”. In your opinion, is the chair's request different from the motion that was tabled on May 14, when it says “even if those expenditures are incurred against other votes”?

Mr. Rod Monette: I guess I wanted to take the most generous interpretation of it and see if we could get information on the votes in departments, but we don't have that information. I don't mean to disrespect the wishes of the committee in any way, but I saw the initial motion as being focused on vote 35.

Mr. Andrew Saxton: Right. It's very clear in its interpretation that it is.

The Treasury Board president said, in his letter to the chair: “I submit to you that this request is notably different than the information requested in the motion passed by the Committee on May 14, 2009 and I will be reviewing the authority of the Committee on this matter.”

Mr. Chair, is it within your mandate to try to change a motion partway through?

The Chair: No, but the definition of an expenditure is the action of spending funds—the amount of money spent. That comes from the verb “expend”, meaning to spend or use up money or resources.

Say you and I have a joint bank account of \$2,000. You legally transfer that \$2,000 to yourself and spend it on a new bicycle. If I ask you whether you spent any of that money in our joint bank account and your answer is no, then we're kind of playing with words. In actual fact, you transferred the money from one bank account to another bank account and spent it. I appreciate that it's complicated, but that's where I'm coming from. It goes right back to the definition of expenditure.

Mr. Andrew Saxton: But with all due respect, the motion was extremely clear that it referred to expenditures under vote 35. In your correspondence to the Comptroller General you added, “even if those expenditures are incurred against other votes”.

From my interpretation—and correct me if I'm wrong—you have amended the motion without coming to the committee and discussing it with us first. You took it upon yourself to amend the motion, and that's what I am looking at right now.

The Chair: Again we're going back to the definition of expenditure. My definition of expenditure in the example I indicated is taking money from one pot, moving it to another pot, and then spending it. But to say that no money has been spent from pot A is not technically correct. I understand from Mr. Monette that he doesn't know how much has been spent and he has no way of finding out.

Is that correct, Mr. Monette?

• (1600)

Mr. Rod Monette: On the amount spent in the individual departmental votes, I do not have that information. That's recorded in the departmental financial statements, and that's where it's coded. So I don't have that information.

Mr. Andrew Saxton: I have no further questions.

The Chair: Your time is up.

On a point of order, go ahead.

Mr. Terence Young (Oakville, CPC): Chair, I also think your letter significantly amended the motion. It's like a new motion to me.

The Chair: We'll bring that up later. It's not really a point of order.

Mrs. Crombie.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): Hi, Mr. Monette. Thank you for joining us today.

We have heard conflicting reports on what percentage of the stimulus package has been spent or committed. In fact, the government is running ads indicating that 80% of the money has been spent or committed—we aren't sure. We've also heard it from the President of the Treasury Board. Yet you aren't able to tell us today how much of that money has been spent. How can they give us those assurances and put that information in advertisements?

Mr. Rod Monette: It's not a report that my office prepared or had input into, but I believe the process—

Mr. Andrew Saxton: On a point of order, Mr. Chair, we're here today to question the Comptroller General about the motion that was put forward on May 14. Spending 80% of the stimulus package has nothing to do with the motion on May 14 that we're dealing with today. So I think this is introducing information, and that's not the purpose of today's meeting.

The Chair: To be quite honest, Mr. Saxton, I wasn't listening to the question. What was the question again, Ms. Crombie?

Mrs. Bonnie Crombie: I was asking, since we've had such conflicting reports on whether the money has been expended or committed to, and since the government is actually using that information in their advertisements, whether or not the Comptroller General can confirm that the money has been drawn down. He says he can't confirm it, yet the government is using that number in advertisements.

The Chair: We are here, Ms. Crombie, to deal with vote 35, but as I understand the comptroller, he said he has no mechanism to find out how much has been spent.

Mr. Andrew Saxton: On a point of order, he did not say he doesn't know how much has been spent. He said he doesn't know the individual allocations. He knows how much is going to each department. He doesn't know how much—

The Chair: We're going to let the comptroller speak for himself on that issue.

Mrs. Bonnie Crombie: He said he knew what was allocated, not spent.

I will ask my second question, and perhaps you could answer both, because my time is limited.

Department officials have told us that through the central financial management reporting system, that is updated on a monthly basis. So can you provide us with the information that we requested, and can you provide us with more updated information? How soon can you do so?

