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Chair: Mr. John Williamson



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• (1140)

[*English*]

The Chair (Mr. John Williamson (New Brunswick South-west, CPC)): Good morning, everyone. I call this meeting to order.

Welcome to meeting number 18 of the House of Commons Standing Committee on Public Accounts. Pursuant to Standing Order 108(3)(g), the committee is meeting today to study the main estimates 2022-23 and the departmental plans.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely, using the Zoom application.

[*Translation*]

Given the guidelines from the Board of Internal Economy of March 10, 2022, everyone participating in person must wear a mask, except for members of Parliament when they are seated at their place during the proceedings.

To ensure an orderly meeting, I would like to outline a few rules for witnesses and members to follow.

First of all, before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. Please keep your microphone muted when you are not speaking.

[*English*]

For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I would remind you that all comments should be addressed through the chair.

[*Translation*]

For members in the room, please raise your hand if you wish to speak. For members participating via Zoom, please use the “raise hand” function. The committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members, and we thank you for your patience and your understanding.

[*English*]

In accordance with our routine motion, I am informing the committee that all witnesses have completed the required connection test in advance of the meeting.

I'd now like to welcome our witnesses. Our panel includes, from the Office of the Auditor General, Karen Hogan, Auditor General of Canada; Jerry V. DeMarco, commissioner of the environment and sustainable development; Andrew Hayes, deputy auditor general; Lissa Lamarche, assistant auditor general and chief financial officer; and Paule-Anny Pierre, assistant auditor general.

Ms. Hogan, you now have the floor for five minutes.

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

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

I would like to acknowledge that this hearing is taking place on the traditional unceded territory of the Algonquin Anishinabe people.

With me today are members of my executive team.

The Office of the Auditor General of Canada contributes to 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 in his areas of expertise. 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 2021 departmental results report. We provided this report to Parliament in February 2022. As shown in our financial statements, our net operating cost was \$115.6 million, and we employed the equivalent of 632 full-time employees. With these resources, we reported 13 performance audits and four special examinations of Crown corporations.

In addition, the commissioner of the environment and sustainable development delivered the annual report on environmental petitions and the review of departmental progress in implementing sustainable development strategies. We also audited the financial statements of 90 federal and territorial government organizations and Crown corporations. We issued clean opinions on 86 of these financial statements. We also presented our annual commentary on our financial audit work.

Our departmental results report presents indicators of the impact of our work. One of the ways that we assess the impact of our performance audit work is through the level of parliamentary engagement with our reports. Overall, parliamentary committees reviewed 61% of our reports. This is due to our special examination reports and some of the commissioner's work not being reviewed.

I want to thank the Standing Committee on Public Accounts for reviewing all of the performance audits referred to it during the year.

Internally, in 2020-21, we continued to map the future of our workplace, including an interim phase that has seen us open hotelling spaces in our Ottawa office and begin planning the modernization of our hybrid workplace. The work to replace our audit working paper software, which is critical in modernizing how we conduct our audits, has also continued to advance. We have launched a vast, multi-year digital transformation initiative, which will renew our mindset, competencies, tools and systems.

• (1145)

[Translation]

I would like to move on now to our Main Estimates and our Departmental Plan for the upcoming 2022–23 fiscal year. For the upcoming fiscal year, our total budget is \$119.9 million. With these resources, we plan to employ the equivalent of 747 full-time employees. I would like to thank this committee because your unwavering support over the past 2 years was instrumental in resolving our resourcing challenges.

In addition to our financial audit work and special examinations, we plan to issue more reports on the COVID-19 pandemic response and on other topics, including protecting aquatic species at risk, processing disability benefits for veterans, and the surveillance of Arctic waters. We also plan to provide updates on past audits.

Another priority in 2022–23 will be to continue modernizing our approaches, tools, and products. We will complete the replacement of our audit working paper software and focus on advancing our digital transformation and renovation of our workspaces.

During the past 6 months, my office experienced its first labour dispute, which culminated in a strike by our Audit Services Group of employees. Impacts of this strike included delays in some of our audit work and operations. Despite these circumstances, we continued auditing, and critical work was prioritized and completed.

The labour conflict also meant that salaries were not paid to striking employees and that a number of large corporate initiatives were temporarily slowed, including our digital transformation and the renovation of our workspaces. This, among other unforeseen events, affected our ability to spend our budget in 2021–22. We expect expenditures to return to planned levels in 2022–23.

I recognize that the most profound impact of the strike has been on our people. We have already begun engaging with employees across our office with the goal of identifying actions to renew the workplace and foster a healthy, safe, inclusive, and productive environment. We all know it will take time to move forward from this experience, but we have taken very important first steps.

Mr. Chair, I could not be prouder of everyone in my office. My colleagues 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.

Thank you.

• (1150)

[English]

The Chair: Thank you very much, Ms. Hogan, Canada's Auditor General.

Turning to Mr. Lawrence, you have the floor, sir, for six minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

We don't need to discuss this at this point, but members can think about it. I was thinking about ending this meeting at 12:45, as I don't know how much questioning will actually be required here, and having 15 minutes for an informal subcommittee group where we can decide future topics. I'll leave that there for now and get into my questions. We can talk about that later.

Madam Auditor General, thank you very much for being here. As always, it's much appreciated.

My line of questioning will be following along the following approach. We're glad to see that you have the resources you have required and have asked for, for many years from the government, but I'm surprised, and perhaps you can help me understand. The number of reports and, quite frankly, the results aren't necessarily coming forward, even though we, the taxpayers, are contributing significantly more. There are many more employees and increases in funding of millions of dollars.

