44th PARLIAMENT, 1st SESSION

Standing Committee on Public Accounts

EVIDENCE

NUMBER 078

Thursday, October 19, 2023

Chair: Mr. John Williamson

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● (1020)

[*Translation*]

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

Welcome to meeting number 78 of the House of Commons Standing Committee on Public Accounts.

Pursuant to Standing Order 108(3)(g), the committee is meeting today to examine the 2023 reports 5 to 9 of the Auditor General of Canada, referred to the committee on Thursday, October 19.

[*English*]

I would now like to welcome our witnesses and thank them for being here. They are all from the Office of the Auditor General. We have Karen Hogan, Auditor General; Carey Agnew, principal; Markirit Armutlu, principal; Jean Goulet, principal; and Carol Mc-Calla, principal.

It's great to see you all here today.

Ms. Hogan, you have the floor for an opening statement. I understand it's going to run about 10 to 12 minutes.

It's over to you, please.

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

Mr. Chair, I wish to acknowledge that the lands on which we are gathered are part of the traditional unceded territory of the Algonquin Anishinabe people.

I'm pleased to be here today to discuss the reports that were just tabled in the House of Commons. We also included copies of special examinations of the Royal Canadian Mint, the Canadian Museum of History and the Laurentian Pilotage Authority. These three reports were made public by the Crown corporations earlier this year.

I'm accompanied today by the principals who were responsible for the five performance audits.

There are two points that stood out to me from all of these performance audits.

The first is data. Weak or underused data often affects departments' and agencies' ability to make well-informed decisions, to monitor and report on results, and to assess the effectiveness of their decisions. Ultimately, these blind spots—identified in all of our reports—reduce the public service's ability to deliver programs and services that meet people's needs.

[*Translation*]

My second point is timeliness, and the impacts of failing to take prompt action. This theme runs through all the reports that I have presented today, whether the limited progress on antimicrobial resistance, which the World Health Organization called a "silent pandemic" last year, or the aging of information technology, or IT, systems—a problem that the government has known about for 24 years. Progress that is measured in years, if not decades, is simply not acceptable when people risk not receiving benefits they rely on, or when people do not have access to medicines they need.

I will turn first to our audit of antimicrobial resistance, an area that my office last examined in 2015.

When it comes to public health, the COVID-19 pandemic showed that the cost of not being prepared is measured in lives lost. For this reason, antimicrobial resistance is concerning. The rate of resistance to first-line antibiotics in Canada was estimated at 26% in 2018, and it is likely to reach 40% by 2050.

We found that, overall, the federal government has not done enough to address this problem.

[*English*]

While the Public Health Agency of Canada released a pan-Canadian action plan on antimicrobial resistance in June 2023, I am concerned that it lacks critical elements like concrete deliverables, timelines, ways to measure progress and clear roles and responsibilities for each level of government. Without these elements, it is unlikely that this plan will result in any progress.

We found that the Public Health Agency and Health Canada have been slow to implement regulatory and other changes, such as economic incentives, that could improve Canadians' access to antibiotics of last resort. Only two of 13 new antibiotics used to fight drug-resistant infections are available in Canada, yet all 13 are available in the United States.

To successfully fight antimicrobial resistance, Canada needs a full picture of antimicrobial use and resistance across the country and a solid plan so that the right medicines are available and used in the right way to protect the health of Canadians.

Let's look next at two audits that are closely related. The first examined the government's overall approach to modernizing its information technology systems, while the second focused on a specific program to modernize how more than 10 million Canadians receive old age security, Canada pension plan and employment insurance benefits.

● (1025)

In the first audit, we found that about two-thirds of the approximately 7,500 software applications used in the government were in poor condition, including 562 that are essential to the health, safety, security and economic well-being of Canadians. We found that a number of factors contributed to delays and cost increases. They include a lack of centralized leadership and oversight, a shortage of skilled people to carry out the work and an inflexible funding approach. Every day that these systems are not modernized increases the risk that they may fail and that Canadians may lose access to essential services.

[*Translation*]

The second audit, focusing on the benefits delivery modernization program, echoed these findings. Progress on modernizing the systems that deliver benefits to Canadians has encountered delays, cost increases and staffing challenges. The program is halfway through its 13-year timeline, and all benefits are still running on systems that are 20 to 60 years old.

This second audit also illustrates how the government's funding approach is poorly suited to large IT projects. When the benefits delivery modernization program was launched in 2017, Employment and Social Development Canada estimated that it would cost $1.75 billion. That number has since been revised twice to reach $2.5 billion in April 2022, and is likely to change again in the face of further delays and challenges. That represents a 43% increase of the 2017 number, and no benefits have been migrated to the new platform at this point.