Mr. Rod Monette: This is the information that the Receiver General has, and I believe that request has gone over to the Department of Public Works and Government Services. I'm not sure how they've responded to that, Madam Crombie. It's actually their information.

I can explain to you that because the coding of budget expenditures is primarily at the departmental level, the Receiver General's information won't necessarily be capturing all of that information. The reason for that is that the Receiver General is a big system. It brings in about 150 different organizations, and there are something like five million transactions a day. It is a huge database, and you don't make changes to that for something that is going to last for a year or two, so the coding for departmental expenditures on budget is actually at the departmental level.

With respect to your specific question on the request to Public Works, I'm searching my memory banks. I may have seen something on that in the last day or two. That request has come through the operations committee, which is considering it, but I haven't seen anything more on that. I think it has gone to the Department of Public Works to be dealt with.

• (1605)

The Chair: You have 40 seconds. Go ahead.

Mrs. Bonnie Crombie: I don't know how quickly you can get that information to us. We feel that you are perhaps operating in the blind. But I'll move on to my next question quickly.

The stimulus package was \$3 billion. It was an unprecedented amount of money. We voted on it. We had also approved the budget, but we also know that there was at least \$12 billion in lapsed funding, and we are wondering if that money could not have been used.

The purpose of the economic stimulus plan was to create jobs, and so we want to know from you if jobs have been created through the stimulus plan.

Mr. Rod Monette: The \$3 billion in vote 35 was actually just a very small part of the package, as I understand it. There was the Budget Implementation Act, which was several billion dollars, and a number of other pieces.

The actual job information is not information that I collect, so I'm afraid I don't have job information. The departments that do that work should be keeping that information.

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

Mr. Shipley, go ahead, please, for three minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much for your attendance.

I'm just listening to all the comments that have been made. You say that you allocate the funds to a department. The department takes those dollars and they make some priorities for their spending. Concerning the information that you gave us the other day on, for example, the knowledge infrastructure program, shown on page 4, on which a number of announcements have been made.... In fact, an announcement I was a part of concerned an area outside of my riding, not in a Conservative riding. It put some millions of dollars of infrastructure into the trades, under transportation, at Fanshawe College in the city of London. I can tell you how important that is and has been.

When we get those allocations going out to departments, how are they going to be accountable? Can you tell us? I think there is some concern about the accountability for the money.

I have been fairly straightforward with my constituents. Actually, we have changed how we're doing things, so we want to make sure we track it so there is accountability for the funds, so that it is not the way it used to be. Can you help us understand how that money is actually going to be tracked and flagged, as you said at one time?

Mr. Rod Monette: Thank you.

When the money leaves vote 35, it basically tops up the votes in the departments. Once that money is in the departmental votes, it's in all the normal systems we have. For example, when it's in those departmental votes, all the work done around making sure there's the right documentation, that people are complying with the Financial Administration Act, and that all the sign-offs are done comes into play.

As well, we've talked to the Auditor General about how to make sure we have all the right audit criteria up front and that people are looking at the eligibility criteria and figuring out whether they have all the right processes to make sure that only things that are eligible are being funded.

We've also looked at the agreements being signed. One of the things you really want to do in a package like this is make sure the hook's in the money, as I call it, so that if there ever is a problem, you have recourse and you have ways of fixing things and of making sure taxpayers' interests are being protected.

So there's a whole set of mechanisms around financial management and audit that my office has been very involved with to ensure that this kind of management is in place.

The Chair: Thank you, Mr. Shipley.

Monsieur Desnoyers, trois minutes.

[Translation]

Mr. Luc Desnoyers (Rivière-des-Mille-Îles, BQ): Thank you, Mr. Chair.

I am a little overwhelmed by all this too. Three billion dollars were handed out in the House between April and June. This is what we call Vote 35. Money has been distributed. In your text, you said that, as Comptroller General, your focus has been to work with chief financial officers and chief audit executives to ensure that the accountability mechanisms are in place.

Does this let you get at those accountability mechanisms?

• (1610)

[English]

Mr. Rod Monette: Yes, in fact—

[Translation]

Mr. Luc Desnoyers: In other words, you are saying that the accountability should already be there, say, for the amounts that went to VIA Rail, or for repairing the Champlain Bridge in Quebec, because money has already been spent.

