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• (1000)

[Translation]

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

Good morning, everyone, and welcome to meeting number 106 of the House of Commons Standing Committee on Public Accounts.

[English]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

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

[Translation]

Pursuant to Standing Order 108(3)g, the committee is resuming consideration of "Report 1: ArriveCAN", referred to the committee on February 12, 2024.

[English]

I would now like to welcome our witnesses. We have a full house. Thank you all for appearing in person.

From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada; Andrew Hayes, deputy auditor general; and Sami Hannoush, principal.

It's nice to see you all again.

From the Treasury Board Secretariat, we have Roch Huppé, comptroller general of Canada; Samantha Tattersall, assistant comptroller general, acquired services and assets sector; Dominic Rochon, chief information officer of Canada; Karen Cahill, assistant secretary and chief financial officer; and Emilio Franco, executive director, procurement, materiel and communities directorate.

Ms. Hogan and Mr. Huppé, you will each be given a maximum of five minutes for your remarks, after which we will proceed to rounds of questioning. As is traditional, I'm going to give Ms. Hogan the opening five-minute statement.

It's nice to see you again. I'll turn the floor over to you.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Mr. Chair, thank you for again inviting us to discuss our report on ArriveCAN. I would like to acknowledge that

this hearing is taking place on the traditional unceded territory of the Algonquin Anishinabe people.

This audit examined whether the Canada Border Services Agency, the Public Health Agency of Canada and Public Services and Procurement Canada managed all aspects of the ArriveCAN application in a way that delivered value for money.

I would like to note that the Treasury Board of Canada Secretariat was not examined as part of our audit. The secretariat is responsible for ensuring that tax dollars are spent wisely and effectively for Canadians. The Treasury Board of Canada has issued policies and directives on program management and contracting to departments and agencies. When it comes to contracting and procurement, Public Services and Procurement Canada has also developed the supply manual.

[Translation]

As we indicated in our report, while the secretariat introduced some flexibilities into the procurement and contract processes during the pandemic to achieve results quickly, it still insisted that government organizations demonstrate due diligence and controls around expenditures and document their decisions for accountability purposes.

During our previous appearances before this committee, we said that, in the case of ArriveCAN, we didn't find records to clearly show how much was spent on what, who did the work, or how and why contracting decisions were made. And that paper trail should have existed.

This concludes my opening statement. We will be pleased to answer any questions from committee members.

The Chair: We thank you again.

[English]

Mr. Huppé, you now have the floor for up to five minutes, please.

Mr. Roch Huppé (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Mr. Chair.

[Translation]

I also thank the committee members for inviting me to appear to discuss the Auditor General's report on ArriveCAN.

Before I start, I would also like to acknowledge that I am speaking to you from the traditional unceded territory of the Anishinabe Algonquin people.

[English]

I was going to introduce my colleagues, but you did a great job of that, Mr. Chair, so I'm going to skip that.

Canadians expect the Government of Canada to be well managed. They also expect their government to have the rules and controls in place for the sound management of their tax dollars. Audits like the one performed by the Auditor General of Canada on ArriveCAN are important instruments to ensure that those expectations continue to be met.

The findings of the Auditor General are clear and sobering. Requirements and good management practices were not followed. As the Auditor General has noted several times, the rules were there, but compliance was not.

[Translation]

The Government of Canada has set up strict procurement controls for government contracting, at various levels. These rules are enshrined in laws such as the Financial Administration Act and in the mandatory policies of the Treasury Board. Together they establish clear requirements for government administration that deputy ministers must follow, including those related to financial management and procurement. Departments and agencies also have available an audit function for pinpointing and remedying any internal shortcomings in the existing controls.

We encourage compliance with these requirements through training and direction for all government employees so that they know their obligations and act accordingly.

[English]

Given all of this, I am deeply concerned by the findings of the Auditor General's report.

We have taken note of the CBSA's response to the recommendations and will be closely monitoring its actions to ensure that identified issues and deficiencies are addressed.

Again, as the Auditor General has noted, we do not believe that more rules are the answer. Procurement is already complex enough. Rather, this issue serves as a clear reminder that departments and agencies need to ensure that they are placing the utmost importance on ensuring that procurements are fair, open and transparent and withstand the closest public scrutiny.

[Translation]

Speaking of transparency, Canadians must be able to count on open and reliable information concerning procurement activities.

Unfortunately, recent reports from the media and the Office of the Procurement Ombud have highlighted issues related to the proactive publication of contracts.

[English]

That is why I have asked all institutions to confirm the number and value of all contracts they have issued to GC Strategies, Dalian,

Coradix, and joint ventures between Dalian and Coradix. All institutions must verify that the information about these contracts posted on the Open Government portal is complete and accurate.

Mr. Chair, information regarding GC Strategies and its previous corporate entity—Coredal Systems—has already been received, and I can confirm that between January 1, 2011, and February 16, 2024, departments reported that there were 118 contracts with that supplier, totalling \$107.7 million.

• (1005)

Providing accurate and open information about our contracts is essential to safeguarding the trust that Canadians put in their institutions. We are committed to working with all government organizations to fully meet our transparency obligations.

[Translation]

This concludes my remarks. My colleagues and I would be pleased to answer your questions now.

• (1010)

The Chair: Thank you.

[English]

Leading our first round is Mrs. Kusie, who is joining us virtually.

You have the floor for six minutes, please.

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

Thank you, again, to all of our witnesses for being here today. It's very much appreciated.

Auditor General, again, we thank you very much for this incredible report.

Let's review. ArriveCAN is an application that was supposed to cost \$80,000, according to a group of individuals who were able to put this application together over a weekend. The number we were working with for a long time was \$54 million, not a small sum. However, as a result of this report by the Auditor General, we have determined that ArriveCAN cost a minimum of \$59.5 million, \$60 million of Canadians' hard-earned taxpayer dollars. In fact, in her report, as you know, the Auditor General stated that this number might, in fact, even be larger as a result of poor and missing documentation. Therefore, Canadians may very well be on the hook, for ArriveCAN, for more than \$60 million.

I have a simple question for the comptroller general of Canada, Mr. Huppé. It is a straight question—a yes or no for Canadians, please: Do you believe that Canadians received value for money with ArriveCAN, yes or no?

Mr. Roch Huppé: Based on the Auditor General's findings, value for money was not.... There was no documentation to support the different spends on this, so it was very difficult to understand exactly the value for money at the end of this.

I have to say that I did not audit these contracts. I did not audit the work, but I rely on the work of our Auditor General, who pointed out that it was extremely difficult to—I don't want to put words in her mouth here—follow the trail. There were poor financial records, so the value for money right now is extremely difficult to assess, I would say.

Mrs. Stephanie Kusie: You're relying on her words, Mr. Huppé. She, in fact, did state that she did not believe that Canadians received value for money, and it sounds from your comments as though you are in alignment with her.

Mr. Rochon, we know the unfortunate fate of your predecessor. That still hangs over this committee and this investigation today.

I will ask you the same question on behalf of Canadians: Do you believe that Canadians, for \$60-plus million, received value for money with ArriveCAN, yes or no?

Mr. Dominic Rochon (Chief Information Officer of Canada, Treasury Board Secretariat): I'm not going to contradict what Roch Huppé just said. I think the comptroller general's answer is the same one that I would give, with the qualification, of course, that it was a complex system that was produced on an emergency basis. We're talking not just about the development costs but about the operational costs, the maintenance costs and the upgrade costs, not exactly easy things to determine with regard to value for money. However, what the OAG found with regard to the lack of documentation is very troubling. As a result, I would agree with both the AG's report and Mr. Huppé in saying that there were some shortcomings with regard to value for money.

Mrs. Stephanie Kusie: I very much appreciate that response.

To add to your responses, I will also indicate that the AG did say repeatedly—as she is in the room today, I am not afraid to say this—that she also believed that the pandemic, the crisis situation, was not an excuse for Canadians to not receive value for money. I think that this is a very important lesson going forward.

You also mentioned the testing. It was also determined in the Auditor General's report that many of these tests were not even completed. Of course, when we look back again at the value for money and think about the testing and the outcomes, we see that this app sent 10,000 Canadians needlessly into quarantine. However, as for value for money, it seems as though we have definitely come to the consensus today that there was not value for money.

I will press forward, then.

The Treasury Board mandate is to provide “oversight of the government's financial management and spending, as well as oversight on human resources issues and digital transformation initiatives”.

Again, Mr. Huppé, I would like to know, please, whether the Treasury Board was involved in reviewing the contracts approved for ArriveCAN for both the CBSA and PSPC.

Mr. Roch Huppé: No. In this particular case it was not, because they were done within the authorities of either CBSA or Public Services and Procurement in this case.

As you can understand, there's a delegation of authority. Departments act within their own authorities. If it had gone above these authorities, then the contract would have had to come to Treasury Board ministers, but in this case it was delivered within the existing authorities of those two departments.

● (1015)

Mrs. Stephanie Kusie: I appreciate your response, but that response is very difficult to believe, in the total sum of the \$60 million and the uncertainty, potentially, even as the Auditor General said, as where up to \$12 million of it went.... Perhaps I would encourage the President of the Treasury Board to evaluate these principles in an effort to determine where this funding really went.

Section 4.17 of the directive on the management of procurement states that both business owners and contracting authorities are responsible for “protecting [taxpayer dollars] from fraud, corruption, unethical business practices and collusive behaviour,” as well as “sharing information on...wrongdoing”, ensuring individuals do not accrue direct benefits, and requiring contractors and subcontractors to be “ethical” throughout their supply chains.

From the Auditor General's report, it's obvious that almost all of these requirements were repeatedly violated—

The Chair: Mrs. Kusie, you have time for a brief question.

Mrs. Stephanie Kusie: Okay. Thank you.

Has the Treasury Board followed up with the three departments at all in order to restore the compliance and investigate the systemic nature of this issue? I will direct that to Monsieur Franco, director of the procurement, materiel and communities directorate.

Thank you.

Mr. Emilio Franco (Executive Director, Procurement, Materiel and Communities Directorate, Treasury Board Secretariat): I think the committee is aware that there are various investigations under way with regard to the actions that have been identified both in the Auditor General's report and in the ombudsman's report, and there's a management action plan that has been put in place by those departments.

The Chair: Thank you very much.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

[Translation]

Thank you to the witnesses.

[English]

The Chair: We'll turn now to Ms. Bradford.

You have the floor for six minutes, please.

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

Thank you to the witnesses for coming in today. I know that the Auditor General's department has been before numerous committees and at numerous meetings on this issue, and it is taking up an inordinate amount of your valuable time. I do appreciate your coming back again.

For the Treasury Board, we are most anxious to hear from you today.

I will be directing my questions to the Treasury Board, because we've had the AG's office here, as I said, multiple times. I'm not sure which of you will have the answers to these questions. I would just encourage the most appropriate staff member to respond with the answer.

Can you describe what procurement measures were brought in during the pandemic? Did these changes have an impact on the issue we are discussing today?

Mr. Roch Huppé: Correct me if I don't understand your question correctly, but during the pandemic, obviously, and I think a previous member said it, and it was clear in the Auditor General's report.... The pandemic was not an excuse to do things frivolously, I would say. During the pandemic, there was an understanding that departments and people would need to react quickly, and that most likely, in some cases, in order to deliver in this quick fashion, it may be that the control frameworks that would usually be followed would not be followed as usual.