Can we expect more reports, and quite frankly, more results going forward?

Ms. Karen Hogan: I guess I should take us a little bit further back to when we actually received our funding. It was confirmed in the fall economic statement of 2020. We had asked for only a portion of that funding to be received in that year. We actually received it on the last day of the fiscal year in 2021.

In anticipation of that, we took some smart risks. As you say we actually hired people, because we knew the funding was coming. It does take time to onboard those individuals and to get an audit started and conducted. In the year in question, 2020-21, we had 13 audit reports. Our plan for 2021-22 is also 13, which will be slightly lower, actually, when it's all said and done, given I had to delay the release of reports from March of this year to the following year.

In 2023, you'll finally see that impact. We anticipate that we will have upwards of 25 audit reports to provide to Parliament to study.

Mr. Philip Lawrence: Thank you. That's great news. I look forward to those reports going forward.

The other area coming from the reports, of course, the result we're trying to achieve—everyone here as well as you—is to improve the performance of the public sector. In my two years on the committee, I personally have been frustrated—and I imagine many taxpayers have been as well—that these reports are put in place, yet we seem to come back to the same reports over and over again, whether they be on clean drinking water, shipbuilding or public health. We have recommendations that just don't go anywhere, and five or 10 years later we still don't have any results.

Is that a source of personal frustration for you? Maybe you could give us some thoughts on how we can get results from this.

Ms. Karen Hogan: I share your frustration. I believe I can also speak on behalf of the commissioner of the environment and sustainable development to say that he does also.

Many of my reports in the past year have actually raised, exactly as you mentioned, long-standing, known issues with limited action. I hope that at the end of my 10-year mandate I'm not still asking the government to act on known issues in a faster way.

I do think it's time for us, as an organization, to follow up on really important matters—which we're going to do. We have a new product available on our website through which you can search through past recommendations or results to see how the government is doing. We're hoping that additional pressure will help drive action.

Having committees studying reports and asking for action plans will help drive action, so I'm very happy that the public accounts committee is doing that. I was also very happy to see that the environment committee recently adopted the same motion—to ask all entities that are audited to provide an action plan.

It is sustained pressure from Parliament, but it's also concrete actions—not just planning, strategies and announcements but some real concrete actions—from the government to see some change.

• (1155)

Mr. Philip Lawrence: I think that's an excellent answer. Maybe I'll go even further.

I would say that the reports of your predecessors, including Ms. Fraser and Mr. Ferguson, used harsher and stronger language than your reports do, just from what I have read and observed. Perhaps that's understandable, given that most of your time has been during the COVID era and perhaps some grace was required. If we do see continued failing, can we count on your office to perhaps take a

stronger tone at these repeated failures to achieve the results that taxpayers demand?

Ms. Karen Hogan: I have the utmost respect for Sheila Fraser and Michael Ferguson and the work they carried out, but as you said, I am the first Auditor General of Canada to audit the departments and agencies in the middle of a pandemic. I believed we needed to recognize what every single Canadian, including public servants, was going through throughout the pandemic. There's a balance to be struck as to how to respond to a pandemic and how to learn from what was done and move forward.

When I do need to be harsh, as I was with drinking water and with temporary foreign workers, I will be. When the results are so bad, you will know.

It's good to see that you recognize that I was recognizing the situation everyone was in, but then everyone should pay attention when I get a little more serious about matters.

The Chair: Thank you very much.

We are turning to our next questioner.

Mr. Dong, you have the floor for six minutes. Go ahead, please.

Mr. Han Dong (Don Valley North, Lib.): Thank you very much, Mr. Chair.

It's good to see the Auditor General again.

I was listening to the question of my colleague across. I agree that if there are any long-standing recommendations that are outstanding, perhaps we should talk about how to bring them back, re-visit them, update them and understand what the problem is. That's the job of this committee. Maybe we'll have a chat later on about how to bring them back and take a look at them.

Auditor General, the Parliamentary Budget Officer has proposed requiring the publication of the public accounts to September 30. What constraints are there on your ability to meet that deadline?

Ms. Karen Hogan: I think there are constraints on both sides to meet an advanced publication deadline for the public accounts of Canada. The government will need to advance some of its deadlines and speed up some of its processes. We can also find more ways to be efficient and effective in our audits, but it needs to be a shared responsibility. We can't just move a deadline and expect the auditors to do exactly the same work in less time. It really does have to be a shared compromise.

What's in our way is getting information in a more timely fashion and making sure the government has a better handle on its data and on providing it to us in a more usable format.

These are all issues that can be overcome but ones that need to be done collaboratively with the comptroller general's office, the Department of Finance, the Receiver General and our office. The public accounts of Canada are very large, and it takes some time to get through the audit.

Mr. Han Dong: I saw those three volumes. It takes some time for me to even just go through them. I guess it's better communication between departments. In terms of formatting, you will probably get better consistency going forward if you talk to each other.

Could you please explain how your office selects topics to audit and how you filter suggestions?

Ms. Karen Hogan: Audit selection is a really key business process within our organization. It's a very rigorous one that involves external consultations. I've increased those external consultations since I became the Auditor General, meeting with members of Parliament both in the House and in the Senate to understand the topics relevant to you. Then we do go out and talk with deputy heads.

We have a very thorough process to look within departments to see significant concerns and significant risks. We consider what's important to Canadians. We do have an area on our website where Canadians can provide suggestions to us on topics to audit. Then we take all of this data, sit down together and decide what makes sense in the context we're in.