Mr. Rod Monette: The chief financial officers in the departments have to ensure that all the mechanisms and all the accounting are in place in the department. Our office, on the other hand, tells the departments what the rules and the process are. They then have to follow the process.

Mr. Luc Desnoyers: You told me that they have to be accountable to you. Would it be possible to provide us with what departments have provided you with on Vote 35?

Mr. Rod Monette: Yes, we have good accounting processes. Absolutely.

Mr. Luc Desnoyers: Did you understand what I was asking? Are you going to provide us with the information on Vote 35 that you received from the departments?

Mr. Rod Monette: Yes, absolutely. We would be happy to provide you with that management framework.

Mr. Luc Desnoyers: I just want to be sure that you understood my question.

You have told us that you have put in place accountability mechanisms for various departments. They have to report their expenses to you. Can you provide us with what you have already received?

Mr. Rod Monette: Okay. Let me switch to English, if I may. Excuse me.

[English]

We put processes in place that the chief financial officers must follow, and they follow them, but they're responsible for the accounting of their expenditures in their departments. That's not information I have. We expect them to do it at the departmental level.

Can I explain why that is, Mr. Chair? I apologize for taking extra time.

Normally our office isn't concerned with the rate at which an appropriation is used. It's not something we would normally be concerned about. We want to make sure it's done right and that people follow the rules and respect the Financial Administration Act. As to whether they do it at a certain speed, as long as it's done right, we let the departments do it. We tell them that they'd better not exceed their appropriation, because that's very bad. That is a serious offence. We also tell them that they have to comply with the Financial Administration Act. But the rate at which they spend it is usually their responsibility.

There are 150 organizations out there. We let them manage. The accounting officers in each one of those departments is accountable, so they must do it right.

The Receiver General does roll up information, but in this case—and I know you're interested in the budget expenditures—the coding in the system doesn't allow you, at the Receiver General level, to pull out all that information. Most of that coding is at the departmental level.

I'm sorry. It's a bit of a technical explanation, but I can't think of a better way to say it. I'd be happy to give you the frameworks and the work we've done with the audit community and the finance community and so forth. I'd be pleased to do that, Mr. Desnoyers.

The Chair: Mr. Weston is next, for three minutes.

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

I feel at a great disadvantage listening to you, Mr. Monette and Ms. Ratansi, as you speak in all of these accounting terms. That's my problem; it's not your problem.

Can we start with a simple question? You said a minute ago that the numbers for the June 11 quarterly report—which is annex A in one of the letters you sent, and which is also part of the Canada's economic action plan document—didn't come from your office. Can you tell us where the numbers would come from for this material, your annex A allocations from vote 35?

Mr. Rod Monette: Yes, thank you.

In Treasury Board Secretariat, there's a group called the expenditure management group. They report directly to the Secretary of the Treasury Board. They do the estimates. So they do, for example, the report on plans and priorities, the departmental performance report, and they're the ones who would actually keep track of those allocations. So I got that information from them. Those are the folks who do that.

•(1615)

Mr. John Weston: Okay, so it's a separate government department under the Department of Finance?

Mr. Rod Monette: It's under the Treasury Board Secretariat. That's correct.

Mr. John Weston: Now again, assuming I was explaining this to my 12-year-old son, there's a difference between expenditures and allocations.

What we have in your annex A is money that went to these departments. For instance, the first thing is, at Environment Parks

Canada Agency, \$9.9 million for improvements and upgrades to national historic sites and visitor facilities. Just correct me if I'm right or wrong. That doesn't mean the money was spent; it means the money went in an envelope to that department, which would then allow them to begin expending those funds. Is that right?

Mr. Rod Monette: That's correct. The money would be moved to them and put in their votes. So it's like a movement within government.

Mr. John Weston: Right, okay. We saw a whole list of these things. A glance suggested about 25 different envelopes, if you like. Then my colleague Mr. Shipley just mentioned that, for instance, he was involved in an announcement, so that announcement would have been an expenditure. That would go from allocation to expenditure, when the money is actually being expended in the so-called shovel-ready implementation. Is that right?

Mr. Rod Monette: Yes, that's correct.