The direction that was provided to departments in many instances was that although we recognized that—I had a chat with the then interim Auditor General about it—in light of that, the importance became the documentation: making sure that, if you are going to make a decision and some controls will be forgone, to document the rationale for your decision and to document any compensating controls that you would have put in place. For example, if normally you would have a front-end control that your activity would go through, maybe, in light of the time and the speed of action that you need to take, you're going to build in a back-end control to make sure that you have the controls in place to at least validate the accuracy of what you're doing.

Again, during the pandemic, there was a recognition that we would have to operate in some instances outside of those controls, thus the importance of documenting the decisions and the controls to compensate for the controls that we would normally have in place.

Ms. Valerie Bradford: Clearly, one of the problems was that documentation was not done and those records don't exist, and that's why the AG has a lot of difficulty even determining how much this application cost at the end of the day. It's her best guess, because of the poor record-keeping.

While the Treasury Board has measures in place for procurement, it's clear they weren't followed. What is being done to ensure compliance at the CBSA, for example, and across the government more broadly?

• (1020)

Mr. Roch Huppé: What I can say is the Auditor General's report is being taken extremely seriously. We're looking at all options right now.

There are the CBSA issues that we know of right now. We know it's been audited by different parties, and it has an action plan to deal with this.

As you noted, my worry as the comptroller general is that I need to provide myself some assurance that the weaknesses that were noted, for example, in this audit, are something that could be viewed as mainly isolated.

We're looking at different options right now and trying to prepare a plan to see what we will be doing to ensure compliance with the procurement policies and rules that should be respected.

Ms. Valerie Bradford: What role do ministers play in contracting and procurement? Did any minister sign off on any of these contracts?

Mr. Roch Huppé: I haven't been privy to.... As I said, I didn't audit the contracts. I don't believe that in these particular cases—I see the Auditor General nodding, so she's agreeing with what I'm going to say—these particular contracts were signed by the minister.

The departments operate within a set of authorities that are mostly delegated to them through the minister, then subdelegated to the deputy minister, and then to assistant deputy ministers and on to managers, for example. When you sign something, it comes with accountability. These authorities are delegated within an organization when someone signs, for example, section 34, which is there to certify that work has been done and it's been done in line with the contract and in line with the price of the contract.

That's your accountability, and you need to take that very seriously. These accountabilities are delegated throughout an organization. Like I said, people have to be conscious of their responsibilities in discharging these authorities.

Ms. Valerie Bradford: Thank you for that.

What role did the Treasury Board play in the creation of the ArriveCAN app?

Mr. Roch Huppé: To my knowledge, direct involvement in the actual creation of the app was under the authorities of the department.

Again, our role was to ensure that the rules were there. We have procurement policies. At the beginning of the pandemic, the Auditor General mentioned a note issued to all departments from the secretary of the Treasury Board. I also told you that I had discussions with the then interim Auditor General, because we knew that the processes may not be followed as usual.

Again, our role was to make sure people understood that should they forgo the normal processes or control, documentation was the key. I also own the internal audit function. I asked deputy ministers to use their internal auditors at the maximum to make sure that the documentation was going to be there and be sound in case of an audit.

We knew there were going to be audits on this. You have to prepare yourself for these audits.

The Chair: Thank you very much.

[*Translation*]

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

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

Thank you to the witnesses for being here. We've heard some interesting things so far.

I would like to remind you of what it says on the Government of Canada's website:

The Treasury Board of Canada Secretariat provides advice and makes recommendations to the Treasury Board committee of ministers on how the government spends money on programs and services, how it regulates and how it is managed.

Mr. Huppé, do you feel that the Treasury Board's recommendations and advice were dutifully followed in the case of ArriveCAN?

Mr. Roch Huppé: Based on the Auditor General's observations, the answer is obviously no. She wrote in black and white that the policies had not been followed. As I explained earlier, in exceptional circumstances, such as during the pandemic, the directive is to ensure that there is proper documentation.

• (1025)

Ms. Nathalie Sinclair-Desgagné: Okay.

What is the point of making recommendations and giving advice if they are not being followed?

Mr. Roch Huppé: If there had been no directives or policies, the Auditor General would have pointed that out. There probably would have been a recommendation concerning me about the fact that rules were not in place. Accountability is important. There has to be a basis, a foundation, in the form of sound guidelines and policies that people must follow. If they don't follow them, there have to be corrective measures. As we see here, an audit contains observations. We really have to manage the shortcomings that have been identified and do everything in our power to ensure that these things do not happen again.

Ms. Nathalie Sinclair-Desgagné: In your opinion, Treasury Board has done its job. It issued a policy. Whether it is followed or not, they wash their hands of the matter. Is that correct?

Mr. Roch Huppé: Honestly, yes, we did our job. That said, we are always open to recommendations. Obviously, when we see audit findings of this significance, we take them very seriously. As the Auditor General said, this is not one of our finest audits.

We are now in the process of determining whether we need to augment or strengthen our policies and directives. There have been a number of recent audits. We have issued additional guidelines, for example, regarding the use of professional services, to try to direct people toward making the right decisions. We are looking at the existing training for the people who have been delegated these responsibilities. There have to be rules, and they have to be followed, absolutely.

Ms. Nathalie Sinclair-Desgagné: Who is responsible for ensuring that the rules are followed? Who has that responsibility?

Mr. Roch Huppé: Accountability rests with various entities. We have a responsibility to set strict rules. Whether people like it or not, we currently have a decentralized model of accountability in government. As I explained earlier, that means that responsibilities are delegated to the departments. The Financial Administration Act specifies a detail that is very important: deputy ministers are accounting officers. It is written in black and white in the act. Deputy ministers must therefore ensure that the control systems are in place so that their programs can be delivered in accordance with government policies.

Ms. Nathalie Sinclair-Desgagné: For example, in the case of the Canada Border Services Agency, or CBSA, the president of the agency is the equivalent of a deputy minister. Is that correct?

Mr. Roch Huppé: Absolutely.

Ms. Nathalie Sinclair-Desgagné: As I understand, it was up to him to ensure that Treasury Board recommendations and advice were followed.

Mr. Roch Huppé: It's a system. The deputy minister obviously can't look at every contract or every detail. However, they must see to it that someone is responsible for ensuring that controls are in place, that governance systems are in place, and that those controls are checked on a regular basis to make sure that they are working. A control never works 100%. Good controls will eventually uncover weaknesses. That is what good controls are about. They are there to ensure that departmental programs or initiatives are delivered in accordance with rules, policies and legislation.

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

Yesterday, the representative of the Association of Canadian Financial Officers told us that financial officers at the Canada Border Services Agency had witnessed things they disagreed with, that they sounded the alarm, but that there was no follow-up. So, even when there are financial officers within departments and agencies, they are not listened to.

How is it possible that there are controls, advice and recommendations, in addition to financial officers, whose job it is to enforce those processes, but that ultimately they are not respected? I imagine that controls are working somewhere, but right now, what we are seeing is that ArriveCAN is probably the tip of the iceberg. Companies like GC Strategies received so much money precisely because internal controls are not conducted in a number of places. How do you think that's possible?

Mr. Roch Huppé: I listened to Mr. Richard's testimony yesterday. I know him well; I've had many meetings with him. I don't know the nature of the complaints. He didn't want to disclose it either. If that's what happened, I find it deplorable.

I was chief financial officer for eight years in major departments, and I can assure you that if someone sounded the alarm about a particular transaction, action was taken to remedy the situation. I can assure you that the managers, the supervisors of these people, would have taken charge of the file.

I think we have a strong financial function within the federal government. Just look at the financial statements, which have been unqualified for 25 years. It's unfortunate that, in this case, controls don't seem to have been followed and well documented.

• (1030)

The Chair: Thank you very much.

[*English*]

Next we have Ms. McPherson joining us virtually.

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

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you very much, Mr. Chair.

It's nice to be on this committee with everyone today. This is not my normal committee, so I'm eager to be able to participate.

I want to thank all of the witnesses for being here with us today.

Like many of the members of Parliament who have spoken before me, I'm quite horrified by the report. On behalf of the constituents I represent in Edmonton Strathcona, I want to express my thanks to you, Ms. Hogan, for this comprehensive report. It's shocking, but you've provided important information for parliamentarians, so I'm very grateful.

When I look at the report, however, I'm alarmed, frankly, that we have a procurement system in this country that is so vulnerable and that has been taken such advantage of. I can't help but think of some of the organizations I've worked with in my riding of Edmonton Strathcona that have had to go through incredible hoops just to get funding—funding significantly less than \$60 million. I think of things like the Flying Canoë Volant festival, the biggest French festival in Edmonton. I think about the Edmonton Ski Club and the Ritchie Community League. None of them was able to access the funds that were able to be accessed in this case, the \$60 million. What organizations across this country could do with that money is frankly what I'm thinking of when I think about this waste.

I have a question for you, Ms. Hogan. What do I say to the people and organizations in my riding that are trying to get funding from this government, when they see this incredibly unfair process? Would you agree that it seems as though a system like this is in fact very much stacked against them?

Ms. Karen Hogan: The procurement system in the federal public service is complex. There are so many rules. I agree that at times the complexity of trying to compete to get a contract makes it difficult for smaller vendors, which is why I am concerned that the reaction to the findings around ArriveCAN would be to layer on more controls or to make it even slower. That would discourage competition. The whole point of having competitive contracts versus non-competitive contracts is to encourage competition to ensure that the public service gets the best value it can for taxpayer money.

I'm just concerned that there might be a requirement for the rules to be made tighter or stricter, or for another layer to be added, which will limit that competition. I believe the deputy auditor general has said before—and I've said it before in testimony in front of this committee—that the business of government needs to keep moving forward. The rules, however, need to be respected in order to ensure that happens, and that just didn't happen in this case.

Ms. Heather McPherson: From my perspective, adding more rules when the rules aren't being followed is counterproductive, of course. I also look at this issue of fairness and the idea that for smaller organizations it's almost impossible to meet the obligations of the federal government.

I've worked in international development for most of my career. It's almost impossible for small organizations to access funding, for example through Global Affairs Canada, so how do we make sure that people are following the rules and equally make sure there is fairness? It's extremely important that people who are trying to access benefits or services from the government and who have repeatedly faced barriers are able to access those services.

I think about veterans. I think about people living with disabilities and about indigenous communities that are repeatedly told, no, they are not able to get that funding; they need to resubmit forms; they need to go to court, and all of those things. However, we see this government hand out seemingly open-ended contracts that the eventual winners actually help to write.

Ms. Hogan, you talked about not wanting to add more barriers. You talked about not wanting to make it harder, but do you see any hope for everyday, normal Canadians who are just trying to get services from this government? It seems as though every day we are getting closer to a privatized government.

• (1035)

Ms. Karen Hogan: I think I would point to some of the work that my office has previously done, some of which was on access of vulnerable populations to programs. We identified the need for the government to really understand the barriers that certain populations face, whether they be remote or indigenous, for example. There are so many different barriers that need to be addressed, and that's very different, I think, from just procurement.

I would separate the two and say that different recommendations and different approaches are needed when it comes to ensuring that Canadians can access benefits the federal government is providing, and more needs to be done there to identify who isn't accessing them and then how to remove those barriers.

When it comes to contracting, however, there's a different set of rules, and I think it still comes down to access. You don't want to make it so complicated that smaller vendors may not be able to participate in federal government procurement, because everyone can add to the public service and make it better.

Ms. Heather McPherson: Wonderful. Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you very much.

We'll begin our second round.

