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Chair

Mr. David Christopherson

Standing Committee on Public Accounts

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• (1530)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I now declare this 92nd meeting of the Standing Committee on Public Accounts in order.

Colleagues, you'll note that today we have with us the Auditor General, and Lyn Sachs, assistant auditor general.

Colleagues, our main duty is oversight of government expenses and reviewing the audits of the Auditor General. Today we will be performing our duties as the oversight of the actual department of the Auditor General.

You have the opening comments from Mr. Ferguson, our Auditor General, before you. You will also find the Auditor General's 2011-12 performance report and the report on plans and priorities for 2013-14. We're looking in the past to see what was done last year and we're looking forward to see what is being proposed this year.

When we've concluded our discussions, colleagues, I will have two questions to put to you in terms of estimates votes, to determine whether or not we agree with the estimates that have been tabled by the Auditor General, and then forward that vote to our colleagues in the whole House.

Unless there are any questions as to procedure, I will have us move ahead. I'm not seeing anyone indicate any need to interject, so with that, Mr. Auditor General, I would turn the floor over to you.

Mr. Ferguson, you now have the floor.

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): Thank you.

Mr. Chair, we are pleased to be here and would like to thank you for this opportunity to discuss our 2011-12 performance report and our 2013-14 report on plans and priorities.

With me today is Lyn Sachs, assistant auditor general of corporate services and chief financial officer.

[Translation]

Parliament has given us the mandate to support its oversight of government spending and performance with our financial audits, performance audits and special examinations of crown corporations. We are privileged to serve Parliament by providing the objective information, advice and assurance that result from this work.

All of our audits are conducted according to Canadian Auditing Standards and Canadian Standards on Quality Control. We subject

our system of quality control to internal practice reviews and monitoring to provide assurance that you can rely on the quality of our work.

[English]

During our 2011-12 fiscal year, the period covered by our most recent performance report, we used \$89.8 million of the \$94.6 million in parliamentary appropriations available to us, resulting in a lapse of \$4.8 million. We had a budget of 633 full-time equivalent employees and employed the equivalent of 640 full-time employees, an increase of 11 from the year before.

With these resources, we completed all but three of our planned 145 financial and performance audits, special examinations of crown corporations, and the work of the Commissioner of the Environment and Sustainable Development.

In addition, we completed three performance audits that were not planned in our 2011-12 report on plans and priorities. We also completed the majority of our renewal of audit methodology project on time and on budget, with the final components completed a few months ago.

[Translation]

Our 2011-12 performance report contains a number of indicators of the impact of our work and measures of our operational performance. The tables containing our targets and actual performance results in relation to those indicators and measures are attached to this statement.

Our performance report shows that we met many of the targets for our indicators of impact. It indicates that the office participated in 29 committee hearings and briefings, compared with 46 the previous year, and that parliamentary committees reviewed 43% of our performance audits, compared with 62% in 2010-11. It also shows that departments made satisfactory progress in addressing 62% of the 42 recommendations we made in the original audits.

• (1535)

Our measures of organizational performance remained positive, with our on-budget performance for most of our financial audits improving over the previous year. Our 2012 employee survey indicated that employee engagement remained high, with 95% of employees feeling proud to work for the office.

[English]

In planning for 2013-14, our first priority is to complete the renewal of the office's strategic plan. We are undertaking a comprehensive review of what we do and how we do it. We are looking to identify areas where we can make meaningful improvements to better serve Parliament and build on the strengths of the office.

We would appreciate your input and will be looking to engage you in this process. The results of this review will be presented in our 2014-15 report on plans and priorities.

This year we will also continue to implement our strategic and operating review plan that we submitted to Parliament in October 2011. This review helped us to focus our audits on the areas of greatest risk. We are on target to discontinue all of the federal and territorial financial audits that we had identified.

[Translation]

The majority of our interaction with Parliament is through our performance audit practice. We conduct performance audits to examine the efficiency, economy and environmental impact of all federal government departments, agencies and other organizations. We had made reductions to our performance audit practice over the past couple of years. As a result of our Strategic and Operating Review plan, we proposed no further reductions to our performance audit work in 2013-14. We have attached to this statement a list of our planned audits.

[English]

The overall result of this review will be to reduce our budget by over \$6.5 million, which will be somewhat offset by additional funding for economic increases, and to reduce our staff levels by about 10%. We plan to reduce our staff for 2013-14 to 590 from 615 last year, on our way to our target of 576 in 2014-15.

In conclusion, Mr. Chair, my staff and I appreciate your ongoing interest in and support for our work. We look forward to continuing our work to assist you in holding the government to account for its management of public funds.

Thank you, Mr. Chair. We would be pleased to answer your questions.

• (1540)

The Chair: Very good. Thank you, Mr. Ferguson. I appreciate your opening remarks.

Now, colleagues, we'll begin our discussions in the usual rotation, beginning with Mr. Saxton.

You now have the floor, sir.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Chair, and my thanks to the Auditor General and the assistant auditor general for being here today, and for your report.

I'd like to ask you, Auditor General, what are your main priorities for this year?

Mr. Michael Ferguson: For the year 2013-14?

Mr. Andrew Saxton: Yes.

Mr. Michael Ferguson: The priorities are laid out in the report on plans and priorities for 2013-14. They include all of the performance indicators and measures. On page 8, we have said that we are going to continue to implement our strategic and operating review proposal, and also to renew our strategic plan. Those are our two priorities for 2013-14, but the document also lays out all of our performance measures.

Mr. Andrew Saxton: Last year when you came before committee, you were asked whether as a new Auditor General you had any plans to make any changes to the Office of the Auditor General. I think at that time you mentioned that if there were any changes they would be more evolutionary than revolutionary, so to speak. They would be smaller changes, rather than big changes. I want to ask what has evolved over the last year, and whether you anticipate any changes to the Office of the Auditor General.

Mr. Michael Ferguson: Over the last year, a number of things have happened. We have completed the implementation of our updated methodology, and the approach we use in audits is to make sure that we're staying abreast of best practices. That's been significant.

The other significant thing that we have started is our whole strategic planning exercise for the office. I've been told that it's been about 10 years since the office has undertaken a complete strategic planning exercise, and that is something that is under way. There have been some changes within the office, but they are on the margins. I probably interact a little differently with performance audits than my predecessor. So there have been some changes, but they've been internal and on the margins.

Mr. Andrew Saxton: Thank you.

When it comes to performance and financial audits, you're doing both. But don't you think it is hard to conduct a performance audit without taking a critical look at the numbers as well?

Mr. Michael Ferguson: In a performance audit, what we do is set the objective of that audit. We determine what we want to look at. We then establish criteria. We establish what the benchmarks are, what we can measure against. Certainly, in a performance audit, we attempt to look at indicators, whether they be financial or performance indicators, and include those in the audits. Some performance audits focus more on numbers than others, whether they be performance numbers or financial numbers. Some performance audits lend themselves less to that type of review, but it's a consideration we have every time we're planning a performance audit.

Mr. Andrew Saxton: In the past, your office has conducted peer audits, that is, audits of other auditors general around the world. You've also been audited by other auditors general. Do you have any of those planned over the next year?

Mr. Michael Ferguson: To the best of my knowledge, there are no peer audits planned for our office. We will be participating in a peer review of the GAO in the U.S. and perhaps one other one as well over the next year. But we are participants in those; we are not the leads on them.