Mr. John Weston: Okay. And if this hadn't been approved, if vote 35 hadn't passed, then the \$3 billion wouldn't have allowed all these departments who received the allocations to start making the expenditures?

Mr. Rod Monette: What it would have meant is that a number of departments would have had to wait until June before they got their money to start doing things.

Mr. John Weston: Right.

Your role here isn't to comment on policy, but presumably when the Liberals and the Conservatives voted to get things moving through this \$3 billion, what was happening here was exactly what was supposed to happen. Money was moved into envelopes so it could then be expended. Even though Ms. Crombie and others have asked about the jobs, the jobs obviously wouldn't be happening without that expenditure relating to those programs.

Mr. Rod Monette: Yes, it's a cash management tool to allow the departments to have the cash, say, starting in April as opposed to having to wait until June or, in some cases, even December.

Mr. John Weston: Right. So you got things going faster than they would have without that vote 35?

Mr. Rod Monette: That's correct.

The Chair: Thanks, Mr. Weston and Mr. Monette.

Mr. Christopherson, for three minutes.

Mr. David Christopherson: Thank you, Chair.

I've got to tell you that my sense is that this whole process is going to come to a four-wheel screeching halt, and I think there's a lesson here for us, because we knew we were getting close to something that was more operational than review. We've got two of these in front of us, this one and the Royal LePage one, where we weren't sure; we thought it was that....

One of the lessons I'm getting is that even when you're close to that, call it the other way, because we've gotten ourselves twisted up into all kinds of different shapes here over something that, at the end of the day, we're not going to get. At best, there are two more meetings of this committee left. At further best, the whole thing is done on June 30. So the whole idea of monitoring it with a guarded watch on the thing fell apart.

I have to tell you that I'm not hearing anything from Mr. Monette that is problematic. It feels a bit like splitting hairs to me as a layperson, but I understand where you're coming from. I don't get a sense—and I watch for these things—that you're trying to play any games. If anything, you're bending over backwards to show us you're not doing that. We're not even debating really any longer what might have come from those reports. So I'll listen, and if there's further action I'll weigh it out, but the lesson for me in this was that we should try to stay away from even getting close to things that are operational. We are very much a committee of accountability.

The AG is going to go in there, and that's where I'm going to have a question, and my question is going to be this. What other procedures have been put in place that are going to give us the kinds of review that help you sense what we were looking for? It will come to us after the fact but will be done thoroughly. So by doing this unique method, our concern is that nothing untoward was done during the questionable space between what we normally do and the way vote 35 happened this time. Those are my thoughts, and my question would be, what further accountabilities are built into all of this that will eventually find their way back to us and therefore to the public?

• (1620)

Mr. Rod Monette: Thank you, Mr. Christopherson.

As you point out, the Auditor General will be doing an audit, and they're not going to wait until.... We're actually into the public accounts for 2009-10 now. So that audit would normally take place not this summer but next summer.

Mr. David Christopherson: May I ask you whether she has specifically said that will include the vote 35 ?

Mr. Rod Monette: Absolutely. So she's going to do it even though it's not in the year; she's going to look at it. She's doing it right now, as a matter of fact. Treasury Board Secretariat has an internal audit on vote 35.

Bill is looking at—even though it's not in year, because it's starting the next year—what will go in the public accounts for 2008-09 in terms of disclosure after the year end. It will be in the departmental performance reports. When we get into next year's public accounts, it'll have a full detailing in all of the three volumes, just like all the other expenditures. It will have, in my view, as much as any other estimate.

Mr. David Christopherson: I have one last question and then my time will be up.

I thought Ms. Crombie asked a really good question, and personally I thought it was in order. I always respect the chair, and if he jumps in, I'll deal with it then.

The question was this. If you don't have access to all that information to give us what we were looking for in the way we wanted it, how was the government able to come up with the numbers they used to make the statements they did about expenditures? How come they could do it? I'm asking; I'm not in any way attacking. I thought it was a great question. How could they do it when we couldn't seem to do it?

Mr. Rod Monette: Well, I know that in the latest update there is information on activity commitments and so forth. The Department

of Finance has collected that in dealing with departments, and my office wasn't actually part of that process.

I know they had a lot of dealings with departments. I know that expenditure management group at Treasury Board Secretariat was also involved in helping provide that information. So I do know they had some liaison with departments on that.