[*English*]

We found that the department adjusted it's approach to deal with the delays and other challenges in the benefits delivery modernization program. For example, it moved old age security, the oldest of the three systems and the one at greatest risk of failing, ahead of employment insurance in the migration schedule.

While Employment and Social Development Canada's decision to focus on migrating the system rightly prioritizes the continuity of benefits, I am concerned that, if challenges and delays continue, decisions could be made to remove aspects of transformation or take shortcuts to maintain the timelines or budgets, as happened with the Phoenix pay system. This would put the benefits delivery modernization program at risk of resulting in a final product that fails to meet the needs of diverse and vulnerable client groups, including seniors, people in remote locations, indigenous people and refugees.

Our fourth audit looked at the processing of immigration applications for permanent residence. We found delays, backlogs and inefficiencies that affect the lives of people seeking to permanently make Canada their home, with the greatest impact on those applying to refugee programs.

While Immigration, Refugees and Citizenship Canada improved the time it took to process applications and reduced backlogs overall in 2022, it did not meet its service standards for prompt processing in any of the eight programs we examined. People applying to refugee programs waited the longest—on average, close to three years. At the end of 2022, 99,000 refugees were still waiting for decisions on their applications, and in the current processing environment, many will be waiting years.

Although the government sets the target for how many permanent residents are admitted to Canada in a given year, we found that most delays and backlogs were caused by the department's own processes. For example, the department did not always process applications in the order they were received, causing older applications to get further backlogged, or it routed applications to offices without considering their processing capacities.

[*Translation*]

Immigration, Refugees and Citizenship Canada, or IRCC, also did not assess whether its automated eligibility assessment tool reduced overall processing times for all applicants as intended, nor did it identify and resolve any unintended differential outcomes.

IRCC needs to analyze its backlogs to understand the root causes for differential outcomes, ensure that the tools it implements are not contributing to these differences, and match workloads to available resources in its offices to improve processing times.

● (1030)

Our last audit looked at actions taken by six federal organizations to foster an inclusive organizational culture and correct conditions of disadvantage in employment experienced by racialized employees. We found that all six organizations had action plans to address equity, diversity and inclusion, and took some actions, but none measured, or comprehensively reported on, progress against outcomes.

We also found that organizations were not always using performance agreements for executives, managers and supervisors to create accountability for fostering inclusion and change. To the racialized employees who volunteered to be interviewed for this audit, these and other gaps were viewed as a lack of true commitment to equity, diversity and inclusion.

[*English*]

Although the six organizations we audited focused on the goal of assembling a workforce representative of Canadian society, that is only the first step. It is not enough to achieve the change needed to create a truly inclusive workplace. For that change to happen, departments need to actively engage with their racialized employees, to meaningfully use the data they have to inform their decisions and to hold their leadership accountable for delivering change.

These issues are not new. If COVID-19 taught us anything, it is that being prepared and acting early cost less and result in better outcomes. I said it in March 2021, and I will repeat it today: The government should not need a crisis to understand the importance of prompt action.

Mr. Chair, that concludes my opening remarks. We'll be pleased to take any questions. Thank you.

The Chair: Thank you very much.

There are a few pressure points that we're facing this morning. One, of course, is Ms. Hogan's and her team's time. The other is that we will have bells at some point. I've spoken to representatives from the various parties and I think there is agreement to go approximately 15 minutes into the bells, with maybe a minute or two added on if someone is in the middle of questioning, but not to go any more beyond that.

With your agreement, I'm going to begin this meeting.

Ms. Hogan, would you be able to stay a bit beyond 11 if we're on a roll here? Good. We won't push it beyond that, and I think the bells will have ended.

As well, just to remind members, there will be the predictable party order, but I'm going to have questions of three minutes each to hear from as many members as we possibly can in the time we have.

Without further ado, I turn to Mr. Kmiec.

You have the floor for three minutes, please.

Mr. Tom Kmiec (Calgary Shepard, CPC): Thank you, Chair.

Thank you, Auditor General, for coming.

My first question is with regard to report nine, which is on IRCC. You've done a performance audit here of the eight different permanent resident programs. On page 10, it says that since 2019 the service standards have not been reviewed, despite there being an increase in applications. You found that none of the programs have been reviewed or updated, and then you also say further down that the two refugee programs have no set service standards, but that those are required by the Treasury Board.

Is the department in violation of Treasury Board directives?

Ms. Karen Hogan: When a department provides a service, it is required by a Treasury Board policy to give an indication to Canadians of how long they can expect...what an expected service standard is. It is an essential requirement, and we made some recommendations to the department about that.

