



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 159

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Tuesday, December 10, 2024



Chair: Mr. Kelly McCauley

Standing Committee on Government Operations and Estimates

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• (1105)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): I call this meeting to order.

Good morning, everyone. Welcome to meeting number 159 of the House of Commons Standing Committee on Government Operations and Estimates, also known, of course, as the mighty OGGO.

Before we start, everyone, as a gentle reminder, keep your head-phones away from the microphones at all times. Also, do not touch your microphone when the red light is on.

Colleagues, at the end I will need about three minutes of your time. We're going to go in camera. I want to discuss one quick item with everyone to get feedback as we proceed.

We welcome Mr. Hartle to the committee.

You have a five-minute opening statement. The floor is yours, Mr. Hartle.

We'll go for one hour, suspend, and then bring in the procurement ombudsman.

Mr. Hartle, welcome. The floor is yours, sir.

Mr. Garry Hartle (Senior Compliance Auditor, As an Individual): Thank you.

The procurement strategy for indigenous business has no government act. It is not a program; rather, it is a strategy whereby government contracts for goods and services destined for indigenous populations are awarded to indigenous businesses.

Government policy mandated that any set-aside contract for an indigenous business whose value was \$2 million or greater was to have a pre-award audit. Contracts of less than that amount could be randomly audited at the discretion of the department.

Large contracts—\$2 million or greater—contain a clause that allows the government to perform a post-award audit. This audit is primarily to ensure the business is compliant with the criterion of indigenous content. The criterion states that the indigenous business and/or indigenous subcontractors must perform at least 33% of the work that is required to fulfill the contract.

Today I appear before the committee to answer questions on a particularly egregious file, “Pedabun 35 Nursing Inc., Canadian Health Care Agency Ltd, in joint venture”, hereafter referred to as “the joint venture”.

The joint venture was awarded an eight-year, \$160-million set-aside contract to deliver nursing direct services to remote indigenous communities. My audit determined that the joint venture was a shell for the non-indigenous Canadian Health Care Agency. This business took advantage of the naïveté of the owner of Pedabun 35 Nursing to win and execute a large set-aside contract. In my audit, I concluded that the joint venture did not exist for any other function except to enable CHCA to win and execute the PSIB mandatory set-aside contract.

I will also answer your questions on contractual joint ventures as to why they are problematic.

Finally, I would like to discuss with the committee mandatory audits.

When the policy was introduced, the mandatory audits were to be performed by Consulting & Auditing Canada. This branch of the government provided the required third party independent auditors. When it was disbanded, the services were contracted out. In November 2016, Altis Professional Services was under contract to provide the department with third party independent auditors for PSIB. I contracted my services to Altis.

The Altis contract ended in 2021. ISC decided that the new contract should be a set-aside, as required when serving the indigenous community.

Roundpoint Consulting is an Akwesasne business registered in the IBD. Mr. Roundpoint asked me to join him in submitting a bid proposal for auditing service in response to solicitation number 1000226949. Roundpoint Consulting was awarded a two-year set-aside contract. The contract had a typical renewal clause. This clause stated that the government, at its pleasure, could extend the existing contract three times, for one year each time.

In July 2023, ISC decided to ignore the mandatory auditing requirements and terminated Roundpoint's consulting contract. The business was denied any recovery costs incurred to deliver the services required. Although this is arbitrary and violates the government policy, Roundpoint unfortunately did not have the resources to pursue legal recourse. In my opinion, Roundpoint Consulting would have been successful had it sought judicial review.

I ask the committee to address two critical issues: one, the absence of external audits will mean there's a lack of oversight to detect and deter public corruption; and, two, the travesty in terminating a set-aside contract for an Akwesasne business.

Roundpoint Consulting is a small, dynamic business recognized by its community as a model in the era of first nations self-government. Mr. Roundpoint has a growing family. He is active and a valuable member of the Mohawks of Akwesasne. Mr. Roundpoint had plans to hire and train indigenous auditors while I was available to mentor these young people.

• (1110)

The Chair: Mr. Hartle, I'm sorry. I have to ask you to wrap up. We're at our five-minute mark. If you could, just wrap up briefly.

Mr. Garry Hartle: Well, I have some comments about yesterday's testimony by Jessica Sultan.

The Chair: I'm afraid we only have you for an hour, so in order to get through all our rounds, I'll have to cut you off here. However, you can send to the clerk anything you have in writing, and he will have it translated and distributed to the whole committee.

Mr. Garry Hartle: I did that.

The Chair: Perfect. We're going to have to cut you off there, I'm afraid. We're going to go right to our first intervention, but I'm sure you can answer or get out some of the information you're trying to get out right now.

We'll start with Mr. Genuis for six minutes, please.

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

Thank you, Mr. Hartle, for your testimony. More importantly, thank you for your courage in coming forward and shedding light on these issues. I know there are a lot of people who see problems in the government or things that shouldn't be happening, but most of them don't proactively share the concerns they have, so thank you for doing that.

You've identified that this joint venture involving the Canadian Health Care Agency existed only to take advantage of the indigenous procurement rules. It wasn't an organically emergent indigenous company; it was created for the purpose of taking advantage of the rules that exist and providing a complete advantage to non-indigenous owners of the Canadian Health Care Agency.

Is that correct?

Mr. Garry Hartle: That's correct. The owner of the CHCA, Ms. Umana, promised the indigenous company, owned by a lady named Pearl Chilton, that she would make lots of money, but they never had her do anything. Ms. Umana did the proposal herself, made up employees for Ms. Chilton's company and made sure that she ran everything.

She didn't discuss any of the business of the joint venture at all with Ms. Chilton, and Ms. Chilton was left with a large GST tax bill that was incurred because of the way everything was submitted to the Canada Revenue Agency.

Mr. Garnett Genuis: It sounds like this relationship was not only fraudulent vis-à-vis the government, but it was exploitive vis-à-vis the person who was supposed to be the indigenous partner.

Mr. Garry Hartle: That's correct.

Mr. Garnett Genuis: Okay. I think that's important.

I want to zero in on the response of the government when you brought these issues forward.

We would hope that as soon as someone brought these issues to light, there would be a sounding of the alarm internally and a desire to remedy the situation.

Mr. Garry Hartle: The players on the government side were FNIHB, which was a branch of Health Canada at that time; PSPC; and what was INAC at that time. I was within the INAC stream.

I wrote my report, which I distributed prior to this meeting. We then held several meetings in which we had not only those players but also a representative from the Department of Justice who was a lawyer serving INAC at that time.

I presented the evidence, which was substantial, to indicate that there was fraud, and my recommendation was that it be given to the RCMP to investigate, but they didn't want any trouble, so they didn't do it.

• (1115)

Mr. Garnett Genuis: Can you tell us more about that? You recommended that this be referred to the RCMP because you thought criminal activity was involved, but they didn't want any trouble.

Mr. Garry Hartle: I thought it was fraud because you can't invent employees for a company and then submit them in your bid proposal to win the contract. They did that because the number of employees in the indigenous company went toward points to win the contract. To me, that's definitely fraud.

All the documentation was there to prove that, besides additional....

Mr. Garnett Genuis: You also said something about motivation and that they didn't want any trouble. What kinds of comments did they make to explain why they didn't refer this to the RCMP?

Mr. Garry Hartle: I can't remember the exact comments, because at a large meeting you have your input, but you don't necessarily.... I was there only as an external auditor presenting facts to—

Mr. Garnett Genuis: There were lots of people there.

Mr. Garry Hartle: As I said, there were representatives from PSPC, FNIHB and INAC.

Mr. Garnett Genuis: Okay.

Mr. Garry Hartle: The DOJ lawyer was there also.

Mr. Garnett Genuis: Fast-forward to today. This company is still getting government contracts. They've been taken off the indigenous business list, but they are still eligible for getting government contracts. The only people fired following this affair were from Roundpoint Consulting.

Mr. Garry Hartle: That's right.

Mr. Garnett Genuis: Take us forward to the fact that they're still getting contracts, but Roundpoint Consulting was fired by the government.

Mr. Garry Hartle: In fact, INAC invented a program so they could give contracts to CHCA. That's how they were able to get contracts.

Mr. Garnett Genuis: What do you mean by they "invented a program"?

Mr. Garry Hartle: I'm sorry. They designed it—

Mr. Garnett Genuis: Was it for the purpose of giving contracts to this company?

Mr. Garry Hartle: —to go to this entity.

Mr. Garnett Genuis: What's the relationship between this company and the Government of Canada?

Mr. Garry Hartle: I have no idea.

Mr. Garnett Genuis: Okay.

Could you tell us the situation about Roundpoint getting their contract pulled in the meantime?

Mr. Garry Hartle: Oh, yes. I—

The Chair: Mr. Hartle, I'm afraid I have to interrupt. That is our time. Perhaps we can get to it in the next round with Mr. Genuis, or you can provide it to us in writing.

We'll go over to Mrs. Atwin now.

Mrs. Jenica Atwin (Fredericton, Lib.): Thank you very much, Mr. Chair.

Thank you, Mr. Hartle, for being with us today.

Have you ever been a permanent or part-time employee of Indigenous Services Canada?

Mr. Garry Hartle: No, I have not.

Mrs. Jenica Atwin: The recent Globe and Mail article mentions that you worked under contract with the government.

Mr. Garry Hartle: Yes.

Mrs. Jenica Atwin: Why does your LinkedIn profile indicate that you've been employed at Indigenous Services since 2016, with no mention of Roundpoint Consulting?

Mr. Garry Hartle: No, I think I addressed that in my remarks, which you will get a copy of, definitely.

In fact, the thing is that I started in November 2016 as a subcontractor to Altis Professional Services, which held the contract to supply independent third party auditors for the strategy. Altis's contract ended on March 31, 2021. Then Roundpoint put its bid in that fall and won the contract. I started again on April 1, 2022, as an employee of Roundpoint Consulting.

• (1120)

Mrs. Jenica Atwin: Thank you. I just have such a short period of time here.

Were there any conflict of interest screens in place while you were a contractor for Indigenous Services Canada?

Mr. Garry Hartle: What kind of conflict of interest?