Mr. David Christopherson: Again, you weren't able to do that, though?

Mr. Rod Monette: It just wasn't something.... Again, Mr. Christopherson, to explain why I wouldn't be involved in that, my office wouldn't normally, and we haven't been in the past, concerned with the rate at which an appropriation is made.

Mr. David Christopherson: Yes, I got that point.

Mr. Rod Monette: And that's really the reason. We want to make sure it's done properly, but whether somebody does it at a certain speed isn't something we would normally be concerned over.

Mr. David Christopherson: Understood. Thank you.

Thank you, Chair.

The Chair: Just to follow up on that, Mr. Monette, I want to clarify that issue going back to the motion.

What you're saying—and correct me if I'm wrong—is that you have a clear record of the allocations taken from vote 35.

Mr. Rod Monette: That's correct.

The Chair: And these allocations are transferred to other votes.

Mr. Rod Monette: That's correct.

The Chair: But once they get to the other votes, your department doesn't know how much money has been spent.

Mr. Rod Monette: We will know when the public accounts are done.

The Chair: That won't be done until some time in 2010.

Mr. Rod Monette: That's right, but the departments have it. I wouldn't want to give the impression that there's not anybody doing it, because the chief financial officers in those departments do it. But my office wouldn't normally collect that.

The Chair: Do you have any mechanism to get that information?

Mr. Rod Monette: The only way to do that would be to go out to a couple of dozen departments and get them to do manual reports that could be combined in a manual kind of process. That's the way you would have to do that.

The Chair: Do these departments and agencies do weekly or monthly reports?

Mr. Rod Monette: I'm not aware of any departments that would do anything weekly—it just doesn't happen that way. But I would expect them all to do monthly reports.

The Chair: Do those monthly reports make their way to your desk, just for the expenditures?

Mr. Rod Monette: No, they don't.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Mr. Chair, on this issue, there's a difference between past and present. In most cases, government ops deals with the present. Public accounts deals with the past to make recommendations for the future. It is my understanding that your question is being dealt with in government ops. They have exercised the option of bringing some departments before government ops to ask them to report on this spending. That is not the purview of this committee. That is the purview of that committee.

I think Mr. Monette has made that clear. Am I correct?

The Chair: You're correct that there's no point in both of us doing it. I agree with you there. If they're doing it, I certainly hope we don't do it.

Do you agree with the four points, then? The information is available. The *Fiscal Monitor*, how does that come about? Do you do that, Mr. Matthews?

• (1625)

Mr. Bill Matthews: I will speak to how the central consolidation system works for government, because it drives both public accounts and there's a link to the *Fiscal Monitor*. The departments submit their trial balance, and they report monthly to the centre and the Receiver General. The Receiver General assembles these data.

Just to drive home the example, that's a very high-level system that's built to support consolidation of 150 entities. What we track is departments, something about the votes, and the general ledger code. That's pretty much it. Take National Defence. From a Government of Canada perspective, we care that we have buildings, vehicles, or aircraft as fixed assets. I'm using some loose categories here. If you're a CFO at National Defence, you're tracking tanks and a whole list of different types of vehicles. It's far more detailed at the department than what we care about at the centre.

That's the distinction between a departmental financial system, for which the CFO would have details, versus what we receive at the centre. It's that process at the centre that drives up the *Fiscal Monitor*, which is a Department of Finance publication.

The Chair: Mr. Young.

Mr. Terence Young: I guess we've learned the difference between an expenditure and an allocation, though I'm not sure it matters much to my constituents. Vote 35 has been very important to my riding of Oakville. My announcements are all based on the allocation and the beginning of the implementation. We've announced \$54 million in much-needed projects in Oakville, which, matching funds with the province and the town, will be about \$162 million to help create jobs. There's \$15 million just for students in Oakville, for a new campus in Mississauga to expand Sheridan College; \$15.2 million will go to create 1,000 parking spaces at the Go Transit, which is about 12 years overdue; \$8.3 million will give the homes in west Oakville a new waste water treatment plant to replace one that was built in the 1950s. All told, there are hundreds of people, maybe thousands, who are going to get work out of all this economic activity.