I think the most important thing that we found, however, is that the existing service standards are not reliable. The department has not met them for many years. Our recommendation centred around being more transparent with applicants to ensure that they understand how long the wait will actually be. The wait is long and refugees, who are arguably some of the most vulnerable, are waiting the longest—almost three years. While they have no service standard, they should at least understand how long they might wait.

● (1035)

Mr. Tom Kmiec: Is the department in violation of the Treasury Board directive to set a service standard? It says it's required by the directive. In the government's response, it says yes, but when you talk to the people in the department, they have no plan to set a standard.

Are they in violation of the Treasury Board directive?

Ms. Karen Hogan: It is a requirement of the directive, so yes, they should be making it clear and transparent to applicants how long they might wait for the processing of their applications.

Mr. Tom Kmiec: So they're in violation.

You also mentioned, Auditor General, the processing times. In all of our MP offices, we probably get hundreds of people every single year—some of us probably get closer to thousands of people—who come in and say that they're beyond the service standard. They show us what the application portal says. It could be 400 days. I had a constituent from Tanzania, and 1,013 days was what was showing in her portal.

However, according to this.... I thought it was the average processing time expected, as in they take all of the applications, they look at the capacity and they think they're going to be able to do that. Your report says, though, on page 11, that they only take the previous six months of applications processed, and that's what they post.

I feel misled, and I feel that the government, the department, is lying to my constituents when it says, "This is the expected processing time," because that's not what it is. It tells them, "You should expect your application to be processed in this timeline." However, that's not what it's doing. It's only taking what it has processed in the previous six months. It could have 50,000 applications that it has to process in the future.

The Chair: Mr. Kmiec, I'm going to just pause you there.

If you'd like to just provide a brief response, please, Auditor....

Ms. Karen Hogan: The department is providing the accurate information of what it took for the last six months, but it misses the fact that there is an inventory of applications that have been sitting there for much longer. It gives a sense of the workload and the capacity driven in the last six months. However, again, it doesn't give applicants a transparent understanding of how long they might wait, which is exactly why we recommended that to the department: to be transparent about how long it's going to take.

It will take time, but people should know how long.

The Chair: Thank you very much.

Mrs. Shanahan, you have the floor for approximately three minutes.

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

Thank you very much, Auditor General Hogan—and your team—for the work that you have done under what I know are, very often, challenging circumstances.

I'm struck by two of the comments in your remarks.

First is the concluding one that, basically, the government should not need a crisis to understand the importance of prompt action. I would summarize that with "penny-wise and pound foolish" as an expression that we do need to invest and spend the funds necessary to bolster systems.

Earlier on, you said that you are concerned that, if challenges and delays continue in the modernization and transformation of the IT systems, decisions could be made "to remove aspects of transformation or take shortcuts" to maintain the timelines or budget. These decisions have not been made, at this time, but they could be made in the future.

Can you please talk to us about...? First of all, address the difference between modernization and transformation with regard to information technology systems. Then, with reference to report seven, what investments, in total, have you seen being done where they're helpful? Where are the gaps, and where do you see that improvements need to be made?

Ms. Karen Hogan: One of my guiding themes through some of these reports is that it's taking a long time to accomplish things. I said that in 2021 when we were releasing reports around the response to the pandemic. At that time, we found that the government had not acted on things that it knew following H1N1 and SARS.

When we turn now to looking at.... I'll mention two quick reports and then get to the IT one. I would mention antimicrobial resistance commitments that the government made back in 2015. We're seeing limited progress. However, more perplexing would be knowing 24 years ago that aging IT systems are a problem and then still not having a strategy today on how to modernize the government's systems. That is concerning.

You asked me to explain the difference between modernization and transformation. They're very closely linked.

When we talk about modernization, the government defines it as moving to a better platform, a more stable platform, one with newer technologies—for example, using the cloud. That would be taking

old systems—some of the systems we looked at are 20 to 60 years old—and moving them to more modern applications.

Transforming is really about the user experience. It's ensuring that there is greater access, that more people eligible for benefits can access them. It's also making it more user-friendly so that, when you try to apply for employment insurance, old age security or the Canada pension plan, it's easier to do.

Those two are essential. We're concerned about losing sight on the transformation, the user-friendly aspect, because those were some of the cutbacks that we saw during other IT programs in the public service. We want to just caution that, when you lack investment over decades in IT systems, it's going to take some time and money to modernize them, so don't forget that transforming them into better service delivery for millions of Canadians is important.

● (1040)

[*Translation*]

The Chair: Thank you.