Ms. Block, you have the floor for five minutes. Go ahead, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair.

Thank you to all of our witnesses for joining us here today.

Of course, we've had the opportunity to hear from the Auditor General on a number of occasions. I think it is quite right that you appear before a number of committees, given the seriousness of your last report tabled in the House of Commons. However, I am going to aim my questions at the Treasury Board Secretariat or the Treasury Board.

Given what we have learned over the past 18 months and certainly more recently through the procurement ombud's report, the Auditor General's report and actual testimony from witnesses, there appears to be a lack of oversight across government departments. One of the main reasons for this, as we heard yesterday, is the lack of enforcement of the Financial Administration Act across departments.

My question is for you, Mr. Huppé, or for whoever would like to answer it. Is your department responsible for ensuring that other departments comply with this act, or is it up to departments to police themselves?

Mr. Roch Huppé: That's a very good question. I would say there is dual accountability. As I explained, departments operate within a set of authorities that have been delegated to them. The expectation is that when they operate within these authorities, they have the measures in place to ensure compliance with the different rules and legislation, and they have to abide by the Financial Administration Act.

At Treasury Board, when a transaction or a project, for example, is above the departmental delegation, it has to go through the Treasury Board minister for the authority to, for example, enter into a contract or to launch a project that's not within its set of accountabilities, so there is some oversight there.

There is general oversight. I know, for example, the internal audit community, and every year I have a role to play in delivering some horizontal audits across government. We try to line up our work between what the Auditor General is doing and what the other bodies are doing, to make sure we don't duplicate, so, yes, there are measures being taken to ensure compliance, but, again, non-compliance will, sadly, be found in some of these reviews.

Mrs. Kelly Block: Thank you very much.

Your website states, "The Secretariat ensures tax dollars are spent wisely and effectively for Canadians." You "oversee and provide guidance to the Treasury Board of Ministers"—as you've just noted—"on how government is managed and how it regulates."

Since your department is responsible for the oversight of spending taxpayers' dollars and ensuring that they are spent wisely, and given that the issue of ArriveCAN has been in the news for the last 18 months, who in your department is being held accountable for the failures of the ArriveCAN app?

• (1040)

Mr. Roch Huppé: First of all, we take the findings extremely seriously. As the Treasury Board, we are looking...all of us there.

There are notions that came out that deal with financial records not being in place and with financial practices. There's also a notion of conflict of interest. There's also a notion of augmentation from an IT perspective. It plays on many of the different roles that we oversee at the Treasury Board.

Right now, as I said, we are taking this very seriously and putting an action plan together to ensure that our role will be played in this particular situation. However, I am going above and beyond that. I'm looking, personally, beyond ArriveCAN. My worry is that the system of controls needs to be there everywhere. As I said, we have a solid financial community. I would say that we have a solid procurement community. Sadly, we see stuff like that happening.

For example, about a week and a half ago, I instructed the chief audit executives of every department to really make sure that they had a review of their procurement practices in the coming year as an audit within their department. There are things that we're doing to make sure our accountability is discharged.

Mrs. Kelly Block: Really quickly, do you think your department did its job during the pandemic to ensure value for money for Canadians?

Mr. Roch Huppé: Honestly, from what I've seen—and I'll speak for myself—I'd like to think that, yes, it did. Again, there was no playbook with the pandemic. It was the first time.

I think that, generally, there were a lot of people who wanted to ensure that the right decisions were being made. Again, I'm not going to waste time and explain it again. We did take the time to make sure that the departments understood what it meant to operate outside of the normal control framework of the government, if that was the case, with the need for documentation and audits to be done.

I think we did provide direction. Could we be better? Perhaps we could, but we took our role very seriously during the pandemic.

The Chair: Thank you very much.

Next we have Mrs. Shanahan, who is joining us virtually.

You have the floor for five minutes, please.

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

I, too, want to thank the Auditor General and the team from the Treasury Board for being here today.

I think, by the tenor of the questions that we're hearing, all members of this committee have concerns regarding oversight and why it did not work in this case. Something that came up in the testimony yesterday from Mr. Richard was that people were reluctant and, in fact, refused.... Professionals, financially accredited employees of the public service, were afraid to do what essentially is their job: to raise red flags where warranted.

Mr. Huppé, if someone has something to say about any financial practice, what are the ways in which that employee can say it safely within our public service?

Mr. Roch Huppé: First of all, I'm extremely concerned by Mr. Richard's comments yesterday. I'm not disputing them, to be fair.

I've operated for over 30 years in the financial community of the Government of Canada. I can assure you that when I had something to say, regardless of my level as a junior officer, I said it.

Mr. Richard yesterday said it, I think, very correctly, in the sense that you should be talking to your supervisor. If you feel that your supervisor is not reacting, then there are ways that you can go above your supervisor to the next level up if there's something that you feel very strongly about.

As I said, my experience, at least in the organizations I ran, was that the door was always open. I think it was made very clear that people could actually speak up.

I'm going to have a chat—I guarantee you that—with Mr. Richard, because if there are some people we have an issue with, we need to figure out what we're going to do with them. We also need to make sure that the community and the people operating in these communities understand.... He was talking about the financial management community, but I'm extrapolating that to the procurement communities and so on.

People who are experts in their field have to have the space to raise their hand if they have something to say.

● (1045)

Mrs. Brenda Shanahan: Thank you for that, because as you mentioned earlier, it's not just about ArriveCAN. If this is symptomatic of a wider problem, we need to identify it and remedy it.

This is on a separate note, and I see we have someone, Mr. Franco, who is the executive director for procurement in the TBS. When the procurement ombud testified before us, he said he found it curious—and I certainly want to explore that—that in the competitive bidding process, when the bid was rigged so that GC Strategies could win it, there were eight or 10 other companies that could have lodged a complaint about that bidding process.

Can I hear your comments on that? They did not lodge a complaint. You would think they would have had a financial interest in doing so.

Mr. Roch Huppé: First, regarding why the other companies may not have lodged a complaint, I can't speak on their behalf. What I can tell you is what a normal process would look like.

First of all, it does happen that a vendor may be involved in or engaged to help in the preparation of a statement of work. An ex-

ample is hiring an expert. You're about to buy something, so you want expert advice to help you develop that requirement.

What normally happens is that the company or the individual who is engaged to do that preparatory work is explicitly excluded from the resulting procurement. Typically, what you would see is that in the resulting procurement, the individuals from those companies are named, identified as having been involved in the production of that procurement and indicated as not being able to participate in the result because it is a clear conflict of interest.

In addition, in our procurement framework, we having something called the code of conduct for procurement, which forms part of every government contract and every government procurement. It requires that when a vendor bids or engages in contract work, they warrant that they are not in a conflict of interest, perceived, apparent or real. There are mechanisms in place that are there to ensure that conflict doesn't exist, and it appears in this case, as reported by the Auditor General, that those measures may not have been followed.

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

[*Translation*]

Ms. Sinclair-Desgagné, you have two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Mr. Huppé, I'll go back to my list of questions.

You just said something interesting, which was that you mandated the internal auditors of each department to review the procurement processes and ensure that they were followed. Just before that, you said and confirmed that people responsible for financial controls, possibly within the departments' internal audit services, had sounded the alarm, but had not been listened to, because the decision had been made at the management level.

I get the impression that asking internal auditors to review the procurement process is like putting a patch on a flat tire and asking the vehicle to keep moving. That seems like a good solution, but fundamentally, if management makes decisions that go against the recommendations and advice, isn't the system broken? There are controls that are just not being followed.

Mr. Roch Huppé: My request isn't just for the people responsible at the Canada Border Services Agency. I think the agency has been audited more than normal, and it now needs to be given a chance to put a plan in place. As I explained earlier, the controls come with the deputy minister's accountability and all the rest. There are different instruments and processes within a department to ensure that those requirements are met.

• (1050)

Ms. Nathalie Sinclair-Desgagné: There's no question that the agency is involved, but the ombud's report and the Auditor General's report indicate that Shared Services Canada and the Public Health Agency didn't follow the advice and recommendations either. Isn't it a bit short-sighted to lay all the blame at the feet of two people at the Canada Border Services Agency?

Mr. Roch Huppé: That's why my directive requires these agencies to review their governance structure and process to ensure that such a situation doesn't happen again.

Ms. Nathalie Sinclair-Desgagné: Yes, but it was just said that the processes, even if they exist, aren't being followed. It was said at the outset.

Mr. Roch Huppé: No, I didn't say that.

Ms. Nathalie Sinclair-Desgagné: I say this because that's what you said at the outset. You said that you had issued advice and recommendations that hadn't been followed because it wasn't your responsibility to make sure, but rather that of each department. There's a real contradiction here.

Mr. Roch Huppé: No. I never said that the processes within each department weren't being followed. I want to make it clear that, generally speaking, the accounting and financial processes and controls of each department work. That said, when a situation of this magnitude occurs and the lessons learned apply to us as well, we have a duty, regardless of the organization in question, to put the necessary measures in place. If I worked for a department where there were no directives like the one I just issued, I would still have followed the process to avoid this kind of situation.

Obviously, as I said, sometimes the controls aren't applied. The important thing is to have processes such as internal audits to ensure that these situations occur as little as possible and to remedy the deficiencies raised.

The Chair: We thank you again.

[English]

Ms. McPherson, you have the floor again for two and half minutes, please.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Ms. Hogan, I'm going to ask you some questions. Of course, I just want to make sure that we have the right information for this committee. I would like to give you an opportunity to respond to some of the claims that were made at OGGO on February 22, to perhaps provide some clarification for your report.

When Cameron MacDonald and Antonio Utano appeared at that committee, they made a number of claims, disputing the sourcing of your report, that I want to ensure we get correct here.

First of all, Mr. MacDonald disputed your statement that there was "glaring disregard" for management principles. He said:

I have always adhered to the core principles, processes and procedures, including closely tracking and managing the costs of ArriveCAN. In fact, I delivered a detailed costing of \$6.3 million to my colleague DGs and my supervisor, Minh Doan, just prior to my departure.

Ms. Hogan, do you still believe, despite Mr. MacDonald's assurances, that management principles were not adhered to?

Ms. Karen Hogan: It's my understanding that Mr. MacDonald was there for the first year and Mr. Utano was there much longer. Our audit period covered from January 2019 all the way till January 2023, which is much longer than his tenure at the Canada Border Services Agency, and we did see that some contracts and some invoices were very well documented and very well supported, but overall, there were too many that had just nothing to support who did what work, what did they work on, what contract was it under.... There was no governance structure. Perhaps he had an individual monitoring of costs under his control, but there was overall no governance structure around this project.

I still stand very firmly by our audit findings, which are supported by a lot of evidence that there was a glaring disregard for some of the most basic principles that we would have normally seen when it comes to contracting, procurement and project management.

Ms. Heather McPherson: Thank you very much. Yes, that was my understanding as well.

Mr. MacDonald went on to say, referencing OGGO:

We provided evidence both to this committee and to the Auditor General that it was not us who selected GC Strategies. It's unfortunate the Auditor General didn't have the time to incorporate that into her report. We did speak with the Auditor General very late in the process, but it's very clear that we did not.

He claims that his interview was "a box to be ticked" after the full report was already drafted. Do you believe that Mr. MacDonald's statement is correct?

I note in your report, on page 11, that you "could not determine which agency official made the final decision". Could you comment on that for me, please?

Ms. Karen Hogan: I will start. I think the deputy auditor general would like to jump in on this as well.