We set out a plan for a couple of years, but that plan is not cast in stone. We have to reconsider it before we start audits if there's something more relevant that needs to replace an audit we had planned to do.

We're constantly refining that process. In fact, we've started within our organization over the last few months to identify ways to improve that process so we can ensure we remain relevant and provide work in a timely way to Parliament.

• (1200)

Mr. Han Dong: That's good.

Under the current government—you also talked about this earlier—your annual funding has gone up by 50%, but your office continued to produce roughly the same number of financial, performance and special audits.

Can you explain what's driving this result? Is it the cost of labour? Is it the complexity of the report, perhaps some current event or some other reason?

Ms. Karen Hogan: I just want to make sure I understand the question. Is it, what's causing the fact that we received additional funding and the output has not increased?

Mr. Han Dong: That's right, yes. The output has basically stayed the same.

Ms. Karen Hogan: Let's start with our financial audit work. We received many new financial audit mandates over several years between 2017 and 2021 that had not been funded when we received funding. We were redirecting resources to do those audits. It was

nice to finally get some funding so we could increase some of our financial auditors. We then freed up those resources and returned them to do performance audit work.

As I mentioned earlier, it takes time. During the pandemic, we even hired 150 people in the organization. It takes time to onboard those people and to train them. Many of them do not have audit skills, so we have to train them. We then select audits and get our audits done. An audit, on average, takes about a year to be completed. As those resources trickle in, you will start to see the increase in our output in 2023, where we will go back up to—

Mr. Han Dong: That's what I want to hear. That's great.

I forgot to ask if, when you talk about consulting with stakeholders and the general public on selecting the topic to audit, you also consult with MPs. If you do, how do you make that selection? Do you randomly pick MPs from different parties and consult with them, or do you consult with MPs at all?

Ms. Karen Hogan: We absolutely consult with MPs. We receive letters from many members of Parliament. We consider those and add them to the mix of topics to audit. I have not yet met with this committee, but typically I do sit down with the public accounts committee and ask all of you about your thoughts and inputs on areas we should go.

We have done so with senators, and we will continue to do so. Those are all data points, as I mentioned, that we put into the bucket to consider what the most relevant audits should be going forward.

Mr. Han Dong: That's great. Is there a system—

The Chair: I'm afraid that's time for now. It was a good round.

Regarding that meeting, we will be doing that, Ms. Hogan, when we're all back in Ottawa together. Just bear with us. Thank you.

[Translation]

Ms. Sinclair-Desgagné, you have the floor for six minutes.

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

I thank the witnesses for being with us today.

In a democracy like ours, their work is fundamental. It is important to verify whether expenditures are being used properly. So their role is certainly important. As representatives of the people, we are privileged to have access to their studies.

I would remind you that it was through the committee that one of the biggest scandals of the last 50 years—the sponsorship scandal—was uncovered. That scandal was brought to light because a report of this kind was made. So we have an important role to play.

Madam Auditor General, I would like to ask you two questions.

The first one is about all the unforeseen expenditures, that is, expenditures that are not budgeted for. If I remember correctly, you did an additional audit on the Trans Mountain project in 2018. As we know, we can't always plan for all expenditures up front. It may be expenditures to help areas affected by natural disasters or unplanned expenditures to help one sector or another.

Do you always evaluate these expenditures and how do you do it?

• (1205)

Ms. Karen Hogan: I've only heard one question. Do you have a second question for me?

Ms. Nathalie Sinclair-Desgagné: I'm waiting for you to answer my question before I ask the next one.

Ms. Karen Hogan: Okay.

I think everybody plays a very important role in terms of accountability. I take my role very seriously, and I feel privileged to have been in this position for a decade.

When there are expenditures that are not budgeted for, we check their financial impact during our audit of the public accounts of Canada. We always check for unforeseen expenditures in this way.

In terms of the operational audit, that is, to see if the money has been spent and if there is value added, we check whether the expenditures are in our pool of issues. If they are, we will look at them after the fact, not when they are made.

Ms. Nathalie Sinclair-Desgagné: Okay.

We've seen many unforeseen expenditures in recent years, such as the government's purchase of the Trans Mountain pipeline and other expenditures to help certain areas affected by natural disasters.

To what extent did the Office of the Auditor General audit those expenditures? Did it audit some or did it review most of them?

Ms. Karen Hogan: That's a very good question.

In the past three years, much spending has been related to the pandemic. We performed detailed audits of the programs related to the public health situation and we continue to do so. As far as that is concerned, I'd say that we've reviewed the majority of unanticipated funding.

With respect to the pipeline, we are the joint auditors for the financial information. We audit the financial aspects of the expenditures, but we don't do performance audits because it's a Crown corporation.

Ms. Nathalie Sinclair-Desgagné: Okay.

Here's my second question for you.

In terms of government spending, knowing how big a vehicle Crown corporations are, do you feel that an audit by accounting standards and the International Financial Reporting Standards is adequate for you to compare, look at or add up expenditures, if I may put it that way?

In other words, do you consider the audits of Crown corporations to be sufficient? Could we improve on them, by standardizing what's required from departments and Crown corporations, for example?

Ms. Karen Hogan: First, as Auditor General of Canada, I believe I should be the auditor for all parent Crown corporations. I see that as essential to ensure that I understand all government spending.

The financial audits are sufficient for us to issue our opinion on financial statements. The information you were looking for when we appeared last Tuesday was really about the supplementary information. I must admit that it's hard to keep track of all consolidated government spending when there are major programs related to Crown corporations. You have to look at the Crown corporations' annual reports to be able to gather all the information.