Ms. Sinclair-Desgagné, you have three minutes. Go ahead.

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

I'd like to thank the Auditor General and her office for their work. Their reports are very informative, giving us a good understanding of what's happening in government right now.

I'll start with report 6, entitled "Antimicrobial Resistance". Ms. Hogan, do you have an idea of how much the government has spent on addressing antimicrobial resistance?

Ms. Karen Hogan: I don't know the amount off the top of my head, but we will check.

In looking at what had been spent, we found that no funding had been dedicated to improving data on antimicrobial resistance. The departments really pulled from existing budgets in 2021 and 2022 to fund the program. When you don't dedicate money or resources to an activity, you don't make any progress.

Ms. Nathalie Sinclair-Desgagné: I would really like to know how much, but in the meantime, can you tell me whether any health initiatives were supported or encouraged, at least in some provinces. Health is an area of provincial jurisdiction and the Public Health Agency of Canada is supposed to redistribute the money to provinces, so do you know whether that happened?

Ms. Karen Hogan: The activities we examined were not activities undertaken by the provinces.

Ms. Nathalie Sinclair-Desgagné: I understand, but if the Public Health Agency of Canada redistributed—

Ms. Karen Hogan: The focus was really on activities that were carried out by the federal government. Between 2021 and 2023, approximately $35 million was spent largely on antimicrobial resistance research, not on efforts to execute the pan-Canadian action plan on antimicrobial resistance. I actually have some concerns about the action plan, since it's missing crucial elements.

Ms. Nathalie Sinclair-Desgagné: Like what?

Ms. Karen Hogan: It lacks elements such as timelines, concrete goals and details about jurisdictional roles and responsibilities.

Ms. Nathalie Sinclair-Desgagné: Were the provinces consulted when the plan was being developed?

Ms. Karen Hogan: Absolutely. All the provinces and territories were consulted and signed the agreement.

Ms. Nathalie Sinclair-Desgagné: Very good.

Ms. Karen Hogan: Since the action plan is missing concrete measures, I doubt it will lead to concrete changes. I can tell you, however, that funds that were spent did lead to an improvement in data and data surveillance, but there are still gaps.

Ms. Nathalie Sinclair-Desgagné: Again, with health being an area of provincial jurisdiction, is there a good flow of data between the federal government and the provinces in relation to these activities?

Ms. Karen Hogan: What I can say is that the pan-Canadian action plan on antimicrobial resistance stems from a government commitment in response to our 2015 audit.

I am well aware that efforts were put on hold because of the pandemic. However, given how the health sector is administered in Canada, the different levels of government have to work together under the agreement they signed.

The federal government can help improve access to new antibiotics, but we found that it does very little to make them more accessible in Canada. In fact, Canada has access to only two of 13 new antibiotics of last resort, which isn't enough. Other countries have access to between eight and 13 of those new antibiotics. These drugs are essential, because as viruses mutate, they become more and more resistant.

● (1045)

The Chair: Thank you very much.

[*English*]

Mr. Desjarlais, you have the floor for three minutes, please.

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

Thank you, Ms. Hogan, for being present and for tabling these very important reports.

In some comments that were made earlier already by some of my colleagues, they spoke about report nine on IRCC. This is something that, as I think most members of Parliament would be aware, has been bombarding our offices. We know from just the volume of requests from our constituents that there's something wrong.

I think your report nine is a true testament to the fact that we've been experiencing this and, worse, that we have real people, even as we speak, who have applications pending right now. Many of them are refugees.

You spoke in your report about how these are taking upwards of 30 months and even longer than that—some are three years—and the sense of the inadequacy of the existing system as it pertains to what people qualify for as the time of processing versus what they actually experience. Would you agree that it gives folks—in particular, some of the world's most vulnerable—a false sense of hope when they see a processing time that is completely unrealistic in terms of their experience?

Ms. Karen Hogan: I think it's important to note that the department does process hundreds of thousands of permanent resident applications in a given year and has been meeting increasing immigration targets, but I agree with you that the service standards are not realistic service standards, which is why we recommended to the department to be more transparent about exactly the amount of time that it takes to process an application.

There are many aspects that are outside the control of the department and getting access to documents from certain countries might be difficult, but most of the delays we saw were in processes well within the control of the government. I would describe it as poor management of applications and poor inventory management of files that contribute a lot to some of the wait time, and that's well within the department's ability to fix. Being transparent and addressing those issues would help.

Mr. Blake Desjarlais: In my own experience, from my office and working on behalf of constituents on this, we often found, for example, more recent applications—that are of a similar nature to some that were filed years ago—being sometimes processed faster. To me, it seems like an unfairness that exists in that system.

