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Chair: Mrs. Kelly Block





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• (1105)

[*English*]

**The Chair (Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC)):** I call this meeting to order. Colleagues, welcome here today to meeting number 22 of the Standing Committee on Public Accounts. As the committee is meeting in public today to receive two separate briefings, there will be two one-hour panels. During the first hour, the Auditor General will provide us with a further briefing on the reports that were tabled in the House on Thursday, February 25. During the second hour, we will begin a study of the departmental plans for 2021-22 and the main estimates for 2021-22.

As you know, today's meeting is taking place in a hybrid format pursuant to the House order of January 25, and therefore members may attend in person in the room or remotely using the Zoom application.

I have a couple of reminders for members and our guests. For those participating virtually, interpretation services are available for this meeting. You have the choice at the bottom of your screen of either the floor, English or French. When speaking, please speak slowly and clearly, and unless there are exceptional circumstances, the use of headsets with a boom microphone is mandatory for everyone participating remotely. Should any technical challenges arise, please do advise me. Note that we may need to suspend for a few minutes as we do want to ensure that all members are able to participate fully.

I believe that we are all attending virtually, so I'd now like to welcome Karen Hogan, Auditor General. With her today are Dawn Campbell, Dusan Duvnjak, Philippe Le Goff, Carol McCalla, Nicholas Swales, and Glenn Wheeler, all of whom are principals

Joining her during the second hour, we'll have Andrew Hayes, deputy auditor general; Kimberly Leblanc, principal, human resources; and Helene Haddad, principal, financial management.

I know that Ms. Hogan does have some opening remarks, so I will turn it over to her for her remarks.

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

I am pleased to discuss our audit reports, which were tabled in the House of Commons on February 25. As you mentioned, I am accompanied by all the principals who were responsible for those audits.

Included in my February reports was a copy of our special examination of the Canadian Race Relations Foundation. I am pleased to

report that we found no significant deficiencies in the foundation's corporate management practices or management of outreach and awareness activities during the period covered by our audit.

Let's start with our audit of the government procurement of complex IT systems. Many of the government's IT systems are aging and need to be replaced to better serve Canadians. They include systems that deliver benefits like employment insurance, old age security and pensions, systems that are used to pay government employees and systems that support government telecommunications infrastructure.

Overall we found that the Treasury Board of Canada Secretariat, Public Services and Procurement Canada, Employment and Social Development Canada, and Shared Services Canada made good progress in modernizing their procurement approaches. For example, in two of the three complex IT procurements we looked at, they introduced new agile practices that included breaking down megaprojects into smaller ones, and they consulted early and often with end-users and private sector suppliers to define business needs and design solutions.

[*Translation*]

We also found that there was room for improvement in some areas, such as guidance and training for procurement officers and better mechanisms for monitoring fairness, openness, and transparency.

I am encouraged by the openness to explore new ways of doing business that we've noted in this audit. To pave the way for further progress, these organizations will need to build on what they've learned so far to continue modernizing their procurement approaches and maximize services and support for Canadians.

Let's turn now to our audit on the national shipbuilding strategy. This audit provided an opportunity to examine a complex program in its early stages, once the procurement process was completed.

Overall, we found that during our audit period, the national ship building strategy was slow to deliver the combat and non-combat ships that Canada needs to meet its domestic and international obligations for science and defence.

The delivery of many ships has been significantly delayed. Further delays could result in several ships being retired before their replacements are operational.

National Defence, Fisheries and Oceans Canada, Public Services and Procurement Canada and Innovation, Science and Economic Development Canada reacted to issues impacting the timely delivery of ships. They made key decisions during the audit so as to improve the prospects of timely future deliveries.

[English]

That said, I am still concerned that the strategy has been slow to deliver. Considering the unknown impact of the COVID-19 pandemic on work in departments and shipyards, and with the bulk of new ships yet to be built, departments need to look for opportunities to further improve how they manage risks and contingencies.

I am now going to go to a couple of audits that more closely impact the day-to-day life of Canadians.

The first examined the Canada child benefit program. This income-based benefit program is important to help families who need financial support to raise their children. The audit also reviewed the one-time additional payment of up to \$300 per child issued in May 2020 to help eligible families during the COVID-19 pandemic.

Overall, we found that the Canada Revenue Agency managed the Canada child benefit program in a way that provided accurate and timely payments to millions of eligible families. We also noted areas where the agency could improve the administration of the program. For example, a better information-sharing process with other organizations that notified the agency when recipients left the country permanently would enable the agency to avoid issuing payments based on outdated information.

Turning to another people story, we audited Indigenous Services Canada's support to ensure that first nations communities have reliable access to safe drinking water. Despite committing to do so by March 2021, Indigenous Services Canada did not meet the government's commitment to remove all long-term drinking water advisories for public systems in first nations communities.

Drinking water advisories have remained a constant for many communities, with almost half outstanding for more than 10 years. In some cases, advisories were lifted as a result of interim measures that did not fully address the underlying deficiencies. The department's efforts to address the problem have been constrained by a number of issues, including an outdated policy and formula for funding the operation and maintenance of public water systems. The department has also been working to revise the legislative framework to provide first nations communities with drinking water protections comparable to other communities in Canada.

I am very concerned and honestly disheartened that this long-standing issue is still not resolved. Access to safe drinking water is a basic human necessity. I don't believe that anyone would say that this is in any way an acceptable situation in Canada in 2021. In-

igenous Services Canada must work in partnership with first nations to develop and implement a lasting solution for safe drinking water in first nations communities.

• (1110)

[Translation]

Let's go now to our last report. This audit followed up on selected recommendations from our 2013 audit of Transport Canada's oversight of rail safety.

We found that Transport Canada had yet to fully address our recommendations from 2013. While the department has made important improvements to the way it plans and prioritizes its activities and follows up on rail company's plans and actions to address deficiencies, it is unable to show whether these actions have contributed to improving rail safety overall. When you devote people and time to addressing issues, you should be able to measure if that investment is making a difference.

Rail safety accidents can have serious consequences causing devastating loss of life and environmental damage. I'm very concerned that while Transport Canada has taken some actions to address our recommendations, eight years after our last audit, there is still much left to do to improve the oversight of rail safety in Canada.

All of these audits touch on areas that have direct and indirect ramifications for Canadians across the country. Whether it's reliable access to safe drinking water or ensuring the safe movement of people and goods on our national railways, there are some serious and long-standing issues here. They need to be resolved permanently, and soon.

This concludes my opening statement.

My colleagues and I will be happy to answer any questions you may have.

[English]

**The Chair:** Thank you very much, Ms. Hogan.

We will now go to our first six-minute round of questioning, starting with with Mr. Webber.

**Mr. Len Webber (Calgary Confederation, CPC):** Thank you, Madam Chair.

Thank you, Karen Hogan, for being here today and your principals as well.

I would like to focus on your report and what you alluded to it in your opening comments on access to safe drinking water in first nation communities. In your introduction you talk about safe drinking water being vital to the health and well-being of Canadians, including 3,300 first nation communities. Access to safe drinking water can also boost communities' economic growth and help reduce poverty.

You mentioned, however, that to this day many first nation communities live without this assurance that their drinking water is safe. You mentioned that some first nation communities continue to lack access to safe drinking water. I would like to know how many communities those are.

We all know that the federal government promised to address this long-standing issue in 2015. It committed to eliminating all long-term drinking water advisories on public water systems on first nation reserves by, as you mentioned, March 31, 2021. That's in 20 days. Of course, they have not met that commitment, and it is incredibly disappointing.

Back in 2016 the government allocated \$2 billion; on November 20, 2020, \$1.5 billion in additional funding, and an additional \$114 million per year for maintenance. With all of this money invested, Canadians in first nation communities continue to have issues, and it is a national embarrassment.

Of course, there has been progress because \$3.5 billion has been invested in this thing, but we still continue to have a long way to go. I'm assuming that the easy fixes were done long ago, but the more costly and more complex cases remain.

Is that the case, Ms. Hogan?

• (1115)

**Ms. Karen Hogan:** Madam Chair, hopefully I'll answer all the little bits there. If not, please remind me if I missed something.

You started by talking about drinking water advisories and how many communities are impacted. Our audit covered the period from November 2015 to November 2020. Over that time, 100 long-term drinking water advisories were lifted. At the end of our audit, 60 remained. Those 60 that remain are across 41 communities in the country.

Steps were made to lift some of the long-term drinking water advisories. As you mentioned, the government also mentioned in December that they would not meet the commitment by March. We saw that as well, that they will not meet it by the end of this month.

One of the fundamental issues is the funding formula. This funding formula has not been revisited in 30 years. I would agree with you. Thirty years is a bit of a long-standing issue. Thirty years is a long time to not revisit a funding formula. We found that it's not meeting the needs of the first nations, it's not addressing the actual costs, it hasn't been updated to reflect new technology that might be there, and one of the repercussions is likely that operators are not being paid the same amount as their counterparts in other parts of the country. Hence, having qualified operators is impeding the ability to have good, effective water treatment systems.

It is about finding and addressing those root causes, and not just temporary solutions.

**Mr. Len Webber:** I want to get into that as well, the employee retention and the training in these water treatment facilities. That certainly does seem to be a recurring issue in your report. It is expensive, of course, to train new people in these water treatment facilities.

Is this retention issue unique to the industry and this type of work, or do we see this same retention issue off reserve as well? What are the underlying causes in terms of this retention and the problems with retention?

**Ms. Karen Hogan:** It's an excellent question when we talk about the north, and we do cover that in so many of our audit reports. I'm not sure if one of my principals wants to add, but let me offer up what I know I've been seeing.

Retaining qualified individuals in the north and having housing for them is a challenge. It continues to be a challenge. It's not just necessarily about salary; it's also about places to live. It's about integrating those individuals into the communities there. It is much broader than just a monetary issue and it is one that we see not just in water treatment facilities, but in other areas that we audit.