Mrs. Jenica Atwin: Were you aware of any conflict of interest screens or policies in place for employees at Indigenous Services Canada while you were a contractor for them? Was there a conversation about conflict of interest?

Mr. Garry Hartle: I am not covered by conflict of interest if I'm a subcontractor.

Mrs. Jenica Atwin: Okay.

I think you mentioned this: Can you confirm whether you have ever been an employee of Roundpoint Consulting?

Mr. Garry Hartle: Yes.

Mrs. Jenica Atwin: Has Roundpoint Consulting ever been listed in the indigenous business directory?

Mr. Garry Hartle: Yes, Roundpoint Consulting was in there.

Mrs. Jenica Atwin: Do you know when that occurred?

Mr. Garry Hartle: It was maybe in 2020 or 2021. They've been a member of the IBD for quite some time.

Mrs. Jenica Atwin: Would that have been during the time when you were contracted to perform eligibility audits?

Mr. Garry Hartle: I beg your pardon.

Mrs. Jenica Atwin: Would that have been during the time frame when you were contracted to perform the eligibility audits?

Mr. Garry Hartle: Yes.

Mrs. Jenica Atwin: Do you believe an auditor contracted to review applications for the indigenous business directory is well placed to determine whether their own business should be listed?

Mr. Garry Hartle: In 2020 and 2021, we didn't have anything to do with the IBD.

Mrs. Jenica Atwin: Okay.

Mr. Garry Hartle: I forget the exact date, but the IBD was formerly run by Industry Canada. Industry Canada registered the businesses. Then they decided they no longer wanted to do that function. They said it was too expensive, so IBD decided to design their own business directory.

In that period of time—

Mrs. Jenica Atwin: The indigenous business directory decided to design its own business directory. Is that what you said?

Mr. Garry Hartle: Yes. Before, the business directory was being run by Industry Canada, which no longer wanted to do it. They gave it back to ISC to design its own.

Mrs. Jenica Atwin: It's ISC. Okay.

While you were doing this work, roughly how many audits did you complete?

Mr. Garry Hartle: Maybe 100 a year.

Mrs. Jenica Atwin: Do you happen to know what the non-compliance rate would be? Could you share that with us?

Mr. Garry Hartle: It's fairly low. It definitely wouldn't exceed 10%. It may even be lower than that.

Mrs. Jenica Atwin: I'll jump quickly to the Canadian Health Care Agency piece as well.

When were you made aware of concerns around CHCA?

Mr. Garry Hartle: I did the audit.

Mrs. Jenica Atwin: What was the task?

Mr. Garry Hartle: I was tasked with doing the audit and the post-award audit on them.

Mrs. Jenica Atwin: Do you know the date?

Mr. Garry Hartle: It was 2017.

Mrs. Jenica Atwin: Okay.

When did you report this alleged issue to PSPC?

Mr. Garry Hartle: It was probably a month or two. We had difficulty with the company because they wouldn't supply the information. They kept asking for deferrals to have the audit completed.

I don't have the exact date, and I was looking for it. I don't have the date in my report, either. It was sometime during 2017.

Mrs. Jenica Atwin: Okay.

As an auditor, what do you look for when verifying indigenous identity? Is that something that you look into?

Mr. Garry Hartle: I don't know if you got a copy of.... I'll just briefly go over that, if you give me time to do this.

Mrs. Jenica Atwin: I have about 45 seconds, so maybe I'll just end with this one.

Can I just ask—

Mr. Garry Hartle: There's a whole list of things that we look at.

Mrs. Jenica Atwin: Sure. If you provide that to us, that would be fantastic. I'll look into that.

I have about 30 seconds, Mr. Hartle.

What is your response to the minister's announcement yesterday that she's pursuing an external audit of the indigenous business directory?

Mr. Garry Hartle: That was being done. She fired the person doing it. It seems to be a rather hypocritical response to a problem that they created themselves.

Mrs. Jenica Atwin: Okay. Thank you.

The Chair: Thank you, Mrs. Atwin.

Mrs. Vignola, welcome back.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you, Mr. Chair.

Mr. Hartle, thank you for being with us today.

You talked earlier about the letter of December 5 and the fact that you were blaming the Canadian Health Care Agency.

Was that the company you were blaming?

• (1125)

[*English*]

Mr. Garry Hartle: Yes, that company was the problem.

[*Translation*]

Mrs. Julie Vignola: What evidence is there of fraud?

You briefly mentioned earlier that the other company had people who were supposedly employees but, in fact, were not. The company had to pay GST, but it had never seen the money.

Can you briefly provide the committee with any further details or evidence about that?

[*English*]

Mr. Garry Hartle: The evidence is substantial, and all the evidence is in my report. I don't have the evidence, but I have the evidence catalogue. If you look at my audit report's page on exhibits, I had appendices A, A1, B, C, D, E, F, G, and H. Each has substantial documents in them.

[*Translation*]

Mrs. Julie Vignola: That report has been submitted to the committee. Is that correct?

[*English*]

Mr. Garry Hartle: That's right.

[*Translation*]

Mrs. Julie Vignola: Are there any gaps in the contracting process that open the door to frauds such as the one you've reported today?

[*English*]

Mr. Garry Hartle: If you followed the procedure, there would be no gaps. I think that there was also a copy of the procedures in the document package.

We also had standards. Each audit that was performed had to follow these standards. I think I give you a copy of the standards that we use for the audits in the package.

[*Translation*]

Mrs. Julie Vignola: Everything is in the document you gave us.

[*English*]

Mr. Garry Hartle: Yes, it is.

[*Translation*]

Mrs. Julie Vignola: That's great.

You're telling us that, if the procedures are followed, there should be no problems or gaps. However, there are.

In that case, should the government do a follow-up during the term of the contract, rather than waiting until the end to do an audit?

[English]

Mr. Garry Hartle: The process has two stages. In the large contracts, you have to have a pre-award audit completed in order to be awarded the contract, and on the large contracts, there's always a post-award audit. If you follow the procedures for the post-award audit, you will uncover when the criterion of indigenous content was not being met.

As you can see, if you don't perform the audit, you won't know whether or not they adhered to the criterion of indigenous content. There are no real gaps. The audits were in place to ensure that the program was being used properly.

[Translation]

Mrs. Julie Vignola: Okay, but the audits are done at the end of the contract. I asked you whether audits should be performed during the contract as well, rather than only before or after it is carried out, to verify that the indigenous business is actually receiving the share it is owed.

• (1130)

[English]

Mr. Garry Hartle: The post-award audit is not really a post-award audit. It's conducted when about 70% of the work is completed.

You have to be able to complete some of the work to see if they're following what they said they were going to follow. You can't presume that a company will or will not meet the criterion before the actual contract is completed.

[Translation]

Mrs. Julie Vignola: Is simply striking a company from the indigenous business directory a sufficient penalty to impose on a company that did not comply with the terms of indigenous procurement or one that claimed to be indigenous when it was not?

[English]

Mr. Garry Hartle: I think this was a discussion. It was brought to the department's attention and also to the PSPC's attention that this was going on.

PSPC defaulted the contract but took no other action on the fraud part of it. That's a government initiative. That part you have to address with Procurement Canada, because ISC doesn't have anything to do with the contract other than to recommend that the company meets the criteria for an indigenous business.

The Chair: Thank you very much.

Ms. Blaney, go ahead, please.

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you, Chair

Thank you, Mr. Hartle, for being here with us today. I appreciated your testimony, and I also read the article very carefully this morning.

In your testimony, I think you said—and I just want to clarify this—that there is no governing act around this component. We've definitely heard that from other sources as well. I guess I just want a little bit of clarity. You said during your interview that the audi-

tors could not contact the businesses but had to give questions to the government, and there was a whole.... It sounds like quite a complex process. I'm wondering if there is any connection between that process and the fact that there is no governing act.

Mr. Garry Hartle: No, there's no governing act. However, there is a cabinet-issued policy that was mandated to be followed, and they have published guidelines on that policy.

Between the various audits that I did and whenever Ms. Sultan became in charge of the program, the previous senior program managers knew the program inside out. They were empathetic to indigenous business and they did a very good job. They respected what was written in the contract, which was that the external auditor would do an independent audit and give them the results of the audit.

When Ms. Sultan took over, she decided that she was going to not only dictate the process but also change the policy—unilaterally, I guess, because nobody has taken possession of the fact that the policy was changed and that they no longer do what they were supposed to do under the policy guidelines.

Ms. Rachel Blaney: What was the added complexity that was there because you had such a long process to go through, since you couldn't talk to the business directly?

Mr. Garry Hartle: You were dealing with.... I don't like to use the words "junior staff", because that's condescending, but you were dealing with people who didn't have any knowledge of the program, didn't have any knowledge in dealing with outside clients, didn't know what questions to ask and didn't know what documents to ask for. It was like constant hand-holding.

Instead of being able to smoothly carry out the audits as they had been done previously, we also had a productivity standard that we had to meet, which stated that if there was no other cause, then you had to deliver the report within 10 working days so that the process worked very smoothly. This got disrupted because she insisted that the junior staff do all this work.

The junior staff were very nice people, and we tried to help them as much as we could, but because they didn't understand the program, they didn't know what to ask for or how to ask it. You're not supposed to go fishing for anything. As an auditor, you're supposed to know what documents are available for you to examine. You don't ask a company to send every document they have. It's a very targeted experience, and they didn't comprehend that because they weren't auditors.

• (1135)

Ms. Rachel Blaney: Thank you. That's really helpful.

You talked about the issue of Roundpoint Consulting. I thought it was very interesting—and I've heard this from indigenous communities as well—that if they fight the fight and have the money to hire the lawyers, they're absolutely going to win, but that they often don't have the resources to hire the lawyers. I'm just wondering whether I can get a little clarity. Is there no other venue that they can go to besides a judicial process? Is there any other mechanism for this kind of business to gather clarity, get information and have a little bit of advocacy, or is the judicial pathway the only pathway?

Mr. Garry Hartle: Well, because you're dealing with a contract, a written contract, and you decide that you're going to terminate the contract for convenience.... The contract does state that you can do that for convenience. Then judicial review is the only legitimate path to pursue, which means that you're showing that the government did wrong. I'm positive that Roundpoint Consulting would have won its case.