Everyone we interview or speak to during the course of an audit and every piece of evidence we are given, we consider. That is from day one right up until the last day. Nothing is ever done for appearances' sake. It is done to ensure that we have a complete picture so we can provide accurate, fact-based audit reports to Parliament.

• (1055)

Ms. Heather McPherson: Thank you very much.

Ms. Karen Hogan: I can see that the chair would like to take over, but maybe we could just give the deputy a chance to say something.

The Chair: Pardon me, Mr. Hayes. Go ahead.

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

I'll point to the date of our report, which is an important piece for an audit. It's dated February 7. The magic around that date is that we were carefully considering all the evidence up to that point in time. We received evidence and were asking for information from CBSA up until the end of January, which we were receiving in due course.

We considered every piece of information that every person we interviewed provided to us in both the interviews and the documentation. We would disagree entirely with the characterization that anything was a tick box. This was an important and comprehensive audit.

Ms. Heather McPherson: Excellent. Thank you so much.

The Chair: Thank you very much.

Next will be Mr. Genuis.

You have the floor for five minutes, please.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Chair.

I am quite struck by the fact that Mr. David Yeo was an outside contractor while also a government employee. Aside from the fact that, as best we can tell, he was contracted out to do absolutely nothing as part of the whole arrive scam process, the reason you contract out is, apparently, that you don't have the expertise inside the public service. That's the whole idea of contracting out. We don't have the expertise internally, so we're going to contract out. What an absolutely absurd, bizarre spectacle to contract out to a person who is also a government employee.

I want to ask a few questions about this.

Mr. Huppé, fundamentally, is this allowed?

Mr. Roch Huppé: I can't talk about this particular case, but fundamentally, to your question, I note that the directive on conflict of interest says it's not disallowed, but it really raises flags to the effect that if you're going to have secondary employment and there's going to be any perceived or real conflict of interest, you need to disclose it, so—

Mr. Garnett Genuis: I'm sorry. I'm going to jump in on a few points.

Number one, why can't you discuss this specific case? Number two, to say that it's allowed but it raises flags is clearly a bit of a problem. Either it's allowed or it's not allowed.

In fairness to Mr. Yeo, it was on his LinkedIn profile. It was kind of hiding in plain sight.

Mr. Roch Huppé: I can't talk about this case because I don't know exactly the work that was delivered. I have no clue about the contract itself and the—

Mr. Garnett Genuis: One thing is clear, though. Aside from the particulars of the work done, he worked for Veterans Affairs Canada. That department got contracts from Dalian. Dalian “did work” and received money through the ArriveCAN process. It was on his LinkedIn profile that he was both a government employee and a contractor.

Based on that, is that allowed?

Mr. Roch Huppé: Let me be clear: If there is a conflict of interest, no, it's not allowed.

Mr. Garnett Genuis: That's a heck of a caveat, though, sir. Was there a conflict of interest?

Mr. Roch Huppé: We can't prevent someone from having a second job. For example, if your dad has a shop somewhere and you help him out at night, that's not prohibited.

Mr. Garnett Genuis: Okay, but me selling ice cream on the corner while also working for the government is not the same as selling to the same department that I work for.

Mr. Roch Huppé: Absolutely.

Mr. Garnett Genuis: Perhaps you can tell us this directly. You said that if it's a conflict of interest, then it's a problem. I think it's pretty clear that it is a conflict of interest and therefore it's a problem.

Mr. Roch Huppé: There's an investigation into that. That's why I'm refraining from talking about it. DND is looking into it. If there is a conflict of interest—

Mr. Garnett Genuis: Part of the problem in this whole process is that we seem unwilling to call a spade a spade. The department was selling to the company that he worked for while he was also an employee of the department. How many investigators do you need to figure out that it's a conflict of interest?

Mr. Roch Huppé: MI think I'm actually being forthcoming here.

I'm pretty much telling you that a spade is a spade in the sense that if there was a conflict of interest, yes, it was a problem. There is an investigation. I'm not privy to that information. I have no clue. There could be an explanation. I'll let that roll out.

I think I'm being forthcoming in saying that absolutely there's a problem if—

Mr. Garnett Genuis: Okay. I'm going to bang through a few other quick questions in the time I have left.

Last week, my colleague Larry Brock asked for a list of all government employees who are using the Yeo double-dipping model. Do you have that list available?

• (1100)

Mr. Roch Huppé: For all of government, no.

Mr. Garnett Genuis: For all government employees who are—

Mr. Roch Huppé: For all departments, we don't have that list. We have a list inside the TBS of our employees who did declare potential conflicts and—

Mr. Garnett Genuis: Okay. How many within the TBS are there?

Mr. Roch Huppé: Madam Cahill will say.

Ms. Karen Cahill (Assistant Secretary and Chief Financial Officer, Treasury Board Secretariat): For the TBS, 52 employees have dual employment; 165 employees, including 40 executives—

Mr. Garnett Genuis: I'm sorry. I'm not asking just about dual employment, as in they sell ice cream on the weekends. I'm asking about people who are contractors to the government and employees of the government at the same time. How many do you have at the TBS like that?

Ms. Karen Cahill: We have none who have dual employment within the Government of Canada as contractors or—

Mr. Garnett Genuis: Okay. Is there work being done on compiling a list across government? My colleague asked for that list.

Mr. Roch Huppé: Can I come back to you? As I said, it doesn't fall in...but we'll check.

Mr. Garnett Genuis: I think this committee will agree to ordering the production of a list of all government employees who are also employed by or own contracting companies that do work for the Government of Canada.

The Chair: Thank you very much.

Mr. Garnett Genuis: Can I just get the agreement of the committee?

The Chair: Pardon me? Do you want the agreement of the committee? No, there was—

Mr. Garnett Genuis: Whatever the process—

The Chair: Mr. Huppé, you suggested that you could provide the committee with something. I just want to make sure that our analysts—

Mr. Roch Huppé: As I said, this doesn't fall under my purview. However, definitely, if there's an ask from the committee, we'll have to figure that out. Departments will be on the hook to give the information to someone so we can give it to the committee or give it to the.... We'll have to figure that out, obviously.

The Chair: Okay.

Mr. Genuis, your time is up.

Mrs. Brenda Shanahan: I have a point of order.

The Chair: Yes, Mrs. Shanahan. I was moving on, but go ahead.

Mrs. Brenda Shanahan: It's just on that issue.

Is ordering that kind of production of documents not something we can discuss—that we should discuss—as a committee?

The Chair: This is certainly something the committee can come back to.

I just wanted to make sure for our analysts here that if there was a request for documents and an agreement to provide them, it was captured. I didn't quite capture it. That's why I sought clarification.

Mr. Genuis, your time—

Mr. Garnett Genuis: I have a point of order on that.

I'd just like some clarification from you, Mr. Chair, or from the analysts. I've requested some documents. I don't think it's that complicated. Is the witness going to provide those documents? Is he expected to provide those? We just want to know all the contractors who are government employees, those who are defined in this way.

The Chair: That's fine. The official opposition has other rounds to probe and press specifics for documents. If witnesses are able to provide them, they will state so. If they will attempt to do so, they'll note so. Then this committee can take a step further if we feel a response is not adequate or information is not forthcoming.

You were close, Mr. Genuis. I just didn't quite—

Mr. Garnett Genuis: Did he undertake to provide the documents, though?

The Chair: Pardon me?

Mr. Garnett Genuis: Did he undertake to provide the documents? Are we getting those documents?

The Chair: At this point, no, but you're welcome to ask him again.

I'm going to move on now to—

Mr. Garnett Genuis: Does the committee agree to order the documents?

The Chair: Mr. Genuis, we're not at this point yet. You're jumping a few steps. This committee does operate well with witnesses. They provide information in their field when explicitly asked. That was not done specifically in this case. You're welcome to come back to this on your turn.

I'm going to turn now to Ms. Khalid. There's ample time, Mr. Genuis, to come back to this.

I will say before you begin, Ms. Khalid, that the reason I seek clarification is that sometimes members let it slide very quickly. I like to have an explicit response from the witnesses so that it is clear all around and we avoid confusion later. That is it. Members are certainly entitled to ask for information if they find the response is lacking because either information is not available or witnesses do not know. That is their purview. I just want to seek clarification from both sides that it is understood.

Ms. Khalid, you have the floor for five minutes.

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

At the outset, I'd like to thank you for clarifying that. I really appreciate that we have a clear process on how we operate within this committee. I know there are a lot of visiting members from the Conservative benches, but I really appreciate the consistency in how you do things.

To get to our witnesses, I believe it was a member from the TBS who said that deputy ministers can't lay eyes on every single contract that goes through the department. In this instance, I know that a lot of us are very concerned about how it was that \$50 million-plus was spent on an app, and then ultimately, since 2011, \$100 million was given to this organization. Where is the ultimate accountability on this? Is there somebody to blame? Who is it and how do we get there?

My question is for the TBS, please.

• (1105)

Mr. Roch Huppé: When we say there were 118 contracts, it doesn't mean that all the contracts were not done in a fair and transparent fashion and that the work was not performed. With GC Strategies, we had an audit on the contracts and we know what the outcomes were. I'm not going to conclude without a wider review of all these contracts—there have been no audits, at this point, on all those contracts themselves—that every contract was done outside the rules because it was GC Strategies. I don't have that information right now.

Again I come back to the fact that when contracts are issued inside an organization, within the authorities of an organization, they need to follow the rules. The basis, the foundation, of our policies is that these contracts are fair, open and transparent, there's competitiveness and there's value for money. That's the basis of our policies.

There are hundreds of thousands of contracts out there. I would say that quite a number of contracts are done within the set of rules that should be applied.

Ms. Iqra Khalid: I appreciate that.

Something we hear from bureaucrats and some members of the public service on a regular basis is that politicians come and go but the bureaucracy stays—and they stay for a very long time. That's why I think it is so important for us to have accountability and oversight over how the bureaucracy in the public service operates. That's not to say we don't respect the work they do. They serve the public in a lot of different ways. However, I don't want a couple of bad actors to ruin the reputation of all the hard work that our public service does.

What do you recommend as to next steps for making sure that accountability is there and for making sure that taxpayer dollars over the span of a decade are not misused? Whether dollars are misused or not, how do we have transparency and make sure that Canadians have trust in our public systems?

Mr. Roch Huppé: First of all, you made a point on the bureaucracy. There are, I've heard, a lot of procurement officers today who are not liking what they see, because they take very high pride in how they do their work. They do it extremely well and do it within the rules, and again, they don't like to see something that could ruin a reputation they've worked so hard to build.

I always said when I got audited in my life—unless it was something huge or collusion, whatever it was—that weaknesses will be found. When I was in different departments, I always told the board of management not to give me too much crap about what was being found, but to give me crap if I didn't fix it.

The next step here, which is important, is that we take this very seriously; that every organization makes sure they understand their weaknesses; that they take the validation, certification and testing of the controls very seriously; that when we find some weaknesses, we correct them; and that we learn from the lessons of others. As I always say, if they find something over there, chances are you can find something very similar, so take these findings extremely seriously.

The job of the bureaucracy is to make sure that we have action plans that can be delivered and to make sure that we monitor the implementation of these plans and they actually produce the results they're intended to. Again, we have departmental audit committees with external members—objective external members—in every large department. They will be seized with the action plans at the CBSA, and one of their jobs is to ensure these actions get implemented as intended.

The Chair: Thank you very much.

Beginning our—

Ms. Iqra Khalid: Was that my entire time?