I'm not sure if Mr. Wheeler wants to add anything to that or if that answered the member's question.

• (1120)

**Mr. Len Webber:** We know that we want to promote careers on reserve and we strongly encourage and welcome indigenous operators.

Do any of their reserves restrict these water supply jobs to indigenous or band workers only? If so, has this created any continuity issues in operations of the plant? Is it a factor in finding qualified people to fill these positions?

I'll let you address that. I think I've run out of time.

**Ms. Karen Hogan:** Madam Chair, I'll let Glenn address that, if that's okay.

**The Chair:** Yes, but please provide just a very short answer. I'm sorry.

**Mr. Glenn Wheeler (Principal, Office of the Auditor General):** Madam Chair, [*Technical difficulty—Editor*] long-standing issues.

**An hon. member:** There is no interpretation.

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** Madam Chair, I'm having audio issues. I'm not hearing Mr. Wheeler very well.

**Ms. Karen Hogan:** All I heard him say was that you are correct that it's a really long-standing issue.

I couldn't make much else out.

**The Chair:** That's right. We're definitely having difficulty.

**Mr. Glenn Wheeler:** I'm sorry. I seem to be having some problems with my microphone. I don't know if anyone can hear me.

**The Chair:** It's very muffled. It's very difficult to hear you.

Perhaps we can move on to the next questioner and come back to Mr. Webber's question later. I don't know if someone needs to contact—

[*Translation*]

**Mr. Maxime Blanchette-Joncas (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Madam Chair, I have a point of order.

[*English*]

**The Chair:** Yes.

[*Translation*]

**Mr. Maxime Blanchette-Joncas:** Could you please inform the witnesses that they must wear a headset? The House has a rule on this, and I think that the witnesses should be informed. It would be good if the clerk made sure that witnesses had their headsets for our future meetings because we are losing time right now and we can't do our work properly.

Thank you.

[*English*]

**The Chair:** Thank you very much, Mr. Blanchette-Joncas.

**Mr. Len Webber:** Madam Chair, perhaps the answer to my question can be distributed to the committee in writing. That way, we can move on.

Thank you.

**The Chair:** Thank you very much, Mr. Webber.

Ms. Hogan, it would be great if we could get an answer to that question in writing.

We will move on to Mr. Fergus for six minutes.

[*Translation*]

**Mr. Greg Fergus:** Thank you very much, Madam Chair.

Ms. Hogan, I would like to thank you again for being with us here today.

Just like Mr. Webber, I find the drinking water advisories in indigenous communities concerning.

Could you please tell us how many advisories on drinking water quality were posted when the government committed to solving the problem?

Have any new water quality advisories been added to the list?

**Ms. Karen Hogan:** I will do my best to provide you with an answer, as Mr. Wheeler is unable to give any more details due to a technical problem.

**Mr. Greg Fergus:** Thank you.

• (1125)

**Ms. Karen Hogan:** I would invite you to look at exhibit 3.2 in our report. The diagram shows that between November 2015 and November 2020, 100 drinking water quality advisories were lifted, leaving 60 at the end of our auditing period. The numbers, however, did fluctuate during that period. That's why I would invite you to look at the numbers. The small chart provides more information if you are interested.

**Mr. Greg Fergus:** I can certainly see that new advisories were added to the list. If I understood your report correctly, 101 drinking water quality advisories have been lifted since the government promised to take action, but there have been new advisories. As you observed, the numbers did fluctuate.

Is there a direct correlation between these new advisories and the outdated funding formula that is used for indigenous communities?

What will it take for the government to update its formula?

**Ms. Karen Hogan:** We looked at long-term drinking water quality advisories during our audit, but there are also short-term advisories on drinking water quality. A long-term advisory is for a period of time of over 365 days. We did, however, see short-term advisories for periods close to 300 days.

We really want to see the government find a long-term solution, rather than pushing the problem back and resorting to stopgap measures. Yes, you do need financing, but you also need a legislative framework. There is an act, but not the supporting regulations. The regulations offer safeguards and measures to bring about real change and enforcement of the act. The regulations are the missing piece.

We saw that long-term plans have been drawn up, but they have been pushed back in order to go ahead with the construction of new water treatment plants. Some plans have been deferred to 2024-25. In some cases, measures have been taken, but in others, there is no long-term plan. We really need an across-the-board solution.

**Mr. Greg Fergus:** According to you, or rather your audit, is the best solution still the one that brings the communities on board?

**Ms. Karen Hogan:** A good solution for one community is not necessarily the best for all communities. You have to take into account the needs and the challenges of the communities and study the solutions that they propose.

**Mr. Greg Fergus:** I want to circle back to the topic that I spoke about earlier.

Is it just the regulations that are lacking, or should we be prioritizing initiatives that take into account the communities' needs and skill sets i.e. skills that are available within the communities?

**Ms. Karen Hogan:** Both aspects are important.

Regulations offer the same safeguards to all communities in the country. Indigenous communities should also benefit from these safeguards provided for by law or other means. We do, however, need to know what the communities need.

It would also be helpful to train the systems operators. We only looked at public systems, but there are other systems that need skilled workers as well to make sure that the drinking water is safe.

[*English*]

**The Chair:** Thank you.

[Translation]

**Mr. Greg Fergus:** Thank you.

[English]

**The Chair:** Thank you very much, Mr. Fergus and Ms. Hogan.

We will now move on to Mr. Blanchette-Joncas for six minutes.

[Translation]

**Mr. Maxime Blanchette-Joncas:** Thank you, Madam Chair.

Hello to all our witnesses today.

Welcome to our committee, Ms. Hogan. It's always a pleasure to see you. You are a great witness for the committee, and I would like to congratulate you on the exceptional work you do for Parliament.

In your presentation, you seemed optimistic with regards to the current progressive management approach to technology modernization projects within the public service. I would, however, like to go over a few things with you.

Are you able to confirm right now that there is a type of gentleman's agreement, if you will, that we won't see a repeat of those awful situations of the past? I am thinking of the Phoenix pay system. I know that your predecessors were shocked by the catalogue of errors that took place.

More specifically, are you satisfied that communication between the managers that are responsible is sufficient to ensure that a similar fiasco will not be repeated?

• (1130)

**Ms. Karen Hogan:** I am encouraged by the fact that the government is trying to go about things differently. We can't just do the same thing and hope that the outcome will be different. I will stress that the government is trying out an agile procurement process. We noticed that the government has learned some good lessons after Phoenix. The government took the time to work with its suppliers in order to be clear about its requirements before awarding the contract.

We have also seen that the government has asked that end users participate in the process, which was not always the case in the past. This is a step forward, but we can't afford to be complacent. The three solutions that we studied are not—

**Mr. Maxime Blanchette-Joncas:** Pardon me for interrupting you, Ms. Hogan.

I noticed in exhibit 1.48 in your 2021 report, which deals with opportunities to strengthen governance, that these are the same findings that were made in 2018, i.e. a lack of communication with senior officials who were not invited to participate in setting up the Phoenix program.

A few years later, we see that communication with senior officials and, obviously, their participation in setting up IT procurement projects need to be strengthened. This is why I suspect that problems are still a possibility. We have, of course, made progress and the situation is improving, but it is shocking to see that the main problem that your office underlined in 2018 with regards to Phoenix is still in your 2021 report.

What can you tell us about this?

**Ms. Karen Hogan:** We learned that Treasury Board is working with senior officials on the next generation of the Phoenix pay system. Departmental committees have been struck in order to ensure end-user participation. This is new in terms of communication.

However, it is not enough to have good policy, you also need to show willingness. This is what senior officials need to do. They have to change their approach and mindset. The procurement process for IT systems is very complex. You have to show willingness and a desire to collaborate, and you have to listen to find out what is needed.

We underlined this problem of governance in our audit. As I stated earlier, we can't afford to be complacent. Progress has been made, but there is still work to do.

**Mr. Maxime Blanchette-Joncas:** What I am understanding, Ms. Hogan, is that you wish that there was more communication between departments and senior officials.

**Ms. Karen Hogan:** That is not the case in those three instances.

We did see this with the next generation of the pay system. Elsewhere, however, we saw problems in terms of oversight, governance and roles and responsibilities.

We can conclude that errors are being repeated. That means that senior officials have to give this their full attention.

**Mr. Maxime Blanchette-Joncas:** Thank you for that information.

Moving on to rail safety, I am just as disappointed as you are with Transport Canada's laissez-faire attitude, as well as that of the committee and the House.

Do you have any suggestions for solutions for us to force the government to follow your recommendations and make them binding?

**Ms. Karen Hogan:** I agree with you. I am concerned by the fact that a very important recommendation made in 2013 has still not been followed. It pertains to the need to evaluate the outcomes of measures taken.

We have to maintain a good working relationship between our office and parliamentary committees. We have to continue to put pressure on and to do follow-ups with departments to make sure that they look at our recommendations and that they do not just reply in a report, which will then gather dust.

This is particularly important when it comes to rail safety. We have seen that follow-ups must be done everywhere in the country when it is important to do so.

I would also underline the fact that regardless of what the project is, if you invest the time and the people, you should be able to measure outcomes. That is the last step that everyone should be able to take.

• (1135)

**Mr. Maxime Blanchette-Joncas:** What I am hearing is that plans are made, but we are not sure what the outcomes will be and we're not even sure if the outcomes will be better.

Moreover, there has been an increase in rail accidents over the 10 past years. The Transportation Safety Board of Canada said so last July. Rail accidents have shot up by more than 40%.

Are you able to establish a link between Transport Canada's laissez-faire attitude and the increase in rail accidents?

**Ms. Karen Hogan:** We found that Transport Canada has considerably increased its activities. The department has improved its inspection processes and its follow-up process on corrective measures. It now has to establish the outcomes of all these activities.

As to the increase in rail accidents, you have to put the numbers in context and take into account the higher volume of rail traffic.