•(1545)

Mr. Andrew Saxton: You mentioned your budgeted figure versus your actual expenses, and that there was a \$4.8 million saving, I believe it was. Can you share with us how you were able to achieve those savings?

Mr. Michael Ferguson: It's all been a result of our strategic and operating review. During the year, one of the things we were looking at doing was reducing some of the financial audits or some other audits that we were required to do but we didn't feel were of much value. We managed to reduce some of those. Actually, we managed to reduce some of those earlier than we anticipated. We have also made, I suppose, various administrative changes in the office that have helped us get there as well.

It's been a bit of both, a bit of a reduction on the actual audit side as well as on the administrative side, but all of the reductions we've made were consistent with the plan we put together.

The Chair: Time has expired.

Mr. Allen.

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair, and thank you, Mr. Ferguson and Madam Sachs, for being with us.

In your comments, Mr. Ferguson, you talked about a reduction of \$6.5 million coming up in the projected budget of 2013-14 and a reduction in staff by about 10%, down to 590 from 615, on your way to a target of 576, according to the notes you have here. You said the effort will be made to do this through attrition, I'm assuming, where possible.

Can you give me a sense of what that attrition might look like? If folks in one area or another are on the cusp of leaving, shall we say, whether by retirement or simply moving on, what kind of impact does that have on the flow of people leaving to get to this target, vis-à-vis having to let someone go, if you will, through redundancy?

Mr. Michael Ferguson: I think the fact that we've had a couple of years to implement this does mean that we will be able to manage most of the reduction through attrition. I would actually say that the impact on us is more at the recruitment end.

Again, for the most part, the attrition is going to happen, and that will help us get down on the numbers. But the other thing it means is that we can recruit fewer people at the entry level. That has a bit of an impact on some of the audit work we do. Work that we would normally assign maybe to somebody at an entry level—if we have fewer of those folks—perhaps has to be done by somebody who is in their second year rather than their first year.

I think the challenge in the reduction for us really is more perhaps at the entry level rather than at the level of the folks who are leaving.

Mr. Malcolm Allen: That would lead one to conclude, as you do human resource planning, which I'm sure an organization of that size needs to do because you need certain expertise.... If there is a reduction at the front end, if I can use that term, of new folks coming in who you're looking to keep over a longer period of time, obviously to gain experience and to become seniors in the department.... I'm sure folks in your human resource sector are looking at your planning forecast.

Do they see that as a potential...and I don't want to call it "danger" because that's a strong word, but is that a real potential for a department that isn't firing on all cylinders? Maybe I can phrase it that way.

Mr. Michael Ferguson: Certainly, we do a lot of resource planning, and looking at the whole mix of our employees is something we do keep an eye on. We do have fairly regular turnover in staff. We have a number of staff in the middle level of the organization who will leave. Many of them go to work in other government departments, which actually, from our perspective, is a good thing—to have people in departments who have been through the office, understand what we do, and that sort of thing. So that's a good thing.

Certainly, though, one of the main challenges we have on the human resource side is monitoring that mix of employees, making sure we have the right mix, at the entry levels, at the mid-levels, and at the senior levels.

•(1550)

Mr. Malcolm Allen: Perhaps I can take you to a different place. Some statistics have come forward that your engagement with this committee has actually shrunk, from 62% back in 2009–10 to 43% in 2011.

Do you have any sense of how we can improve that engagement? We'd truly like to see you here more often, Mr. Ferguson. We actually enjoy the information you bring to us, in addition to your personal company, which I always find heartwarming, to be truthful.

Do you have any suggestions for this committee on how we can work more collaboratively to allow you to be here more often?

Mr. Michael Ferguson: When I look at the numbers of chapters we produce that have hearings—and in our numbers, we look at all of the work of the office and whether it goes before a committee, and it doesn't really matter what committee—what stands out the most for us is on the side of the Commissioner of the Environment and Sustainable Development.

During 2011–12, I believe there were seven or eight chapters produced by the commissioner and none of them had a hearing in front of any committee.

There were 15 chapters produced under the Auditor General's side of things and 10 of them had at least one hearing. But on the commissioner's side, it was zero out of eight. That's probably what concerns us most.

The section that's devoted to the commissioner does performance audits, under the same type of methodology, but in that year there were no committee hearings on those chapters.

The Chair: Thank you very much.

Before I go to our next speaker, I welcome Mr. Harris, who has joined us today. It's good to have you with us, sir.

Mr. Kramp, you have the floor, sir.

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

I welcome the Auditor General and Ms. Sachs.

Auditor General, what percent of your budget is salaries?

Ms. Lyn Sachs (Assistant Auditor General, Office of the Auditor General of Canada): We spend about \$72 million of our \$85 million in salaries, however that works out.

Mr. Daryl Kramp: A large proportion, naturally.

How would you break down the other expenditures? Just give me a—

Ms. Lyn Sachs: For travel and contracting, we have 5% in travel and probably another 5% in professional services. The rest, which is 5%, is miscellaneous.

Mr. Daryl Kramp: Thank you.

I mention that because a number of members of this committee have just returned from an international responsibility where we worked with another government, basically a third world country needing a little bit of assistance. We discussed the issues of governance and accountability and oversight, and we met with their auditor general and a lot of their financial people and senior ministers. There is no doubt that, yes, they do need help.

Obviously, our main focus has to be on what we do here. That's your principal role. But do you have a particular focus internationally when you do reach out? Do you focus on key countries, or unions, or geographic areas?

Mr. Michael Ferguson: Mr. Chair, we do a number of things on the international front. For example, we have a Fellows program, funded through CIDA, that brings in auditors from different countries.

Right now in the office we have an auditor from Cameroon, one from Ghana, one from Tanzania, and one from Vietnam. They stay with us for about nine months and work on various audits as part of the teams. That's a very hands-on way we do things.

We also provide some funding to the CCAF, the Canadian Comprehensive Auditing Foundation. They do a lot of training on performance audits and financial audits in audit offices around the world. That's another way we get involved.

A little differently, we are also the auditor of the International Labour Organization, one of the UN organizations. We do the financial audit of that, and some performance audit work paid for entirely by that organization.

We have a number of different areas where we are doing international work.

• (1555)

Mr. Daryl Kramp: Thank you.

We've found a common theme just in a brief discussion with a few of the countries. I'm wondering if you have shared the same observation. Most of their focus, regretfully, was on compliance audits rather than on performance audits. Quite obviously there's a huge difference in benefit to that country. Have you found that to be a bit of a constant theme with some of the developing countries? Obviously here your focus is not solely but largely on performance audits. Could you comment?

Mr. Michael Ferguson: Yes. It's certainly very fair to say that a number of developing countries are working their way through,

trying to do performance audits. Performance audits are different from financial audits. The underlying concept is the same in that you're essentially trying to answer a question. You're trying to gather enough evidence to draw a conclusion.

Financial audits are much more structured. From year to year they are pretty similar, and you do financial audits of the same things every year.

Performance audits are different in that every time you're looking at something different. It may be something that's never been looked at before, or if it has been looked at before, that was maybe five or ten years in the past. So they're very different.

I think a lot of developing countries struggle to understand that difference and get to the point where they can do good performance audits.