Can you contribute as to what system in particular failed and why that's a result?

Ms. Karen Hogan: I could tell you that in our audit we found very similar things: that at times the processing of newer applications occurred before older applications.

I do acknowledge that some applications might take time and that you can't necessarily always treat them in the order that they come in, but what was concerning for us was that the department wasn't doing that analysis along the lines of race, country of origin or country of residence. We felt that it was important for them to analyze whether there were differential outcomes and to try to address what they might be.

One of the causes we found was where files were routed for processing. Some offices are receiving workloads that don't match their employee complement.

The Chair: Thank you very much.

We're turning now to Mrs. Gray.

Mrs. Gray, you have the floor for three minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you to the Auditor General and her team for being here.

My first question is on "Report 7: Modernizing Information Technology Systems". You've stated that two-thirds of the software applications used by government were "in poor health", including 562 that are essential to the health, safety, security or economic well-being of Canadians.

Are you able to table, for this committee, what those 562 software applications are that you referred to?

Ms. Karen Hogan: I'm going to look to see if the public database is publicly available.

Mr. Jean Goulet (Principal, Office of the Auditor General): No, it's not.

Ms. Karen Hogan: It is not.

I would encourage the member to perhaps reach out to the department, Treasury Board, which really does gather all of that information.

There are 7,500 applications in that system and, as you rightfully said, 562 were deemed critical.

I would also point out that some of that information is old and outdated. Those were some of our recommendations: that we encourage Treasury Board to get more timely and accurate information to be able to prioritize IT modernization.

● (1050)

Mrs. Tracy Gray: That's great. Thank you very much.

My next couple of questions are on "Report 8: "The Benefits Delivery Modernization Programme". The report says that the initial cost estimates for this IT project in 2017 were approximately $1.75 billion. As of April 2022, the cost was $2.5 billion, an increase of 43%. Then there was a PricewaterhouseCoopers report done in November 2022, which estimates that the final cost could be up to $3.4 billion, up to a 94% cumulative increase from the initial estimate.

My first question is this: Do you have a list of consultants who worked on this project, what their scope was and what the breakdown of costs was for each of them?

Ms. Karen Hogan: Unfortunately, we didn't look at the contracting angle. We could provide you some information about some of the contractors that we know are in there. It might not be exhaustive. Again, I would encourage the member to reach out to the department. They have that information and can absolutely give it to you.

What we looked at when we looked at the cost increases was that we tried to understand why. At the beginning, it was because of an underestimating of what some of the costs might be, but as time goes on, the rising cost of labour, inflation and all those things will contribute to this continuing to grow. That's why action needs to be taken to modernize this quickly and to not continue to watch the price tag go up.

Mrs. Tracy Gray: Thank you. Could you table for this committee whatever information you do have?

For my second question, the report refers to staffing. Do you have any numbers on how many government staff have worked on this project, if it has changed year over year since 2017 and if there are any targets or projections? Those are just the staff numbers.

Thank you.

Ms. Karen Hogan: Again, these are all excellent questions that the department should be answering. They have all of that information. We didn't look at staffing and the complement. We were looking at the progress made and whether or not the government was learning from the lessons learned from other significant IT projects. We can provide some information to the chair, but the best source of information would be the department.

The Chair: Of course we will have those officials in.

I'm afraid that is the time. I'm turning now to Ms. Bradford.

You have the floor for three minutes. Go ahead, please.

Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.): Thank you, Mr. Chair.

Thank you to the Auditor General and her staff for being here this morning.

I want to turn to report number nine on the IRCC and processing applications for permanent residence.

You state that you found in 2022 that IRCC had improved its processing times for most of the permanent resident programs you examined. Economic-class applicants experienced the greatest improvement among all three immigration classes, and family-class applicants also experienced improved processing times, with the newer applications making up the majority of the applications process.

Can you tell us why that particular area seemed to have the most improvement and what contributed to that?

Ms. Karen Hogan: I believe it was because it was set as a priority in order to address that class of applications, and hence resources were focused on that. We see that often that, when the government sets immigration levels, they are divided by the different types of classes, whether they be humanitarian, economic or family reunification. However, at times, priorities come up. For example, in the past we would have seen that, when Syrian refugees were being accepted into the country, there was a priority. Resources get rerouted, and applications get processed more quickly. That means there is a domino effect for those sitting in the inventory.

That's why it's really important for the department to understand the capacity of their offices and to be able to route applications in a better way. Right now, it is definitely resulting in differential outcomes either across programs or across the country for citizenship.