[English]

**The Chair:** Thank you very much, Ms. Hogan and Mr. Blanchette-Joncas.

We will now go to Mr. Green for six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** There are certainly some really incredibly important societal questions being put in these audit reports today. I want to thank my colleague Mr. Webber for leading out on what I believe to be the most important one. I'm going to have a comment first, and then I'll get into my questions.

I'll share with you that as a Hamilton city councillor, the most rigorous training I had was in water protection—in water regulation and distribution within my municipality—because of the Walkerton crisis. As Ontarians will recall, that crisis demanded immediate action by the government to ensure that the E. coli poisoning, which made children in those communities sick, would never happen again. One way they did that was by putting a greater fiduciary responsibility on municipalities to give them culpability should these outbreaks occur. Out of all the things I learned as a city councillor, nothing struck me as more serious than getting my first orientation in water regulations due to Walkerton.

In these reports, I find a list of deficiencies and highlights that is pages long. I can't help but think, as a member of Parliament, that if we had in our House of Commons a fiduciary responsibility, a culpability, as individual MPs, to ensure that our first nations had clean drinking water, how quickly this would have been resolved.

What I don't want to lose sight of in my opening comments is that behind every statistic and every metric, there is a community and stories and people. I think about Grassy Narrows and the response they got—thanks for the “donation”. I think about the work of my MPP colleague Sol Mamakwa, in calling for help for the 250 people who were evacuated from Neskantaga, who had to leave their community, which has been under a water advisory since 1995. When Mr. Webber says this is a national embarrassment, he's not understating what's before us here today.

This is a damning report, and if it weren't for COVID and all the other things that have been happening, I would hope this would be central to our moral obligations as MPs to take care of.

Ms. Hogan, you identified the outdated funding policy formulas that go back 30 years and the new technologies. In your audit, did you ever come up with an actual figure, a cost analysis? Has the the Parliamentary Budget Officer done so? Is there a number that would give us the cost or scale and scope of this problem, so that if we were to throw \$10 billion or \$100 billion at it, we could solve it?

**Ms. Karen Hogan:** We didn't really focus on that side of it.

I know that Glenn put his boom mike on, so hopefully he'll be able to answer that. He might have an idea or some thoughts to share with you.

We did question whether or not the additional funding that was committed would be sufficient to meet the needs. When you're basing it on a funding formula that hasn't been revisited for a while, that's not meeting current needs, that may not reflect new technology, that isn't meeting the needs of salary expectations and it's only addressing the long-term drinking—

**Mr. Matthew Green:** I really want to focus in. I want to get laser-focused on the size and scope of this problem.

It's before us as a committee. We're providing recommendations. We need to get to the numbers. We need to know.... We have the long list of failures and I really want to shift to figuring out what the scope of this is.

This is a government that found \$750 billion in liquidity supports for Bay Street and big banks during COVID. We got \$100 billion out to Canadians and workers. In my good conscience, representing Hamilton Centre, I can't think for a moment that if what happened in Neskantaga was happening in Hamilton Centre I wouldn't be lighting myself on fire in this committee right now.

That's what's before us. From your staff's perspective when you do this report, when you're dealing with the departments, when hopefully they're being transparent—we know what their failures are—what is the dollar amount?

• (1140)

**Ms. Karen Hogan:** I don't believe that we have that dollar amount. A lot of that would be forward looking projections. Perhaps the Parliamentary Budget Officer can assist with that.

Let's turn to Glenn and see what he can add to the dialogue.

**Mr. Glenn Wheeler:** Thank you, Madam Chair.

I'm on my third set of headphones, so hopefully people can hear me this time.

To our knowledge, there's no overall assessment of the total cost to fix this issue. As the Auditor General has mentioned, the government has provided a lot of funding in recent years to address—



**Mr. Matthew Green:** I'm going to stop there. I'll be satisfied with the fact that in taking on this program, nobody has yet come up with a number about what can solve this. It's very problematic. It seems like everybody is on the process and on the outcomes. That is an ongoing problem with this government.

I want to get back to the fact that there is no regulatory regime to ensure access to safe water in first nations communities that provides legal, binding-force protections. Is that correct?

**Ms. Karen Hogan:** An act was put in place, but not the underlying regulations.

**Mr. Matthew Green:** I can't understand how when people are drafting legislation for something this serious, they talk about these processes and they make these announcements, but there's no actual binding nature to these agreements.

Are there recommendations coming from your office that would address these shortfalls? This seems to be, first and foremost and going back to my time as a Hamilton city councillor, the most significant piece.

**The Chair:** Give a very short answer, please, Ms. Hogan.

**Mr. Matthew Green:** Don't even worry about it because I'm definitely going to come back to it in the second round.

Staff, feel free to go to find that answer. I'll come back to it in my two and a half minutes.

**The Chair:** Thank you very much, Mr. Green.

We will now move to our second round of questioning.

You have five minutes, Mr. Berthold.

[*Translation*]

**Mr. Luc Berthold (Mégantic—L'Érable, CPC):** Thank you very much, Madam Chair.

Good morning, Ms. Hogan. It's always a pleasure to welcome you to the committee.

Mr. Green, I agree wholeheartedly with what you said about the importance of the report on drinking water. However, you will understand that, given what happened in Lac-Mégantic, the report having to do with rail safety is equally important to me.

Ms. Hogan, since you released your reports, I have had the opportunity to speak with people in my riding, people in Lac-Mégantic. Imagine if those people were made aware of one of your statements:

I am very concerned that [...] eight years after our last audit, there is still much left to do to improve the oversight of rail safety in Canada.

I note that this audit, conducted in June 2013, predated the Lac-Mégantic tragedy, which occurred in July.

Ms. Hogan, the Standing Committee on Transportation, Infrastructure and Communities had the opportunity to go to Lac-Mégantic and do a study on this. The Transportation Safety Board of Canada has done reports. A lot of analysis has been done.

What can we do to prevent issues like this from coming up in your next report? It is unacceptable for the public to hear things like

this from the Auditor General of Canada, and for the public to see that there is so much more to be done.

I would like you to give me a path forward because, frankly, I don't know how to approach this anymore. I have done everything in my power, but I don't want to read statements like that anymore.

**Ms. Karen Hogan:** I thank you for the question.

I also want to mention that the Commissioner of the Environment and Sustainable Development tabled a report just before mine on the transportation of dangerous goods. He raised the same concerns that we are raising in this report. That is why Transport Canada officials need to ensure that the actions they take are effective. It is important to do a lot of monitoring in this regard. But they do not know if these activities are the ones that will actually improve rail safety. If they don't measure the effectiveness of the measures that are put in place, how can they know if they are the right ones or not?

We also have to agree that any mode of transportation is dangerous, including rail. It is inevitable; there will always be accidents. However, we must be able to avoid them or ensure that we have done everything in our power to improve safety.

• (1145)

**Mr. Luc Berthold:** This is an accountability issue, Ms. Hogan. When you say "they", you are talking about the people at Transport Canada. That is very broad.

Have you established who at Transport Canada is responsible for the lack of follow-up on these recommendations?

**Ms. Karen Hogan:** That is an odd question. Transport Canada does the safety oversight, but they also work with the railroads. It is the railroads, as well as the transportation companies, that use the safety systems.

The deputy minister of any department is responsible for all actions taken by his or her department. As far as the sector and individuals, I am not aware of that. I could ask the senior director, but I don't know if that would add anything to the discussion.

**Mr. Luc Berthold:** Personally, I think so, because there may be too many people involved right now. When you're not directly responsible, you're not responsible at all, if I can put it that way.

It would be nice if we could clearly identify the chain of command with respect to following up on recommendations. We cannot allow another tragedy like Lac-Mégantic to happen again. We cannot allow other tragedies. We must do everything we can to achieve zero risk, even though we know it is impossible. We all know that, Ms. Hogan.

As a result of these findings, which are still quite harsh with regard to Transport Canada, do you intend to follow up quickly on the recommendations made in this report—not a late follow-up as in the case of the 2013 report—to find out if any means have been implemented to verify that Transport Canada is following up on the recommendations and to see if they are having any direct consequences, whether negative or positive?

**Ms. Karen Hogan:** One of the new things we're going to be doing soon is following up on several audits, exactly as you mention. This is not to produce a lengthy report, but rather to do more follow-up on recommendations. Our intent is to include the reports we just filed.

Sometimes a topic is so important that it needs to be looked at again. We will then continue to do our follow-up. The department and its internal audit group should also follow up on our recommendations. We will continue to work with the department.

**Mr. Luc Berthold:** Thank you.

[English]

**The Chair:** Thank you very much.

We will now move to Mr. Blois for five minutes.

**Mr. Kody Blois (Kings—Hants, Lib.):** Thank you, Madam Chair.

Thank you to Ms. Hogan for being here today. Obviously you have a lot of very useful information for this committee.

I'm going to start on the national shipbuilding strategy. Being a member of Parliament from Nova Scotia, this program is extremely important. I know a lot of individuals and constituents I represent who are involved in the shipyard work in Halifax. Canada has a shipbuilding history, but these types of contracts obviously only come in certain types of decades along the way.

I'm curious. You mentioned there were some delays in the first two ships that were built. Is some of that tied to the fact that we have to build capacity in some of these industries, that it is not a continuation...? There's not always these types of contracts that require this type of skill set and this type of procurement happening year over year, so to speak.

**Ms. Karen Hogan:** Thank you for the question about the shipbuilding strategy.

It's important to start off, I think, with the three objectives of this strategy: It was to renew the fleet in a timely and affordable way, to create and support our marine sector and also to generate economic benefits for the country.

Some of what we saw in the delays was a bit of a shared responsibility between the department and the government, knowing exactly the design they wanted and figuring that out, and then production on the side of the shipyards. The intent was to make sure there wasn't a boom and bust sort of cycle.