Mr. Daryl Kramp: I think one point is very important. You're moving forward with short-term strategic outcomes—what you're looking for from Parliament from this. At what point in the process do you see yourself engaging Parliament—government and/or opposition? How do you see yourself engaging us in that particular area of achieving the strategic outcomes you're looking for?

Mr. Michael Ferguson: In terms of our strategic outcomes, we do things such as survey members of committees. I believe we recently sent out a survey to all members of committees in order to get feedback. As I mentioned, we are also in the process of putting together our own strategic plan. One thing we intend to do is meet with members of this committee, to get input from this committee on the work we do—how we do it, what we do, and what is of value to the members of the committee. That's something we intend to do over the next number of months.

Mr. Daryl Kramp: Great. We look forward to that opportunity.

The Chair: Good. Thank you, Mr. Kramp. Time has expired.

We now go over to Madame Blanchette-Lamothe. You have the floor, ma'am.

[*Translation*]

Ms. Lysane Blanchette-Lamothe (Pierrefonds—Dollard, NDP): Thank you, Mr. Chair.

Good afternoon, Mr. Ferguson. Thank you for joining us today.

At the risk of making you repeat yourself, I want to pick up on the number of audits done. When you appeared before us on May 15, 2012, I asked you about your planned audits. You told us that you intended to conduct 30 performance audits of federal and territorial institutions in 2011-12. That surprised me given that, the previous year, you had completed 26 audit reports. You told me that, despite the budget cutbacks, you did not think the number of audits would go down.

Today, the 2011-12 performance report shows that 23 performance audits and 2 studies were completed. Isn't that a decrease from the previous year and from your own estimates or targets for that fiscal year?

•(1600)

[English]

Mr. Michael Ferguson: Mr. Chair, I don't have all of the specific numbers right in front of me.

Again, the thing to remember is that in the office there are the audits we do and release as the Auditor General. There are also the audits we do as the Commissioner of the Environment and Sustainable Development.

I guess we were saying that in 2011-12 there were 23. I'm not quite sure about the 33. I don't have those numbers in front of me to actually do a specific comparison.

I can say, though, that we haven't seen any marked reduction in the number of performance audits we are doing. I would have to go back to try to figure out exactly when we had 33 and when we had 23, to give you a comparison of those numbers.

[Translation]

Ms. Lysane Blanchette-Lamothe: It was actually 30 and 23 audits, respectively, but it's no problem. I understand you don't have those numbers with you. We would be grateful if you would be so kind as to look for them and follow up with us on that.

You said the 10% or so reduction in your staff levels would not have an impact on the number of audits, and I believe you. I have trouble, however, believing that a 10% reduction in staff will have no impact at all, because everyone working in your office right now is surely making a significant contribution and doing a good job.

Could you tell us what that 10% reduction will affect and how?

[English]

Mr. Michael Ferguson: Mr. Chair, in terms of the impact on the audits we do, there are a couple of things. First of all, as part of our strategic and operating review, we did identify a number of pieces of work we were doing that we felt we didn't need to do anymore. We've been going through reducing those. Those were audits we were doing, but we felt they really weren't adding a lot of value. I think we spoke to that last time. So there has been a reduction in the number of audits we do on the financial audit side.

On the performance audit side, I think the impact has been...a few years ago the office reduced the number of performance audits it was doing. Part of that was to put resources towards what we've referred to as the renewal of audit methodology project. We've redone how we do performance audits. In order to staff that project up, we had to take some performance auditors and put them on that project. At that time, the number of audits were reduced. It's my understanding that the original intention was that when the project was finished, it might allow us to have people to put back into those audits. That won't be happening.

Ms. Lysane Blanchette-Lamothe: Thank you, Mr. Ferguson.

[Translation]

I have another quick question.

In your opening statement, you said that departments had made satisfactory progress in addressing 62% of the 42 recommendations. That means the departments did not address 18 or so of the

recommendations. Is that normal? Do you believe they will address them in the future?

How do you explain the fact that the departments have not addressed 18 of your recommendations?

[English]

Mr. Michael Ferguson: When we do performance audits, when we do a follow-up performance audit, that's what we're looking to do. We are saying here's what we recommended in the past, and on each recommendation that we're looking at again, we ask if the progress was satisfactory or not satisfactory. It may be the case that even though the progress was not satisfactory on certain recommendations, departments may have made some progress.

If we are doing a performance audit, it may not be a follow-up audit, but if it includes in there something that we have looked at before, we will do the same thing.

So it's something we are always looking at. It's the focus of our follow-up audits. It's to determine the degree to which departments are implementing the recommendations. We obviously would like to see a better percentage of the recommendations being implemented when we do this. I'm not sure exactly what our target is for that particular measure. I'm sure it's listed in the report. It's probably close to 100%, if not 100%.

Certainly we want to see departments implement our recommendations, and that's why we do the follow-up audits, so that we can report back to this committee in fact on whether the departments are satisfactorily implementing our recommendations.

•(1605)

The Chair: Thank you. Time has expired.

Just before I go on, however, and far be it from me to come to any kind of rescue of the Auditor General, I want to remind colleagues that we did receive a letter dated October 26, 2011, from the interim Auditor General, John Wiersema, advising that these cuts were coming and affording the committee an opportunity to meet with the Auditor General to discuss that impact. The committee in its wisdom has not chosen to date to do anything with it.

In rotation, Mr. Aspin, you have the floor, sir.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you, Chair.

Welcome, Auditor and Madam Sachs.

You alluded previously, Mr. Ferguson, to your strategic plan. I know that you've launched a renewal of the strategic plan, which is a review, I guess, of what you do and how you do it.

Can you share with us specifically why you chose to do this exercise?

Mr. Michael Ferguson: Certainly, Mr. Chair.

I think probably it was for a few reasons. One, as somebody coming new into an organization, I wanted to make sure I understood our strategy, so I felt it was important to undertake a review of our strategy. As I said, it's something that from a top to bottom perspective has not been done in a number of years. It was due.

We're undertaking the exercise by what's called a "balanced scorecard" approach. We're looking at the work we do from various different perspectives, trying to understand the work we do from various different perspectives.

I think it was simply a matter that it was due and I was new to the organization, and I felt I needed to understand our strategy.

Mr. Jay Aspin: I understand that the renewal of audit methodology project, or the RAM project, responded to changes in international and Canadian auditing standards, renewing the office's audit methodology and updating the design and documentation of your quality management system.

How does your current project differ from the RAM project, and what are the expected outcomes?

Mr. Michael Ferguson: Mr. Chair, the difference is that the RAM project was specifically looking at how we do audits: the process, the training, the manuals, the documentation, and all of the details of how we do audits, making sure that the way we do audits is rigorous and conforms with Canadian auditing standards. That was the RAM project. The project we are doing now is looking at the office's overall strategy and what we do as an office.

So the first one was very much drilling down into the details of the aspects of how we go about it. Now what we're doing is looking at the broader picture of our strategy.

Mr. Jay Aspin: Do I have any more time, Chair?

The Chair: You have a couple of minutes. Go ahead.

Mr. Jay Aspin: Thank you.

When making appropriations in the estimates process for the coming fiscal years, how do you prioritize your office activities? Do you set a quota for audits and schedule different departments, agencies, and programs accordingly, to meet that quota? And how does your office account for unexpected needs of Parliament in the estimates?