Ms. Valerie Bradford: Also, on the private sponsorship of refugee programs, I noticed that processing times are shorter for applicants residing in Canada. How much shorter, generally, are they? What challenges are there, specifically, for the applicants who are not residing in Canada?

Ms. Karen Hogan: I'm going to see if Carol might have some more details on exactly how much shorter they are. What I can explain to you from our understanding of the process is that one of the elements is interviewing applicants, which is easier to do when they're in Canada than in a country where there may be security concerns. Access to medical information and key documents might be facilitated when someone is already in Canada versus overseas or in another country. I'm going to see if Carol has now found the differences.

● (1055)

Ms. Carol McCalla (Principal, Office of the Auditor General): We could absolutely provide you with the processing times. It was a matter of a few months. Processing times were shorter for residents in Canada because of the travel restrictions during the pandemic. The government prioritized processing the applications for individuals who were in Canada because they could be finalized. They had to put on hold the applications that were overseas because those people with travel restrictions couldn't travel.

We did find that there was priority given to those in Canada, definitely, and that their processing times were shorter than those for applicants overseas.

The Chair: Thank you very much. That is the time, I'm afraid.

Auditor, we're going to keep you here for another 12 minutes, until a little past 11.

I'm turning now to Madame Sinclair-Desgagné.

[*Translation*]

Ms. Sinclair-Desgagné, you may go ahead for three minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

Now I want to turn to reports 7 and 8, which pertain to the modernization of government IT systems. I went over everything the government has spent on consulting services in this area, mainly since 2017 and 2018. Many of the consulting firms specialize in the field. Accenture, Fujitsu and IBM come to mind. Naturally, they were hired to assess strategies, but does it really take eight years? I'm not convinced.

If we look at the outcomes for these modernization efforts, we see that they're pretty abysmal, and that's clear in your report. Even though the government's targets hardly seem ambitious, it hasn't been able to meet them. Of the 60% target, just 38% of IT systems have been modernized.

Can you tell us what you found regarding outcomes and the measures that were put in place?

Ms. Karen Hogan: I have to admit I'm perplexed as to why, after 24 years, the government still has no overarching modernization strategy. That's why I think progress is so slow.

Individually, departments are putting money towards modernization, but it comes out of their existing budgets. Our government-wide survey of chief information officers revealed that their ability to modernize their systems is hindered by the lack of funding to really support IT modernization.

As for the three benefit delivery systems we took a closer look at, all investments were really aimed at building the foundation—migrating data to a cloud platform and making sure the three benefit systems are built on a stable environment.

Yes, real progress has been made, but the government doesn't appreciate the size of the investment needed to modernize the systems.

Ms. Nathalie Sinclair-Desgagné: This is more of a complex question, but I would appreciate a short answer. Are those benefit delivery systems at risk of collapsing, yes or no?

Ms. Karen Hogan: Absolutely. With each day that the systems aren't modernized, there is a risk.

Ms. Nathalie Sinclair-Desgagné: Could the system collapse next week, depriving those most vulnerable of the benefits they depend on?

Ms. Karen Hogan: I can tell you that the government is putting a tremendous amount of time and money right now into stabilizing the system and ensuring the continuity of benefits to recipients, but it remains a concern. The systems are between 20 and 60 years old. It's like an old car. You can drive it, but it costs a lot to keep it running.

Ms. Nathalie Sinclair-Desgagné: It could stop running, though.

Ms. Karen Hogan: It's not always reliable.

The Chair: Thank you very much.

[*English*]

Mr. Desjarlais, you have the floor for three minutes, please.

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

I would like to follow up on two reports this time, in particular as they pertain to racism.

Report five speaks directly to racism in the workplace. You audited several places. In particular, six organizations were under review—Canada Border Services Agency, Correctional Service Canada, Department of Justice, Public Prosecution Service of Canada, Public Safety Canada and the Royal Canadian Mounted Police. In that audit, you mentioned there was also a process where racialized folks were interviewed. In those interviews, they expressed that they perceived "a lack of true commitment to equity, diversity, and inclusion" and expressed that "meaningful change" had not been achieved.

This is something that I hear often from constituents, particularly constituents who work in the public service—and not just in these six organizations. Although there are six organizations present here for which there has been testimony that there has not been meaningful change, I would argue that, in IRCC, the same exists as well. I know that the nature of this audit doesn't expand to IRCC particularly, but I do believe it is likely important and it likely persists there as well.