That's why focusing in on target state.... Having shipyards meet their target state is really important, especially as deadlines move away. It's a way of measuring progress and value. The departments did not do a good job on following up on that target state, and still the shipyards have not met it yet. That's essential.

• (1150)

**Mr. Kody Blois:** Ms. Hogan, can I ask how the time frames for the ships being built in the first place are benchmarked? Are the benchmarks judged versus how Canada or other jurisdictions have done this in the past? How do we actually establish the benchmarks and time frames?

**Ms. Karen Hogan:** Are you talking about time frames with respect to how long it takes to build a ship?

**Mr. Kody Blois:** Yes. You mentioned there have been a few delays. I know, for example, in Halifax it could be eight or nine months in your charts and your reports, but how are those initial benchmarks and time frames even established?

**Ms. Karen Hogan:** I'm going to ask Nick Swales, who is a principal, if he can provide that extra detail for you. I don't know that off the top of my head, so I'm going to see if Nick can add that.

**Mr. Nicholas Swales (Principal, Office of the Auditor General):** Thank you, Madam Chair.

There were no benchmarks established for the initial ships, so those schedules were really the result of the commitments made by the shipyards.

We do go on to point out that in the ships projects for the future, there has been more benchmarking. There has been a use of third party experts and also the actual time it has taken to say what is a reasonable time frame to build such ships.

**Mr. Kody Blois:** What I'm hearing is that as we start to get more capacity and understanding, this will tighten up and allow the company and the department to have faster timelines.

I do want to go on to another topic, but I have one quick question around maintenance. In the report you talked about, there was some deferred maintenance also being done. Does that have any interplay with...? Obviously, the national shipbuilding strategy is dealing with new builds. Was there some maintenance that could have delayed some of these timelines, or is that unrelated?

**Ms. Karen Hogan:** I think I might let Nick tackle that one. I just want to say that I think the department and the shipyards agreed that their timelines were not very realistic, and they believe they have established more realistic timelines with some of the actions they took during our audit.

Nick, I don't know if you can answer the member's question.

**Mr. Nicholas Swales:** I will just say that we didn't speak to maintenance. What we spoke to was life extensions and the need for those. Certainly, because ships are not being produced on one time frame, they need to extend the lives of existing ships so they can continue operating until the ships are replaced.

**Mr. Kody Blois:** I have about 30 seconds left according to my clock, Madam Chair.

Ms. Hogan, if I had more time, I would really like to get into the indigenous water advisories. I would agree with my colleagues that these are particularly concerning.

Whether or not you can answer it now, or maybe in future opportunities, it is around the capacity. It seems like, yes, we're dealing with funding, but there's a capacity issue in having trained operators and having communities themselves be able to maintain these types of assets such that we don't get into those situations.

I don't know if I have any time, but I would be interested if you could speak to that.

**The Chair:** It would need to be a very short answer.

**Ms. Karen Hogan:** I guess I would say that yes, I agree, that's part of the issue we're seeing. Whether that comes from solutions through the funding formula or not, having that expertise in those communities is needed.

**The Chair:** Thank you very much, Mr. Blois.

We will now move on to our two-and-a-half-minute round, starting with Mr. Blanchette-Joncas.

[*Translation*]

**Mr. Maxime Blanchette-Joncas:** Thank you, Madam Chair.

Ms. Hogan, I will address Canada's National Shipbuilding Strategy.

You have literally pressed the alarm bells about the significant delays in getting Canadian Coast Guard and Royal Canadian Navy ships underway. These vessels are necessary if we are to ensure safety on the St. Lawrence Seaway, particularly.

Even the Parliamentary Budget Officer mentions that we could have saved tens of billions of dollars. Right now we have two suppliers: the Seaspan Shipyards in British Columbia and Irving Shipbuilding.

I don't want to drag you into the political arena, but can you tell us if more diversity in terms of contracting could have sped up the process that is underway, a process that we can hardly see ending?

**Ms. Karen Hogan:** I don't know if I have the answer, but I can tell you that during the audit, we found that the government had taken steps to try to get the strategy back on track. One of those steps was the addition of a third shipyard, Davie Shipbuilding, to build ships. The government found that this was a way to improve the strategy and get it back on track.

Time will tell if this is indeed the case.

• (1155)

**Mr. Maxime Blanchette-Joncas:** Ms. Hogan, were you able to see that by choosing the Davie shipyard, there were savings and efficiencies to be had?

**Ms. Karen Hogan:** We did not consider this aspect. However, in a previous audit, we found that the yards were selected through an open process, and Davie was determined to be an eligible provider. I don't think I can answer the question further.

**Mr. Maxime Blanchette-Joncas:** I would like to go back to the 2021-2022 main estimates. In your remarks, in item 10, you noted that you planned to provide an update on previous audits.

In the context of the COVID-19 pandemic, there is a lot of talk in the news about health transfers. Do you plan to provide a review soon of a 2008 update from the Office of the Auditor General of Canada? It was about federal transfer payments to the provinces. Perhaps a new analysis is needed.

Do you think that would be feasible?

**Ms. Karen Hogan:** Anything is possible, we just need to look into it.

I thank you for the suggestion. I don't know if it's included in the follow-up exercise we'll be doing soon, but I'll make a note of it and get back to you on it at a future meeting.

[*English*]

**The Chair:** Thank you very much.

Colleagues, our last questioner this hour will be Mr. Green for two and a half minutes.

**Mr. Matthew Green:** Thank you. I will use the two and a half minutes to address the transportation issue.

When I return to my community of Hamilton Centre, my home is within 500 metres of a rail line. Again, as a city councillor, when the tragedy happened in Quebec, I tried to find information about what types of material were coming through and what the government was doing.

Yet, in this report the things that jump out at me is that the government allowed the safety management system to be developed by the corporations and it has all these policies and targets and risk assessments that are set by the companies and, if I'm to be clear, there is nothing in place to actually see whether their safety systems are resulting in greater safety.

Is that a fair assessment, Ms. Hogan?

**Ms. Karen Hogan:** In the audit, we did we sample audits of the safety management systems in the railway companies and saw that Transport Canada had increased the number of audits they were doing of those safety management systems. But, again, it's very similar to their own activities. They were not able to demonstrate that those safety management systems actually helped improve safety. They are missing that outcome step in all of their work to see if that's actually making a difference.

**Mr. Matthew Green:** It's a really important step, like the most important step. To be clear, you found that Transport Canada was not measuring whether these are actually effective in corrected these issues. So how can they address the actions for the risk of accidents? What happens after they do through the process?

**Ms. Karen Hogan:** I think that's why we've made the point that when you invest this amount of time and effort and individuals, you should be able to measure that effectiveness for a few reasons. One is to see the benefit of all that work, but also to know whether or not you're doing the right things you should be doing. While we are happy to see that they adjusted in response to some of our recommendations there is a lot left to do. That effectiveness piece, in my opinion, is one of the most important steps.

**Mr. Matthew Green:** I'm going to hope that we can get there and I'll end with this last question.

In your opinion, do you believe that your audit makes it clear that there needs to be a review of whether the safety management system is even appropriate or effective at keeping the railways safe and holding railway companies accountable?

**The Chair:** You are muted.

**Ms. Karen Hogan:** Thank you.

I think it's a bit of a question of policy. It was written into the legislation that companies should develop these. What we looked at is whether or not Transport Canada was doing the proper oversight of that. I do believe that it is Transport Canada, as the expert in transportation, that should decide whether or not those mechanisms are the most effective. We were saying that they did not measure that the extra surveillance was making a difference.

**The Chair:** Thank you so much.

Thank you, colleagues, for your questions.

Thank you to our witnesses for joining us this morning.

I will suspend for a short period of time while they leave the meeting. Then the new witnesses will arrive and we will quickly do some sound checks.

● (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_

● (1200)

**The Chair:** Thank you very much.

As I stated earlier, we will now begin our study of the departmental plans 2021-22 and the main estimates.

I will call Vote 1.

Ms. Hogan, you have five minutes for your opening remarks.

**Ms. Karen Hogan:** Thank you, Madam Chair.

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

With me today are Andrew Hayes, deputy auditor general; H el ene Haddad, principal responsible for financial management; and Kimberly Leblanc, principal responsible for human resources.

The Office of the Auditor General of Canada contributes to a well-managed and accountable government for Canadians. We do this by providing Parliament and territorial legislatures with independent and objective information, advice and assurance about government financial statements and the management of government programs.

The Commissioner of the Environment and Sustainable Development assists me by conducting reviews and audits that relate to the environment and sustainable development. I am pleased to inform the committee that on February 1, Jerry DeMarco was appointed the new commissioner for a seven-year term.

We also support the development of legislative audit methodology and accounting and auditing standards, and we work internationally to build audit capacity, and promote better-managed and more accountable international institutions.

Let me turn first to our 2019-20 departmental results report. We provided this report to Parliament in December 2020. As shown in our financial statements, our net operating cost was \$102.4 million, and we employed the equivalent of 567 full-time employees.

With these resources, we completed 16 performance audits, including four led by the Commissioner of the Environment and Sustainable Development and three reported to the northern legislatures. In addition, we conducted three special examinations of Crown corporations.

In terms of our financial audit work, we issued clean opinions on 85 of the 88 financial statements we audited from the federal and territorial governments and Crown corporations. We also presented our annual commentary on our financial audit work.

Our departmental results reports include several indicators of the impact of our work, along with measures of our operational performance. One of the ways in which we assess the impact of our performance audit work is through the level of parliamentary engagement with our audit reports.

Parliamentary committees reviewed 26% of the reports we presented to Parliament in the 2019-20 fiscal year, compared with 58% in the prior year. This drop can be attributed to the lower number of sitting days during the year due to the fall 2019 federal election campaign and the temporary suspension of Parliament due to the pandemic. However, I'm pleased to say that with the hearings over the last few months, the Standing Committee on Public Accounts has been able to review all the performance audits referred to it during the 2019-20 fiscal year.