The Chair: Yes, it was, and some good time over that.

Beginning our third round, Mr. Barrett, you have the floor for five minutes.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Mr. Huppé, the Treasury Board should know how many government employees are also double-dipping with federal government contracts. How many employees meet that criteria?

Mr. Roch Huppé: I'm sorry, sir. Do you mean within Treasury Board or do you mean—

Mr. Michael Barrett: I mean who work for the government.

Mr. Roch Huppé: Government-wide, I don't have that information right now. I don't know—

Mr. Michael Barrett: Will you provide that to the committee?

Mr. Roch Huppé: I could see what's in the art of the possible. I'd have to talk to my colleague, who is the chief human resources officer for the Government of Canada. We are digging into our own information, obviously, so we would have to see what—

• (1110)

Mr. Michael Barrett: Will you undertake to provide that information?

Mr. Roch Huppé: I'll undertake to see what's in the art of the possible there and get back to the committee with the possibilities of what we can report—

Mr. Michael Barrett: Instead of getting back to us with the possibilities, can you get back to us with what you find?

Mr. Roch Huppé: I could definitely try to do that, yes.

Mr. Michael Barrett: Is that a yes?

Mr. Roch Huppé: We will get back to the committee with what we actually find—

Mr. Michael Barrett: Sir, it's a very simple question. Will you provide—

Mr. Roch Huppé: Yes. We will come back with what we find.

Mr. Michael Barrett: You'll come back with what you find.

The Chair: I understood it as a yes, so thank you very much, Mr. Barrett.

Mr. Michael Barrett: Okay. That's an undertaking to provide the information that was requested.

Mr. Roch Huppé: It's what we find. If we find we have issues doing it—that's what we find—we will let the committee know.

Mr. Michael Barrett: No, sir.

Mr. Roch Huppé: That's all I can—

Mr. Michael Barrett: What you've just said is that you're going to provide us with the information. You're not going to provide us with information about the information you can provide us.

You said before to Mr. Genuis that you were being forthcoming. The only thing forthcoming is that when we ask the same question multiple times, we get more information each time we ask it. You're either being transparent or you're not.

You've made an undertaking to the committee, which has been well received by the chair, that you will provide the information. That's not a question for which I'm looking for a response, but a statement of fact—

Mr. Roch Huppé: I'm trying to be honest here.

Mr. Michael Barrett: I'm trying to be honest with you that the appearance you're giving is that you are not being forthcoming. You came to the committee today. You knew it was an issue that we have government employees double-dipping and getting contracts from the government. This is absolutely unacceptable.

It strains the bounds of public confidence when the government says that, yes, it hired many orders of magnitude more public servants than it ever has, but it doesn't have the capabilities to do the work it needs to do, so it's going to outsource that work and outsource it to the tune of millions of dollars to people who already work for the federal government. That's why you're going to provide the information.

Mr. Roch Huppé: We will come back with what we find.

Mr. Michael Barrett: Thank you very much.

Ms. Hogan, did it raise any red flags during your investigation that Mr. Yeo of Dalian was a government employee? Was that detected by your office?

Ms. Karen Hogan: No, because the Department of National Defence was not part of the ArriveCAN app.

What I could link to our findings, as we talked about when it comes to disclosure around invitations and gifts, is that there are rules around disclosures when a public servant might enter into an arrangement that has other employment income coming their way. This is a place where disclosure is essential so that a supervisor can assess if the demand might be incompatible with a public servant's job—whether it might have an impact on their ability to carry out their duties in an objective and fair manner.

I know it happens in the government. The disclosure is maybe not always happening. When the disclosure happens, you can take the measures you need. It's happened in my organization in the past that disclosure happened and we were fine with it, but there have been recent incidents where disclosure did not happen and we had to take action.

This is happening. I'm just not sure the comptroller general would be able to come up with a big comprehensive list, because it starts with awareness of the public service and disclosure to supervisors, and then action and documentation being taken.

Mr. Michael Barrett: Yes, for sure.

Who was responsible for hiring Minh Doan as CTO, as chief technology officer for Canada? Who would be responsible for that?

Mr. Dominic Rochon: I'll take that question, given that I am the CIO.

I assume the person responsible would have been the CIO.

Mr. Michael Barrett: Okay. Who was that?

Mr. Dominic Rochon: At the time, it would have been Catherine Luelo.

Mr. Michael Barrett: Okay. Would you know if there was a recommendation for Mr. Doan for that position?

Mr. Dominic Rochon: Unfortunately, no, I wouldn't know that answer.

Mr. Michael Barrett: Was his involvement in arrive scam known to the Treasury Board Secretariat at the time?

Mr. Dominic Rochon: Is that at the time he was hired?

Mr. Michael Barrett: Yes.

Mr. Dominic Rochon: At the time he was hired, would the secretariat have known? They would have known that he was the chief information officer at CBSA, so I would say the answer is yes.

The Chair: That is your time, Mr. Barrett.

I'll turn now to Ms. Bradford.

You have the floor for five minutes, please.

Ms. Valerie Bradford: Thank you, Mr. Chair.

To go back to our Treasury Board officials, these are just some random cleanup questions.

Why didn't TBS take over the management of ArriveCAN's development once the cost had increased so substantially?

Mr. Roch Huppé: Throughout the venture and the project, it always remained within the delegated authorities of the department, so there was no reason for us to step in.

Honestly, the development of such an app lies with the expertise of the departments themselves. There was no reason at that time for TBS to step in and take ownership. We don't deliver projects for departments. We provide the authorities and provide oversight when the department is not operating within their own authorities. In this case, they were.

• (1115)

Ms. Valerie Bradford: Could you comment on the integrity regime? Should there be an expansion of the guidelines?

Mr. Roch Huppé: The integrity regime is actually a PSPC responsibility. I'm pretty sure that you're hearing from them tomorrow, so that's a question more suited for them.

On the integrity regime, to my knowledge, there's an update to the existing one that's....

No?

I'll pass it over to my colleague now.

Ms. Samantha Tattersall (Assistant Comptroller General, Acquired Services and Assets Sector, Treasury Board Secretariat): In the context of a review last year on contracts, PSPC noted that they are continuing to look at the integrity regime, and as Mr. Huppé said, they'll be here tomorrow to talk.

Ms. Valerie Bradford: Okay. We look forward to that.

Looking at all the outside contractors involved in this, how does the security clearance work for contractors? Are contractors able to begin work before having obtained the appropriate clearances?

Mr. Dominic Rochon: I'll take that question given that I have responsibility over the directive on security management.

I think the answer is no. They wouldn't have been able to begin work. There's a standard on security screening that outlines the security screening requirements for all duties and positions in the federal government, including those of contractors. They would have had to follow those rules.

The responsibility, though, resides with the deputy head, the chain of command and the delegated authorities within a particular department, including the chief security officer, to make sure that those guidelines and those rules are followed.

Ms. Valerie Bradford: Outside IT contracting has definitely been put in the spotlight because of the ArriveCAN app. What is being done to address the frequent use of outside IT talent?

We used them to develop it, but as the AG pointed out, there was probably opportunity for departments to take over management once they got it up and running, and that didn't actually happen. We haven't really been given a good answer from anyone as to why that was the case, so I'd appreciate hearing your thoughts on this.

Mr. Dominic Rochon: I'll take that again.

From a chief information officer perspective, we have launched a directive on digital talent. It stands to reason that there is a significant talent deficit in technology, in both the private and public sectors, and the federal public service is obviously included in that.

What we've done is put in place a directive that hopefully will strengthen the way we collect data and centralize guidance on digital talent sources. We want to improve interdepartmental coordination on that. We want to augment government-wide tools and services. We've introduced the GC digital talent platform, for example.

This directive on digital talent will, for example, require managers seeking contract services to complete a digital services contracting questionnaire. If they want to use these talent augmentation contracts in IT, they will have to check in with us and provide justification. We're trying to imbue some discipline. At the same time, though, we can't ignore the fact that we're still going to need these

contracts to acquire specialized expertise to temporarily augment our workforce to keep delivering on many projects.

In this particular case, I think I would agree with the Auditor General that it stands to reason that we needed to rely on some of these contractors to get this application up and running, but as the application was developed and put into play, it would have been expected, particularly going forward, that we rely on the employees under the CIO within CBSA and the Public Health Agency to run it.

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

[*Translation*]

Ms. Sinclair-Desgagné, you have two and a half minutes.

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Mr. Huppé, you mentioned earlier that deputy ministers are responsible for applying the processes in place. Public Services and Procurement Canada has processes in place for awarding non-competitive contracts, for example.

However, we see that Treasury Board is probably the department that awards the most non-competitive contracts for amounts over \$25,000. In fact, even after the pandemic, in 2023, 60% of Treasury Board contracts were awarded non-competitively, without any guarantee of value for money. One-third of contracts over \$100,000 were awarded non-competitively.

In such cases, what can you tell us about the follow-up of the processes?

• (1120)

Mr. Roch Huppé: Thank you for the question.

Maybe I'll turn to the CFO as well, Karen Cahill.

The policies allow contracts to be awarded non-competitively. That said, we always prefer the competitive route. When we award a contract non-competitively, it's important to document and justify, to give the reason why it was appropriate to award the contract in this way. I don't agree that automatically it means it has no value—

Ms. Nathalie Sinclair-Desgagné: I know the processes, Mr. Huppé. Excuse me, but I have very little speaking time, and you're repeating things that we've already heard 4,000 times in committee.

I'm asking you clearly why 60% of contracts are awarded in a non-competitive manner. More importantly, are you sure that there are justifications? In this case, would you be prepared, at least for 2023, to provide us with the justifications that were used for the 75 or so contracts over \$25,000 that were awarded non-competitively?

Mr. Roch Huppé: I'll turn to the chief financial officer.

Ms. Karen Cahill: Thank you very much for the question.

Yes, it isn't a practice that we encourage. I can confirm that we have the documents—

Ms. Nathalie Sinclair-Desgagné: And yet that's the case for the majority of contracts.

Ms. Karen Cahill: Absolutely.

Some situations mean that we have no choice but to award a contract by mutual agreement, in other words, non-competitively. That said, we have the necessary justifications for each of these contracts that have been awarded. If it's the will of the committee, I would be happy to provide you with that information.

Ms. Nathalie Sinclair-Desgagné: Yes, please.

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

[English]

Ms. McPherson, you have the floor for two and half minutes, please.

Ms. Heather McPherson: Thank you, Mr. Chair.

Thank you to all the witnesses for being here and sharing this testimony with us today. I very much appreciate it.

I want to talk a bit about how ArriveCAN, while being the issue we're dealing with, is clearly part of a bigger and very broken system.

I want to make some connections between the audit conducted on the government's contract with McKinsey, which was carried out last year, and the report that's in front of us today. I think there are important and similar conclusions in both reports that demonstrate that both Conservative and Liberal governments have had some real problems with giving contracts to either their corporate insider friends or folks who know how the system works.

Ms. Hogan, your report on McKinsey found that administrative requirements were not consistently followed, and your report on ArriveCAN found that practices to manage the contracts were missing “at the most basic levels”.

Are you confident that the Treasury Board is taking enough of a leadership role over departments to implement procurement frameworks as it promised to do in response to your report?

Ms. Karen Hogan: If I may, I will clarify to the member that I have not issued a report on McKinsey. I believe the report you're talking about was one the comptroller general's office did by asking all of the internal audit shops. I will have a report on professional services contracts coming out, and at that time I'd be happy to draw some analogies between the two for you.