So I guess I'm going to have a little trouble going back and explaining to them whether it's an allocation or an expenditure. But as long as the money flows, they won't mind. The talk that has been

going on with the leader of the official opposition this week is pretty stressful for them. I'm hoping that everything goes well on Friday and the opposition members vote to proceed and do what's happening in Oakville right across Canada.

I would like to ask Mr. Monette how many person-hours of work or full-time equivalents it would take to produce these weekly reports if this motion were properly worded and it said "supported by" instead of whatever it says? What might that cost?

Mr. Rod Monette: I have to say that in my experience doing a weekly report is almost.... I wouldn't say it's impossible, but when you get into a big organization right across the country, to do something weekly means that you need to have people inputting into the system on a weekly basis. My experience has been that it's not very accurate.

So as for weekly reports, I'm not aware that anybody does them in departments for the most part, but I would almost say that it's not even really a matter of resources, although it would be a huge amount of resources and I would have a hard time guessing what that it might be. But I don't think it would be very accurate. So that takes you to the monthly. That's why people do monthly reports.

On the monthly, every chief financial officer in their department is supposed to make sure that they do their accounting properly, and they should be looking after their budget expenditures. If you had to build a system to do that automatically, to pull that up, you could use the Receiver General system, I suppose, but you'd have to go....

I know I'm not getting to your question very directly, and I apologize—

Mr. Terence Young: You're actually being very helpful.

Mr. Rod Monette: I'm kind of guessing that it would be in the millions of dollars anyway, but I would really need to have a look at it, because there is some infrastructure there now. We do have the Receiver General, and they do data collection at a government-wide level. But to figure out in this particular case how you would change the coding at the government-wide level, fix that up, and do that, I think it would be a pretty significant exercise.

• (1630)

Mr. Terence Young: Okay.

Thank you, Chair.

The Chair: Ms. Ratansi, you have three minutes.

Ms. Yasmin Ratansi: Thank you.

I'd like some very quick clarification. As the Comptroller General, do you have access to the central financial management reporting system?

Mr. Bill Matthews: That's maintained by the Receiver General. I do get reports on a monthly basis from that, and my staff do have access to the database.

Ms. Yasmin Ratansi: Okay. So again, if you're getting it on a monthly basis, can we have the current information that you have on your system regarding the amount of money per department that was lapsed? It's very easy to get it.

Mr. Bill Matthews: I believe this motion was debated at OGGO this morning. As we discussed earlier, the system itself is maintained by PWGSC, the Receiver General, so it's not for me to—

Ms. Yasmin Ratansi: So they won't give you access to it?

Mr. Bill Matthews: I have access to the data. It's not my data to release, though.

Ms. Yasmin Ratansi: Okay, it's not your data. So that's the technical issue—

Mr. Rod Monette: If I may, I'll also add something. Correct me if I don't have this right, but my understanding is that this database shows all the expenditures, and I don't believe it actually shows the amount of the vote. So to figure out how much is lapsed, you need to know the difference between the two.

Ms. Yasmin Ratansi: No, no, lapsed 2008-09.

Mr. Rod Monette: Yes, but even that.... I don't think it's recording the vote amount, so that database itself won't give you the amount of the lapses.

Ms. Yasmin Ratansi: Comptroller General, in order to ensure financial stringency, due diligence, etc., what would you do to change this? The systems adapt. You can have information at the tip of your fingers because you are giving advice to the government. You need to know what is being spent and how much money the government has.

You do not know what lapsed, so it becomes problematic, because the government could have utilized that lapsed money for that emergency. Everybody knew the economic crisis was coming, so why did you need that \$3 billion in extraordinary money? There was no need for it. That's the question. That is why, with \$3 billion that was unaccounted for, there were no strings attached to it, but it was given for stimulating the economy.

Now, as an accountant, as a CA—and I know you're a CA—

Mr. Rod Monette: Yes.

Ms. Yasmin Ratansi: —would your code of ethics even allow you to do those things? It is very important. I know they are older financial statements; I have worked with financial statements in government. I am very perturbed that the gentlemen across talks about how it doesn't matter if it's an allocation, but the expenditure is the flow of the money, and nobody can tell me whether it's flowing or not. It will lapse. It will go back to the consolidated revenue fund and nobody will know about it.