[*Translation*]

Let me turn now to our main estimates and our departmental plan for the upcoming 2021-22 fiscal year. Under vote 1 of the main estimates, our program expenditures for the 2021-2022 fiscal year are now set at \$105 million, which include the entire \$25 million of additional permanent funding we requested. With these resources, we plan to employ the equivalent of 737 full-time employees.

I would like to thank this committee because your unwavering support was instrumental in resolving our resourcing challenges.

With this increase in base funding, one of our main priorities for the upcoming year is to increase our capacity in the performance audit practice, which includes the audit reports that we present to Parliament and northern legislative assemblies. This year represents a step toward re-establishing a broader audit coverage of government programs and spending, including the environmental and sustainable development audits that are issued by the commissioner.

In addition to reports related to the COVID-19 response, we are auditing a range of topics, including those related to natural health products, water basins, and outreach to vulnerable populations, as well as updates on past audits.

Now that we have secured our permanent funding, we have been proactive in hiring the additional diverse and qualified professional and support staff we need. As you can imagine, onboarding and training newly hired employees will be critical for the coming years.

Another priority in the 2021–2022 fiscal year will be to continue modernizing our approaches, tools, and products.

• (1205)

I could not be prouder of everyone at the OAG. They are resilient, caring, and devoted to excellence.

We thank the committee for its ongoing support and use of our work. We would be pleased to answer the committee's questions.

[*English*]

**The Chair:** Thank you very much, Ms. Hogan.

Colleagues, we will now go to our first six-minute round of questioning, starting with Mr. Lawrence.

**Mr. Philip Lawrence (Northumberland—Peterborough South, CPC):** That's perfect. I have just a brief scheduling thing that hopefully won't take away from my time. I have some issues with scheduling that I want to raise.

I was hoping that perhaps we could schedule 15 minutes—with unanimous consent—for committee business at our next meeting. Is that okay with everyone?

**The Chair:** Yes, I'm seeing thumbs up. Nobody is raising any issues with that.

I will work with the clerk to make sure that happens.

Thank you, Mr. Lawrence.

**Mr. Philip Lawrence:** Thank you.

Thank you to the Auditor General for appearing. I am glad to see that you have received the funding, and if our committee and I had a little part in that, I'm glad to have supported it.

With respect to the process, I'm glad, Auditor General, that you seem open to the idea of maybe changing the process a bit. A lot of the process was these grand unveilings, where we literally would be using typewriters to come up with hundreds of pages and then presenting them to the committee. That's not really the way the world works anymore and, quite frankly, it reduces the effectiveness of the recommendations if they are two or three years later...

I would like to get her comment. Maybe she can expand on how the committee could work with that. I would be fully supportive of the idea of having interim, temporary or smaller reports that come to the committee more often, so that we can actually get back and fix these things, right? What I see is a pattern here, whether we're talking about first nations and indigenous water clarity, shipbuilding, the Phoenix debacle in digital services, or even things we haven't contemplated yet, such as vaccine procurement. We see these failures, but we don't get to them in time to change the results. We hear about process updates, but I don't see any results coming from that.

Maybe the Auditor General could comment on how we could work with her to actually make a change, as opposed to just having processes that change, and actually get results for the Canadian people.

**Ms. Karen Hogan:** Thank you very much for that question. I feel like you have been sitting with me when I talk to all the people in our office.

We have to look at the process, absolutely, and we need to help improve that, but we should keep our eye on the outcomes. A part of how I hope to accomplish that is by breaking down some of the audits. I think you're going to start seeing that. We'll be able to have a dialogue about how we want to approach that together so that you can study a subject appropriately.

I'm going to use two examples, one being CERB. We're going to table the first part of our CERB audit in a few days, in about 14 days, actually. It won't cover the whole program. It is actually meant to identify what's going on now and to help feed the department to deal with looking at payments in the next round.

You mentioned vaccines. That's another one that we're looking at breaking down into more manageable pieces. I guess, then, the decision might be, does the committee want to study the bits and pieces or wait to study the entire program or subject?

For vaccines, we are going to try to target in and look at the contracting of those in order to give the Public Health Agency some time to deal with rollout, but then our intention is to look at approval and rollout to the provinces. We're going to try to break it up. I really think it's about us having a good dialogue on what the best way might be as to how to study that going forward.

• (1210)

**Mr. Philip Lawrence:** Yes. I would not hold myself out to speak out in front of the entire committee, but for my part, I want to see the bits and pieces. We can have the big longer-term reports as well, but the world just moves so quickly these days. In my days in the private sector, you had to be agile and quick and get those reports done.

With respect to the vaccines, can you disclose whether we'll be hearing from you in the near future with respect to the vaccine procurement or when we might be hearing from you? Is that something you can disclose at this point?

**Ms. Karen Hogan:** I'm very happy that we're all willing to try something new, because I think that's what we should do. I'm here for 10 years to help serve Parliament, and I want to make sure that I'm meeting your needs. It's definitely something I want to engage in with all of you.

From a vaccine perspective, there will be nothing tabled in March. We are in a very good dialogue with the departments about how best to structure that. I'm also in a dialogue with the Auditors General in the provinces to see whether or not we could coordinate the timing of audits, because federally I can only go so far on the whole vaccination issue. Then it becomes a provincial matter. I'm having a dialogue with my provincial counterparts to see if they would like to time an audit that they could do afterwards, so that the whole vaccination picture is looked at, from approval to shot in the arm.

**Mr. Philip Lawrence:** How much time do I have left, Chair?

**The Chair:** You have one and a half minutes.

**Mr. Philip Lawrence:** Perfect, thanks very much. I'm not nearly as good at timing as Mr. Green.

The next question I'd like to follow up on is with regard to the digital side relating to what we were talking about. I think this will be key for our future going forward, and you're seeing the CRA's inability to talk to other departments. We also saw the Phoenix debacle.

Could you talk where we are more generally? Is there a digital strategy that you're comfortable with? What have you seen in that, and is it something you'll be looking at in the coming year?

**Ms. Karen Hogan:** The chief information officer of Canada has a digital strategy; the federal government has a digitization strategy, and I think everyone's going on that journey. The pandemic has forced a lot of us to take steps faster than we would have done. I think that's a positive, and we need to keep building on that.

We talk a lot about modernizing IT. We have to do it ourselves, as well as the federal government, and so we do have a few audits that we're targeting in the future. We're looking at doing a cybersecurity audit. We're trying to figure out all of the security around that, so there will be a cybersecurity audit coming in the future.

I encourage you to take a look at our website. One of the things that I've tried to do is to get more than one year of planned audit work on there. Bearing in mind that it might change and move, ebb and flow, as we figure out the right timing, but there should be two years there, and you'll be able to see that far out. That said, cybersecurity and IT are definitely going to be things at the forefront of our minds as we go forward.

**The Chair:** Thank you.

**Mr. Philip Lawrence:** I have one quick last comment, Chair.

I'll just put on the record quickly that I would love to hear as soon as possible on the vaccinations.

Thank you.

**The Chair:** Thank you very much, Mr. Lawrence.

We will now go to Ms. Yip for six minutes.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you, Ms. Hogan, to you and office for all the hard work you've done in delivering these reports.

Congratulations to Mr. DeMarco on his new appointment.

In your answer to Mr. Lawrence about breaking down the reports into smaller bits, I gather that this was part of your departmental plan.

I'm wondering if you could just elaborate on the new vision and mission that you've outlined in that plan and how it will be used to improve the operations at the OAG and guide future audit work.

● (1215)

**Ms. Karen Hogan:** I worked very hard with my executive team, after lots of consultations and discussions with all of our people across the office, to make sure that our vision spoke to people.

I think it addresses what I've been telling this committee for a while, that I want to modernize not just our processes but also how we work and how we interact, and that's why breaking down some of the audits into smaller pieces is one of those things we have to see working to see how it goes.

It also includes how we communicate. Again, I encourage you to go to our website. We just posted an infographic about rail safety that accompanies the audit report. We want to see how that is digested and if individuals like it and find that it's a meaningful way to understand the report.

Our new vision is to bring together people, expertise and technology, and we see that as including both the people within our office and the people and entities we audit. We see that as bringing together our expertise and the expertise in the public service in the programs that we audit and in all of the initiatives that they put forward and in technology. I think not only do we have to modernize and use technology in a better way, so does the federal public service.

There are so many opportunities with new technologies to get a better handle on data and be more informed, and we need to take that journey with the government so that we can provide better value-added to our audit.

**Ms. Jean Yip:** I'm hoping to see more of the infographics and simpler language so that Canadians across the country can understand some of the reports and recommendations.

Parliamentary committees have reviewed 26% of the reports that were presented in 2019-20 compared with 58% in the previous year. I can understand why only 26 reports were reviewed, partly because of the fall federal election and the pandemic.

What happens to the reports that are not reviewed?

**Ms. Karen Hogan:** Coming up with that percentage is a little complicated, so I want to talk about a few things that are in it. It includes all the reports that we will table in the House.

A few years ago we started to table all of our special examinations of Crown corporations so that they would be available if a parliamentary committee wanted to study them. They are available publicly on every Crown's website, but we wanted them to be in one place for Parliament. Those are not often studied, and we considered that. They have been discussed with the board of directors of the Crown corporations. They have an action plan and their internal audit shops and their boards of directors will follow up with the corporations taking those actions. While these examinations they may not be studied in Parliament, they are studied and looked at.

In the case of many of the audit reports, when we issued our results, it looked as if they hadn't been reviewed, as I mentioned in my opening statement; but they were reviewed by the public accounts committee.

There are reports of the commissioner that are referred to the environment committee that are not always studied there. That's where I would encourage any committee across Parliament to study any of our reports. We are always happy to talk about our work, and it doesn't necessarily always have to be studied by the committee that refers to them.