I think your question is probably best directed to the comptroller general.

Ms. Heather McPherson: Absolutely. Thank you.

Mr. Roch Huppé: Indeed those reports were done by the internal audit shops of the departments that have contracts with McKinsey. As you noted, there were weaknesses identified. The departments had an action plan, but we at Treasury Board also produced a report that was submitted to the OGGO committee with respect to the internal modifications and changes we had made to our policies to strengthen them. In relation to the findings, we also produced a guide for managers to help them when they have to make a decision as to when and how they should engage professional services. We were trying to provide them with more tools so they could make the right decisions.

• (1125)

Ms. Heather McPherson: You identified weaknesses in both reports, and you have come up with ways to strengthen the system. Do you feel as though the system is adequately strengthened? Do you think that what happened with ArriveCAN or some of the contracts we had with McKinsey could happen again?

Mr. Roch Huppé: We've put measures in place as a result of these reviews. With ArriveCAN the contracting was done during the pandemic, in 2020.

To respond to your question, hopefully the measures we've put in place will show some improvements over the coming while. Should there be audits in the future, hopefully we will see an improvement on the weaknesses that were detected in earlier audits. With respect to future audits, we will obviously adjust any of our actions in line with the procurement ombudsman audits on McKinsey contracts. They will be coming out soon, if I'm not mistaken. I don't want to speak for him. There will also be the Auditor General's audit that she spoke about.

The Chair: Thank you very much.

I'll go now to Mrs. Kusie.

You have the floor again for five minutes.

Mrs. Stephanie Kusie: Thank you very much, Mr. Chair.

It's very important to note that if the NDP member is very concerned about transparency regarding not only ArriveCAN but also McKinsey, she should be reminded that it was her party that blocked access to all of the documentation for this committee and the government operations committee to review. She should keep in mind for the future that should she truly want transparency and want to obtain all of the documentation for review, she will need to convince her party to provide her with the authority to access this documentation.

Mr. Chair, as you know, I take very seriously the responsibility of my role as shadow minister for the Treasury Board. I believe the President of the Treasury Board should take just as much, if not more, responsibility for the debacle of ArriveCAN.

I want to ask the Auditor General something directly.

Madam Auditor General, have you had a conversation with the President of the Treasury Board regarding your report on ArriveCAN?

Ms. Karen Hogan: I have not.

Typically, I do brief some of the ministers prior to releasing a report so they are well equipped with respect to what the findings will be. In this case, I kept that briefing quite tight and did not actually brief the Treasury Board before the report on ArriveCAN. I felt it was important that all parliamentarians receive the report at the same time.

Mrs. Stephanie Kusie: Certainly were I in the role of President of the Treasury Board, I would be contacting you directly for a personal briefing as soon as possible, and it's disappointing to hear that this didn't occur.

Monsieur Huppé, have you had a conversation with the President of the Treasury Board specifically regarding the results of the Auditor General's report on ArriveCAN?

Mr. Roch Huppé: Absolutely, I did, exactly two weeks ago—not last week, but the Wednesday before—shortly after the tabling of the report of the Auditor General. I had about a 40-minute discussion with the president on the findings and on the action plan that we would be working on to make sure we deal with this adequately.

Now I'm going to pass it over to Andrew, who I think has something to add.

Mr. Andrew Hayes: It's just a quick clarification.

I had a discussion with the secretary of the Treasury Board, and I informed the secretary that we would not be having a briefing with the president. I want to make sure it's clear that we were the ones who initiated that decision.

Mrs. Stephanie Kusie: Thank you, both of you.

If I was President of the Treasury Board, I would have demanded one.

I'll now pass my time to Mr. Barrett, Chair.

The Chair: You have two minutes, Mr. Barrett.

Mr. Michael Barrett: Mr. Doan was hired as CTO, chief technology officer, in June 2023. How much in bonuses would he be paid for this year?

Mr. Dominic Rochon: Decisions around bonuses will not have been made, so I don't have that information.

Mr. Michael Barrett: Okay.

Mr. Doan perjured himself in front of a parliamentary committee. That's "lying" for the uninitiated. Is that the type of thing that disqualifies a CTO from a bonus?

Mr. Dominic Rochon: I'm not sure how to answer that question in the sense that there are a lot of hypotheticals in the way you've posed it.

• (1130)

Mr. Michael Barrett: If someone lies to a standing committee of the Parliament of Canada—

Mr. Dominic Rochon: If you're putting it that way, absolutely.

Mr. Michael Barrett: They cannot be bonused, then.

Mr. Dominic Rochon: If it's a hypothetical, I would say yes.

Mr. Michael Barrett: Okay.

I'm going to back up there. Would you get fired for that?

Mr. Dominic Rochon: Quite possibly. It might even be.... I would imagine the RCMP would take an interest in perjuring yourself.

Mr. Michael Barrett: Okay.

Ms. Cahill is nodding her head.

Ms. Karen Cahill: When employees get their security clearance, there are some criteria, and obtaining a valid security clearance is a condition of employment in the public service. Therefore, should the findings be founded, it could really happen.

Mr. Michael Barrett: Is it known how many emails Mr. Doan deleted?

Mr. Dominic Rochon: I'm sorry. I'm not familiar with deleted emails.

Mr. Michael Barrett: You're not familiar with the tens of thousands of documents that it's been alleged Mr. Doan deleted.

Mr. Dominic Rochon: No.

The Chair: That is the time, Mr. Barrett.

I'll turn to Mrs. Shanahan.

You have the floor for five minutes, please.

Mrs. Brenda Shanahan: Thank you, Chair.

In the time that I have allotted, I want to address the situation.

Auditor General, in your report regarding ArriveCAN, you make mention in paragraph 1.6 of the report you did in 2021, "Report 15—Enforcement of Quarantine and COVID-19 Testing Orders", and say, "the government improved the quality of the information that it collected and how quickly it was collected by using the ArriveCAN application rather than a paper-based form."

What we seem to be hearing specifically from the Conservatives is an ideological objection to the idea of collecting information altogether, yet the value for money here was having a digital form of collecting information versus a paper-based form. Can you please comment on this?

Mr. Garnett Genuis: On a point of order, Mr. Chair, we're ideologically opposed to not collecting information, which is what they—

The Chair: Mr. Genuis, that is not a point of order. I would ask you to restrain yourself.

Mrs. Shanahan, I have stopped the clock. You have four minutes to go.

Mrs. Brenda Shanahan: Thank you.

I would like the Auditor General to comment on that, because we can all agree that rules were not followed in the procurement of the ArriveCAN contracts to produce ArriveCAN and in following up thereafter. That is certainly evident for all to see, but the value of the ArriveCAN app is greater than the malfeasance we see before us. I'd like to hear the Auditor General on this.

Ms. Karen Hogan: When it comes to talking about value of ArriveCAN, I would put it into two buckets: the value we saw during the pandemic and the value that would endure should the app continue to be used for automating the immigration and custom declaration forms.

Back in 2021, we did two audits on border measures, recognizing that it was the first time measures like that had been implemented at the border of our country. At the beginning, it was done by paper, and it was taking in some cases 28 days to get information to the Public Health Agency, which was required to follow up on whether people were actually quarantining for 14 days.

The digitization of that form and the automation of what was happening at the border allowed Canada Border Services Agency officers to physically distance, which was important at that time, and to then improve the quality and timeliness of information so that the Public Health Agency could take action and pass it along to provinces, which were also using that information.

Those were some of the findings we had about the value at the beginning. As I mentioned, now the enduring value may be whether the Canada Border Services Agency continues to use it as a measure to automate some of the aspects of crossing into our country.

Mrs. Brenda Shanahan: That certainly will be important to monitor going forward, but in those early days, when there were no vaccines and no one really knew how to handle this, the only option we had was to quarantine travellers and limit public exposure to COVID. Can we quantify the value of saving lives at that point?

• (1135)

Ms. Karen Hogan: I'm sorry. I'm unable to do that. I didn't do it at the time, and I would not be able to speculate on whether individuals quarantining had an impact.

Mrs. Brenda Shanahan: Thank you very much, Auditor General.

On the question of how we monitor and how we conduct oversight, we heard yesterday from Mr. Richard that, indeed, the cuts done to the public service by the Harper government, of which Pierre Poilievre was a member, hurt their ability to conduct financial oversight.

I would ask this of Mr. Huppé of the Treasury Board. Given that the Conservatives have voted consistently against salary adjustments for the federal public service—pretending that they are for additional oversight but voting against it—what difficulties has this caused in hiring and retaining the kind of financial talent we need?

Mr. Roch Huppé: First of all, when departments introduce proposals for reductions, they have to understand the impact and how they are going to implement them, and they have to understand how they're going to minimize impacts on the delivery of their programs.

On your aspect of recruiting people, that has been a problem in different communities. I think you heard Catherine Luelo, the previous CIO, mention at this committee or at OGGO how difficult that was. We have the same problems in the financial management world, for example, as in procurement. It's not only the lack of funding. It's sometimes a lack of availability of these people. For example, in Canada, we don't produce enough CPAs, to be fair, so I have a problem in recruiting and retaining.

Again I come back to the fact that departments have a budget they have to live within, and they have to make decisions on how they will deliver their programs efficiently within the set budget.

The Chair: Thank you. That is time.

We're now in our third and final round.

Mrs. Block, you have the floor for five minutes, please.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

My questions will be directed to our comptroller general.

I'm sure you're aware that two public servants have recently been suspended without pay by different departments, allegedly for their role in the arrive scam app. As mentioned by my colleague, your department now employs one of the principal players in the ArriveCAN saga: Mr. Minh Doan. He is the chief technology officer, a position that we understand wasn't posted. I'm not really sure how he got into that position if it wasn't posted.

Has your department been contacted by the CBSA with any suggestion of wrongdoing by Mr. Doan or any suggestion that he should be suspended without pay?

Mr. Roch Huppé: Up to this point, the department has not been contacted with the suspicion of any wrongdoing on the part of Mr. Doan or the notion that he should be suspended for something at this point. The investigation is still ongoing, but at this point, there were no incriminating findings against Mr. Doan.

Mrs. Kelly Block: In previous testimony, we heard that President O'Gorman contacted the deputy ministers of other departments with some allegations regarding employees within their departments. Are you aware if the deputy minister has received any communication from President O'Gorman regarding the allegations of Mr. Doan and the ArriveCAN app?

Mr. Roch Huppé: I'll let Mr. Rochon correct me here.

To my knowledge, the secretary of CBSA did communicate with our department. We were advised that up to that moment—it was not me personally—there was no incriminating evidence of any wrongdoing against Mr. Doan. As I said, the investigation is still ongoing, but to my knowledge, that was indeed communicated to someone.

• (1140)

Mr. Dominic Rochon: I'll just confirm that I started my position on February 12, and as I came in, I did have a quick conversation with the outgoing secretary, who confirmed with me that he had not received any incriminating information regarding Mr. Doan. I do not believe that the new secretary, Catherine Blewett, has had any conversations on the topic as of yet.

Mrs. Kelly Block: Thank you.

What sorts of reprisals would an executive-level member of the Treasury Board receive if they were found to have deleted thousands of emails related to access to information requests and multiple ongoing investigations? I know that you've already answered a hypothetical question, which I think was based on facts around testimony given at the government operations and estimates committee. What type of reprisals would be in place for someone who has deleted close to 30,000 emails?