Ms. Rachel Blaney: I'm going to come back to that later.

You talked about mandatory audits being a part of the contract and that you saw ISC not following through with those mandatory steps. Are you specifically talking about one business, or is it a broader scope that you're reflecting on?

Mr. Garry Hartle: No. After July 2023, they had no capability to carry out any audits. All of the mandated audits that are in the guidelines were being circumvented because they had no external auditors. If you wish, you can read the guidelines. They state clearly that you must have an external auditor. When the program was first started, the government already had a branch that would supply the external auditors, so they used them. That was Consulting and Auditing Canada, but then the government disbanded that branch, so they had to find private sector external auditors.

The Chair: Thanks.

Before we start our second round, Mr. Hartle, you've referred to some reports. I think you sent them to a different committee, but you have to send them to each committee individually. If you could forward those to our clerk, we'll follow up with you after this for the proper email.

Mr. Garry Hartle: I have them. They're all here.

The Chair: You can pass them over to the clerk when you're done today.

Mr. Garry Hartle: Okay.

The Chair: We'll go to Mrs. Block for five minutes, please.

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

Welcome to our committee, Mr. Hartle.

To follow up on Mrs. Atwin's questions, you mentioned that there was a whole list of criteria used in order to verify the indigeneity of a business. Would you be willing to share that list with the committee in writing?

Mr. Garry Hartle: Yes, I have that here. I was just looking it up. I have that document.

We also would have read all the case law, notably Powley and Daniels. We were also guided by section 35 of the Constitution Act.

Mrs. Kelly Block: Thank you very much. I would just ask that if you have that document, you submit it to the committee in writing. That would save you and me both a bit of time here.

Mr. Garry Hartle: Yes, I will do that. In fact, I have it right here.

Mrs. Kelly Block: Thank you. That's great.

I believe you may have answered this question as well. With whom did you raise your concerns about the PSIB and the ongoing abuses?

• (1140)

Mr. Garry Hartle: When I first started, the senior program manager was a lady named Melanie Reid. Melanie is indigenous and she was concerned about the program running smoothly. She held meetings and took suggestions about what could be done, including on our audit manual. I wrote some stuff on contractual joint ventures with some recommendations.

Mrs. Kelly Block: What was her title?

Mr. Garry Hartle: At that time, she was a senior program manager.

Mrs. Kelly Block: Thank you.

Mr. Garry Hartle: Presently, she is a director at ISC.

Mrs. Kelly Block: Thank you.

In the story in The Globe and Mail, Minister Hajdu is quoted as saying, "I was just made aware of these deeply troubling allegations, and I am extremely concerned", yet the allegations around this nursing company, CHCA, had already been published in October in The Globe and Mail, and further issues with the PSIB have been brought to light around the inability to verify the indigeneity of businesses. However, the minister appears to have been unaware of these issues until this past Sunday, according to her statement.

Does it seem realistic to you that the minister was completely blind to this massive aspect of her portfolio?

Mr. Garry Hartle: Not really.

Mrs. Kelly Block: Do you believe these types of concerns would have ever made their way to the office of at least the deputy minister, if not the minister?

Mr. Garry Hartle: I was speaking about what went on in 2017, 2018 and 2019. Any problems with the program would have been discussed with the ADM by the senior program manager. She had a path to discuss them with the ADM. Once you discuss them with the ADM, the minister is always notified that there is a problem. That's standard practice.

Mrs. Kelly Block: Thank you very much.

This is my final question for you, if I have enough time left.

Yesterday, in your testimony to the INAN committee, you were asked a question about who made the decision to fire Roundpoint. It would appear that when Ms. Sultan was trying to answer the question, the minister intervened.

Can you confirm for us who made the decision to fire Roundpoint? Do you, in fact, know?

Mr. Garry Hartle: Ms. Sultan said it was a "joint decision" with the contract authority. Give me just a minute while I get my notes here. I watched that and I was going to address it, but I ran out of time.

This is totally false. The contract authority, a lady named Karen Metzger, is a designated senior procurement officer. Her authority pertains only to administrative matters such as writing the contract, ensuring that the contractor adheres to the security provisions and processing the invoices for work completed. That's all of her authority.

Any decision on policy matters rests solely with the director general. She made the decision.

The Chair: Thanks, Mr. Hartle. That's our time.

Mr. Garry Hartle: Okay.

The Chair: We have a strict schedule that we have to keep to.

Mr. Kusmierczyk, please go ahead, sir.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Hartle, for your appearance here at committee today.

I want to ask you a few questions.

As of November 2024, there were 2,945 businesses listed in the indigenous business directory. Of those 3,000 businesses, 111 are indigenous businesses or joint ventures, representing about 3% of the total. In 2022, when ISC did a review of the indigenous business directory, they delisted 1,100 businesses. About 25% of the total were removed.

Can you comment on this step that was taken? Do you have any thoughts on that?

Mr. Garry Hartle: I have a couple of notes on businesses being removed from the IBD.

From 2017—

• (1145)

Mr. Irek Kusmierczyk: Go very quickly, sir.

Mr. Garry Hartle: Each year, there were businesses dropped and added. The number always fell somewhere between 2,000 and 3,000 businesses, with new ones being added and some of them being dropped. It was explained that businesses would be dropped for various reasons, such as not responding or going out of business.

Mr. Irek Kusmierczyk: One thousand were removed in the last review.

Is that number significant, in your opinion?

Mr. Garry Hartle: No. You know, there are years when you easily get 500, so going to 1,000 is not, to me, significant.

Don't forget that there was a spike when the 5% target was introduced. The government actively tried to get businesses to register in the IBD in order to meet the 5% target. Then they found that they'd been a bit overexuberant and that some of those people shouldn't have been included, so they took those out.

Mr. Irek Kusmierczyk: I appreciate that. Thank you, Mr. Hartle.

In the interest of time, I have another question for you.

Are you familiar with the new Office of Supplier Integrity and Compliance, or OSIC, which was established by this government? It expands the grounds on which a business can be made ineligible or suspended. It broadens the number of violations that can be brought forward and the penalties that can be doled out.

Mr. Garry Hartle: Yes, I'm aware that the office was introduced, but I didn't look at the details. It is on my to-do list.

Mr. Irek Kusmierczyk: Now, this office was not around when you were doing audits, as I understand it, so the tools we've introduced to strengthen integrity and compliance, and the penalties that can be provided, were not available when you were doing your audits.

Is that correct?

Mr. Garry Hartle: That's correct.

Mr. Irek Kusmierczyk: I think that was a major criticism regarding the previous Harper government. The integrity regime only had, at that point, a nuclear button. It could only react if a company was charged with or convicted of a crime, for example. Then the integrity regime kicked in. Now there is a much more nuanced and broader scope of violations that can be addressed, and many more tools for the integrity regime. Is that a fair assessment?

Mr. Garry Hartle: Well—

Mr. Irek Kusmierczyk: Have things improved now?

Mr. Garry Hartle: Not really. If you proceeded with fraud investigations, it would have kicked in. Right now, you're perhaps in the same boat. If nobody moves on the result of the audit, how can it do its work?

However, the added tools are welcome.

Mr. Irek Kusmierczyk: Just to clarify, you mentioned that you did 100 audits per year. Were those 100 audits of federal programs?

Mr. Garry Hartle: They were of the PSIB program.

Don't forget, once ISC introduced the IBD as their own, we also did desk audits for them on the people already registered, in order to ensure that they maintained eligibility.

The Chair: Thank you, gentlemen.

We'll go to Mrs. Vignola, please, for two and a half minutes.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Hartle, I want to quickly come back to the question I asked you earlier about whether striking a business from the indigenous business directory was a sufficient penalty to impose on a business that claims to be indigenous but isn't. You said no.

In your humble opinion, what penalty would be appropriate to impose on a non-indigenous business that claims to be indigenous or that abuses an indigenous business?

[English]

Mr. Garry Hartle: If your fraud investigation by the outside authority, like the RCMP, convicts them, manages to find them guilty or gathers enough evidence, then they should be barred from bidding on federal government contracts.

• (1150)

[Translation]

Mrs. Julie Vignola: You provided us with a file on the Canadian Health Care Agency. In your opinion, what procedural gaps opened the door to what happened and the abuse you highlighted in your report?

[English]

Mr. Garry Hartle: In the pre-award audit, they didn't verify the claims by the bidder. When we started doing the post-award audit, we discovered that those documents were fraudulent. The gap is that maybe the pre-award audit was not extensive enough or was not conducted thoroughly enough.

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Go ahead, Ms. Blaney, please, for two and a half minutes.

Ms. Rachel Blaney: Thank you, Chair.

I just have one follow-up question.

You talked about CHCA and some of their practices, specifically around Pearl Chilton, who was part of the joint venture. You mentioned that she “was left with a large tax bill because of a 'serious misrepresentation'”.

I'm wondering if you could talk a little about what that looked like and touch on whether Pearl Chilton had any capacity besides the judicial process to advocate for herself.

Mr. Garry Hartle: I wasn't talking about Ms. Chilton when I was talking about the judicial process. Ms. Chilton had avenues to pursue—legally, that is—and I think she did. She had an aboriginal lawyer represent her, and there was some litigation.

Ms. Rachel Blaney: I understand that you didn't mention it, but what I'm trying to understand is this: For indigenous people who are part of this process, if something goes poorly, what are the steps they have to self-advocate? Is it only through the judicial process? As far as you're telling us right now, it seems that the only way they can address it is by getting a lawyer.

Mr. Garry Hartle: Ms. Chilton asked INAC for help. INAC didn't help her. Advocacy, in that manner, was out of the question. All that remained for her at that point was the legal process.

Ms. Rachel Blaney: Thank you.

I'm done. That's my question.

The Chair: Thanks.

We'll go to Mr. Genuis for five minutes, and then we'll finish with Mr. Sousa for five minutes, please.

Mr. Garnett Genuis: Thank you, Chair.