**Ms. Jean Yip:** If it's not studied by a committee, is there any follow-up on the recommendations? Is there any accountability to the organizations that you're studying? Because your reports are so valuable and so much hard work goes into them, I want to make sure that something comes of them.

**Ms. Karen Hogan:** Thank you very much.

I agree with you. We spend a lot of time, and so do the departments and entities we audit, and we want to make sure that we make a change that improves programs in the lives of Canadians.

We have a few options, and we follow them up. For example, we have this new product that I mentioned that we're going to be putting together that will look at certain measures in some of our audits. It's going to be more of an electronic product than a paper product. We're hoping that we'll be able to add some pressure to the departments to recognize that we might come in more regularly to start doing that quick follow-up. We want to make it publicly available so that everyone can see what's going on. As I mentioned earlier, we will always follow up on important topics in the larger, more comprehensive way.

The internal audit areas within departments and agencies should be following up on the recommendations that come from our financial and our performance audits, and their departmental audit committees should be asking those questions as well.

• (1220)

**Ms. Jean Yip:** Madam Chair, do I have any more time?

**The Chair:** You are at six minutes exactly, so it's great timing.

Thank you so much, Ms. Yip.

We will move on to Mr. Blanchette-Joncas.

[*Translation*]

**Mr. Maxime Blanchette-Joncas:** Thank you, Madam Chair.

Ms. Hogan, I am trying to verify what had already been established about a House motion, tabled in April 2020, that asked you to conduct an audit of emergency actions taken in response to COVID-19. A report on the findings must also be filed by June 1, 2021. Of course, a House order called for the government to take the necessary steps to ensure that your office had sufficient resources to do the work.

In our previous meetings, you told us that it was not easy, in the context of COVID-19, to get information from certain departments.

Will you be able to complete COVID-19 reporting by June 1, 2021?

**Ms. Karen Hogan:** The answer is not simple, but I will try to answer your question in a satisfactory manner.

To address the motion, we would have to look at all the programs that the government has put in place in response to the pandemic. As I mentioned before, it is almost impossible to meet this request. I would work solely on that for several years.

So we decided to look at programs that are somewhat broader, based on certain risks or on discussions with departments. We will be tabling four reports in March, before the June 1 deadline.

These reports will be a beginning of a response to the motion. The reality is that we will continue for years to come to review programs related to the government's response to the pandemic. We will be tabling further reports later this year and in 2022. We will continue this work for several years.

We are unable to fully respond to the requests made in this motion by June 1.

**Mr. Maxime Blanchette-Joncas:** We have been pushing for you to receive your funding. It is my understanding that there is a technology transition that needs to happen now and that you will be hiring additional staff.

What can the committee do, Ms. Hogan, to further assist you?

**Ms. Karen Hogan:** It would be to study our reports and have a little patience.

We're going to get our funding, and we've already hired almost 100 people this year. It's not just new employees, because you have to factor in the usual staff turnover. We are in the process of onboarding them and training them. This will allow us to increase capacity.

Along with that, we are trying to address our technology shortcomings. We have a good plan to correct that, and the money will be spent shortly to buy systems. However, it's not just having systems, you also have to have individuals to implement them.

There is a tremendous amount of activity within our organization right now to increase capacity for our audits.

**Mr. Maxime Blanchette-Joncas:** I understand that in order to prepare your reports, you need to have data, and that data comes from the different departments.

How is the communication going? Are you getting responses according to the timeline that you set? Is the communication meeting your expectations?

**Ms. Karen Hogan:** Yes and no. Honestly, it depends on the departments and how committed they are to the pandemic response. There are certainly some delays in getting information out.

As I mentioned earlier, there are only 24 hours in a day, and a lot of people in the departments are very busy. From time to time, audits that we would like to complete have to be pushed back. It's not a big problem right now, but it does require us to be flexible and sometimes replace those audits with others on different topics.

• (1225)

**Mr. Maxime Blanchette-Joncas:** Other than missing data from some departments due to delays, are there other things that cause your audit reports to be delayed?

**Ms. Karen Hogan:** No, not really, other than the fact that the demand to audit all COVID-19-related programs is immense. For this reason, our response to the motion will be phased over several years.

**Mr. Maxime Blanchette-Joncas:** I want to make sure I understand, Ms. Hogan. You said that four reports would be tabled soon.

In total, how many reports on COVID-19 are expected to be delivered by June 1, 2021?

**Ms. Karen Hogan:** I believe we will try to deliver some in May as well, but it is very difficult for me to give the exact number.

There will certainly be some later in the year. I can get back to you on that, if you want, but I know that there will also be audits related to COVID-19 in 2022 and 2023.

Maybe we could keep you updated on the number of audits.

**Mr. Maxime Blanchette-Joncas:** In your opinion, Ms. Hogan, are there any reports that are not already scheduled, but would be essential and should be addressed by the committee?

**Ms. Karen Hogan:** Are you talking about reports you should be studying?

**Mr. Maxime Blanchette-Joncas:** I'm talking about reports that we should request from your office and then review.

**Ms. Karen Hogan:** People in our office and people on the committee have already had a discussion about this.

We will be looking at the Canadian Emergency Response Benefit, the implementation of immunization, as well as a lot of programs related to the pandemic. We have no shortage of topics.

**Mr. Maxime Blanchette-Joncas:** That's fine.

**Ms. Karen Hogan:** All we need is time.

**Mr. Maxime Blanchette-Joncas:** Earlier, I touched on...

[English]

**The Chair:** Thank you very much, Mr. Blanchette-Joncas.

We will now move on to Mr. Green for six minutes.

**Mr. Matthew Green:** Thank you for that. I want to take a step back to the previous section. I didn't get a chance to do so, and I think it's important every now and again that we take a step back and do it, because in the audit world, no news is good news. When you have a department or agency that comes through without any juice or anything spicy, it is overlooked.

I want to go back to your opening remarks in the last section to note that in the special examination of the Canadian Race Relations Foundation, you were pleased to report that there were no significant deficiencies in corporate management practices or in the management of outreach and awareness activities during the period.

I want to take a moment to welcome, I believe their new ED, Mohammed Hashim, who is incredible. I'll share with you that his work in the surveys on online hate have played a role, I think, in helping Canadians better understand what online hate looks like in Canada. I think that's valuably important.

I never want to miss the opportunity to sing praise in this committee and to take a step back to do so, because I often come off as pretty agitated in thought on many topics. With this particular agency, however, I think we're definitely going down the right track. I want to take a moment just to note that: well done to that particular foundation.

I want now to segue into your comments that, having secured your permanent funding, you are proactively hiring additional diverse and qualified professionals.

Can you take a moment to explain to us what steps you are taking within your department to do so and how you're committed to the outcomes and not just the process of diversity, equity and inclusion?

**Ms. Karen Hogan:** Thank you for the question. I may turn to Kim Leblanc at some point, if she should want to add to this, if I forget a few of the things in the concrete actions we're taking to focus on outcomes.

We look at our employment equity distribution. In my mind it is just the minimum that we need to meet. We need to overshoot that minimum.



I recognize that we're doing a great job in our staff levels across the office. We still have some work to do; not every group is well represented. For sure, we have some work to do in the indigenous community. We have some very targeted outreach that we're doing there. I'm sure Madame Leblanc could add comment on this.

I recognize that we need to do better when it comes to our management level and that we have to work on it. We're in the middle of a hiring or promotion process at the principal level in our office. We're looking to certain lists that the government has available of diverse populations to look at, to try to address some of that process.

We're definitely focused on the outcome. It's definitely something I keep asking our hiring managers and our HR team about.

Kim, do you want to add a few more things that might help address the member's question?

• (1230)

**Mr. Matthew Green:** Kim, with specificity, can you also add what the results of your GBA+ were, as applied to the OAG's governance structures?

**Ms. Kimberly Leblanc (Principal, Human Resources, Office of the Auditor General):** Hello, members of the committee. I'm pleased to talk about equity, diversity and inclusion.

One comment I might make is that there is a lot of dynamic dialogue with senior management. They all agreed to sign the anti-racism and discrimination statement. There is thus huge commitment on the senior executive side of things.

When we talk about outcomes, Mr. Green, it is interesting. We've just started our journey in awareness. When it comes to diversity and inclusion across the organization, we're into many awareness education activities, and when it comes to recruitment, many of our employees are actually ambassadors. That has been very helpful, because we've been able to recruit in the four employment equity groups this last year.

**Mr. Matthew Green:** This is great news, and I'll share with you why. You will recall that in the non-partisan work of this committee we ensured, when we talked about the "+", that we added the identify factor—such as race, ethnicity, religion, age, mental and physical disability—in the performance audits. I think that's a huge step. I'm hopeful that through your learning and applying it to your own department, you're also going to be committed to using it more frequently in your performance audits.

I'll thus put the question to you, Ms. Hogan. Is that a commitment? I see a nod, but just to reiterate the good work of the committee and your commitment to this, will you go on the record today and say that indeed this will now become part of the process that you employ across your audits?

**Ms. Karen Hogan:** Absolutely. In terms of our recent hiring practices, I want to address two issues. About 44% of the individuals we've hired have self-identified as visible minorities. Also, absolutely GBA+ and SDGs are things that I have tasked one of the assistant auditor generals with making sure are included or considered in every single audit. Some audits lend themselves more easily to that—

**Mr. Matthew Green:** Right.

**Ms. Karen Hogan:** —but we are definitely going to start looking not only at how the government considers it—

**Mr. Matthew Green:** How do you demand race-based desegregated data? I apologize, but I have 10 seconds. How do you do that?

**Ms. Karen Hogan:** Well, we're going to ask for it. I'm not sure we're always going to find it, but we're definitely going to start the dialogue and keep the pressure on the departments that we audit.

**Mr. Matthew Green:** Thank you very much.

**The Chair:** Thank you, Mr. Green.

We will now go to our second round of questioning. It's a five-minute round, starting with Mr. Webber.