In particular, I look at some of the offices that were under capacity. You mentioned capacity being one of the issues. One area there, section 9.48 of the IRCC report, suggests that there is a lack of capacity in sub-Saharan African offices. Has your work ever taken into account racism within IRCC, in particular in relation to where capacity goes and where refugees or applications stem from? Do you think that is likely a contributor to how some decisions are made, or how some applications may even be delayed?

● (1100)

Ms. Karen Hogan: I'll try to address both of those reports in my response.

In the report where we looked at inclusion in the workplace, while we did only go to six departments and it is absolutely just a sample of the public service, I think it should serve as an alarm bell to everyone across the public service to have leaders really ask themselves if they are taking real and concrete steps toward improving inclusion. We found in that audit that most of those organizations focused on meeting employment equity targets, which is just step one. It is not really ensuring that racialized employees feel valued and welcomed in the workplace.

While it's just six, I think the entire public service should care about our findings and should take action following them.

I'll turn now to Immigration, Refugees and Citizenship Canada and our audit on the processing of permanent resident applications. I'll tell you that the deputy minister has acknowledged that systemic discrimination exists in her organization. In fact, a recent internal audit that was published on their website highlights that employees are raising discriminatory practices in the processing of applications. We found that there really are differential outcomes, but the organization was not analyzing their outcomes in that way. They weren't looking at the results based on race or country.

We did that for them in the audit. We made recommendations for them to better understand that. One of the big causes is where things are routed for processing, but knowing why and understanding the differential outcomes is the first place to start.

The Chair: Thank you very much. That is the time for Mr. Desjarlais.

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

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

Thank you all for being here today. It's been 24 years since it was recognized that aging infrastructure was a critical issue. This current government has yet to present a strategy, a main plan for driving modernization.

What would you say the primary reason for that is?

Ms. Karen Hogan: Do you mean the primary reason for not having a strategy?

Mrs. Stephanie Kusie: That's correct.

Ms. Karen Hogan: I don't know. It's perplexing. As I said earlier—

Mrs. Stephanie Kusie: It is.

Ms. Karen Hogan: —in 1999, aging infrastructure was identified by the government as a problem. We did an audit in 2010 that reiterated that. Decades of chronic underfunding has brought the government to such a place. I think there needs to be better leadership globally to see a change here. There needs to be better information around exactly how many systems need to be modernized and how many are not needed anymore. More importantly, we have to look at the funding mechanisms, which are poorly suited to major IT projects. There are lots of good recommendations for the government to work on.

Mrs. Stephanie Kusie: Thank you.

A theme, Auditor General, throughout your reports is not collecting data and not using data that has been collected.

Why, would you say, is this government not doing a better job of collecting and using data in an effort to provide better services for Canadians and to provide better value for Canadians?

● (1105)

Ms. Karen Hogan: I guess I could use the inclusive public service report as an example. For decades there have been commitments around improving employment equity. There's been a flurry of activity and really good things that have resulted from the public service really being representative of the Canadian population. However, for decades we, as a government, haven't been gathering information along racial lines, splitting up visible minorities into different categories. There are different lived experiences, and there are different reasons and barriers. I think that's an issue we see in terms of inclusion. We see it in IT. We see it in so many other programs. I think everyone is on the cusp of really understanding that data is key and essential. It's part of our job to point out when it could be used better to drive more meaningful change.

Mrs. Stephanie Kusie: That's excellent. Thank you.

This will be my final question. In 2021, Auditor General, the secretariat estimated that it would cost $496 million to modernize all of the applications, yet, in November of 2022, an external third party increased this amount to between $2.7 billion and $3.4 billion.

Would you say we're able to quantify the cost of inaction and further delays by this government?

Ms. Karen Hogan: I think what that points out is that there really are some missing skills and capacity in being able to identify the real costs of such a large initiative. The three systems we're talking about here, which are old age security, Canada pension plan and the employment insurance program, have existed for 20 to 60 years. They're old. There is so much complexity from a policy perspective. There's a lot that needs to be factored into what modernizing and improving these systems looks like. There has been some positive in that the government has taken external advice now and they're looking at this, but what's even more concerning is that they don't have a full picture of how much it will cost. Across the public service 7,500 applications have been identified as needing to be modernized. The costs are underestimated at this time.

It's about having a better skill set to be able to estimate it, but then it's also adjusting funding mechanisms to deal with the fact that major IT projects are lengthy. How is the funding going to be adaptable in order to deal with the increasing costs that are inevitable as you take time to put something forward?

The Chair: Thank you very much.

Our last colleague is Ms. Khalid.

You have the floor for approximately three minutes.

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

Thank you, Auditor General and the whole team, for this very extensive and good audit here.

Speaking of modernizing systems, I just want to pick up on our IT systems.