There is indeed a gap in terms of consolidated information on specific topics. I believe the comptroller general said that he'd like to work with you to get a better sense of your needs and expectations.

Ms. Nathalie Sinclair-Desgagné: That's right.

Mr. Chair, since I only have 10 seconds left, I will stop here.

Thank you.

The Chair: Thank you very much, Ms. Sinclair-Desgagné.

[*English*]

We'll turn now to Mr. Desjarlais.

You have the floor for six minutes, please.

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

I want to thank the Auditor General for being with us today.

I really want to just highlight how thankful I am for your remarks at the beginning related to what I believe to be a very historic moment for the Auditor General's office in the sense that this was their first strike. Coming from the workers' movement and coming from labour, I'm sure you probably expect that I will ask questions related to this deeply troubling reality facing our public service, which is the fact that many employees are feeling that the environment that's currently being provided is inadequate to their success and to their productivity.

Coming out of that strike, of course, I've worked very closely with members of the public service, particularly the Public Service Alliance of Canada, in trying to make sure there's accountability for employers across the board.

You mentioned that the goal in this healing process is, in many ways, to foster "a diverse and inclusive environment where the health and wellness of staff is paramount, where employees have opportunities for learning and growth, and where culture helps attract and retain diverse, skilled, and engaged professionals. This includes providing safe, flexible, hybrid working environments with the tools needed to enhance collaboration."

Coming from the workers' movement and from collective bargaining myself, I know that oftentimes when we settle a collective bargaining process, the employer may at times take that opportunity, since the strike is no longer valid, to discipline members within that action group.

Can the Auditor General confirm to me today that there is no such disciplinary action for those who participated in the strike?

• (1210)

Ms. Karen Hogan: I am not aware of any activities that actually require discipline right now. I do know that many employees were quite emotional during the strike, as is understandable. We reminded all our employees that they are always public servants, and that they need to maintain and respect our code of conduct and code of ethics when they're at work and when they're not at work.

However, I am not aware right now of any disciplinary action against any of our employees.

Mr. Blake Desjarlais: Thank you very much for that response.

Just to confirm, in the instance where a potential disciplinary action is taken, are you directly informed?

Ms. Karen Hogan: It would depend on the nature of the disciplinary action. There are always work plans to help improve productivity of individuals. I would not be made aware of all of those plans.

I would be made aware of disciplinary actions that might have an impact on salary compensation or would result in revoking security clearances or terminations.

Mr. Blake Desjarlais: How do you intend to truly foster a healing environment, considering that the level of mistrust between the employer and the employees at this time is quite fragile, in the sense that your conduct in your office has resulted in the very first strike?

Ms. Karen Hogan: I think that the level of mistrust you talk about has been long-standing in our organization. For many decades, the organization has operated in a bit of a silo fashion. I think many departments could say the exact same thing. In fact, I find in many audits that there are areas in departments that just don't talk to other areas. It's something that we need to address as an organization, absolutely. I firmly believe that every member of our organization is valuable and contributes in very meaningful ways to delivering all of our audits.

Our healing process will include dialogue with all of the members of the organization, so they can contribute to how we would

like to work better and be better together. It has already started. We have hired services from Health Canada to help us in this endeavour. So far, I'm hearing very positive feedback about the openness, the willingness and the desire for people to talk about what's gone on over decades and how we can be different going forward.

Mr. Blake Desjarlais: My final question relates to the audit service group. They were told in many instances during the strike that they were not professionals of the department. This has resulted in their feeling very much as though they have very little respect in the workplace.

Do you seek to remedy this? Are they professional employees?

Ms. Karen Hogan: I can't speak to the comments that every individual within our organization might make, but I fully believe that all of the individuals in our organization are professional. Everyone brings a very different, unique competency to the organization. We have communication specialists and procurement specialists and contracting specialists. Everyone is a professional in their field and should be recognized as such.

Now it's about the entire organization recognizing the value and the diversity of skills that each member brings to the table. How can we leverage that to just be a better organization, going forward?

• (1215)

Mr. Blake Desjarlais: There is the need for a cultural shift—I hope you can see that—in the sense that a lot of people, a massive amount of the audit services group, felt this way. It was a massive group, and they continue to feel this way. I'm concerned. I don't have confidence in the office's ability to truly respect their employees, which means they won't have the true ability to audit the departments that Canadians need them to in the sense that we have full integrity in them.

In the sense of the audit services group's feeling of not being respected, is there a special plan to ensure that the audit services group feels included and respected, and that the management truly understands what they're going through? The feeling of disrespect is probably the most common thing I heard on the picket line, just outside our office here, for weeks and weeks and weeks. They told us how disrespected they felt.

The Chair: Thank you, Mr. Desjarlais. The time is up. The auditor will have to try to answer that in a future round of questioning.

I'm turning to the second round now. I do believe there is consensus to go through the second round, at which point we will turn to the votes on the estimates and then suspend for an in camera meeting for the last 15 minutes.

If that's not the case, if someone objects to that, could you talk to the clerk? My understanding is that we'll do this last round and then turn to committee business.

I'll turn now to Mr. Duncan.

You have the floor, please, for five minutes.

Mr. Eric Duncan (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

Thank you to the Auditor General for being here again today. Welcome back.

I want to pick up on some of the comments. We've spoken about the budget. Different members have raised this. The expenditures for the office went from \$87.6 million to \$114 million. I'm looking here at the tables that were provided to us. The number of employees increased by about 180 employees. The number of audits that are to be tabled, as you get onboarded and ramped up, is obviously something, but I want to speak to the efficacy—Mr. Lawrence was raising this as well—and the follow-up that I believe is lacking.