• (1610)

Mr. Michael Ferguson: When we put our budget together, Mr. Chair, the first thing, of course, is the financial audits we have to do. The financial audits are audits of financial statements. We do roughly 120 of them, including the Public Accounts of Canada, and then financial statements of various crown corporations and agencies. Those have to be done every year. That's the first chunk of our budget.

Then we look at the resources we have in order to do performance audits. We go through a very rigorous planning process, which looks out probably three or four years, to determine where we are going to put our resources on the performance audit side. That is done using a risk-based approach.

Part of our activities are to do what we call "strategic audit plans". For different pieces of the government's business, we will go in and do risk assessments, and then determine which areas we think we want to do performance audits on. We will look out over a three- or four-year time period to determine which audits we want to do.

Certainly, in that, if parliamentarians have things they want us to look at, we are always happy to receive that input. We'll take it and we'll put it into our whole planning process to determine whether those specific items are things that we should be looking at versus what we had already planned to look at.

The Chair: Sorry, Mr. Aspin, the time has expired.

Moving on to Mr. Byrne, you have the floor, sir.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thanks, Mr. Chair.

Thank you, Mr. Ferguson and Madam Sachs.

To the average Canadian concerned about government oversight and ensuring the efficiency and effectiveness of government spending, it might seem a little counterintuitive that one would be proposing an increase in surveillance, or increasing the efficiency and effectiveness of government spending as a general program or strategy or goal, while at the same time cutting the budget of the Office of the Auditor General. Would you be able to comment on the role the Office of the Auditor General can provide, as well as on the internal audit function, about ensuring effectiveness and efficiency of taxpayers' spending?

Mr. Michael Ferguson: Mr. Chair, one thing we've noticed over the last number of years is that there has been a change in internal audit, an increased focus on internal audit within the federal government. That has also altered how we do performance audits. We take into account very much the work that happens in internal audit so that we are not going in and duplicating an area, unless for some reason we feel that needs to be duplicated.

That's something that certainly has impacted us. I think it shows that in terms of overall accountability there's a role for internal audit and a role for external audit, which is what we do. Those two complement each other, but they are both important components of the overall government accountability picture.

Hon. Gerry Byrne: That seems to be one of the reasons why the Office of the Auditor General is now stopping doing financial audits on 25 different departments, agencies, and organizations. Is it because there's a certain body of expertise within the private sector on the financial auditing and you want to focus more on performance legislative auditing? Would that be fair to say?

Mr. Michael Ferguson: No, our financial audit practice is very important to us. It's robust. We have a lot of expertise in terms of government accounting systems and that type of thing.

Where we were moving away from some of the financial audits, where we identified some, it was more on the end of.... We were doing some of these financial audits, but we either didn't feel we were adding a lot of value in them or it was a case that these are perhaps organizations that are regulating the private sector and they could recover their audit costs as opposed to getting the service free from us. That was another consideration.

Also, there were three organizations whose performance reports we were supposed to evaluate. There were many other government organizations whose performance reports we were not mandated to review every year. For those three, their performance reports were getting looked at every year and others were not.

We can still look at the performance reports of those three organizations, but now we can choose which ones we want to look at, as opposed to being directed that it has to be these three, which meant they were always being looked at and the others were not being looked at.

It was a number of those types of things that went into our decisions.

• (1615)

Hon. Gerry Byrne: From a parliamentary oversight point of view, one of the factors that does limit the capacity of Parliament to look into matters related to crown corporations, in particular, is that many crown corporations—but not all of them—are not covered under the Access to Information Act. That's part of the role or value that the Office of the Auditor General may be able to provide: being able to shine some light into some pretty opaque corporations, in that there's not a whole lot of information that gets shared or not much capacity for Parliament or parliamentarians to be able to look into crown corporations.

Do you take that into consideration in terms of which financial audits or which crown corporations you do special examinations on? Is that part of the mix?

Mr. Michael Ferguson: Certainly, it's our special examination practice that gets to a lot of those types of questions. We are required by legislation to look at most crown corporations. I won't say all because there are a couple of exceptions, but over a 10-year period we are mandated to do a special examination, looking at their systems of internal controls and that type of thing and reporting to their boards on those special examinations. We have to get into each crown corporation at least once every 10 years. Certainly, the special exams allow us to take a bit deeper dive into the practices of the crown corporations. That is the main part of the practice where we do that.

The Chair: I'm sorry, time has expired.

Moving along to Mr. Hayes, you have the floor, sir.

Mr. Bryan Hayes (Sault Ste. Marie, CPC): Thank you, Mr. Chair.

I want to get some clarity with respect to the process for determining the mix of financial audits versus performance audits. It is pretty clearly understood in terms of cost. Performance audits are significantly more expensive, and in terms of ratio, it's 4:1 financial audits versus performance audits.

I'm looking at value for money. There's a part of me that says it would be nice to do 60 performance audits to 80 financial audits, as a ratio, because there is a part of me that thinks performance audits are much more valuable than financial audits.

Can you give me your thoughts on how you determine the ratio?

Mr. Michael Ferguson: Again, it starts from the fact that we are required to do financial audits, so in most cases—I don't know if it's all cases, but it's probably pretty close to all cases—we actually have no choice about doing the financial audits. The organizations exist. They have to have financial audits. We've been named the auditors.

With regard to hours, as I look at 2012-13, financial audits were about 257,000 hours. Our performance audits, including chapters and including the strategic audit plans we do, were about 208,000 hours. So even though the number of audits looks very skewed, the fact of the matter is it takes a lot more effort to do many of the performance audits we do. There are a number of financial audits that are smaller and don't take the same amount of effort.

The hours are more toward financial audit than performance audit, but it's not as big a difference as the number of audits make it appear.

The other thing, though, is that to an accountant, financial audits are extremely important. It's important to look at organizations to make sure that their financial statements are properly presented. I think the fact that most organizations can get clean audit opinions speaks to the maturity of financial audit preparation, financial statement preparation, now in Canada. That is a good thing, but having those financial audits is very important in making sure that the financial statements are presented fairly. That is a very important activity.

• (1620)

Mr. Bryan Hayes: Can you talk a little bit about ensuring that your audit reports are reliable? Can you speak specifically as well to staff qualifications and whether you have a need to bring in consultants?

You mentioned earlier that some of your auditors are classified as performance auditors and some are classified as financial auditors. I'm curious about the industry expertise you have, because some of the things you are auditing are highly complex. Could you enlighten our committee with regard to the reliability factor?

Mr. Michael Ferguson: With regard to qualifications of our performance auditors, Mr. Chair, most of our performance auditors come to us with a different background, not necessarily an accounting background. We will have engineers, economists, lawyers—people with training in different areas, not only accountants.

We put them all through training to make sure they have the necessary skills to conduct audits. On many of our performance audits we will also engage advisory committees. We will bring in two or three people on contracts, not to do the work, but we can tell them the types of things we are finding, the types of places in which we are looking or want to look, and we can get their advice as people who have expertise.

If we get into a situation in a performance audit where something is very specific and we feel we need expertise that we don't have to do a piece of work, then we would contract for that expertise.

Mr. Bryan Hayes: I went online to look at your performance summary. I think it was your most recent one. It spoke to the fact that you completed all of your audits on time with the exception of two performance audits and one other audit. The two performance audits that were referred to were eventually completed, certainly; one was for the administration of the Senate of Canada and one was for the administration of the House of Commons. Those were the two reports that were mentioned.