**Mr. Len Webber:** Thank you, Madam Chair.

I'm going to go along the same line Mr. Green was on about the new staffing, Ms. Hogan, and your FTEs, your full-time equivalents. Of course, you mentioned you want to get up to about 737 for the 2021-22 year.

Because of this pandemic, everyone is working at home, and there is certainly a move to have more workers work from home in the future. Are you still maintaining the office space that you've had since last February while investing in IT to have people work from home? I'm just curious to know what percentage of your staff also works at home right now. Are you having these new hires work out of their house, or are you adding more space for them in your offices?

**Ms. Karen Hogan:** When it comes to our physical space, we have not made any changes to our physical space yet. That was at the request of Treasury Board as we all sort out what's going on. We're in an active dialogue with them continuously about what our physical space might look like. What we've communicated to all of our employees is that flexibility is going to be our way forward.

We definitely see a hybrid workforce going forward. What I can tell you with regard to the individuals we've hired in the last year is that about a quarter of them, I believe, are in cities where we do not have bricks and mortar. We have regional offices across the country. Traditionally we would hire only in those cities or make people relocate, and we have not done that. We are just looking for talent across the country and telling them that they can work from home right now, and we're going to sort out what that might look like in the future.

Currently, the majority of our workforce is at home. We do have certain facilities, individuals and IT folks who are in on a more regular basis. We do have people who regularly require access in order to access secret documents in our building, but for the most part, we are all working from home, respecting public health guidelines and doing our part.

What we see as the way forward, though, is that it will likely be hybrid. You'll be in. You'll be out. You'll be at entities. You'll be at home. You'll be at work. Work is what you do, not where you go.

• (1235)

**Mr. Len Webber:** Exactly. Exactly. So I don't see any plans in your department for any renovations or any expansions of office space in the near future?

**Ms. Karen Hogan:** I think as we will likely downsize, we'll have to do some reconfiguring; that's for sure. But right now, we've done nothing. We've closed off places actually so that if individuals go in, they can't get access in large numbers.

**Mr. Len Webber:** Right. Okay.

I just want to quickly go to an area that was brought up earlier about your future audits, of course, pandemic-related audits that you mentioned.

We all know that you do audits of government departments and Crown corporations and such and even provincial audits. I'm just curious to know whether an audit of your department has ever been done and who would do that. Who audits the Office of the Auditor General? I'm just curious. When was the last audit, and who did it? Can you just talk a little about that?

**Ms. Karen Hogan:** Absolutely. Everybody wants to know who audits the auditors.

We have a few audits. We have an annual financial audit, like most entities do, which is carried out by an accounting firm that is independent from us, and we rotate firms on an occasional basis. That's the financial side.

We have an internal audit shop that carries out traditional internal audit work across our office. We also have peer reviews. I was in the office when Sheila Fraser and Mike Ferguson launched their peer review, whereby supreme audit institutes from other parts of the country would come in and review our office. I committed at the beginning of my mandate that before I was done, we would do a peer review as well. The peer review really looks at the entire office—our performance audits, our internal operations and our financial audit work.

I also want to add that because we are a teaching office for CPAs, we are regularly inspected by provincial institutes as well as to how we mentor and train our students and whether or not we adequately support them to get their designations going forward. So there are a lot of people looking at us.

**Mr. Len Webber:** Excellent. Thanks for that.

Madam Chair, I think I'm out of time.

**The Chair:** Thank you very much, Mr. Webber. That was a great question.

We will now go to Mr. Longfield for five minutes.

**Mr. Lloyd Longfield (Guelph, Lib.):** Thanks, Madam Chair.

Thanks, Ms. Hogan and your staff, for being here. Thanks to my colleagues for a great meeting and great discussions.

I want to build on some of the areas that Mr. Lawrence and Mr. Green were touching on, which was how we work better together

and what we could do to help your work. You're definitely helping our work with some of what you're discussing today.

There are two areas for me in terms of how we work together. One is SWOT analysis. It's something I lived and breathed for about 30 years in business. The particular part of the SWOT analysis is the threats as you're auditing.

We had an impassioned discussion about indigenous water supply and clean water for all Canadians. One of the threats that the elders brought up with me—one elder in particular in Sioux Lookout—was to stop making the water dirty and then we would have a better shot at having clean water. There are things like the clean water agency or ways to stop water pollution at its source. You look at the process, but the actual threat might be outside the process.

Could you comment, Ms. Hogan, on how we could address the external threats to the audits you're performing?

• (1240)

**Ms. Karen Hogan:** That's a great question. I didn't think that was where you were going when you were asking that question.

I have a few things on that. You wanted to know how you could help support better. I think when you bring departments and entities in front of you, it's definitely keeping the constant focus on the quality of their data and on the importance of knowing what data they need, how they collect it, store it, retrieve it and use it. Really, it's about having a data strategy. I think every organization should have one. That's a really important one.

It's to continue to push accountability and transparency, and actually getting answers that are focused on outcomes and staying focused there.

If we had issues about access, we would come to you and we would hope that you would be able to help us address access issues from that front.

For external threats.... It's a great dialogue, which I've even started with the commissioner of the environment. It was interesting to hear your comment about water. I do think that's a focus that we must have when we look at audit selection. Then it's the kinds of questions that you might ask when we come here.

We often have a hard time getting to some of the root causes in our audits, so asking the departments about that and challenging them to think that way would go a long way. It will likely take some time to change that headspace, but we should be able to do that together.

**Mr. Lloyd Longfield:** Thank you.

At the environment committee yesterday, we had Mr. DeMarco talking about hiring people within his department to do a better job of getting to the root cause of some of the environmental audits being done. He also mentioned all of the support staff—the legal people and the people in the background—who support the audits because there has been a public discussion about the need for a separate group of people auditing environmental concerns. He was allaying some of those concerns by saying that we have some investment happening right now. They're developing more expertise on the environment.

How that gets communicated out to the public is another question that I might have. What are your main focus areas as you're building out your staff? Are you really developing a centre of excellence idea around the environmental audits?

**Ms. Karen Hogan:** Jerry DeMarco has been with the office, I think it's been, five weeks now. Andrew Hayes, who was the interim commissioner, and I have had many dialogues with him about that.

We are focused on building a centre of excellence, but recognize that to some degree we need to mainstream SDGs in our audits to encourage all of government to mainstream them. That's the best way to focus on actually achieving some of those outcomes.

We have to do that on the audit side because I think it's the expectation that everyone start thinking about the impacts of what they do on the environment, on society and on the economy.

**Mr. Lloyd Longfield:** In terms of conflicting pieces in audits, I met earlier today with some researchers on translational research on drugs, where the pharmaceutical companies won't invest if they're in a country where they're not making money. You have conflicting programs that will also somehow have to be sorted out.

I think I'm out of time. I just put that as another one. The opportunity is how we manage the conflicting programs.

**The Chair:** Thank you very much, Mr. Longfield.

We will now go to the two-and-a-half-minute round of questioning, starting with Mr. Blanchette-Joncas.

[*Translation*]

**Mr. Maxime Blanchette-Joncas:** Thank you, Madam Chair.

Ms. Hogan, during your opening remarks I was pleased to see your enthusiasm when you mentioned the possibility of taking stock of past audits. We know that in the context of the pandemic, we made historic investments.

Your office already did a study, in December 2008, on federal transfer payments to the provinces and territories. Would it be relevant, or even feasible, to conduct an update of that study soon?

**Ms. Karen Hogan:** I confess I am not aware of this study; we have so many reports. However, I thank you for bringing this study to my attention. I will look into it.

We do try to take stock of several reports. It's not always easy to take stock of certain recommendations. Sometimes it's easier to review measures that are more easily verifiable than some broader action.

We will definitely go back to doing more follow-up. Given the pressure on our resources, this is one of the areas we had neglected. Now we want to increase the frequency of follow-ups, because a follow-up allows us to make changes. I hope it will be possible to do a follow-up every year. Once you see our new product, I hope we will be able to update it regularly. Maybe it will be every 18 months. Either way, we hope for more frequent follow-ups than once every five or six years.

• (1245)

**Mr. Maxime Blanchette-Joncas:** Ms. Hogan, I would like to specify that this study conducted in 2008 focused on transfer payments, particularly for social programs.

As you can see, the federal government currently makes transfers to the territories and provinces, including Quebec. I think it would be relevant to look at that, to see how that fits into the current pandemic context where there are record investments.

How can we proceed, if we want to undertake this kind of study?

**Ms. Karen Hogan:** We review transfer payments every year as part of the audit of the public accounts of Canada. That said, a study is a little different than an audit. But I did note your suggestion. I don't know what else to say about it.

[*English*]

**The Chair:** Thank you very much.

Thank you very much, Mr. Blanchette-Joncas.

We will now move to Mr. Green, for two and a half minutes.

**Mr. Matthew Green:** Thank you very much.

I want to provide you with an opportunity to address security issues.

In your 2019-20 departmental results report, you stated that the security team had one security incident during the year, where a third party released content from one of your draft audit reports, and that you conducted an investigation and immediately put mitigating factors in place.

What was the nature of the breach and the reasons it happened, and what were the measures put in place to mitigate the risk of something similar happening?

**Ms. Karen Hogan:** I might turn to Andrew to add some details, but I think I should be able to answer all of your question.

The nature of the breach was that an individual who was an adviser on a financial audit, an academic, released some of the contents of our audit report before it was tabled in the House. As soon as that happened, we did an investigation. We alerted the individual that they were in breach of the confidentiality clause they had agreed to when signing on to become an adviser on one of our audits.

We take any pre-release of our reports very seriously. We believe it's important that they be released to Parliament as a whole, all at once, and that any individual who might provide us with advice or guidance throughout the process needs to respect that need to keep the information embargoed.