Frankly, Mr. Hartle, this whole situation is just disgusting. A department in government is supposed to be there to support indigenous peoples, a Prime Minister said that this is the most important relationship, and then we have what we've been talking about throughout this whole scandal, which is that elite well-connected non-indigenous insiders were taking advantage of the program to try to enrich themselves and that indigenous peoples being left at a severe disadvantage as a result. The government and the department did not have their back and only tried to preserve the optics of the program.

To review your testimony, you identified that there was a problem with the Canadian Health Care Agency. The minister was likely informed. You wanted to refer this issue to the RCMP. You were blocked from doing so. They subsequently changed the rules to make the auditing process more difficult, and then they fired your auditing company.

Is that correct?

Mr. Garry Hartle: Exactly.

Mr. Garnett Genuis: Okay.

You wanted to follow up on your reaction to Ms. Sultan's testimony yesterday.

Mr. Garry Hartle: I think I've covered quite a bit of that.

One thing was stating that it was a joint decision, when in fact it was a unilateral decision by Ms. Sultan, and then there was a question about the work. She said that the work changed, which is a total falsehood.

Roundpoint Consulting dealt with a number of tasks, which included the desk audits of new registrants, ensuring existing registrants had maintained IBD eligibility, pre-award audits on set-aside contracts, random audits designated by the senior program manager and large set-aside post-award audits when they were 70% completed.

• (1155)

Mr. Garnett Genuis: In particular, as part of that auditing process, you were looking at indigeneity, at whether these companies were actually indigenous. The department at some point decided that they did not want you looking at indigeneity.

A key issue here is misrepresentation of indigenous identity, meaning indigenous identity fraud by companies that are getting government contracts. They made a policy change to prevent external auditors from looking precisely at whether indigenous identity fraud was happening.

Why do you think they made that change?

Mr. Garry Hartle: I think there was pressure from certain indigenous groups. That was one of the things. They were always petitioning the department. I think what was mentioned in yesterday's meeting, which I watched, is that some of these groups want to set up their own directories and have the government access those.

Mr. Garnett Genuis: I suppose that having the communities themselves do the work is a different issue. The problem is that now nobody's looking at it. The government, it seems, exploited this desire to have the indigenous communities themselves do this work by essentially creating a vacuum in which, right now, nobody's looking at indigeneity.

Mr. Garry Hartle: Nobody's looking at it right now, not externally, and if you don't use an external independent auditor, you'll leave yourself open to bias.

Mr. Garnett Genuis: Yes, totally.

In the time I have left, Chair, I want to seek the agreement of the committee for the following proposal. I think this has been distributed. I asked it to be distributed in advance. It reads, "That the committee invite the following witnesses to appear in relation to potential abuse of the indigenous procurement rules involving Canadian Health Care Agency: Canadian Health Care Agency, Sharon Umana, Jessica Sultan and Pearl Chilton, and further, that the committee authorize the chair to summon witnesses who do not agree to appear."

I hope that's been distributed.

I'm seeking the agreement of the committee.

Mr. Garry Hartle: Can I add Melanie Reid, who was in charge at that time as the senior program manager? She should maybe be on your list.

Mr. Garnett Genuis: Okay. That's what I meant to say, Chair, as well.

Voices: Oh, oh!

Mr. Garnett Genuis: In fact, I just misread my own notes here. As I was saying, "Canadian Health Care Agency, Sharon Umana, Jessica Sultan, Melanie Reid, and Pearl Chilton."

If Melanie Reid is not on the distributed email, I'm sure it's the clerk's fault, not mine.

I'm just joking.

That's a great addition, Mr. Hartle.

The Chair: Are we fine with the—

Mr. Majid Jowhari (Richmond Hill, Lib.): We just got it. I haven't even looked at it yet. Did you say that it was previously distributed?

The Chair: It just came out now.

Mr. Majid Jowhari: I haven't even got it on my P9 yet.

The Chair: It hasn't gone out yet. If you wish to.... We can start a speaking list on that.

Mr. Garnett Genuis: Well, let's make it a notice of motion, then, Chair, and maybe we'll be able to come back to it later.

Mr. Majid Jowhari: Yes, it will be a notice of motion. That's fair.

The Chair: Okay.

Mr. Garnett Genuis: We've got to get to the bottom of this issue with the Canadian Health Care Agency, clearly, and there may be

responses from the various people Mr. Hartle has named. I would certainly like to hear from them.

Mr. Majid Jowhari: A notice of motion is fine.

Mr. Garnett Genuis: It would be as I read it, including Melanie Reid.

The Chair: That's perfect. We'll make sure that it's updated. We will come back to it after everyone's had a chance to look at it.

Mr. Sousa, finish us off, please. You have five minutes, sir.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you, Chair.

Thank you for being with us today.

I'm just trying to understand the circumstances before us. You've identified, through the many audits you've done in the past as a subcontractor for Altis and then as a subcontractor for Roundpoint—

Mr. Garry Hartle: No. I was a subcontractor for Altis and an employee of Roundpoint.

Mr. Charles Sousa: You were an employee of Roundpoint. That contract was terminated over time and wasn't renewed.

Mr. Garry Hartle: Yes. It was terminated for convenience.

Mr. Charles Sousa: Fair enough. The contract came up for renewal and it wasn't renewed.

• (1200)

Mr. Garry Hartle: No. It was terminated before the contract ended.

Mr. Charles Sousa: Okay.

In that process of audits, you said that you found maybe 8% to 10% non-compliance in all those audits that you put forward. Is that right?

Mr. Garry Hartle: Don't hold me to that, but I think it's about that amount.

Mr. Charles Sousa: Fair enough.

You did the audits and identified the non-compliance. It's very clear on the website what you have to do to be compliant.

Mr. Garry Hartle: Yes.

Mr. Charles Sousa: One of the ways that have been used to encourage indigenous companies to succeed, get into the system, and take advantage of the opportunities that are available to them is through joint partnership, right? As sole providers, they possibly don't have the wherewithal at the time. That's why we're nurturing them to be better.

The case here was that a non-indigenous company was offering services and using an indigenous partner to provide for greater opportunity. That partner then didn't fulfill its requirements. As you've pointed out, there were questionable activities as a result. Corrective action was taken. That was suspended. That contract didn't proceed.

Subsequently, the government has taken additional steps to try to provide for compliance and audit and oversight and integrity into the system. The definition of indigenous, or indigeneity, has also been relevant in these discussions in terms of who should be the one determining that. You're not the one determining indigeneity.

Mr. Garry Hartle: Yes. In my audits, I determined that.

Mr. Charles Sousa: Then you are the one who's deciding on behalf of the indigenous communities. Those who are in debate at times as to who's indigenous and who isn't are relying on you to say whether you are or you are not indigenous.

Mr. Garry Hartle: Well, it's not relying on me. There's a published criteria list that you follow. I'm an auditor. I just make sure and gather the evidence. If the criteria say you're indigenous, I state that there is indigeneity.

Mr. Charles Sousa: Some of those very communities are saying that it shouldn't be up to the government to decide.

Mr. Garry Hartle: Well, it's—

Mr. Charles Sousa: I'm just referencing what has happened in these testimonies.

Mr. Garry Hartle: No, I understand that. Let me tell you that part of the process is that we interacted with all these various groups. If we wanted to find out if somebody was a Nunavut company, we phoned the registrar or wrote to the registrar to ask them if this person was on the list. If this person was on the list, they were indigenous.

Various self-government entities maintain their own lists. As auditors, we contact that group to ask them if this person is on their list as a member.

Mr. Charles Sousa: Fair enough. I'm not questioning the actual audit of that, first of all. I'm trying to look at what's happening beyond that.

We get what happened. It was identified. It's being dealt with. Beyond that is a greater issue. The integrity commission has been established. Steps are being put forward to try to provide integrity and transparency in the system. At the same time, there's a nurturing of indigenous engagement for their success.

Mr. Garry Hartle: What I'm pointing out is that those things are already being done. The criteria are published by the department. We have to follow the criteria. If you fall within one of these six categories, you're indigenous. If you don't fall in any of those six categories, you're not indigenous.

As auditors, we also make sure that we've done all the background. I've read all the Supreme Court cases—

Mr. Charles Sousa: That's not my point. My point is that we are all entitled to and require audits to do that job. This is what I'm trying to understand: What should we do better? I mean, we're looking at the fraud and we have to make certain that it doesn't continue. We're taking these extra steps to try to prevent it. What are you suggesting should be done?

Mr. Garry Hartle: I would suggest that you have your departments follow the practice. I mean, if you take away all the ability to audit, people can do whatever they like.

Mr. Charles Sousa: We're augmenting the audits. We're actually creating greater restraints.

Mr. Garry Hartle: I don't see it in this particular case. I mean, you've removed all the external audits.

The Chair: That is our time, gentlemen.

Mr. Hartle, thanks for joining us. You did mention some reports that I think you submitted to a different committee. If you're able to deliver them to the clerk, now or electronically, that would be wonderful.

Colleagues, we're going to suspend briefly and welcome our next witness.

● (1200) _____ (Pause) _____

● (1210)

The Chair: Thank you for your patience, everyone. We are back.

We welcome back another friend of OGGO, Mr. Jeglic. It's good to see you again.

If you have an opening statement, the floor is yours. Go ahead, please.

Mr. Alexander Jeglic (Procurement Ombud, Office of the Procurement Ombud): Thank you.

I'd like to begin by acknowledging that the land on which we gather is the unceded traditional territory of the Algonquin Anishinaabeg people.

[*Translation*]

Thank you, Mr. Chair and members of the committee, for inviting me today to discuss an issue central to the integrity of federal procurement oversight, that being the ongoing underfunding of my office.

[*English*]

As you know, OPO, the Office of the Procurement Ombud, is mandated to ensure fairness, openness and transparency in federal procurement. However, without the necessary resources, effectively fulfilling this mission has become nearly impossible, ultimately jeopardizing the trust Canadian taxpayers have in federal procurement.

Since the office's creation in 2008, our budget of \$4.1 million has essentially remained static. It has not been adjusted to reflect increased costs, nor has it accounted for the growing volume and complexity of the work that we handle.

[*Translation*]

Despite the commitment in the last federal budget to uphold and enforce the highest standards of federal procurement and ensure sound stewardship of public funds, our budget saw no increase. In fact, there have been approximately \$350,000 in reductions to our budget over the years as part of wider government cutbacks.