I don't ever recall this committee seeing the administration of the House of Commons, for example. I don't recall that as being a report that came before this committee. This kind of speaks to page 18 of your report on planning and priorities, where it was mentioned that 42% of performance audits are reviewed by committees and your role is to make that greater.

I therefore have two questions. Would this committee see the administration of the House of Commons report, and are we the only committee that is tasked with the responsibility of reviewing your reports, or are other standing committees also tasked with that responsibility, in terms of trying to increase your 40%?

Mr. Michael Ferguson: Mr. Chair, in terms of the audit of the administration of the House of Commons and the audit of the administration of the Senate, as I recollect, those reports were submitted to different organizations. For example, I believe the Board of Internal Economy was where the report on the House of Commons was submitted. The Senate report was submitted to the Senate committee—I'll get the name wrong. Those two were different audits, done under an understanding originally that was laid out, and the audits were submitted to those different bodies. That's why they were not submitted to the public accounts committee, as per our normal practice.

In terms of other standing committees, certainly whenever we release a performance audit, we will write to the chairs of other standing committees and let them know which chapters we have released that we believe might be of interest to their committees. If they choose, they can have a hearing on some of those chapters, which does happen from time to time.

• (1625)

The Chair: Thank you. We're well over time, but it was an important question.

Again, colleagues, I want to remind you, as the letter was before the committee, it's still before the committee. The committee has simply not chosen to do anything with it.

Another outstanding issue is exactly the audit report. A copy of that report was tabled with us. The committee has the option of

holding a hearing or not. Like this correspondence, it's sitting there in limbo, where the committee has not taken a decision to get rid of it or to hold a hearing. It simply sits there.

Both of those important items are in that limbo land. I knew you'd appreciate that tidbit of information.

We will now move to Mr. Giguère. You have the floor, sir.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you, Mr. Chair.

I want to thank the officials from the Auditor General's office, the Auditor General, himself, and his assistant for taking part in these proceedings.

For a few years now, the Parliamentary Budget Officer and the Information Commissioner have been talking about the difficulty in obtaining information from the government. The Parliamentary Budget Officer even had to take the government to court to obtain information that the government was bound by law to give him. Now I'm being told that staffing levels at the Office of the Auditor General will be cut rather significantly.

If those people spend most of their time on obtaining the government's cooperation, on compelling it to provide the information they need, does that mean this staffing reduction will undermine the quality of the work? This makes me wonder whether it has anything to do with the government's reluctance—reluctance that has been witnessed in a legal context and noted by judges—to provide you with the information you need for your reporting.

[*English*]

Mr. Michael Ferguson: Mr. Chair, I think I've spoken in general terms...or fairly specifically about the impact of the reductions in terms of our audits. I think in terms of obtaining information, each audit that we do is done according to a rigorous methodology, and we will continue to do that for each and every audit we do. The way we go about an audit isn't changing, and in fact, as I said, we've put in place this new methodology to make sure that what we are doing is quite rigorous.

Our experience is that we do get cooperation from government departments when we are trying to obtain information. There was the recent court case where the judge made reference to the fact that there were cases where individuals did not necessarily provide us the information that was requested. That certainly, of course, is a concern to us, but we do find that is very much the exception rather than the rule. Again, if you go back over a number of years, you will find that there have been those types of incidents in the past. However, in general, we do get good cooperation.

We do have an understanding in place with the government about access to very sensitive documents and that type of thing. In general, we do obtain the information we need. If we didn't obtain information that we needed, we would bring that to the attention of this committee. We would say it quite clearly in our audit report if we came across an incident where we felt we were not getting the cooperation we needed. We would put that right in an audit report.

•(1630)

[Translation]

Mr. Alain Giguère: As you mentioned yourself, in your report, you have little wiggle room, an estimated \$4 million. With that, you can carry out special projects as needed. You can give me more insight on this, but I worry about your ability to respond swiftly to a specific event that clearly involves the government.

Will you still be able to do that kind of thing, a Senate investigation, for example?

[English]

Mr. Michael Ferguson: Mr. Chair, again, when we do a piece of audit work, it is very much a rigorous process we go through. In order for us to react quickly...even when we do react quickly and say we're going to look at something, it will take us probably 12 to 18 months to complete that work, because we have to go through all of that sort of rigorous process: evidence-gathering, vetting the information we're getting, writing reports, clearing facts, and that type of thing. That's our process. We are never in a position where we can look at something and come back very quickly with an answer on it. It has to go through all of that process.

Again, the number of performance audits we are planning to do over the next number of years is very consistent with the number of performance audits that we have been doing over the last couple of years. So we're not anticipating a significant reduction in the level of performance audits we're doing.

[Translation]

The Chair: Thank you.

[English]

Time has concluded.

[Translation]

Mr. Alain Giguère: Mr. Chair, if I may, I would just like to thank the Auditor General for meeting with us today and for sending me a letter in response to a request I had regarding the Canada Revenue Agency.

Thank you, Mr. Chair.

[English]

The Chair: Very good.

[Translation]

My pleasure, Mr. Giguère.

[English]

Over to Mr. Williamson. You have the floor, sir.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you, Chair.

It's good to see you both back again.

I don't have too many questions, just a couple. The budget reductions are optional for your office; you could opt in. That's my understanding, that for your office and for the offices of all the officers of Parliament, it was a request from the government that you undertook. Is that correct?

Ms. Lyn Sachs: Yes. We received a letter from Minister Flaherty, I guess, at the time encouraging us to do as the other departments have, but it was definitely our decision to proceed.

Mr. John Williamson: Right.

My follow-up question is this. Do you feel the budget is adequate for you to discharge your duties as required?

Mr. Michael Ferguson: Again, Mr. Chair, a certain amount of the work we do is required—financial audits, special exams. There are specific legislated requirements for us to do those. Certainly our budget is sufficient to do those things.

Then we have a certain amount of our budget for performance audits. The performance audits are really where we have discretion in terms of how many we do.

There was a decision taken a few years ago, because part of the consideration of the office in performance audits is also the ability of this committee—and maybe other committees, but this committee in particular—to deal with the volume of work we produce. I think a few years ago there was a determination of the right number of audits we should be doing, and we have more or less adjusted to that.

Right now we feel we will be able to continue to do the number of performance audits we have planned.

Mr. John Williamson: Let me now ask you to comment on this committee. If I understand it, this is the primary committee for the review of your performance audits. If you look at the numbers you have presented, we have fallen to 43%. We need to up our game here a little bit. Your numbers don't say that, but I'm trying to kind of get you to....

This is the primary committee that is causing this number to fall. I understand others can choose to review them, but this is the committee where your reports are meant to be reviewed. If that number at 43% is low, is it in part because we're not doing enough here?

•(1635)

Mr. Michael Ferguson: Mr. Chair, again, if I look at the office in the two components and for the particular year in question, I think we submitted 15 audits under the name of Auditor General. Ten of those got in front of committee. There were eight reports produced by the Commissioner of the Environment and Sustainable Development. None of those got in front of a committee.

Again I think there needs to be some improvement in getting those chapters in front of committees. This committee is not necessarily the primary committee for the reports of the commissioner. However, many of the reports of the commissioner may be of interest to this committee.

In terms of the rest—as I said, 10 out of 15—obviously we think all the audits we do are important, have good information in them, and we would like to see them all get in front of committee and be discussed in front of the committee.