I want to make sure that perhaps.... Of those increased resources, how much is really going to following up on some of the reports that have already been done and the recommendations that have been given, to make sure that departments are actually doing what they said they were going to do?

I want to give an example, if I could, through the recent correspondence we've received from Indigenous Services Canada regarding their progress on the Auditor General's report in 2018. Recommendation two talks about the negotiation of regional education agreements. In the report that public accounts did in 2018, it concluded that "Indigenous Services Canada has not satisfactorily measured Canada's progress in closing the socio-economic gaps between on-reserve First Nations people and other Canadians, that it has not adequately reported on this progress, and that it has not made proper use of data to improve education programs". That was back in 2018.

We recently received correspondence from the department, through the chair, that says they're still unable at this point to finalize some of these numbers, and they're asking to have until March 2023. That's five years after this original report that criticized them for not being able to do reporting properly and use data properly. It's taken five years to put some of these reports together.

I'm wondering if you could speak about the teeth you have and the staffing resources you're dedicating to following up with these departments and perhaps being a bit more assertive, saying to the department, "Excuse me; this is unacceptable that it's taking five years and a scathing report to get certain key aspects back."

Ms. Karen Hogan: I do recognize the need for us to follow up on important audit work. Now, every audit we do is important, so it's hard to do a follow-up on every single audit.

We have devoted a team, as I mentioned, to a new product that we launched this past year on following up on results measurement. That team will be updating that, right now, on an annual basis, and we'll try to do it more regularly if we can. It is picking certain key results or certain key recommendations and going back to depart-

ments and asking them to demonstrate to us whether or not they have taken the appropriate action.

I encourage you to visit our website to take a look at that. It is a new product, in its infancy, and we hope to keep working on it. Throughout our audit selection, we pick certain topics to go back and revisit. In fact, there is an audit coming out on Correctional Services that follows up on three previous audits. We do try to find topics and devote a whole audit to them as well.

• (1220)

Mr. Eric Duncan: In the increased funding that you've been provided, the increased number of human resources, the actual numbers, full-time equivalents or whatever the number may be, what percentage are you dedicating to following up?

Here's the problem: Websites are great and posting it online is great. I find myself, as a member of public accounts, getting overwhelmed with reports and numbers and datasets. What resources are you going out...where you're using your voice to go back to a department? In this case here, with five years to properly respond to a report that ripped them for not being able to adequately report or use data properly, they're proving it right in the sense that it's taken five years to do this.

Yes, you're tabling it online and you're saying the department needs an extra year. What resources and teeth is your office using to say, "Excuse me, but no, we're not going to post something on the website. We're going to follow up and go back to public accounts and say Indigenous Services Canada is being completely unacceptable in their time frames and reasoning. We criticized their need to get their act together. They still haven't done that in some regards."

What resources are you dedicating to provide us or Canadians, through your voice, to not just provide transparency on what's not being done but on how it's being done?

Ms. Karen Hogan: I actually don't have a percentage to give you to tell you what resources we devote to follow-up work. We don't really line up or staff ourselves that way. I could probably look into it and tell you how much we've done over the past year. Then we'd have to be intentional about planning in order to provide you with a specific percentage.

There's a dual role, however, the committees play in addition to us, so I was really happy to see that there will be another hearing on drinking water. Unfortunately, we don't have the resources to go in and do a follow-up, so we're going to be there to hear what the department has to say and maybe eventually get to a follow-up. As I say, an audit takes a good 12 months and there are so many areas to cover.

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

I have to move on, but I appreciate those remarks. It was a good round.

We are turning now to Ms. Yip.

You have the floor for five minutes, please. It's over to you.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Ms. Hogan, for the important work that you and your team do in holding the government and agencies to account, and also informing Canadians about what your office does through communicating through social media as well as through the website.

My first question is in regard to revenue. It is in reference to volume II, section 8, page 35. What are the revenue streams for the OAG?

Ms. Karen Hogan: I believe your references are in the public accounts of Canada. I'm not sure I know them by heart, but our revenue streams are really parliamentary appropriations. We do have the authority to do some international audit work on a cost-recovery basis, so we do have some revenue there that is meant to recover costs for two international jobs that we do.

Ms. Jean Yip: Are there any plans to increase your sources of revenue, especially since there was a decrease of 44% from the previous year?

Ms. Karen Hogan: Mr. Chair, I'm not sure I understand the question.

Any plans to increase our sources of revenue.... I think if Parliament would like to increase our budget so that we could do more work, we'd never say no.

Ms. Jean Yip: Aside from that, are there any other sources of revenue, perhaps the training, the international...?

Ms. Karen Hogan: My office does not have the authority to have spendable revenue other than for our international jobs.

Mr. Hayes, I see that you would like to jump in.

Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General): Thank you.

I just wanted to address the revenue drop, which was largely attributed to the fact that, for the international jobs, we didn't travel. Some of the cost-recovery revenue stream would be from recovering travel costs. With the pandemic.... Maybe allowing for more travel in the future, we might see that number bump up, but again, I'd just like to emphasize that it is on a cost-recovery basis.

• (1225)

Ms. Jean Yip: Thank you.

In the last session it was indicated that the OAG did not apply enough GBA+ to your office. Has that improved?

Ms. Karen Hogan: Absolutely. We made a commitment as an executive team to take diversity, equity and inclusion very seriously. We've taken many steps.