Mr. Roch Huppé: I'm not an HR expert or a labour relations expert. Based on my experience of what I've seen, if malfeasance happened and information was genuinely discarded to hide something, for example, it could go to dismissal for sure.

Mrs. Kelly Block: Notwithstanding the complexity of procurement, as we've heard today, and the pandemic, which we know is not an excuse for the glaring mismanagement that was identified by the Auditor General, I would have to believe that your hopefulness about what will be found and what will be done, and your comment that individuals should not give you "too much crap" about what is being found but give you "crap" if you don't "fix it"... What are you doing to fix it? Have you determined a time by which it will be fixed? How are you monitoring the situation?

Mr. Roch Huppé: I would like to clarify. If there's an audit and something major is found, you should take crap for it, honestly. What I meant to say is that audits are instruments that allow us to find weaknesses, and we should respect that and take the measures to deal with it.

The department has a plan. We know of the plan, obviously. It was published. Some actions have already been taken. Now we need to monitor to make sure that these actions will actually work.

There's also a plan being developed internally at TBS to make sure we have a good handle as to whether there is a larger problem here that we need to deal with. Although the rules have not been pointed to in the audit as a problem, is there something that we owe it to ourselves to take a look at? Is there guidance we need to implement, to do more of? Is there training we need to do differently to make sure our people who have these authorities...? As I said, when you sign off on something, it comes with an accountability, sadly.

Our job is to make sure that people have the tools and instruments to discharge those accountabilities. We have to make sure to look at our own processes and also make sure we're providing tools to the people discharging their accountabilities.

The Chair: Thank you very much.

I'll turn now to Ms. Khalid, who is joining us virtually.

You have the floor for five minutes, please.

Ms. Iqra Khalid: Thank you very much, Chair.

In some of the testimony we've heard today, a concern has been raised about the procurement process in which smaller vendors have a difficult time participating. A team of two people, from all accounts we've heard with respect to GC Strategies, was able to take \$100 million from our government, starting in 2011 under the Harper government. They moved on to change their name and continue to take dollars from our government through the procurement process. Either they were the most brilliant company in Canada and the world, or something went wrong here.

I would really appreciate hearing from TBS to help us understand how that process works and how this was allowed to happen without ministerial oversight.

Mr. Emilio Franco: I think it's important to speak to the fact that we encourage small business to do business with the Government of Canada. What's important is that if a business is doing business with the government, it is operating ethically, operating in accordance with the rules and getting contracts in a fair, open and transparent way.

When we look at the history, the majority of contracts with this company were competitive. We need to look at the relationship that exists in a particular circumstance and what resulted in the awarding of various contracts, which the Auditor General and the procurement ombud have looked into.

Broadly, though, I would say it's important that the rules we have in place exist to ensure that the companies we do business with are good companies. The majority of them are good companies that are providing valuable services to government and to Canadians. It's also about ensuring that as part of that network of suppliers to the Government of Canada there are small and medium-sized businesses, minority-owned businesses and businesses from disadvantaged and equity-seeking groups that are able to participate in the government procurement process and able to manage that balance between a set of rules that does make it difficult and a process that allows and encourages the participation of small and medium-sized businesses. It's about making sure that if that balance is not right, we make efforts to correct that.

• (1145)

Ms. Iqra Khalid: Thanks very much, Mr. Franco. I really appreciate that you brought up that whole procurement process.

I have some significant concerns about disinformation and how it's impacting our public service and how we do things within our country. The fact is that the majority of it is a fair, equitable process in which there is a lot of accountability and transparency.

Can you reflect on how all of the disinformation on our public service that is being pumped out by the Conservatives is impacting our public service right now with respect to the procurement process?

Mr. Roch Huppé: Honestly, I'm not going to comment on that, to be fair.

What I can say is that, sadly, when there's a finding of this nature through an audit, it does shake up the system, and that's normal. As I said earlier, a lot of people do a fantastic job, and they've built a great reputation, but when something like this is found, we need to shake the system up. We also need to make sure we go above and beyond to make sure we can rebuild that trust in our process and our controls.

Ms. Iqra Khalid: I appreciate your saying that, because as we continue, there is a continuing diminishing of trust within our public institutions. When something like this happens, it goes to the crux of that trust and shatters it.

I hope we can work together with TBS, and that all of our government departments can ensure that we spend taxpayer dollars in a responsible fashion.

With respect to how your department operates—and I'm sure you have reflections on many other departments as well—how important is it that we fund departments properly, so they are able to conduct the public service we require them to?

I know the Conservatives have always voted against increasing funding for our public service, but can you help us understand why that's important?

Mr. Roch Huppé: Obviously, financial resources are important if you're going to deliver on programs, but, as I said before, departments are allocated a budget, and they have to make decisions as to how they're going to utilize these resources to deliver their programs in the most effective way. They have to distribute that funding in such a way that they're going to have the right controls in place and have sound foundations. Again, I come from the world of internal services, and I always consider it important to make sure these activities are well funded, because they become your foundation. If your foundation starts to crack, you will have issues.

I come back to the fact that departments are accountable for managing the funding provided to them and for making the best decisions possible with respect to how they're going to utilize financial resources. Financial resources, like human resources or anything else, are key to a department's ability to deliver on what they need to deliver on.

The Chair: Thank you very much.

• (1150)

[*Translation*]

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

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

Mr. Rochon, I have a quick question for you. Hypothetically, how long does an employee's deleted email stay in the cloud, and is it possible to recover it from there?

Mr. Dominic Rochon: Normally, we should be able to recover it for quite some time.

Ms. Nathalie Sinclair-Desgagné: How much time are you talking about, specifically?

Mr. Dominic Rochon: I don't have a specific answer for you, because it depends on the server and the cloud.

Ms. Nathalie Sinclair-Desgagné: In this case, we're talking about the Canada Border Services Agency, whose IT structure we are familiar with. Hypothetically speaking, how long after an email is deleted can it be recovered?

Mr. Dominic Rochon: You would have to ask Shared Services Canada, which is responsible for maintaining the cloud. That agency could certainly give you a more specific answer than I could. I imagine that email should normally be kept for six months.

Ms. Nathalie Sinclair-Desgagné: We asked Shared Services Canada that question, and they still haven't answered it. Oddly enough, its employees don't know either, even though that's their job.

Thank you, Mr. Rochon.

Mr. Huppé, I'd now like to come back to contracts awarded in a non-competitively.

Let's go back in time a little bit. In the early 2000s, non-competitive contracting represented about 1% of the total number of contracts. In 2015, that number skyrocketed to 18%. In the past few years, nearly a third of the contracts have been awarded. Is it reasonable to think that it's because there is really less competition and that we're forced to enter into contracts by mutual agreement, even when there is no pandemic, as was the case in 2023? Is that something you're monitoring?

Mr. Roch Huppé: Again, the responsibility lies with the contracting authority.

That said, these are indeed situations that we're monitoring. In my experience, these were questions that the deputy minister asked himself when these contracts were proactively disclosed. We were trying to determine whether awarding non-competitive contracts could create a problem. This was one of the challenges associated with departmental monitoring of the use of such contracts.

Ms. Nathalie Sinclair-Desgagné: Knowing that the use of these contracts has skyrocketed in recent years, is this something that's being done or is it a process that's being followed less and less?

Mr. Roch Huppé: I don't know if there's a problem. Certainly, during the pandemic, these tools were used for various reasons. I haven't done an in-depth analysis of it, so I can't tell you if there really is a problem. However, what I can say is that, in general, we're looking for competition.

Ms. Nathalie Sinclair-Desgagné: Shouldn't you have such an analysis? In terms of the proportion of contracts awarded competitively, there has never been a worse year than 2023, which is a post-pandemic year. Shouldn't that analysis be done systematically every year?

Mr. Roch Huppé: We actually have it for our department. Earlier, we told you that we would send you the justifications for using this mechanism.

Ms. Nathalie Sinclair-Desgagné: Isn't it your responsibility to do that for the other departments?

The Chair: Thank you very much.

Ms. Sinclair-Desgagné, your time is up.

[English]

Ms. McPherson, you have the floor for two and a half minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Thanks again to all of our witnesses for being here today.

Mr. Rochon, I'm going to ask you some questions. I understand that the committee heard testimony yesterday from Dany Richard, who is, of course, the president of the Association of Canadian Financial Officers. In his testimony, he said that when outside consultants and firms are hired, employees are still left to do most of the work, as those consultants come to the public service employees for their work to be verified and for their final reports to be done. This was something that the union representing CBSA officers presented on ArriveCAN, saying that they frequently were required to act as technical support.

I hear that, and I'd like you to clarify for the committee whether it is the position of the Government of Canada that we should be overpaying for consultants and contracts and then, simultaneously, underpaying the unionized workers who then also administer and verify the final products and reports? I guess perhaps you could even comment a bit on whether or not you think it's fair that the expert members of our public service unions are frequently told that there's no more money to pay their wages and then are left with the residual work of companies who have made these millions and millions of dollars in contracts.

Mr. Dominic Rochon: I'll revert back to referring to the directive on digital talent. I think we put it in place in April 2023. I will note that we put that in place with the input and ongoing engagement of the Professional Institute of the Public Service of Canada, PIPSC. If I'm not mistaken, it's the largest union in Canada, with over 70,000 members.

That being said, to answer your question specifically, we know we have a dependency. We're trying to get off that dependency. It's difficult, because as I mentioned earlier, there's a significant talent deficit in technology. That's not just with the federal public service; it's happening everywhere. We're looking for ways and putting in place tools to facilitate recruitment and retention, as well as development tools to be able to “deconflict” and make sure we don't become dependent—as it seems was the case here—on outside contracting.

I want to be clear that outside contracting is still going to be needed, but it should be clear when that is justified. The directive now puts in place guidance, so that as departments and agencies go out and seek that contract help, they're actually checking in with that justification, and there are other eyes on it to confirm that.

Just recently, we've—

• (1155)

Ms. Heather McPherson: I'm out of time. I hate to interrupt you.

I just want to say that the talent deficiency clearly would stem from the fact that there have been massive cuts to the public sector by both the Liberal and Conservative governments. Fixing the system after the fact is actually far more expensive than not breaking it in the first place.

The Chair: Thank you, Ms. McPherson.

I will turn now to Mr. Genuis.

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

Mr. Garnett Genuis: Thank you, Chair.

I am very struck by the comments of my Liberal colleague regarding the lack of trust in public institutions, as if trust in public institutions could be disconnected from an evaluation of their conduct. I think public institutions have to earn trust.

The arrive scam scandal is an earth-shattering scandal. Massive—

Ms. Iqra Khalid: I have a point of order, Mr. Chair.

When Conservative colleagues call it the “arrive scam” instead of ArriveCAN app, that impacts the public trust, which is the crux of what I was trying to get at.

The Chair: Ms. Khalid, that is not a point of order. That is a term we're hearing in this committee room, but also throughout Parliament Hill.

Mr. Genuis, you have the floor for four minutes and 40 seconds. Go ahead, please.

Mr. Garnett Genuis: Thank you, Mr. Chair.

Here's a trigger warning: My comments will use the words “arrive scam”.

Arrive scam is impacting public trust, because it's an earth-shattering scandal with massive cost overruns, rigged processes, double-dipping, disappearing records, over 10,000 Canadians incorrectly sent into quarantine, deleted emails, senior public servants accusing each other of perjury, and multiple points of conduct that are likely criminal. Yes, this is impacting public trust. The public will trust public institutions only when and to the extent that those institutions actually earn their trust.