Mr. John Williamson: Absolutely.

This might not be your field. If it isn't, just say so. What crown corporations are not covered currently by ATIP? Do you know?

Mr. Michael Ferguson: Mr. Chair, it's not a question I can answer.

Mr. John Williamson: That's fine. It just came up earlier, and I wanted to come back to that.

Thank you, Chair. I've finished.

The Chair: Very well. Thank you.

Mr. Byrne, you have the floor.

Hon. Gerry Byrne: Thanks, Mr. Chair.

There was an earlier request before your term of office, Mr. Ferguson. The officers of Parliament had requested that parliamentary committees review, among other issues, the independence of parliamentary officers. A request had come in to discuss the interaction.

Are you aware of that particular letter? It was done before.... Your signature was not attached. It was Madam Fraser's and Mr. Wiersema's. Are you aware of that particular request?

Mr. Michael Ferguson: I'm certainly aware of a letter that came forward before my term.

Hon. Gerry Byrne: Is that still an active file amongst officers of Parliament, to have a review or a consideration of having parliamentary committees understand better the viewpoint of the officers of Parliament to ensure their independence? Is that a topic amongst your table of officers?

Mr. Michael Ferguson: Certainly I think it's fair that all of the officers of Parliament want to make sure parliamentarians understand the role each officer plays. Yes, I think that's something that is of concern to all officers.

Hon. Gerry Byrne: Would it be valuable, in your opinion, to have a follow-up discussion about that particular issue with officers of Parliament? Since the initial request was tabled, and no parliamentary committee took up the offer of a—

Mr. Andrew Saxton: Chair, I have a point of order.

The Chair: Yes.

Mr. Andrew Saxton: I don't think this has any relevance to the main estimates that we're here to discuss today. This is not part of the topic.

The Chair: Well, again, you know my thinking on that. There is wide discretion on the part of committee members. If ever there's an open-ended opportunity to ask the Auditor General any question about what they do, this would be the opportunity, when we're reviewing their work plan and not focused on the work of an audit.

I'll take your point under advisement, I'll listen, but so far I don't hear anything that's out of order.

Mr. Andrew Saxton: So this is a free-for-all, is what you're saying?

The Chair: I'm saying that Mr. Byrne is in order.

Mr. Andrew Saxton: Because it's a free-for-all.

The Chair: I'm saying Mr. Byrne is in order. Is there a part of that you're not clear on, sir?

Mr. Andrew Saxton: Because it's a free-for-all.

The Chair: Mr. Byrne, you have the floor.

Hon. Gerry Byrne: Thank you.

Through you, Mr. Chair, to our invited guests, sometimes we're a little testy at this table about these kinds of matters.

So I'll ask, since a request had been tabled, not only to this committee, but to a number of different parliamentary committees, standing committees of the House of Commons, to review this kind of issue—the interaction, the relationship, the role between Parliament and officers of Parliament—would you see a value to potentially engaging in that discussion down the road?

● (1640)

Mr. Michael Ferguson: Mr. Chair, what I would say to that is that I think a lot of thought went into the letter that was produced by the agents of Parliament at the time. I think they raised concerns that they felt needed to be addressed. The things that letter was raising are things that should be considered.

I would simply say that I support the letter and the things it was raising.

Hon. Gerry Byrne: Right. Thanks, Mr. Ferguson, for that. I think that's a fair-minded response to an issue.

It appears to me that the points that were raised in that particular piece of correspondence, not from just anyone, but from eight agents of Parliament, are still as relevant today as they were when the letter was actually issued, probably three years ago, or two years ago, and haven't been adequately addressed, in the minds of some. I appreciate your frankness in your answer. It just seems quite sensible that we would want to do that, to maximize the ability of Parliament to communicate with these important agents of Parliament, officers of Parliament. So thanks for that.

Finally, because I guess I don't have a huge amount of time, Mr. Chair, are there things you would like to do that you feel constrained in doing because of resources? You are an independent office and you will do as you deem fit and deem best, but of course we all face constraints because of resources. Are there projects or things that you would really like to do, to take the Office of the Auditor General down a new path, if you had the resources to be able to do so?

Mr. Michael Ferguson: Mr. Chair, I think that's part of the question that we are trying to answer as we're doing our review of our strategic direction and our strategic planning. One of the things we are challenging ourselves with is to understand how we add value, how the work we do adds value, and whether there are any places where we should be doing something to add value and we are not. That's something that I think will come out of that exercise.

In general, as I've said, I think there's a lot of value to our financial audits, there's a lot of value in our performance audits, and there's a lot of value in what we do in the special exams. I think that's all good work, with a lot of value. If there's anything else, it would be, again, more on the margins rather than something that's significantly missing. But hopefully we'll be able to answer that question when I'm back here next year at this time and we've been through some of our strategic thinking.

Hon. Gerry Byrne: Thanks very much, Mr. Ferguson. I appreciate it.

The Chair: Yes, time has expired.

I just want to remind the member that we did have that piece of correspondence from the independent officers of Parliament. It came to this committee. There was a decision made by the committee not to hold a hearing on that letter.

We'll continue our rotation.

Mr. Dreeshen, you have the floor, sir.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair.

Welcome to the Auditor General and Ms. Sachs. It's great to see you.

I have been thinking about this last year and the types of things you have committed to and the changes that have been made. One of the things you are talking about in the 2013-14 report on plans and priorities is the lesser number of financial audits.

To tie into that, are you looking at undertaking any different or additional financial or managerial oversight with the entities that are no longer going to be audited? You have discussed this question somewhat, saying that you might be changing the focus to some extent in that area. Will you be looking at them, or will you be depending on the internal audit functions of those particular entities?

Mr. Michael Ferguson: Mr. Chair, a number of those entities will still be the subject of financial audits, just not the subject of a financial audit by us. A financial audit will be performed, presented to the board of each of these organizations, and made public. I don't think there are any organizations for which our choice to be no longer involved in audits would result in any sort of significant gap in oversight. Certainly, part of our consideration was to make sure that there would not be that type of gap in oversight.

•(1645)

Mr. Earl Dreeshen: Thank you.

Just to look at the process, when you are doing an audit and you get into the middle of it, having budgeted more or less this amount of time or that amount of money to that particular project, how flexible are you, if you find something that you feel you have to delve into a little bit more, to do so? Do you have that flexibility? Does your audit team have that flexibility?

One thing we have talked about a lot over the years is the concept of being on time and on budget. I appreciate that we have seen outlined in more detail, rather than simply as a footnote, what being on time and on budget is all about.

Could you address both of those issues, the idea of being on time and on budget, and also the issue of flexibility, of being able to transfer resources into an area as you are moving forward in your audits?

Mr. Michael Ferguson: Mr. Chair, when we do our budgeting, we spend a lot of time on budgeting how much time is going to be spent on each audit. Particularly for financial audits, we will put together a budget that essentially represents how long we think it's going to take us if there are essentially no problems. Then we will also build in a 15% buffer that allows our teams to go beyond the original budget by another 15%. Then we have a second buffer, for

very significant cases. So we have flexibility within our budgeting to deal with situations as they arise.

And frankly, we want to make sure, when we're budgeting audits, that we have the right incentives. When we are doing an audit, the most important thing is that the audit bring to light whatever issues need to be brought to light; this, in fact, is more important than being on time. It's making sure that we get the right issues. We want to make sure we are using those as tools to manage the audits, not as tools that will be disincentives to finding the things that need to be found. That's the balancing act we have to perform when we're doing our budgeting.