I don't know, Andrew, if—

**Mr. Matthew Green:** Are they still a consultant with you? What happens with something like an NDA when there is a disclosure breach? Are they now on a blacklist, or are they excluded?

**Ms. Karen Hogan:** Andrew, do you think you could add to that?

**Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General):** Yes. That adviser was on a very specific audit. That person had very specific expertise. It's not somebody we have used regularly, and we haven't used their services since.

If that were to happen with somebody who was regularly contracting with us, we would enforce the confidentiality provisions. If they weren't able to continue to maintain confidentiality, we wouldn't use them anymore.

**Mr. Matthew Green:** I'm satisfied with that. I think it was important for us to have the opportunity to address that as a committee. I say this because what happens is that this stuff, the political nature or sensitivity of the information you are handling and the relationships involved in a very small town called Ottawa, can become very problematic. I'll say, without knowing all or the details or getting into them, that I would caution the department from being potentially impugned by the indiscretions of consultants it brings on. Perhaps there could be a better onboarding orientation process or a clearer NDA process to ensure that it doesn't happen again.

**The Chair:** Thank you very much, Mr. Green.

We will now move to our five-minute round of questioning, starting with Mr. Berthold.

• (1250)

[*Translation*]

**Mr. Luc Berthold:** Thank you very much, Madam Chair.

Ms. Hogan, I really liked what I heard today. So I will start with a comment.

The members of the committee fought hard to get you additional money. You will understand that our expectations will also be higher than they have been in recent years, especially since there is so much work to be done.

I have a couple of questions for you.

You sometimes file several reports at the same time and we have to go through them all at the same time. You said that you intend to make several presentations over the course of the year. How will you determine the timing of your report submissions?

How will you present both the reports that address the response to COVID-19 and those that deal with the topics you choose, since the essence of the Office of the Auditor General is to initiate its own reports and carry out its own performance audits?

How will you evaluate, select and present all these reports in a fair and equitable manner so that you are not deprived of fulfilling your mandate properly, knowing that, as parliamentarians, we have all supported you to do your job better?

**Ms. Karen Hogan:** Thank you for the questions.

I will first answer the question about how we are going to table the reports. Under the Auditor General Act, we can table four reports a year in Parliament. We usually make sure to table one in the fall and one in the spring. These reports will not be related to COVID-19. The reports that I tabled in February are basically reports that should have been tabled last year that were on programs that were not related to COVID-19.

There is a section of the act that gives us permission to table something of significance in Parliament, if necessary. We will use this provision of the act to table reports related to COVID-19.

I will try to table the reports in small groups so that you can digest them. I think that is when the members of the parliamentary committees will be able to tell us whether the pace is too fast or not. My intention is to give you enough reports so that you can choose what you will look at, and not so that you are forced to look at only the reports that I table. That's the pace we'll have. I am willing to hear your comments, if you have any.

The balance between COVID-19-related reports and reports on other extremely important topics is a topic of discussion in my office. This morning, with the senior leadership of the office, I was just discussing how to divide our efforts between reports for the commissioner, reports that focus on regular programs, and reports on COVID-19. We have tried to allocate our staff to ensure that we touch all three areas in a balanced way. One topic may take precedence over another in a certain year, but we will try to maintain that balance. Finally, if, in a report that is not related to COVID-19, we find something related to the pandemic, we will try to look at it.

We will try to do all of this at a fairly steady pace.

**Mr. Luc Berthold:** In your opinion, is it sufficient to table reports twice a year? Would you instead like the legislature to allow you to table a smaller number of reports more often?

Every time there are reports tabled by the Auditor General, the attention of all parliamentarians is obviously focused on the whole set of reports. As a result, important information is sometimes missed, whether it is positive or negative. Indeed, people will generally pay little attention to anything positive and focus more on the reports that contain hard-hitting items.

Do you think the Office of the Auditor General should be allowed to table reports in Parliament more often?

**Ms. Karen Hogan:** There are pros and cons to any decision.

Indeed, having the ability to file documents when they are ready would perhaps improve the review of a report. However, as you mentioned, there is a whole process when our office files a report. So having too many filings would perhaps be difficult for the government to manage.

We had one tabling in February and one in March. You will have to let us know if it is too much.

• (1255)

**Mr. Luc Berthold:** Thank you, Ms. Hogan.

[English]

**The Chair:** Thank you very much, Mr. Berthold.

Our last questioner will be Mr. Sorbara.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Chair.

Good morning, colleagues.

Good morning, Auditor General. I apologize for missing your introductory remarks. I had another set of responsibilities this morning.

There have been a lot of good questions from my colleagues this morning delving into the issues at hand and the role of the Auditor General and the environment that we're in. On Tuesday we had the deputy minister of finance at our committee. Like you, obviously, Mr. Sabia has had vast experience, I would say a treasure trove of experience, dealing with organizations and organizational complexity in every sort of capacity.

First, I thank Mr. Lawrence for commenting on this earlier. In the era of digitization, where we're working from a remote environment, be it in the basement of one's home or even a bedroom, from what we see these days, how can the AG maintain its effectiveness? Are there any concerns there?

Second, how can there be a lowering of costs for taxpayers who fund governmental organizations in this era when individuals can be situated at home? I'll start off with that question.

**Ms. Karen Hogan:** The remote working environment brings out a whole different set of complexities. There's the whole aspect of managing a remote workforce, which is very different from managing a workforce that you get to see every day. I think the tendency historically might have been to reward presenteeism versus delivery. It's a whole different aspect of how you manage people. I think that's a global issue across federal public service and across any organization as you move from a workforce in a building to a remote workforce. I think we also have to think about security and safeguarding information. That's another concern.

How do we maintain our effectiveness? Through the first round of our financial audits, we saw a huge change in how we gathered evidence and how entities could provide us with evidence. Now we're seeing even through our performance audits the quality of evidence and how we're getting it. There's a whole set of new challenges that we have to overcome together with the departments. How did they digitize? Can we then rely on it being an accurate digitization of a document that they might want to provide to us? I

think it goes back to some training of individuals about new technologies, how to use them and how to work differently.

Do I think it will reduce costs? I think like any big change, there isn't a reduction of costs at the beginning. It's almost an investment is needed in order to get to a place where you can see the outcomes and see the benefits of being more effective and more efficient. I can assure you that all of our audits, even though it might take us a little longer, are following the same exacting standards we followed before, when we saw entities face to face. Even though we're seeing them through MS Teams or Zoom, you can definitely still rely on the quality of the audits we're providing to you.

**Mr. Francesco Sorbara:** Yes. I also think that in a traditional audit the comment was, "We have auditors on site this week." Obviously, there will be new demands on organizations to have reality...I don't want to say non-productive hours, but non-productive hours digitizing documents that traditionally auditors would have to come on site to retrieve or look at. I think those are issues that a lot of organizations are going to deal with.

Going forward, hopefully we'll get to some normality very soon, but with the environment we're in, my own personal view on career development is that new individuals who come into the AGO actually benefit from being amongst colleagues. When new people come into an environment, especially when they're starting their careers, they just can't get the camaraderie and mentorship while sitting at home. For organizations that think they can just cut off and do remote working, I would wager that once things get back to some normalcy, this will be reversed very quickly. You are seeing comments on that matter from organizations already these days.

• (1300)

**Ms. Karen Hogan:** If I could react a little to that, Madam Chair, I think flexibility is definitely needed. There may always be situations where an auditor needs to be on site, such as for an inventory count. It depends what we're counting, but sometimes you can't always do that in a digital way. There will be a need to be on site at times, but I think the days are long gone where the auditors are here for the next four and a half months. I think we have to work that through even with the entities we audit.

You raise an important thing about sense of belonging. I think that's where our young people are better with a digital world. Andrew and I have started a reverse mentor program that I wanted to share with you, so that some of our young recruits can tell us how they want to work better and be managed better. Hopefully, we'll learn some great insights that I can share with the committee at some point.

**The Chair:** Thank you very much, Mr. Sorbara and Ms. Hogan.

Thank you to our witnesses for joining us.

Colleagues, if everyone is satisfied that we have sufficiently studied the main estimates, I have two questions for you.

Are you ready for the question on the main estimates today?

I see thumbs up and nods.

OFFICE OF THE AUDITOR GENERAL

Vote 1—Program expenditures.....\$104,833,863

(Vote 1 agreed to on division)

**The Chair:** Shall I report the vote on the main estimates to the House?

**Some hon. members:** Agreed.

**Mr. Luc Berthold:** On division.

**The Chair:** Thank you very much, members, for joining us today.

[*Translation*]

**Mr. Greg Fergus:** Madam Chair, I would like to ask my colleague Mr. Berthold a question.

[*English*]

**The Chair:** Yes.

[*Translation*]

**M. Greg Fergus:** I may have misunderstood the concept of division. I understood it to be when a committee member disagrees with the motion.

Is that your understanding as well?

**Mr. Luc Berthold:** As we have not had time to study the entire appropriations in depth, rather than going into every little detail, we prefer to adopt them on division.

**Mr. Greg Fergus:** All right, thank you.

[*English*]

**The Chair:** Thank you very much.

Mr. Berthold, I did ask if everyone was satisfied that we had sufficiently studied the main estimates. I was assured that we had.

**Mr. Luc Berthold:** Yes.

**The Chair:** So we don't have to deal with the main estimates today. They don't have to be reported back to the House until May. If what I'm hearing from you is that you would like further study on the main estimates, we could definitely do that.

**Mr. Luc Berthold:** We don't need more time. We don't have time in committee to do that.

**The Chair:** We could do it on another day. We do have it scheduled for—

**Mr. Luc Berthold:** Yes, but we don't need time for that.

**The Chair:** Okay. Thank you very much.

We have agreed that vote 1 has carried on division and that I will report the vote on the main estimates to the House.

Is the committee in agreement to adjourn the meeting?

Thank you very much.

The meeting is adjourned.









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