[English]

While I understand the government's need to find efficiencies across many departments, now is a crucial moment to invest in an office that oversees a \$37-billion procurement system.

Underfunding our office is akin to failing to perform basic maintenance on a vehicle, resulting in a breakdown. My office was built to handle the necessary repairs to keep the vehicle running, but unfortunately, we do not have the necessary resources to perform this essential function. With the requested increase to our budget, we wouldn't just perform the routine maintenance necessary to keep the vehicle on the road, but we'd also have the insight and capacity to support selecting the new vehicle. As outlined in my annual report, the time has come. It's time to replace the vehicle. It's time for action now.

In recent years our office has seen an overall increase in cases—contract award complaints, contract administration complaints, requests for mediation services, and ad hoc procurement practice reviews, such as WE Charity, ArriveCAN, McKinsey, bait and switch and, just recently, a potential review of indigenous procurement.

These are all vital areas of procurement that require analysis, and simply put, we are inadequately funded to properly do this.

• (1215)

[Translation]

Additionally, OPO has assumed the workload of the recently dissolved business dispute management program at PSPC, which also provided a recourse mechanism for suppliers in contract disputes.

[English]

I want to share with you how this funding shortfall has impacted my office's ability to effectively deliver on our legislative mandate. If left unaddressed, it will continue to have a huge impact on Canadian taxpayers, suppliers and the federal buying community.

To undertake the ad hoc reviews I just mentioned, we had to obtain one-time funding from PSPC, which solved some of the problems but also created new ones. This funding prohibited our office from hiring permanent resources and instead created a patchwork solution. We were forced to hire temporary staff who did not have the experience or time to lead these reviews. Under the one-time funding, we refused to hire consultants to conduct the reviews for many of the reasons you saw in ArriveCAN and McKinsey, as well as the need to avoid conflicts of interest. We need permanent funding that will enable us to hire permanent resources with the skills and experience to lead these important, complex procurement reviews.

Other serious impacts of our funding shortfall include delays in launching our procurement practice follow-up reviews, which are crucial for assessing whether departments have implemented our recommendations. There is no point in conducting systemic reviews and making recommendations for improvement if we don't follow up to ensure the actions have been taken to correct the deficiencies. Results from our follow-up reviews are reported publicly and hold the departments and agencies accountable for addressing problems that we identified in our initial review.

Other serious impacts of our funding shortfall include delays in launching our knowledge-deepening and knowledge-sharing research studies, which provide guidance to procurement officials and suppliers and are essential in establishing the “reasonable grounds” required by legislation to launch our systemic reviews.

The shortfall also gives us limited ability to conduct outreach activities across Canada to ensure that the Canadian businesses we were created to help know that we exist and how we can help them, particularly small and medium-sized businesses.

The shortfall also gives us limited ability to proactively launch procurement practice reviews in important areas such as construction contract administration, defence procurement, indigenous procurement and others that would have a significant impact on procurement.

We have the potential to proactively conduct reviews and make recommendations that aim to improve federal procurement before costly problems materialize. I will stop there, but the list goes on.

Our office has recently put forward our budget request for a third time because the previous two had been declined. We have always acted in a fiscally prudent manner and have requested funds when we knew we no longer had the resources needed to deliver our services. We took a professional approach to be proactive before the situation became critical, but unfortunately we have now entered that crisis point where difficult decisions will need to be taken and critical services will be cut.

In our most recent budget—

The Chair: Mr. Jeglic, I'm sorry. I need you to wrap up, sir. You're past your five minutes.

Mr. Alexander Jeglic: Sure.

In our most recent budget ask, we are seeking a phased budget increase in the amount of \$1 million for 2025-26, \$3.4 million for 2026-27 and an average of \$4.7 million annually after that.

Thank you very much. I'm pleased to answer any questions.

The Chair: Thanks very much. Again, thanks for joining us today.

We'll start with Mrs. Block, please.

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

Thank you, Mr. Jeglic, for being with us today. I know you've appeared before this committee on numerous occasions in the last couple of years. We do appreciate your being available.

We know this is an issue that you've raised with us. In fact, I'm reminded of a letter that I wrote to you in which I was requesting that you look deeper into the contracting with GC Strategies.

At that time, you had announced that your office was launching a review of the practice of bait and switch across government. In that letter, you also highlighted what you've highlighted here today, which is a lack of resources. In fact, you said—and you may have said part of this here today—“My office has operated within its allocated budget, which has remained static for more than 15 years. While we continue to deliver on our mandate, budget constraints have made it difficult. Insufficient sustainable funding has led to staffing shortages that limit our capacity to conduct ad hoc systemic reviews regarding fairness-related risks brought to the office's attention.”

I'll end the quote there.

Given that situation, will you be able to complete your review on the practice of bait and switch with your current funding level?

• (1220)

Mr. Alexander Jeglic: Bait and switch is one of the ad hoc reviews for which we did receive one-time funding. As I noted in my opening statement, the one-time funding does also create associated risks, because we have to reallocate internal resources. These are high-profile reviews in which we need to be assured that we have experienced leads as the practitioners who are leading these reviews. With the one-time funding, we are prohibited from hiring full-time staff. It has to be temporary.

As I mentioned, I have essentially taken a decision that we will not hire consultants to perform these reviews. That's for many reasons, one of which is conflicts of interest, but there are many other reasons as well.

We do have the resources, and that review has been launched.

Mrs. Kelly Block: Thank you.

This was reported by Blacklock's on November 27, 2024, in an article with the headline “\$25B Contract System Broken”:

Federal contracting is near “the bottom tier” in accountability and fairness, Procurement Ombudsman Alexander Jeglic said yesterday. Jeglic told the Senate national finance committee that irregularities like sweetheart contracting were symptomatic of a “broken system.”

I guess one could never have imagined what we were going to discover over the last two years in procurement. You listed just a number of them in your opening statement.

Can you tell me two things? The first is, how many ongoing reviews is your office undertaking currently? Second, what do you see as needing to happen in order to fix this “broken system”, as you called it?

Mr. Alexander Jeglic: I'll briefly go over the statistics, but just for the procurement-related cases that we've seen. I'll use the statistics from 2017-18—which is when I started in the role—to now.

We went from 264 cases to 582 cases. That's a 120% increase. Written complaints went from 26 to 62, which is a 138% increase. We have received 102 written complaints so far this year.

With regard to PPRs, which are the procurement practices reviews, such as the one for McKinsey, we've conducted 41 since our office opened in 2008, but we've actually done 20 in the last five years, so it's a significant increase. For the procurement practices reviews follow-ups, which have unfortunately been captured in this financial crunch, we want to launch them within two years of completing the initial review. We've not been able to meet that time frame, so accountability is lacking.

For complaint reviews, again, we went from four to 38 this year. Now, 38 is a bit of an anomaly. That is certainly well above what we would normally see, but again, we went from four in 2017-18 to 38 this year.

For ADRs, alternative dispute resolution requests, we went from nine to 11. There's an increase in all areas.

To answer your second question, which was about fundamental issues, this is an area that I'm extremely passionate about, because I've been in the job long enough that I've been able to see a significant trend, and the trend is troubling. Rather than formulate band-aid solutions, it's time to call for transformational changes. That's essentially what we've done in our annual report, but it's not enough to just call for transformational changes. We have formulated what we believe are some seminal changes.

In addition, in anticipation of our annual report being tabled, we wanted to consult broadly. We identified 10 experts, including a broad section of the buying community within the federal government, and asked them for the top five foundational changes they believe are necessary.

We provided them with our five. If you'll allow me, I'll read them. They shouldn't surprise you. I'll do it very quickly.

Number one is to establish a chief procurement officer position, which is something I've mentioned a number of times. This is to make sure that there's accountability in federal procurement.

Number two is to create a government-wide vendor performance management system. I think it would address many of the issues we're hearing about even today.

Number three is to develop one universally applicable set of procurement rules. There are too many rules. People just don't know which set of rules to follow.

Number four is to establish a framework for data collection to increase the transparency of federal procurement. Again, data collection has been incredibly problematic.

Number five is to make use of artificial intelligence advancements to modernize federal procurement tools and systems.

Those are the five we've put forward, but we are consulting. I'd be happy to return to the committee to give you the results of our consultations. We have a plan for how to implement these into solutions.

• (1225)

Mrs. Kelly Block: Thank you.

The Chair: You mentioned “after the consultation period”. When would that be?

Mr. Alexander Jeglic: We're currently undertaking the consultations. We have a deadline of December 31 to complete the consultations. We'll then amalgamate the information.

The next stage of the process is to convert it into a knowledge-deepening and knowledge-sharing piece to provide context and background on each one, and an implementation plan for how these can actually be successfully implemented within the system.

The Chair: Mr. Bains, the floor is yours.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Jeglic, for joining us once again and sharing with us the important work that you do.

You talked about certain officer positions you would like to fill. Can you share how many full-time equivalents you would need to adequately fulfill the mandate you just shared with us?

Mr. Alexander Jeglic: I can, absolutely.

Currently we have 31 full-time employees, with 23 of these being indeterminate. That means that eight are casual or part-time positions.

Our funding request puts forward 27 new FTE positions over three years in a phased approach. There would be a \$1-million spend in the next fiscal year of 2025-26, \$3.4 million in 2026-27 and \$4.7 million in 2027-28.

Those 27 positions would actually make the existing eight positions permanent, so it's 23 plus 27. Of those positions, nine would be dedicated specifically to procurement practices reviews, three would be for review complaints, seven would be for alternative dispute resolution, three would be for knowledge deepening and sharing and five would be for outreach.

Mr. Parm Bains: Is there any way that we have internal...? Some of the people who are part time could be trained to do those roles, or is it that you need to fill these from outside?

I understand you talked about not having consultants. Could you share what the risk is with the conflict of interest as well?

Mr. Alexander Jeglic: I'll explain the conflict of interest first.

If you have an outside body retained to do reviews of procurement files, ultimately they are looking at commercially confidential information provided by suppliers. Suppliers, when they participate in the process, may have signed on to an audit right. However, there isn't necessarily an understanding that those audit rights would extend to third parties, specifically within our office. Therefore, that creates a conflict of interest.