Mr. Earl Dreeshen: With just a moment left, I'd like to take you to "Indicator Table 2", the summary of organizational performance. This is in the submission we have in front of us today. The last page of it talks about "percentage representation relative to workforce availability", and you go through various demographics there.

Can you explain a bit of what is happening? We have talked about the staff's feeling, about working for the Office of the Auditor General, that it's one of the best places you can work in here in Canada. Can you tie those two things together: the percentage numbers we see here and what is happening in your office?

Ms. Lyn Sachs: I'll take that question.

Yes, the results of our surveys have shown that we are a good place to work, that people like working with us.

This is a second analysis, obviously. If you are comparing it with how we are meeting percentages of representation, it's very much a function of hiring and of people who are leaving; and if we are approaching the right people, are we outreaching in areas in which we are weak in our recruitment activities?

In areas in which our hands are tied—and you'll find that the one area in which we have a little work to do, although we are doing well in all areas, is in membership of visible minorities—at a time of low recruitment it is difficult for us to fix the numbers, because we're not going out and hiring 20 or 30 students, as we might have in the past. That is one of our current struggles, although we were told by the Human Rights Commission, when they came to do an audit—I believe it was on these numbers—that we were actually a model organization.

So it partly is that people like to stay, that people enjoy the work and the challenge, but it's also that we are trying to be a very flexible organization. I think those are two key points.

•(1650)

The Chair: Thank you very much. Time has expired.

We'll move to Monsieur Giguère.

You have the floor, sir.

[Translation]

Mr. Alain Giguère: Thank you, Mr. Chair.

Earlier, you told us that 62% of the 42 recommendations had been addressed. But we have a serious problem on our hands if the recommendations that were followed were in fact the least important, meaning that the most important recommendations, in other words, the other 38%, were not followed.

Your recommendations can be easy to accept in some sectors, but in others, they require a major change in culture across a department or agency.

From that perspective, when your recommendations stem from the fact that you observed an inappropriate culture or conduct that was clearly problematic, are they generally accepted more easily? Or are recommendations that are simpler or more technical in nature accepted more easily?

[English]

Mr. Michael Ferguson: When we put that measure together, what we are looking at is.... Again, when we have done a follow-up on our recommendations, have they been satisfactorily implemented?

I guess almost by definition we have decided that there is a certain number of recommendations that are important for us to follow up on. We ourselves, when we are deciding to do the follow-up audit, would be focusing on the recommendations that we felt were the most important for that department to implement. When we talk about 60%, there's not really a lot of opportunity for a department to say that they will implement a few easy ones and not the harder ones, because the measure is really based on our coming in, doing the second audit, and picking the recommendations that we felt were the most important to be implemented, whether they would be easy or difficult.

So in general, I don't think there's a lot of opportunity for departments to skew the results. I think we're in control of it.

[Translation]

Mr. Alain Giguère: I have another question along the same lines.

Recently, you expressed some reservations in your evaluation of the Old Port of Montreal Corporation, and that's great. But, as we've recently seen, a minister may ask a high-ranking official—the Librarian and Archivist of Canada, in this case—to resign because of lavish and inappropriate spending.

Further to their ministerial responsibility within a British parliamentary system, a minister has the authority to tell an official that they have committed unacceptable wrongdoing. Why did you not assert your right, specifically in the matter of the Old Port of Montreal Corporation, to say that such a use of public funds by an official constitutes behaviour that is totally unacceptable?

The minister, himself, responded before you by removing those individuals. When someone is clearly to blame for mismanagement, or worse, an abuse of power, why not assert your authority to indicate that that specific individual is guilty of misconduct that should be punished?

[English]

Mr. Michael Ferguson: Mr. Chair, again I think our approach to any audit or to any special examination is to look at the systems that are in place to determine whether those systems are appropriate or not and then bring forward any examples where we feel there may be problems. Then we present those findings to the organization, to the people who are charged with oversight of that organization. It's then their responsibility to take that information and make sure that appropriate actions are taken, whether that involves correcting the

systems and processes or whether that involves actions concerning individuals.

Again, we report on what we find as part of our audit, but then it's up to those who are charged with oversight of those organizations to take the appropriate action.

• (1655)

The Chair: Very good. Thank you.

Your time has expired, Monsieur.

Over to Mr. Saxton, for our last round of questioning.

You have the floor, sir.

Mr. Andrew Saxton: Thank you, Mr. Chair.

I just want to follow up on my colleague Mr. Dreesen's points regarding the OAG as being a popular place to work. We all know that the Office of the Auditor General does great work, and it's reassuring to know that it's also a good place to work.

For example, for the fifth consecutive year the Office of the Auditor General was ranked as one of Canada's top 100 employers, one of the national capital region's top 20 employers, and one of Canada's top 10 family friendly employers. It was also selected as one of the top employers for Canadians over 40 years of age. An employee satisfaction survey indicated that 95% of employees feel proud to work at the OAG.

This is very positive feedback from people working in the OAG. Do you have opportunities for entry-level audit staff as well?

The only thing I saw missing here was the top employer for employees under 40 years of age.

Ms. Lyn Sachs: I can answer.

I don't think there's an award for best youth employer. There might be, but we haven't applied for it. Would we win or not? I have no idea. I do believe that a lot of the satisfaction for those who are over 40 is caused by our benefits and flexibility. What we do is important; that's why our youth tend to like us. Our average age is 40, so that means half the office is younger than 40 and happy to be there.

I don't know if I can add to the reasons behind it, other than that flexibility.

Did I miss part of your question?

Mr. Andrew Saxton: I was just wondering about opportunities for—

Ms. Lyn Sachs: Oh, for hiring and for youth. Sorry, yes.

The one difficulty we have with the strategic operational review is we have decreased our hiring of recent graduates. To be honest, that is one of the by-products of trying to adjust to a smaller budget. We hope that once we establish the work in our new budget, the turnover will once again allow us to hire twenty a year, as we would like. But for this year, I believe we've gone down to about eight.

We know they're an important feed to all of our other levels, and we know it's important for us to continue that recruitment. So we won't cut it out, but it's going to be a challenge.

Mr. Andrew Saxton: Okay.

Well, congratulations on your success, in any case.

In the report, under the title “Strategic outcome and expected results”, it says:

The long-term strategic outcome of the Office of the Auditor General is to contribute to better managed government programs and better accountability to Parliament through legislative auditing.

You have identified a number of results you expect to achieve with your audits in the short, medium, and long terms. In the short term, you say you want to “engage Parliament, territorial legislatures, and federal and territorial organizations in the audit process”.

I just want to ask you how you intend to do that.

Mr. Michael Ferguson: Mr. Chair, in terms of engaging Parliament, there are certainly a couple of aspects to that. One is, as I say, to have conversations as we do our review of our strategy, particularly with members of this committee. That would be one way of doing that.

Overall, though, I think it speaks to the importance of making sure that our performance audits do get in front of committees and that parliamentarians are engaged with our output, again whether that be at the federal or territorial level, because we are the auditors of the three northern territories as well.

The functioning of the public accounts committee here versus the functioning of the public accounts committees in the territories is different, and making sure that we are able to engage the committees in the work we do in all of those levels is probably what we're referring to there.