Mr. Rod Monette: If I could just make a clarification, when money lapses in the 2008-09 year, you can't actually use that in a following year. So in other words—

Ms. Yasmin Ratansi: I know, but had you prepared in October, if the government had prepared, it would have been allocated. It has enough powers within Parliament to say, "Here is what is coming down the pipeline, I'd like to be ready for it, and therefore I won't go to the unprecedented \$3 billion." That's all.

I'm sorry, you can finish answering the question.

Mr. Rod Monette: The fiscal group at the Department of Finance actually does look at the overall requirements of government from the point of view of figuring out how much the government needs to borrow. They do look at the overall lapse situation and spending information. These are the folks who do the *Fiscal Monitor*, so they do have information on that and they do some tracking of that.

I don't know how up to date their information is. Maybe Bill could help me with that. But on the finance department from a fiscal management point of view, I wouldn't want to give the impression they're not doing this, because they certainly do it. From the point of view of the \$3 billion in vote 35, that really is a matter of requiring the authority to provide some cash bridging. It's more an authority issue than it is what I would call a fiscal framework issue, if I could put it that way.

The Chair: Thank you, Ms. Ratansi and Mr. Monette.

Mr. Weston, for three minutes.

Mr. John Weston: Going back to this theme, again, because I'm not an accountant, I really need to get it in a simple way. Your mandate is to deal with what has been spent, not what is being spent, right? In other words, from what you said when you referred to other departments or other agencies being more appropriate to address this type of question, am I to understand that the reason is that your mandate is different?

Mr. Rod Monette: The prime mandate of the Comptroller General is to make sure the people in the departments do things properly. In other words, because the government is so big and you've got 150 organizations consolidated in the public accounts, you want to make sure the chief financial officer and the audit executive in each one of those organizations are doing their jobs right and making sure the right safeguards are in place. So that's a huge part of the mandate.

Another part of the mandate is that at the end of the year we do the Public Accounts of Canada, which we of course bring to this committee. And that isn't accounting, but it does look backwards; it doesn't look forward.

•(1635)

Mr. John Weston: At what has been done.

Mr. Rod Monette: That's correct.

Mr. John Weston: So just as Humphrey Bogart said to Lauren Bacall as she walked into the wrong gin joint in the wrong town, we're the wrong committee asking the wrong guy the wrong question.

Mr. Rod Monette: Well, I hope I'm being helpful with that explanation of how the system works.

Mr. John Weston: Okay.

So looking a little forward, I understand that on Friday what we're voting on—even though I'm not an accountant—is supplementary estimates, and it's the supplementary estimates that will allow us as government to expend money in the future, right?

Mr. Rod Monette: That's correct.

Mr. John Weston: So if we don't get this vote passed on Friday, then the result will be that we can't expend money.

Mr. Rod Monette: If there's an election, what happens is this. Let's say the supply wasn't passed, and this Friday there's the main supply, which I think is just under \$60 billion, about \$59 billion. Then there's also the supplementary estimates, which are about \$5 billion. So that will be voted on this Friday. If for some reason that wasn't passed by Parliament, then what would happen is that the government would use Governor General warrants.

Now, Governor General warrants have limitations as to what they can and can't be used for. So you have to go out to the departments and ask that they look through their different requirements and figure out where there are problem areas. For example, when I was at National Defence, when we looked at warrants there were some things we couldn't do because we needed to do a vote transfer.

Again, I apologize for getting technical here.

Often departments need to transfer money between votes, and the Governor General can't do that. So you need to look at the impact on each department, as to what they would and would not be able to do with the Governor General warrants.

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

On behalf of the committee, I want to thank you, Mr. Monette, for coming here and helping us with what I think we all realize is a complicated issue. The inter-workings of finance within government and government agencies is not a simple science, and the whole issue of the way government money is allocated is a complicated area. So we want to thank you for your explanations. We want to thank you for being here this afternoon.

We're going to another section of the meeting, but do you have any closing or final comments, either Mr. Matthews or Mr. Monette?

Mr. Rod Monette: Thank you, Mr. Chair.

The only thing I'd want to say, and I think I've said this before, is that this committee is really important in terms of accountability, and I think my job as a public servant is to support that and to answer as best I can. I hope we've done that, and I look forward to supporting the committee in the future on any issues you may have.

The Chair: Thank you very much.

We will now adjourn for 30 seconds.

[Proceedings continue in camera]

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