From a timing perspective, these systemic reviews are long-term reviews. They take one year to complete. I think the nightmare scenario for us is to have resources that are temporary in nature complete a third or half of the work, and then ultimately be pulled elsewhere by a full-time opportunity. Then we have to replace someone midway through a long-term process.

It's not as lengthy on reviews of complaints. On reviews of complaints, it's 120 working days. Nonetheless, these are long-term projects, and it is a real risk to lose resources.

If I may, I'll just highlight that two years ago, we lost eight resources within one fiscal year. That may not seem significant, but these were eight full-time employees. When you have 23, losing eight is very significant. It really strained our office and, I would suggest, harmed us in future years to be able to deliver successfully.

Mr. Parm Bains: Yes. I noted that some information I had here actually stated that there were 35 plus 12. I understand that must have been the eight who are missing or had left their positions.

You also talked a little bit about the complexity of the cases having changed in the past few years. Could you perhaps explain why you feel that the caseload may be increasing? Is there a trend you're seeing that may continue? With the work that you're doing now and the recommendations that are put forward, will we be able to reduce the risk or the complaints?

Mr. Alexander Jeglic: The complexity continues to increase, partly also for good reasons. In the work of this committee, as an example, you pass motions requesting our office to look into specific subjects. As a result, we take those motions very seriously. Our legislation requires us to establish reasonable grounds prior to launching a review, but we do use the motion from the committee as an initial substantiation of reasonable grounds. Then we have to validate that substantiation by doing background research.

There are cases, again, that have been brought to us by outside sources, which hadn't traditionally been the case, such as members of Parliament, parliamentary committees or the minister herself at the time. Those were new areas where we were brought procurement-related issues and asked to do investigations and deliver the results before a parliamentary committee for scrutiny.

• (1230)

Mr. Parm Bains: Could you expand on the minister bringing something forward, and maybe provide an example of where that was born?

Mr. Alexander Jeglic: The McKinsey review was actually a specific request from the minister.

Mr. Parm Bains: You talked a little bit about the one-time funding allocations and that it's not sufficient. You know that this work is going to continue.

I'm not sure if I heard when you were talking about it whether there is an opportunity to put in enough measures, based on the recommendations.

I know you have the report coming at the end of the month. Will we be able to at some point to have some measures in there so that eventually we will see further reductions in some of the complaints? Do you have an idea of how you think you can get that done?

Mr. Alexander Jeglic: I'll answer it as honestly as possible. I think we're nowhere near that point. I think we will continue to see an increase in the number of complaints, primarily because I think our office still does not have a well-known standing within the procurement community.

The more people learn about our office's services, the more people use our services. In many ways, that's a good thing, and we are seeing positive outcomes. I don't want the message from me to be doom and gloom only.

There are certainly aspects of—

The Chair: I'm sorry. That is our time. We're trying to get you out of here at a decent hour.

Go ahead, Ms. Vignola, please, for six minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Jeglic, I see that in the 2024-25 budget, the operating budget for the procurement ombudsman is \$4,480,464. I don't see any increase in the supplementary estimates (A) or the supplementary estimates (B). That budget has to be enough to keep your entire team working and meet the growing demand.

Have you had the same budget for 15 years?

[*English*]

Mr. Alexander Jeglic: Yes, we have that, plus the one-time funding. We do receive one-time funding for the ad hoc review.

We received \$250,000 for McKinsey, \$250,000 for ArriveCAN and \$300,000 for bait and switch.

[*Translation*]

Mrs. Julie Vignola: We, too, have received a lot of documents about McKinsey, ArriveCAN and others. I haven't finished reviewing them, because they are tens of thousands of pages long. In my case, it's just me looking at all of them. You have a team. However, I know that, even when you have a team, it takes an enormous amount of time. It's one thing to read the documents, but it's another

to analyze them, compare them, determine which documents are duplicates and retain the ones that will be used for analysis.

You say that your office received \$250,000 for document review in the case of McKinsey, which amounts to about \$1 or \$1.50 per page, at most. Is that enough to pay your team members to do the work in the allotted time?

[*English*]

Mr. Alexander Jeglic: This gives me the opportunity to speak about the team we have.

We have an excellent team, and I am incredibly proud of the work we do. I think that if I didn't have such a strong team, I wouldn't be able to answer the question as confidently, but we were able to do the review within the allocated budget.

One thing we're trying to do very diligently is ensure that we're spending taxpayer dollars as carefully as possible. Whenever we receive monies, we don't spend in ways that are unnecessary.

That being said, certainly we would benefit from a larger review team, because there is an inordinate amount of pressure on individuals. Again, what we could see happen is that if one of those individuals should leave, it would create an enormous pressure on the organization, because there aren't many resources who are capable of doing these reviews. Therefore, I'll answer your question with a "yes", but with some caveats.

• (1235)

[*Translation*]

Mrs. Julie Vignola: I see that the same operating budget, \$4,480,464, has been allocated to you for 15 years. However, other budgets have doubled over the same period.

Do you need your office's budget to be doubled so that you can operate as you need to and meet the demand?

[*English*]

Mr. Alexander Jeglic: Over the three-year term, that is essentially what we're asking for, but it has to be staged. As a small organization, we can't dedicate all of our time to human resource actions either, so doubling the organization takes time, and we have to do it strategically.

I think we've asked for a \$1-million increase for the next financial year, and then \$3.4 million and then \$4.7 million, which would essentially be a doubling of our annual budget in three years.

[*Translation*]

Mrs. Julie Vignola: If I understand correctly, you want the budget that you're asking for to remain and become the budget base.

[*English*]

Mr. Alexander Jeglic: That's correct, yes.

[*Translation*]

Mrs. Julie Vignola: Okay, that's great.

People may not be aware of how important the role of the procurement ombudsman is in ensuring that procedures are followed. Can you give us a few more details so that the people watching us understand the importance of your role as ombudsman? In a way, you are a guardrail against fraud and non-compliance with procedures, among other duties.

[English]

Mr. Alexander Jeglic: Thank you for your confidence in my explaining of the importance of the role of the federal ombud.

Again, there's only one. I have the authority to do three main things.

Number one is that we do systemic reviews with recommendations across over 90 departments and agencies to improve procurement practices where we see reasonable grounds.

Two, we review complaints from Canadian suppliers about the awarding or administration of federal contracts. Again, that makes us different from the Canadian International Trade Tribunal, which can look only at complaints associated with awards covered by free trade agreements.

Finally, we offer alternative dispute resolution services for Canadian suppliers that successfully win federal government contracts and experience issues. This is something that has been historically underutilized. Here we're seeing more and more acceptances from departments. That's where I see optimism. We are seeing departments with the goal of resolving these disputes successfully. That's happening, and it's an efficiency that saves taxpayer dollars, because it's not going to litigation. It's not costing millions of dollars. Our mediation services typically only take one day. If you have the right people in the room, absolutely, you get resolution and results.

We also see the importance of professionalizing the community. That's why we share knowledge across the community broadly with our knowledge-deepening and knowledge-sharing pieces. We've committed significant energy to diversifying the federal supply chain. I've said a number of times that one of the shocking statistics we've come up with is this: Over the course of my tenure, we have analyzed the data and seen that in many instances of competitive procurements, only 32% result in more than one competitive bid. You have one bidder. Part of my role is making that system work better. You're not benefiting from diverse solutions, or from pricing and competition. That's inefficient.

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Ms. Blaney is next.

Ms. Rachel Blaney: Thank you, Chair.

Thank you very much for being here with us today.

I want to start off with a statement about how much I appreciate what you're sharing. You're making how this works so clear and accessible. That is not always the case.

I want to know a little more about alternative dispute resolution, which you talked about at the end of the past question. Can you give us an example of what you're actually dealing with?

You said that sometimes it can be as quick as one day. Is there a common issue that can be resolved fairly quickly—one you could point out for the committee?

Mr. Alexander Jeglic: Oftentimes, because they're in the administration phase, these disputes revolve around payment or nonpayment for performance, goods or services. Sometimes the question is about conformity of goods, about whether the goods provided meet the specifications.

I just want to say about our ADR services that the dollar value can be \$5,000 or it can be \$500 million. It's an important distinction. I know that sometimes people equate the services we provide with low-value contracts. That's not the case with our ADR services.

I can give you an example. In one of the cases we saw, there was a communication breakdown over a large \$50-million-plus construction contract. These parties had a long-term relationship but stopped communicating with one another. There was needed communication. Our intervention in that situation was simply to re-establish the communication that was legally required by the contract. The parties failed to perform certain obligations because they were so upset with each other. They both lived in a relatively small community and would see each other regularly. You can imagine how this friction point was causing them significant heartache, both professionally and, I imagine, personally. Our intervention was to re-establish the communication. Though there was no monetary component in that mediation, it put them on a solid footing to continue their relationship.

● (1240)

Ms. Rachel Blaney: I assume that if this had continued, it would have impacted the financial process, for sure.

Mr. Alexander Jeglic: It would have, absolutely.

Ms. Rachel Blaney: I know we've been talking a lot about indigenous procurement. I'm wondering how these services that you have—I know you have five pillars—relate to the indigenous community, and what kind of work you do there.

Today we had testimony earlier that felt like the only way indigenous people can get clarity or justice is through the judicial process. How could you be helpful in this? What are you doing currently?

Mr. Alexander Jeglic: That is a point of contention within our office. I'll try to break it down by service, but for indigenous suppliers that have been awarded a contract pursuant to the PSIB, if there's another indigenous supplier that wishes to complain, they cannot complain to our office, because we derive our mandate as a result of the CFTA, the Canadian Free Trade Agreement. Because the PSIB is an exception to the application of the CFTA, we do not have jurisdiction to review complaints from indigenous suppliers for contracts awarded pursuant to the PSIB.

That's also true for the Canadian International Trade Tribunal. Both we and the trade tribunal have flagged this issue.

We also understand, both from testimony and from our own consultations, that there is a desire to have an indigenous-led solution and dispute resolution mechanism, and we also agree with that. However, we think that all suppliers should be put on the same footing by making them eligible to participate in our reviews of complaints.