• (1700)

Mr. Andrew Saxton: Thank you.

Finally, you mentioned that, “In the long term, we want our work to lead to more effective, efficient, and economical government programs and operations and to programs that foster sustainable development.”

Could you just expand a little bit more on that?

Mr. Michael Ferguson: On the sustainable development piece?

Mr. Andrew Saxton: Sure.

Mr. Michael Ferguson: I believe the sustainable development piece may even be legislated. I think it's the mandate, really, of the Commissioner of the Environment and Sustainable Development. So that's how we do that piece.

Everything we do, of course, is around trying to find ways to identify opportunities for government programs to be more efficient and more economical, that type of thing. Everything we do is always geared around that. But then we do also have this specific mandate around sustainable development, which is mostly covered off by the group under the Commissioner of the Environment.

Mr. Andrew Saxton: Thank you very much.

The Chair: Great. Thank you.

Time has expired, and that concludes the rotation.

If I might, Mr. Ferguson, there are two issues I'd like to follow up on, two macro issues you raised that affect this committee.

The first was that in your report you noted—I believe Mr. Hayes questioned you around the same line—the percentage of your reports that we actually held hearings on. To be fair, there was an election in that time, but I note that 2010-11 also captured a bit of an election period. To be fair to the committee, the F-35 was like a black hole of time and just sucked up everything.

Having said that, I have to say to the committee that I agree with Mr. Hayes that we need to up our game. I just want to say that losing the steering committee as a structural element of our work has meant that we do all that work as a committee, and except for a very small fraction it's always done in camera. In my view, we are spending way too much time in camera fighting about details over meetings that could be thrashed out at a steering committee meeting. I urge the committee to reconsider bringing back the steering committee.

I agree with you that if you're doing these audits, that's half the battle. The other half, though, is the public hearing, because it's the public pressure, at the end of the day, that is the real whip hand here.

This committee has no power to do things unilaterally and make things happen. We're not a committee of power. But we are a committee of light, and the ability to give light and attention to your reports is, arguably, the most important thing we do.

Collectively, I hope we embrace that we all have a responsibility to get those numbers up, to be spending less time in camera and more time at public hearings, holding government to account and going through these audit reports that taxpayers have paid so much money to have developed.

There's another thing that troubles me. You mentioned the environmental and sustainable development commissioner's reports, that there were eight last year and no hearings. I think that's problematic for all of us as parliamentarians, or at least it should be, given the fact that there's really nothing more important right now facing the future of our planet than the issue of the environment and Canada's role.

I would ask you, Mr. Ferguson, if you have any suggestions. Obviously, it's our domain to decide as parliamentarians, but your advice would be helpful. Do you think this committee should take ownership of a percentage of them, which would be something new, something we've never done before? Do you think the environment committee should give assurances to the House that they're going to be holding some kind of hearings? Should there be joint hearings? This troubles me that there were eight audits on a file this important from the environmental commissioner and there were no public hearings.

Your thoughts, sir, on how to fix it.

Mr. Michael Ferguson: First of all, Mr. Chair, I think for clarification, there were eight with no hearings in the year of reporting. I believe one of those eight later on, after this year, did get a hearing. But it's still only one out of eight. That's just for clarification.

One thing I plan to do in the future is as we do with special examinations. For example, we do special exams of crown corporations, and then we put together a summary chapter of our special exams for this committee. The committee can then decide whether to have hearings on any of those.

I want to do the same thing for the reports of the commissioner: the commissioner releases his or her reports; we put together a summary, just as we do with special exams; we put it in front of this committee; and then the committee decides whether any of those are of interest.

I think some of the reports the commissioner puts out do have sort of financial aspects to them as well. Some of them can very much fit within the public accounts world as well. I think it's worth this committee considering at least some of them, but I think the environment committee also needs to be engaged with all of the reports of the commission.

● (1705)

The Chair: I leave this with you just as a suggestion, sir. If you're willing to put some of those thoughts down on a piece of correspondence to the committee, just your thoughts and ideas, it would give us a focal point. What I don't want to happen is that a year from now we sit here and go, "Holy smokes, we wasted another year and there were no more hearings." And if we don't take action and do something, then that's exactly where we'll be.

So I would just leave that with you. Perhaps you'd be interested in generating a memo to the committee for us to consider.

In terms of information requests coming out of the committee, I detected only one.

That came from you, Madame Blanchette-Lamothe. It was just a quick exchange between yourself and the Auditor General. It had to do with the 23 audits versus 30.

At some point, Mr. Ferguson, you said that you didn't have the figures in front of you, which we all understood, and Madame did too.

I believe, Madame—I don't have the instant Hansard—you then asked Mr. Ferguson if he would be able to get us those numbers.

Mr. Ferguson, there was a commitment that you could.

Is that an easy deliverable for you to this committee, sir?

Mr. Michael Ferguson: I think it is. It's making sure I know where the 30 and the 23 come from; once I know where those two numbers are located, then I can explain the difference.

The Chair: Okay. You can go by the blues for the detail of the question and to catch it all, but it sounds to me like that's going to come.

Is everybody okay with that?

Mr. Andrew Saxton: Obviously, this is a discussion that we had in the subcommittee, and something that we haven't even resolved yet in the committee as a whole, which we need to discuss at the next meeting.

I think the practice that you're taking right now is not known to everybody at this table—

The Chair: I don't have a practice. Because the committee, at the end of it, was no further ahead, one of the committee members was asking for information, and I can't just leave it there.

In the absence of any rules—

Mr. Andrew Saxton: No, that's perfectly fine.

The Chair: —I'm trying to go as gently as possible, but you're not making that easy. That's the problem.

Mr. Andrew Saxton: No, it's perfectly fine. I'm just pointing out that we should be discussing this at the next opportunity for committee business.

The Chair: Yes, we will, I have no doubt: ad nauseam, I'm sure we will discuss it.

Mr. Andrew Saxton: Thank you.

The Chair: At any rate, what I'm hearing is that this information will come to the member, of course it will be in both languages, and it will be circulated to all members of the committee.

That, I believe, concludes our hearing.

I now need to put two questions to the committee.

First, shall we vote 20, less the amount granted in interim supply, carry?

FINANCE

Auditor General

Vote 20—Auditor General – Program expenditures and, pursuant to paragraph 29.1(2)(a) of the Financial Administration Act, authority to expend revenues received.....\$74,100,653

(Vote 20 agreed to)

The Chair: Second, shall I, as the chair of the committee, report the main estimates to the House?

This is debatable and amendable, but is there agreement?

Some hon. members: Agreed.

The Chair: We have unanimous agreement on both of those.

That concludes the work we have, Madam Clerk? That takes care of all the legalities? Very good. Thank you.

Mr. Ferguson and Madam Sachs, thank you so much. We say this a lot, but we mean it and you need to hear it: we do appreciate the work you do for us as parliamentarians and, more importantly, for Canadians.

Thank you both very much for being here today.

We will adjourn this portion of the meeting and move to business.

So this is adjourned: do I have a motion to go into camera, or are we going to do it in public?

● (1710)

Mr. Andrew Saxton: We do what we normally do, Chair.

The Chair: I have a motion to go in camera. All in favour?

Some hon. members: Agreed.

The Chair: We will suspend for a moment as we switch over.

[Proceedings continue in camera]

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