We started our process to analyze all of our own policies from a GBA+ lens. One of the most important things we did as we started

out with that was to target our hiring, recruiting and retention practices.

I am very happy to see that, out of the 150 people that we hired over the pandemic, about 44% of them identify as visible minorities. About 32% of the individuals promoted internally are visible minorities. We are taking a stab at improving our equity across the organization, but also at gathering the right data so that we understand our own demographics and we make sure our office considers those in the adjustment of our policies going forward.

Ms. Jean Yip: Have there been any changes at the senior management level with respect to the GBA+?

Ms. Karen Hogan: Absolutely. On our executive team, I recently hired Paule-Anny Pierre, who is here with us today. We also had a handful of promotions into our principal level, which is the level that is responsible for carrying out all of our audits. A couple of those individuals were from visible minority groups as well as disability groups.

We are taking very intentional action. While the progress might be slow, it is definitely turning in the right direction.

Ms. Jean Yip: That's good to hear.

In your opening statement, you mentioned that you continue to map the future of your workplace, and in the interim phase it has allowed you to have an "open hotelling" space in your Ottawa office. What is that?

Ms. Karen Hogan: Prior to the pandemic, every individual in our organization had a dedicated workspace, whether it be a closed office or a cubicle. Throughout the pandemic, we asked everyone to come in and depersonalize—to pick up their personal effects.

Now we've opened hotelling workstations where you can register online, indicate that you are in the office and that you're assigned a workstation while you are there. It reflects the fact that we've hired so many people that we don't have enough workspaces for all of them if everyone wanted to come in every day. It encourages people to have the luxury of working from home, but recognizing the importance of coming in with their team to collaborate and work together.

That will be the future of our office, as we reduce our square footage and only have hotelling workspaces available for our employees to come together to collaborate.

The Chair: Thank you very much.

I'm afraid that the time has expired.

[Translation]

Ms. Sinclair-Desgagné, you now have the floor for two and a half minutes.

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

I believe my colleague Mr. Lawrence said that the meeting would end at 12:45 p.m.

Is that still the case? Does that mean that this is our final round of questions?

The Chair: That's right. This is your last round of questions for this meeting.

Ms. Nathalie Sinclair-Desgagné: Okay.

My next question is about logistics.

Ms. Hogan, we know things got delayed due to the strike.

Could you tell us which reports were delayed, how long they will be delayed, and when you expect to catch up after the delays caused by the strike?

Ms. Karen Hogan: The strike caused delays on both sides.

The public and commissioner reports were already tabled in April.

We plan to table our reports at the end of May, but they were supposed to be tabled in March. That's the situation in terms of the work we release to the public.

With respect to what we're doing internally, such as the digital transformation and renovations to our workspaces, all that has been delayed. Right now, I can't really give you an exact date in terms of when we will catch up, but we're working on it.

We're letting our employees work at their own pace, as they have just returned to work after the strike.

Ms. Nathalie Sinclair-Desgagné: Okay.

You say that some reports will be tabled in May but, if I understood correctly, you don't know when the other reports might be tabled.

Is that correct?

Ms. Karen Hogan: I don't anticipate any delays for the other reports.

• (1230)

Ms. Nathalie Sinclair-Desgagné: Okay.

Ms. Karen Hogan: We plan to table reports in October and November 2022. They won't be delayed. We were really only late tabling two reports.

Ms. Nathalie Sinclair-Desgagné: Perfect, I'm glad to hear that.

I'd like to ask you one last question about incidental expenditures.

In your opinion and based on your experience, other than the past two years, which are special because of the pandemic, did the Office of the Auditor General previously look at not only the financial aspect, but also the performance aspect of impromptu expenditures?

Ms. Karen Hogan: I believe that all impromptu expenditures of significant magnitude to the country had to undergo an operational audit. However, it should also be recognized that the resource shortage in the office during the 2017-2021 period really had a big impact on our ability to conduct performance audits.

Prior to that, I would say that we were quite agile and I hope that we will continue to be agile enough to react to events that should be subject to an audit due to their magnitude.

Ms. Nathalie Sinclair-Desgagné: You're saying that from 2017 to 2021 it was hard—

The Chair: I'm sorry, but your time is up.

[English]

I will turn now to Mr. Desjarlais.

You have the floor for two minutes and 30 seconds.

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

I just want to return to my last point about the ASG feeling disrespected, and this really is part of the reason that the strike largely happened.

There are ways to prevent this, Ms. Hogan, in the sense that we can ensure the safety of those employees who went on strike so that they do not see disciplinary action. I'll be paying very close attention to this, and I'll be working with members of the Public Service Alliance of Canada to ensure that our workers feel truly protected in what is a fragile relationship at this point.

I hope to see you, as the Auditor General, and your team take a very serious, comprehensive and deep look to understand how your office has truly impacted these employees for, as you have mentioned, decades, and how now is the time to ensure that we correct this issue and rebuild integrity in the office. Would you agree?

Ms. Karen Hogan: I appreciate the opportunity to be able to respond to your statements from before as well as the most recent ones.

As I mentioned, I think this sense of value has been one that has been within our organization for much time.

When I first became Auditor General, well before the strike occurred, we launched an initiative to look at our culture and, with our organization, to define what our culture should be. That work has not slowed. In fact, we're all now more united behind it in order to know that a culture change is needed, and a culture change takes a long time.

However, there are so many people who are happy to work at it because every single member of our organization sees the value in our work. We were just going to continue and build off the work that started before the strike. That will continue afterwards.