We can, however, offer dispute resolution services to indigenous suppliers. If an indigenous supplier has an issue under a federal contract, they can in fact seek our ADR services. That is a distinction.

On the first one, I've three times highlighted as a call to action in our annual report that this change is necessary. I think it needs to happen.

Ms. Rachel Blaney: Just help me understand. These organizations can't go to you on these particular issues. What's the alternative for them? Do they have an alternative at this point?

Mr. Alexander Jeglic: To give you a bit of historic context, when the PSIB was originally known as PSAB, there was documentation that seemed to indicate that a dispute resolution mechanism would be stood up at some point. However, until such time, the departments were to determine their own dispute resolution mechanisms within their respective departments. A dispute resolution mechanism was never stood up, and we were prevented from having jurisdiction based on how our mandate is structured.

As I said, it's created a bit of a difficulty when an indigenous supplier comes to us with a complaint. We do have statistics. From 2019 to date, we had 40 indigenous suppliers come to us; 11 were specific to PSIB and four of them filed written complaints that we could not look into because we lacked jurisdiction.

Ms. Rachel Blaney: Is there no alternative?

Mr. Alexander Jeglic: The alternative, I believe, as highlighted in the previous testimony, is the court system.

Ms. Rachel Blaney: Thank you.

The Chair: Thanks very much.

Mrs. Kusie, go ahead, please.

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

Thank you very much, Mr. Jeglic, for returning to the government operations committee.

The President of the Treasury Board came to committee last week and claimed that the new Treasury Board manager's guide for procurement was fixing many problems with the federal procurement process.

In your opening statement, you had five recommendations. Is there any interest from the President of the Treasury Board or the minister of procurement in these five recommendations? Have they indicated to you that they are reviewing these recommendations and taking steps to implement them?

• (1245)

Mr. Alexander Jeglic: To be fair, we've been fully transparent with two of the five. They're in our annual report, and we've highlighted them. I've spoken to the Minister of Public Services and Procurement Canada about those foundational changes.

The other three I've highlighted in my testimony today, but we have not finalized our work, so I can't say those are the definitive five that we will put forward at the end of the work. Those were the five we went out to the experts with.

We will engage in consultations upon conclusion of our work. I can't speak to the likelihood of implementation by ministers.

Mrs. Stephanie Kusie: You mentioned in your opening statement the necessity to stop having band-aid solutions and have real change.

Are you sensing an appetite from either the President of the Treasury Board or the minister of procurement for real change and to bring an end to these band-aid solutions?

Mr. Alexander Jeglic: In some ways yes, and in some ways no.

For those who have worked within the system—and I apologize because I've said this at this committee before—if you look back at historic reviews and audits going back decades, you'll see that you could change the date on them and they would still be relevant. That tells me that the existing framework and the recommendations that were made throughout the following two decades have not been sufficient to rectify long-standing issues.

I think we're at the point now that we need to recognize that broader solutions are necessary, with outside-of-the-box thinking. That is why we've taken the approach of saying that a new car is needed. This car is asked to do many things, but primarily it's to bring us from point A to point B, and I'm not sure it's doing that anymore.

Given the transactional volume per year—\$37 billion—we need a vehicle that's going to work. It almost doesn't matter whom you talk to within the federal procurement system; if they're being honest with you, they will tell you that it's not working.

Mrs. Stephanie Kusie: Would you say that this government has taken significant steps to reform the procurement process, or have they simply written new guides and directives with additional rules or a simplified version of the existing rules?

Mr. Alexander Jeglic: I think, to be honest, that it's all of the above. They have taken steps to simplify the process. They have taken steps, particularly during COVID.

There was a unique opportunity to work closely with provincial and municipal entities to engage in bulk buying. That created some economic synergies across procurement that I had hoped would continue beyond the COVID dynamic. There's still work going on in that area, and documentation is made available to provincial colleagues so that they can use federal templates. I know that there has been significant work on simplification.

However, again, the work that's been done is insufficient. It's not to comment on the intention, but if you pick up a solicitation document.... I'm a lawyer and I've been in this space for over 20 years, and I find it incredibly cumbersome and difficult sometimes to understand what I'm being asked to look at or do, and I'm someone who should know. Imagine if you were a small or medium-sized business.

The one thing I will say is that the inclusion of Procurement Assistance Canada is a significant step in the right direction. They essentially provide the opportunity to work one on one with small and medium-sized suppliers and help guide them through the process. That, in and of itself, is not simplification; that's an acknowledgment that the system is too complex and that you need this additional measure to guide them. The answer is to fix the system.

Mrs. Stephanie Kusie: I think that the term "COVID environment" is a very gracious depiction of panic and reaction.

Thank you for your time here, Mr. Jeglic.

Thank you, Chair.

• (1250)

Mr. Garnett Genuis: On a point of order, Chair, I will just flag that a revised version of the motion has been sent by email and put on notice. I wanted to make sure that people were aware.

The Chair: That's perfect. Thanks very much.

Mr. Jowhari, go ahead, please.

Mr. Majid Jowhari: Thank you, Mr. Chair.

Once again, welcome, Mr. Jeglic. It's good to have you in our committee.

I had an opportunity to read the report. In your recent annual report, you referred to the need for a change to your mandate. I think, in response to Madame Block, probably that's the area you were tangentially passing on.

Can you explain what changes to the mandate of your office are being considered right now?

Mr. Alexander Jeglic: The changes that we've requested are long-standing and go back three or four years. Those were the regulatory changes. The way I answered the question was also with the foundational changes that we've seen necessary that are much more broad than the ones that I'll describe to you.

One of them gives us the authority to review complaints from indigenous suppliers on contracts awarded pursuant to the PSIB.

The second is the right to compel documentation. That has been something that this committee has kindly offered to help with. If we're seeing issues of documentation not being provided by departments or agencies pursuant to our reviews, we could engage this

committee. The marker I'll put down is that I still have more rights as a Canadian citizen making an access to information request than I do as the procurement ombudsman requesting documentation.

The final one is changing the opportunity to award damages so that I can make a recommendation for lost profit or a recommendation for bid costs associated with complaints. Currently that's capped at 10%. We've heard that this is an artificial restriction on some people bringing forward complaints because, again, these are busy businesses. If they don't see that it's worth their while financially to bring a complaint forward when there is merit, then they're not going to bring the complaint. We're seeking that ceiling to be increased to 25% from the existing 10%.

That being said, documentation has to be provided in order to validate it, so it's not just a simple jump from 10% to 25%. It would be upon validation of actual lost profits or upon validation of actual bid costs.

Mr. Majid Jowhari: That's great. Those are points that we could use in our study.

What impact does this new mandate have on the budget and on your FTE equivalents?

Mr. Alexander Jeglic: Making those changes would obviously increase complaints, and it would also increase the eligibility of additional complainants on the indigenous side.

On compelling documentation, that should have no impact on the FTEs or costing; it's just access to documentation.

Mr. Majid Jowhari: Thank you.

My next question has to do with independence. I'm referring to section 11 of your report. On page 33, under "Parliamentary Authority", it reads:

The funding approved by the Treasury Board for the operation of the Office of the Procurement Ombud is part of Public Works and Government Services Canada's (PWGSC) appropriation, and consequently, the Office is subject to the legislative, regulatory and policy frameworks that govern PWGSC. Nonetheless, implicit in the nature and purpose of OPO is the need for it to fulfill its mandate in an independent fashion, and be seen to do so, by maintaining an arm's-length relationship with PWGSC and all other federal departments.

What is the issue here?

Mr. Alexander Jeglic: From an independence standpoint, if you're talking about.... I just want to make sure I'm answering your question properly.

When it comes to one-time funding, what is my concern around independence?

There's something called the Venice principles. Those are the governing principles for the operation of ombuds' offices. One of the principles, number 21, speaks to how "Sufficient and independent budgetary resources shall be secured".

Currently, being independent is a challenge of resources. If I'm asked to do a review that I don't currently have the budget for, I need to go to the minister and ask for those financial resources. It gives the minister a decision point that I would argue impedes our independence. If he should determine that no resources will be provided, but we have determined that reasonable grounds exist to launch the review, it's a bit of an awkward situation.

Now, the statute indicates that we must launch a review, but I do not have the resources to do so. It puts the minister in an awkward position as well.

• (1255)

Mr. Majid Jowhari: Thank you.

I have five seconds, which I yield back to the chair. Thank you.

The Chair: Thanks very much for those five seconds.

Mrs. Vignola has the floor for two and a half minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Jeglic, we've talked a lot about the increase in requests. We also talked a little bit about indigenous businesses and their needs. Everything you are saying is helpful, but hearing you talk about the need to fix the system delights me the most. As you say, the procedure is not working. When you have to have someone meeting with a contractor to explain the procedure and support them in their process, something is wrong.

What would you suggest to streamline the process while keeping any gaps out and preventing fraud so that nothing falls through the cracks, as they say?

[*English*]

Mr. Alexander Jeglic: I'll compliment the committee. I think the accountability the committee is bringing to the supplier community is incredibly important. The work I do looks more at the practices of departments and less at the practices of suppliers. I find the work the committee is doing to hold suppliers accountable for inappropriate practices is particularly helpful. I guarantee you it will have positive outcomes in the procurement system moving forward.

In terms of what I can suggest as foundational changes—I'll never stop talking about this until it happens—there's the government-wide vendor performance management framework. Its implications are so significant. It's such a basic principle: The Government of Canada should work only with suppliers that are performing well. It should not work with poorly performing suppliers. Everyone would agree with that principle. We have to stand up not just a department-wide system, but a federal system across all departments and agencies. Public Services and Procurement Canada, to compliment the department, is currently running a pilot within the department, but that's still at the departmental level.

One other thing I'll highlight is that we would like to perform ADR work for appeals pursuant to the vendor performance management framework, so we need to stand up that capability, but again, where are we going to find those resources, both financial and human, in order to do that? We believe we're the right entity to

do it, but we need the resources. Those will need to be stood up in the next year or two. Time is of the essence.

I think we'll also—

The Chair: Speaking of time, that is ours.