It's pretty rich for Liberals like Ms. Khalid to talk about the need for public trust in institutions when they have presided over a massive decline in the effectiveness and the trustworthiness of public institutions and have done nothing about it.

The Chair: Just wait a moment, Mr. Genuis.

Now, Ms. Khalid, you are not the next speaker, but go ahead. This is for a point of order, not a rebuttal.

Ms. Iqra Khalid: I'd appreciate it if Mr. Genuis did not try to malign me. I've already been dealing with a lot of hate mail and threats in my office based on what the Conservatives have done. I would appreciate it if he didn't put another target on my back.

Thank you.

The Chair: Thank you, Ms. Khalid.

Mr. Genuis, you have three minutes and 50 seconds. It's over to you.

Mr. Garnett Genuis: Thank you, Chair.

I would encourage Canadians who contact the offices of government members to be respectful, polite and gracious, but also to criticize in a respectful and principled way the profound failures of this government. I don't think there is anything wrong with criticizing the actions or conduct of members who merit that criticism in this arrive scam scandal.

I have a quick question for Mr. Huppé.

Clearly a lot went wrong with arrive scam. You said that we don't need new rules, and that procurement is already complex enough. I think it's too complex, actually. The problem we have is that this government builds highly complex systems that end up masking corruption or direct accountability. It seems as though it has set up a false choice: Either the system stays as it is, or we add additional rules that will make it more complex. Isn't the alternative to fix the system, so it's simpler and has clear lines of accountability, so that we can actually identify and hold accountable individuals who engage in corrupt actions?

• (1200)

Mr. Roch Huppé: We're always looking to improve on the system. I think it would be a mistake not to do that.

In this particular case, my comments were to the effect that, as the Auditor General mentioned, the rules were not followed here, so that's different. I have 30 years' experience, and building a bunch of red tape on top of processes because something bad happened is, in my mind, not the solution here. The problem is that we need to make sure that there is compliance with and respect for the rules, so that's where the actions will be.

Mr. Garnett Genuis: I agree with you that making the system more complex isn't the solution. We need a system to be clear, to work and to hold people accountable for what they've done wrong, but that does mean very substantial changes, including changes in leadership.

I would like to put a fine point on this. Your department, Treasury Board, actually sends the cheques for ArriveCAN, right?

Mr. Roch Huppé: Sends the cheques...?

Mr. Garnett Genuis: I mean, it signs the cheques and pays the expenses.

Mr. Roch Huppé: No, no.

No, not at all. The department would approve the actual payment under section 34, so there's someone who validates. Then the cheque printing is actually done by the Receiver General—

Mr. Garnett Genuis: Okay. I'm getting process aspects mixed in, but yes, you're approving it.

To put a fine point on it, do you know how much was spent? Are you able to answer the questions that—

Mr. Roch Huppé: Listen, the Auditor General went through the files. She did an audit. She found that she wasn't able to trace all the financial records, so no, I don't, obviously, or else I would have given it to her.

Mr. Garnett Genuis: Hence the problem.

Mr. Chair, I want to move a motion now, and I'll explain after I have moved it. It is:

That the committee report to the House that it calls on the government to prohibit any government employee from simultaneously working as an external contractor.

That is a matter-at-hand motion. I've sent an embargoed copy to the clerk, who can distribute it.

The Chair: Thank you.

One second, please.

Ms. Iqra Khalid: What's an embargoed copy?

The Chair: Members have received that motion. I certainly welcome all members to send motions to the clerk before they are tabled, to move things along. Of course, you're not required to do so, but it does prevent... Again, if you do so, the clerk will process it. In this case, as in others embargoed, I'm a nobody. I'm going to do my job up here, but that does help move things along.

We have a motion on the floor.

Ms. Shanahan, your hand is up.

Mr. Garnett Genuis: I want to speak to it as well.

The Chair: Okay. I'm going to go back to Mr. Genuis.

Ms. Shanahan, I'll come to you in a moment. Mr. Genuis is correct. He did not relinquish the floor.

Ms. Iqra Khalid: On a point of order, Mr. Chair, I believe Ms. Shanahan's hand was up. The motion is still being distributed to members. I would appreciate hearing from Ms. Shanahan before we—

The Chair: As would I.

As I corrected myself, Mr. Genuis was clear that he was not relinquishing the floor. He was signalling to make sure members had the motion, so that they could review it as he was speaking to it.

Mr. Genuis, you have the floor. Afterwards, I'll happily go to Ms. Shanahan.

Mr. Garnett Genuis: Thank you, Chair.

The motion I have moved deals with a situation that we have recently heard about in the arrive scam scandal, which is that one of the contractors was given \$7.9 million as part of the ArriveCAN process, for what work we still don't have clarity on. The arrive scam scandal led to this contractor, Dalian, receiving \$7.9 million at the same time as this person was an employee of the Department of Veterans Affairs. The Department of Veterans Affairs, by the way, also gave money to this company. You have an employee of the government whose own department, as well as other departments, is giving money to his contract.

This is absurd. As I said earlier, the reason we see any contracting out is based on the idea that the government doesn't have the internal expertise to perform a particular task. Why would the government, contracting out on the basis that they don't have the internal expertise to do something, contract out to someone who is also a government employee? It makes no sense and allows individuals to double-dip. This shouldn't happen.

I asked our witness today directly if there are rules that clearly prohibit this practice, and he answered to the committee that there are not rules that could prohibit this practice and that there could be an evaluation around a conflict of interest, but in his words, it's "not disallowed". I think it should be disallowed that you have somebody making money both as a government employee and as an external contractor, when they're being externally contracted on the basis of the alleged lack of internal expertise of government.

I would hope that this motion would have the agreement of the committee. I think it's important, in light of the evidence we've heard, to send a clear message to the government that this type of practice should no longer be allowed.

Thank you.

• (1205)

The Chair: Thank you, Mr. Genuis.

Mrs. Shanahan, you have the floor.

Mrs. Brenda Shanahan: Thank you, Chair.

Again, we see a member of this committee pulling a stunt, whether it's at the top of the meeting or at the end of a meeting, in such a way.... We're already meeting three times this week. We've met numerous times before, and I'm sure we will continue meeting again.

The question was posed to the witness regarding practices in ethics and conflicts of interest that are pertinent to government employees, whether they have dual employment, whether they are working somewhere else or whether they have contracts. It's not something that I personally think we're going to settle in a prescriptive motion of this kind. We're public accounts. We study the Auditor General's reports. We look at what has been done and what can be improved.

In fact, it is something that may well merit a larger motion to go to a larger study—I would suggest not necessarily and very likely not by this committee—but I would ask Mr. Genuis and other members to please take the time to consult the members of this committee before springing this kind of last-minute motion on us.

With that, Chair, I move to now adjourn.

The Chair: We have a motion to adjourn.

Clerk, please call the vote.

There is a tie, and the chair votes nay. The debate will continue.

(Motion negatived: nays 6; yeas 5)

The Chair: I see no speakers.

Clerk, please call the vote.

Again, I'll break the tie. I vote to proceed with the motion. I vote in favour.

(Motion agreed to: yeas 6; nays 5)

• (1210)

Ms. Iqra Khalid: I have a point of order, Mr. Chair. Maybe it's a point of clarification.

I'm just checking to see how much time we have in the room. Obviously, I have other obligations in my constituency office. I would love to meet my constituents, who have been waiting for me for a while, so I just want to know how long we're going to spend on this motion.

The Chair: It just passed. The motion is done. Mr. Genuis has about 40 seconds remaining in—

Ms. Iqra Khalid: I'm sorry. I meant this meeting.

The Chair: Mr. Genuis has 40 seconds remaining. Then we have Ms. Bradford, and then we will be done.

Mr. Genuis.

Mr. Garnett Genuis: Although I would welcome the extra time, I believe the rules are that if I move a motion, I'm done with my slot.

The Chair: No. I've consulted with the clerk on this.

Mr. Garnett Genuis: Oh, have you?

The Chair: You're welcome to end.

Mr. Garnett Genuis: Mr. Huppé, has your minister asked any questions, asked for any briefings or information? Have you provided any advice regarding this practice of double-dipping, of people working as contractors and as employees at the same time?

Mr. Roch Huppé: The minister asked me, as I said earlier, questions about the findings of the Auditor General. I have yet to personally speak to her about that practice, to be fair.

Mr. Garnett Genuis: She's clearly seen it in the news, I hope.

You haven't heard from the minister or been asked for any further information on this particular issue.

Mr. Roch Huppé: On this specifically, I have not, no.

The Chair: That is your time, Mr. Genuis.

Ms. Bradford, you have the floor for five minutes to end this. It is over to you, please.

Mrs. Brenda Shanahan: Mr. Chair, unless Valerie wants the time, I believe we made a deal that I would be taking the time.

Ms. Valerie Bradford: Absolutely, Mrs. Shanahan.

The Chair: Mrs. Shanahan, you have the floor. The clock has not yet started.

It is over to you, please.

Mrs. Brenda Shanahan: Thank you very much.

Again, I welcome the meetings that we are having on this topic. It's a very important topic. It's all about finding out what happened and how the public service can do better as we go forward.

I am not happy about prescriptive directions to the public service about what should or should not be done, certainly not prior to a fulsome study on the topic. That is why I and my colleagues voted against the previous motion that was sprung on us without prior discussion, without looking for a way—which we have done in the past—to frame a motion that does not normally fall into this committee's remit, that is not normally in our mandate. However, we have found ways, working with all the parties, to put together a motion that would, indeed, represent the wishes of all members of this committee, because this is a committee that works, normally, on a consensual basis. It is very disappointing to see it being instrumentalized, used and weaponized by certain members for their own, I guess, social media purposes.

On that note, my concern is with producing a list of people without any context, and I would like to hear Mr. Huppé and the Auditor General on what they think of this motion.

Thank you.

Mr. Roch Huppé: Honestly, I don't have any comments on the motion. This is outside my pay grade here, so I'll let the system take care of itself from that perspective.

Mrs. Brenda Shanahan: Auditor General.

Ms. Karen Hogan: I'm not going to tell the committee how to carry out its business. What I can tell you is that there are rules that already exist around public servants needing to disclose whether they have other employment income sources. That disclosure is meant to ensure that there isn't a conflict of interest between the duties of a public servant and other duties that they may have.

I would argue that it's a situation in which the rules need to be enforced. It starts with awareness, making sure all public servants are aware that the rules exist, that the disclosure happens, and that the dialogue happens between a supervisor and an individual. Then, finally, once a decision is made as to whether other employment is allowed or not, it's well documented so that there are no situations of ambiguity, so that it is very clear that a public servant should not do something that would impede their ability to be objective and fair as they carry out their responsibilities.

• (1215)

Mrs. Brenda Shanahan: Thank you for that. I think it's the reassurance we need that the rules are in place that proper procedures be followed. It is not for the political arm to start telling or governing or micromanaging the departments on the procedures of the public service. I think it's been said here before that we have a public service that is second to none. That's why it's even more important to find out who is acting contrary to that, who the bad apples are, and how we need to address those problems going further.

Chair, you did say that this would be the last slot. I'm afraid I have to move on as well, so I move that we do now adjourn.

The Chair: You are done. Do you want me to take a vote, or do you want me to excuse the witnesses?

Mrs. Brenda Shanahan: Let's vote.

(Motion agreed to: yeas 7; nays 3)

The Chair: Thank you for coming.

The meeting is adjourned.

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