Mr. Blake Desjarlais: Thank you very much. I think that's important to note for public service employees.

I want to turn to my last area of questioning.

I grew up in northern Alberta. I know the territories quite well. I spent many a time in the Northwest Territories. In the Northwest Territories, of course, there is oversight by the Auditor General to the systems there.

This last year, between 2020 and 2021, there were zero audits, zero performance audits for any of the territories. Can you explain why?

Ms. Karen Hogan: I will look to Andrew to add, but I do believe it's just a timing issue, to be quite honest.

There was some difficulty in the territories in converting to virtual hearings, so there were delays in some of the reports. We did not stop. We still do at least one performance audit in every territory every year. In fact, we have one territory where we're going to be doing a couple in the coming year.

I believe it was just a timing issue.

Andrew, am I correct in that?

Mr. Andrew Hayes: Yes. I can just add that there were also some territorial elections—

Mr. Blake Desjarlais: No, it can't be every year. I'm sorry, but I just want to correct the record there. It's not every year. The record shows that from 2020 to 2021 there were no audits, so it's not every year.

The Chair: Give a very brief answer, please.

Mr. Andrew Hayes: In each territory we try to have at least one performance audit every year. In terms of the reasons there might not have been audits in particular territories, sometimes it's related to elections that happen or delays, for whatever reason.

In the context of the pandemic, I will say that the ability of our office to go and visit the territories was affected. That's a very important element of those northern audits, because of the particular circumstances faced by the people up there.

The Chair: Thank you very much.

I will turn now to Mr. Patzer.

You have the floor for five minutes.

• (1235)

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much.

To the Auditor General, in your comments and in here, you talk a lot about the digital transformation that's ongoing in your office. I'm wondering if you can update the committee. When did the digital transformation begin? When do you project it to be completed?

Ms. Karen Hogan: I'm happy to talk about the transformation. It actually started once we knew that we were going to be receiving additional funding. The transformation is a large one across the organization.

As you may recall, when we were looking for funding over the years, when we.... We didn't have money. We diverted resources from investing in our IT solutions, so a big part of our digital transformation will be IT-solution based. It is really about what we do,

how we do it and how IT and data will help support the work we do.

We're looking at our processes and how we report. It is so much bigger than just IT solutions. Expenditures have started, but I expect that the majority of them, which will be IT-solution based, will be longer into the future, probably two or three years out before we see some significant investments there. It's already started, as I say. We're replacing our software now for working papers, and we've done a lot of work on our cybersecurity. There have been investments throughout the year.

Mr. Jeremy Patzer: Do you think that this investment is going to help increase your productivity going forward so that we'll get more reports per dollar spent?

Ms. Karen Hogan: That is absolutely the intention. Some of the money right now has been foundational. We needed to make sure that our information and our systems remained secure. It is about stabilizing some of it, replacing and decommissioning legacy systems and then setting us up to bring on new tools that will make us more efficient and effective.

Mr. Jeremy Patzer: Thank you.

In your new mission and vision statement from 2020, it states that you'll be building connections with stakeholders, and you say that the stakeholders are Parliament, the people of Canada and the entities that you audit.

How do you plan to reach out and build those connections with each of these different stakeholders? We'll start with the people of Canada. How do you plan to make that connection?

Ms. Karen Hogan: One of the items to make connections with Canada, as I mentioned, is opening up an area on our website for Canadians to submit their concerns and thoughts about topics that we can audit. I have a senior panel of advisers who usually provide me advice on areas to audit and on messaging, and it's my intention to have that committee membership expanded and changed a little so that it represents Canada a bit better. We'll have representation across the country.

I expect that all of our audit teams will engage with the individuals we audit who represent Canadians and that, together, will bring all of that back to inform our work and how we operate going forward.

That would be Canadians. If you'd like me to talk about MPs, as I mentioned, I started having discussions with many senators, which had not been done for many years, across the organizations. We have met with senator groups individually over the last year. I am doing my best to do outreach with parliamentary committees.

Mr. DeMarco, our commissioner of the environment and sustainable development, is doing a tremendous amount of outreach on his side of things, so he might want to speak to some of that as well.

Mr. Jeremy Patzer: I'm just going to quickly interject there. I want to go back to this digital transformation issue. We're seeing a lot of people right now working from home. Obviously people have had to do that over the last couple of years with the pandemic. We all get that and we understand that.

I'm just wondering if you're going to be auditing the performance of the department, though, over those couple of years to determine how productive people were working from home and going forward, because we realize and know that a lot of people will continue to be working from home.

Are you going to be focusing on the performance of people as they work from home versus working in the previous arrangements they had?

Ms. Karen Hogan: Right now it's not our intention to devote an audit to the productivity of public servants. It's definitely something we could consider as we look at individual programs when we go in and audit them. We don't have intentions to have an audit on productivity throughout the pandemic.

Mr. Jeremy Patzer: Do you think, for helping to make sure that we have more audits going forward...? You have the funding you were looking for, but as was alluded to earlier, the number of reports hasn't necessarily risen accordingly.

I know you mentioned that, in a couple of years when you have the digital transformation completed, it will help your productivity and hopefully the department's productivity, but I'm just wondering. If we're not getting the bang for the buck with people working from home, I hope that's something we're going to consider looking at to make sure that we do get the best performance.

• (1240)

The Chair: Thank you.

I'm going to allow the auditor to provide a brief answer to that, please.

Go ahead, Ms. Hogan.