Ms. Blaney, go ahead, please.

Ms. Rachel Blaney: All right.

I'm going to ask you two questions at once so that I can give you as much time to respond as possible.

First of all, I love how you've laid out the funding increases so that you actually have time to catch up to yourself enough to do it well. I think that's a really great and honest way of doing it.

You talked about the one-time funding and wanting to hire permanently, and if you have people switching it up all the time from temporary positions, quite frankly, that's just what happens; they move towards a permanent position.

What does that mean for your expertise development and doing the job as proficiently as possible?

You also talked about not having enough resources to do those follow-up reviews, which I think are really important. Some of the situations we're looking at right now in this committee happened because there wasn't a process for ongoing accountability until it all became a huge mess and a crisis.

I'm wondering if you could address those two issues in the context of your increased ask.

Mr. Alexander Jeglic: Thank you. I'll speak to the second question first.

It would pain me to stop doing the follow-up reviews. You used the word "accountability", and that's really what the follow-up reviews bring. The challenge is that there's nothing mandatory in my legislation that requires me to do the follow-ups. However, I am required to review complaints, I am required to do systemic reviews when reasonable grounds exist and I do have to offer ADR services.

Unfortunately, in the prioritization, that would be one of the first things to go. As someone who speaks about accountability, it would be incredibly awkward for me to come before the committee and not be able to speak with confidence and say that recommendations have or have not been successfully implemented. That's what the follow-up reviews are meant to do.

The first part of your question is about training and resources and the shifting of the part-time or temporary resources. Training is a significant part of our office, and everyone sees that as a necessary component of their time at our office. We want to see them grow within our office. We see that there's an increased sophistication in work, and they are excited by that as well, so they fully buy into the training component.

We hadn't experienced significant turnover until the workload became onerous, and then it became a work-life balance issue. Even though people really enjoy the work, there are other places where they can also enjoy the work and have a better work-life balance. Training, obviously, is important. The world of procurement is constantly changing, so we need to be able to stay current with the issues.

• (1300)

The Chair: Thank you, sir. I apologize, but we're out of time.

Mrs. Kusie, go ahead, please.

Mrs. Stephanie Kusie: Thank you very much. I will pass my time over to Mr. Genuis. Thank you.

The Chair: Go ahead, sir.

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

Thank you, Mrs. Kusie, for your generosity.

Could you update us on your work on indigenous procurement in general and the timelines for that? When are we going to be able to hear back from you on it in general?

Mr. Alexander Jeglic: The motion was passed in September. However—and I hate to answer this way—we have not yet secured funding to launch an indigenous procurement practice review.

We have been tracking, obviously, the developments within the committee. We have been doing background research. We have not yet established reasonable grounds.

There are two components that will still need to happen before we can officially announce any action: First we would need to establish reasonable grounds, and second, we would need to secure funding, and neither of those has been completed as of yet.

Mr. Garnett Genuis: Okay.

Help me understand the “reasonable grounds” piece. There's been so much that is explosive that's come out of this discussion, including the resignation of a cabinet minister. Is it sort of in process, or are there other things you need to see in order to demonstrate reasonable grounds?

Mr. Alexander Jeglic: We also understand that the Auditor General is looking at indigenous procurement, and, as we'd seen in both McKinsey and ArriveCAN, we both did complementary reviews.

Part of the process is to identify what lines of inquiry the Auditor General will be looking at, because we have four that we're currently looking at, and we want to make sure that we offer insights in areas that are not duplicative of what the OAG is going to perform.

Mr. Garnett Genuis: Okay.

Do you have any perspective or sense of when that process can be completed? How can we help you ensure that the funding is secured?

Mr. Alexander Jeglic: From the funding perspective, obviously my preference is to have the funding request accepted to enable us to stop asking for one-time funding, because it just brings us back to all of the issues that we've seen, but if that doesn't happen, then we will have to revert back to the one-time funding.

There is a meeting scheduled between me and the CFO on, I believe, the 17th of December, at which point I'm going to raise the funding question for indigenous procurement. I'd happily report back on the outcome of that meeting.

Mr. Garnett Genuis: If it goes well, are we talking about getting a report by spring of next year, or by fall?

Mr. Alexander Jeglic: Mr. Chair, the reports are typically one year in duration.

Mr. Garnett Genuis: To make sure we don't run out of time, I want to move my motion now, with one further change, following discussion that will hopefully make this go very smoothly.

I move:

That the committee invite the following witnesses to appear in relation to potential abuse of the indigenous procurement rules involving Canadian Health Care Agency: Canadian Health Care Agency, Sharon Umana, Jessica Sultan, Melanie Reid, [Garry Hartle] and Pearl Chilton. Further, that the committee authorize the chair to summon representatives of the Canadian Health Care Agency if they do not agree to appear.

The Chair: Go ahead, Ms. Blaney.

Ms. Rachel Blaney: I have no problem with that.

I wouldn't mind doing a friendly amendment to add, at the end, “and that the committee hear from these witnesses in a meeting scheduled during the regular sitting hours of the House of Commons.”

I will forward that and I am open to discussion.

The Chair: I think I see agreement on that. It's for when the House resumes. Will we do that?

Some hon. members: Agreed.

The Chair: You have about 30 seconds left, Mr. Genuis.

Mr. Garnett Genuis: Thank you again for your work.

The time I have left will be on the issue of referral to the RCMP.

We heard earlier that Mr. Hartle identified some issues. He wanted those things referred to the RCMP. That didn't happen.

What can you tell us about when there is criminality involved in procurement and there should be a referral to the RCMP? How should that be managed?

• (1305)

Mr. Alexander Jeglic: From our perspective, the moment we see an issue of criminality, it is referred to the RCMP. To date, the only conversations we've had with the RCMP are in relation to the ArriveCAN review.

The Chair: Thank you, gentlemen.

Mr. Kusmierczyk is next.

Mr. Irek Kusmierczyk: Thank you so much, Mr. Chair.

Thank you so much, Mr. Jeglic, for being here today, and for always bringing insightful testimony to the work of this committee.

You mentioned that your caseload is increasing. It's also increasing in complexity. What's driving that increase, as you see it?

Mr. Alexander Jeglic: Predominantly, it's awareness of the existence of our office and the services we provide. That's partly due to the enhanced spotlight given to the office by our reviews of Arrive-CAN and McKinsey.

It's also due to sustained outreach. We do town hall meetings. I'll actually be jumping into a town hall meeting with Atlantic Canada at one o'clock today. I guess I'm already six minutes late for my town hall.

Part of that outreach is making sure that federal suppliers are aware of our services. Equally, we speak to federal departments, making them aware of how they could use our services. It's incredibly important for them to understand as well that our goal is to make the federal system work better for everyone. That includes departments. We're a resource for them as well, so we do departmental meetings. Again, I just did one last week. These are opportunities to speak directly to buyers and hear the issues they're experiencing first-hand. They can also bring issues to our attention that could give rise to a systemic review or a dispute resolution mediation process.

Mr. Irek Kusmierczyk: You do a lot of community outreach, I noticed. You're on social media. The office is on social media. You do town halls across Canada. You came to Windsor two years ago, if I'm not mistaken.

What portion of that budget is dedicated to community outreach and awareness? Awareness of this office, the OPO, has definitely been building.

Mr. Alexander Jeglic: Unfortunately, it's a very small portion. We try to be as creative as possible, and cost-effective.

As you mentioned, social media is an avenue we use. We also do outreach by way of town halls, many of which are virtual. We find interactions to be a little more authentic in person. We get a different appreciation of the issues suppliers are feeling when we actually go to their location. We don't have a significant budget for that travel component, but we have a national mandate that requires us to serve suppliers across Canada.

I know I didn't directly answer your question. We can submit how much we specifically spend on outreach in writing.

Mr. Irek Kusmierczyk: Yes, that would be great. I know you do a lot more than just analysis and reports. As I said, outreach is important to the office.

How would you measure ROI, the return on investment, for Canadians? If you were at a town hall with residents, how would you explain to them what the return on investment is for the Office of the Procurement Ombud?

Mr. Alexander Jeglic: Specifically on complaints, I guess the ROI is based on the statute and the regulations. The return on in-

vestment is to ensure fairness for them. It can be by way of compensation.

For mediation, it's also an expedient and cost-effective alternative to litigation, so there's a significant ROI there. While I can't quantify it, I can certainly say that those who have participated in litigation will extol the virtues of a one-day mediation process that leads to a mutual consensus resolution of the issues.

The ROI that's harder to quantify is on the systemic reviews in which we make recommendations to departments. Again, the point there is that we're talking about \$37 billion of transactions, so whether the recommendations are around transparency or efficiency, the goals are always to make the process more efficient and simplify the process. While I can't quantify the ROI specific to procurement practice reviews, I would say that it is substantial.

• (1310)

Mr. Irek Kusmierczyk: Has there ever been an attempt to study or assess an ROI of the work of the Office of the Procurement Ombud?

I'm just curious.

Mr. Alexander Jeglic: Mr. Chair, it's a fair question. It's a question I've asked within the last year to help further support our request for financial resources and to be able to demonstrate the cost efficiency associated with the work that we do. We have not yet undertaken that work. As you can imagine, it takes resources and/or money to undertake that review and that's, unfortunately, the difficulty we're having. Even to put forward the financial ask itself is a laborious process. It's taking resources away from doing the analysis and the outreach, etc.

We are very committed. I think that if you ask the department about the professional nature of the proposals we put forward, you'll hear we do take them very seriously. We want to be very rigorous. However, in terms of quantification from a monetary standpoint, that is not something we have done yet.

The Chair: Thank you very much, colleagues.

Mr. Jeglic, I appreciate you being with us again. You've shown us, as always, why I consider you a friend of this committee. I hope we can do everything to support you. Perhaps, with the committee's approval, once you've done that study we spoke about earlier, we can have you back to discuss it.

Colleagues, we are going to suspend for about 30 seconds. We have a hard cap in about three minutes. I think we'll go in camera. I only need about 30 seconds of feedback from everyone on an issue.

Mr. Jeglic, again, thank you very much.

We're suspended.

[Proceedings continue in camera]

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