Do you think there should be one fulsome system that covers all of our departments and agencies, or do you think having these separate individual systems at each department is a better approach?

Ms. Karen Hogan: This feels like a really foundational question. I could even draw an analogy as to whether you buy or lease a car. I think it really depends on the outcome, the objectives and the means whether we have decentralized or centralized. That is a big question. The federal government is huge. There are so many systems that do very different things that I think it would be almost impossible to have one system that would provide all of the services across the country.

Is there opportunity to consolidate and streamline? Absolutely. I think that's part of having a good picture of what these 75 applications do.

Which are needed? Which should be retired? How do you modernize the public service going forward? My advice is don't lose sight of the outcome, which is improving service delivery to Canadians.

Ms. Iqra Khalid: Other than funding or resources, are there other concerns with IT modernization, like security? We see security breaches or data being stolen in private companies, as well as in some governments. What are your thoughts on that piece?

Ms. Karen Hogan: It's concerning for me when I look at how many systems are seen as being in poor health. Poor health could mean the they're old platforms or older technology, or that vendor support is limited, but also that there are security vulnerabilities. Bad actors continue to be much more creative when it comes to cyber-attacks. That's why I was happy to see the prioritization of modernizing the three systems that feed such critical benefits to Canadians.

Absolutely, that's why changing has to be taken seriously. It shouldn't be rushed. You have to consider the privacy and security of information. There are a lot of factors. It's not as simple as buying something off the shelf and putting it into place. It means that you need to have a good plan. You also need to have prudent management of funds. You can't just keep spending. They have to come hand in hand with knowing where you're going, but also managing the costs associated with them.

● (1110)

Ms. Iqra Khalid: Thank you. I have one last question.

With respect to "Report 9: Processing Applications for Permanent Residence", have we looked at what the impact is of the temporary resident files on the processing times for permanent residence? Is that a comparable measure that you've looked at?

Ms. Karen Hogan: Do you mean the timeline that it takes to approve temporary foreign workers?

Ms. Iqra Khalid: There's temporary residence and there are visitor visas, work permits, business visas, etc.

Ms. Karen Hogan: There's a whole other set of programs and dedicated individuals looking at temporary residence applications. Those spike when school starts. It's a whole other set of programs. There are many programs. In fact, for permanent residence, there are 50 programs in the department and we looked at eight. It's a complex web.

Understanding the timelines might be something better asked of the department, since we focused on permanent residence in this chapter.

Ms. Iqra Khalid: Thank you. I'll ask one more, if that's fine.

We talk about modernizing the way the IRCC applications are processed. I know artificial intelligence has been a big part of that conversation.

What do you think would be some of the shortcomings of AI, and what would be the benefits? It links to all of these reports about modernizing, but it's also being inclusive and sensitive to diversity within the workforce.

Ms. Karen Hogan: We saw that the department tried to automate some of its application processing in that initial triaging to ensure that an application had key elements and then was routed on. What we saw there was that applications from certain countries—for example, Haiti—were more consistently routed for manual applications, which were taking longer. The department didn't analyze why that was happening.

To link it to your artificial intelligence question, I would say I have concerns. When IT systems are put in place to speed up processes and there is no reflection afterward about whether there were biases introduced in how it was designed, or whether it accesses information or publicly available information that maybe contains misinformation...those are all things to be concerned with as you automate or turn to artificial intelligence.

I will always be concerned about maintaining the privacy of anyone's personal information. This is an area—automating permanent resident applications—that needs to be looked at closely, since it is people's personal information that is being handled. It should be well safeguarded.

Ms. Iqra Khalid: Thank you very much.

The Chair: Thanks very much, all of you.

The bells are ringing, but I'm going to ask members to hold on for a minute or two.

Ms. Hogan, I thank you and your entire team from the Office of the Auditor General for being here today. I know you have a busy day. You are certainly excused right now. We're going to do a little housekeeping, but please don't let us hold you back any longer. Thank you again. We will see you back here, of course, for the study of these reports.

Colleagues, I will remind you that on Tuesday of next week we have a study on the rehabilitation of Parliament's Centre Block. For Thursday, I want to propose a subcommittee meeting for the first hour so that we can begin to map out our next moves and plan out the calendar for the clerk. That will be followed with the line-by-line on emergency management in first nations communities, I believe. Please look for that.

As well, because we have votes, with your approval I'm going to adjourn this meeting. I won't call you back just before noon. We don't have any time after noon. Is that acceptable?

Some hon. members: Agreed.

The Chair: All right. We'll see you back here on Tuesday.

This meeting is adjourned.