Ms. Karen Hogan: My brief answer would be that you can measure the value of money invested in our organization in many ways, and it's not just in the number of audit reports. One audit report could be very large, for example, the efforts on Bill C-2 that we will do. If we do that, it would probably be seven or eight individual audits, but it will come out as one.

I caution just calculating the number and not necessarily looking at the impact of the value in other ways.

The Chair: Thank you very much.

Our last member is Mr. Fragiskatos.

You have the floor for five minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Thank you to the witnesses.

Ms. Hogan, in looking at the departmental review, I notice that homelessness will be a future focus of the office.

How will the role of other levels of government be taken into account in future work, considering the fact that other levels of government play such a pivotal role in responding to that challenge?

Ms. Karen Hogan: You raise a challenge that we see in many of our audits. We saw it throughout some of the pandemic audits, and we're definitely seeing it in our homelessness audit.

When there is that need for collaboration and coordination amongst different levels of governments, our ability to tackle some of those issues is strained because we can only look at the efforts of the federal government and where federal money is being used. It is an ongoing challenge, but it shouldn't deter us from looking at really important topics like homelessness.

Mr. Peter Fragiskatos: Thank you for that.

I know that you have a constrained ability there. This is not an instruction at all, but simply an observation. I think when the public looks at something like homelessness, which is inherently challenged, to put it mildly, there is a need to understand it as something that various levels of government have the responsibility to address. I would hope—if it's not an instruction, it is a hope maybe—that future reports really acknowledge the fact that other levels of government have very pivotal roles to play from a jurisdictional perspective in terms of the Canadian federation and how it operates.

You know very well that the provincial and municipal governments are much more responsible in terms of dealing with the issue, although the federal government, considering its fiscal abilities, is in a very special place to assist and the national housing strategy has been at play and yielded good results. But we certainly need to see more.

I also want to ask you to shift focus. The greening government commitment is what I want to look at. On low-carbon executive vehicles, how this policy has been used, and also, in using the Treasury Board of Canada's green meeting guide, what sorts of things do you do differently to hold green meetings?

I ask that question simply because, if we here on Parliament Hill and government as whole are making the point to the Canadian public about the importance of addressing climate change, I think there's a need for the public to look to Ottawa and see exactly what is happening in terms of action here.

Ms. Karen Hogan: I might turn to Lissa Lamarche to help me out with this answer if I don't go as far as you'd like me to go, but I do thank you, first off, for your hope. I think that both Jerry DeMarco and I have heard you, because even climate change is an area where so many layers of government and every single individual plays a role, so thank you for sharing your thoughts with us.

When it comes to greening meetings, like most organizations, we've all done a great job at it since many of us are staying home and not gathering together. A lot of our efforts that we had planned actually didn't materialize, because we're not in the office together.

Prior to the pandemic, though, we were working very hard at making sure that people would bring their own utensils and glasses and that anything we used at a meeting might be compostable. We were always trying to do our part from that perspective on greening our meetings, but I think that, virtually, we've all done a real big part now.

I don't know if you'd like Lissa to add anything more to your questions on that front.

• (1245)

Mr. Peter Fragiskatos: With time permitting, if there is a desire to add to that and if a colleague wishes to, sure, that would be great.

The Chair: There is time. We have about 45 seconds.

Ms. Lissa Lamarche (Assistant Auditor General and Chief Financial Officer, Office of the Auditor General): As it relates to executive vehicles, there's only one executive vehicle in the organization, and I believe we've already converted it to hybrid. That is what we've done there.

I think Karen gave a good summary around greening meetings. We developed our last sustainable development strategy for 2023 before the pandemic. Within that plan, we had committed to doing several assessments of our operations to assess how green they were and where opportunities existed to further green those operations. At this point during the pandemic, that work was halted or not started, because we want to wait to see the future of our work environment in order to do this assessment in a relevant way.

I would offer that one of our more significant contributors to greenhouse gas emissions would be our business travel. That is an area that we want to look at closely, to evaluate ways in which we can reduce the footprint in that area, either by.... The pandemic has demonstrated that we're able to do a lot of our work without traveling, so I think it challenges the future of travel in making sure that we do the travel that needs to occur and that we don't do travel that can be done in a remote way.

The Chair: Thank you very much.

That ends the second round. I just want to thank the Office of the Auditor General and everyone for being here today and taking the time to answer our questions. I'm sure we will see many of you, if not all of you, again soon, within the next couple of weeks, either here in committee or outside of the committee. You are welcome to stay. We are just going to have two very quick votes here.

I will turn now to the members.

Shall vote 1 carry?

OFFICE OF THE AUDITOR GENERAL

Vote 1—Program expenditures.....\$107,012,784

(Vote 1 agreed to on division)

The Chair: Shall I report vote 1 under the Office of the Auditor General of Canada to the House?

Some hon. members: Agreed.

Some hon. members: On division.

The Chair: That has passed as well. Thank you very much.

I'm going to suspend this meeting now for a few minutes. Perhaps members could remain at their places. I'm the only one who has to come back into the meeting. I'm going to do that right away.

Mr. Philip Lawrence: I'm sorry, Mr. Chair. I'd like just one minute. What we were going to do was just have the vice-chair stay and release everyone else. It's just to discuss the schedule. Do you want everyone? Do we have a draft?

The Chair: That's fine. Let's discuss that. I will just be a second.

Mr. Philip Lawrence: Okay.

The Chair: Since I'm the only one online I'll come right back in to it, and we can do that.

Mr. Philip Lawrence: I just wanted to let you know. No worries.

The Chair: That's no trouble.

[*Proceedings continue in camera*]

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