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Chair: Mr. John Williamson



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• (1100)

[*Translation*]

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

Good morning, everyone.

Welcome to meeting No. 62 of the House of Commons Standing Committee on Public Accounts.

Pursuant to Standing Order 108(3)(g) the committee is meeting today in consideration of the Main Estimates 2023-24: Vote 1 under—

[*English*]

Are you getting translation?

Mr. Clerk, I'm told the translation is not functioning.

The Clerk of the Committee (Mr. Cédric Taquet): I'm on it.

The Chair: Thank you.

Excuse me, everyone. I will pause for a second.

• (1100)

(Pause)

• (1100)

The Chair: My apologies.

I am told we are ready to go.

Again, welcome to meeting 62 of the House of Commons public accounts committee.

[*Translation*]

Pursuant to Standing Order 108(3)(g) the committee is meeting today in consideration of the Main Estimates 2023-24: Vote 1 under Office of the Auditor General.

[*English*]

I'd now like to welcome all our witnesses.

From the Office of the Auditor General is Karen Hogan, Auditor General. It's nice to have you with us again. We have Andrew Hayes as well. It's nice to see you, sir.

They are deputy auditor general and Auditor General respectively.

Also with us is Paule-Anny Pierre. *Bonjour*. It's nice to have you with us. She is the assistant auditor general.

As well, we have Vicki Clement, acting assistant auditor general and chief financial officer.

Ms. Hogan, you have the floor for five minutes, and then we'll go to questions from the members. It's over to you, please.

[*Translation*]

Ms. Karen Hogan (Auditor General, Office of the Auditor General): Mr. Chair, we are pleased to be here today to discuss the work of our office, including our most recent departmental reports.

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

The Office of the Auditor General of Canada serves Canada through leadership and partnerships in audits that support trust in public institutions and continued public service excellence. We do this by providing Parliament and territorial legislatures with independent and objective information, advice, and assurance about government financial statements and the management of government programs. The Commissioner of the Environment and Sustainable Development assists me by conducting reviews and audits according to his areas of expertise. We also support the development of legislative audit methodology and accounting and auditing standards, and we contribute to improving public sector auditing internationally.

• (1105)

[*English*]

I want to first provide you with some of the highlights of our accomplishments in 2021–22, as presented in our departmental results report. We provided this report to Parliament in December 2022. Of significance in 2021–22, my office dealt with a long and difficult strike.

As shown in our financial statements, our net operating cost was \$126.1 million, and we employed the equivalent of 727 full-time employees. With these resources, we reported on 12 performance audits and three special examinations of Crown corporations. In addition to some performance audit reports, the commissioner of the environment and sustainable development delivered the annual report on environmental petitions, the review of departmental progress in implementing sustainable development strategies and a report on lessons learned from Canada's record on climate change.

In addition, we launched our “Update on Past Audits”. This interactive dashboard provides a snapshot of the progress that select departments and agencies have made in areas we previously audited. You can find it on our website.

We also audited the financial statements of 90 federal and territorial government organizations and Crown corporations, including those of the Public Accounts of Canada. We issued clean opinions on 86 of these financial statements.

Finally, we also presented our annual commentary on our financial audit work.

[*Translation*]

In our departmental results report, you will find indicators of the impact of our work. The level of parliamentary engagement with our performance audit reports is one of these. Overall, parliamentary committees reviewed 80% of our reports in 2021-22, up from 61% in the previous year. There were 34 committee appearances focusing on the work of our office. I want to thank the Standing Committee on Public Accounts for reviewing all of the performance audits that we referred to it during the year, as well as two reports of the Commissioner of the Environment and Sustainable Development.

During the year, we also continued to review and renew how and where we work. For example, we launched modernization efforts and started laying the groundwork for our transition to a hybrid workplace, including converting some of our existing office space to follow a hotelling model.

I would like to turn now to our main estimates and departmental plan for the 2023-24 fiscal year. In this plan, we introduce our updated departmental results framework. This framework provides revised departmental results and the indicators we will use to measure our progress in delivering these results.

[*English*]

Our total budget is \$122.6 million for the 2023-24 fiscal year. With these resources, we plan to employ the equivalent of 765 full-time employees.

During this period, we plan to issue 89 financial audits, six special examinations and 25 performance audits. This includes the audits that Parliament has requested on the government's ArriveCAN application and on the use of contracts for professional services. We will also deliver all other reports that are required annually in the environment and sustainable development portfolio.

In addition, we will also be working on several large initiatives that are already under way in our office. They include our transformation journey, and adapting our workspaces and systems. Managers have been back in the workplace for at least 37.5 hours each month since January 2023, and other employees will return as of June 1.

Enhancing the value of our audits and better understanding stakeholder needs remains a priority for us.

Mr. Chair, I could not be prouder of everyone in my office. My colleagues are engaged and motivated to make a difference for Canadians.

We thank the committee for its ongoing support and use of our work. We would be pleased to answer any questions you may have.

Thank you.

• (1110)

The Chair: Thank you very much.

I know members are anxious to ask questions. I'll begin with Mr. McCauley.

You have the floor for six minutes, please.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks, Chair. Welcome back, everyone.

I'll just put you on notice that as you did not say “Go, Oilers, go”, I will be putting through a motion to defund your department entirely.

There's very little in the estimates—one line—so I'm not going to bother with anything from the estimates page.

I just want to go through your departmental plan. I'm going to flip through it and ask questions as I go, if you don't mind.

Starting off with the hybrid work model, can you explain what your department is doing? I think Treasury Board has stated a minimum of two or three days back. Is that in effect right now with your department?

Ms. Karen Hogan: That requirement for the Treasury Board applies to the core public service. We are not part of the core as an independent agent of Parliament, so we can follow the spirit. We were asked to follow the spirit of that return to office.

Back in 2021, we had already announced to our employees, well before the public service had made its announcement, that we would be bringing everybody back into the workplace for a minimum of 37.5 hours a month. We wanted teams to do it with a meaningful intention—not come in and sit on MS Teams, but to come in to work collaboratively, because we valued that face-to-face interaction as a culture. We rolled that out as of January this year.

Mr. Kelly McCauley: What are you averaging right now for in-place work?

Ms. Karen Hogan: Right now we have only our management team in. We were delaying the return of all of our employees as we were trying to modernize our workspaces. However, unfortunately, with supply chain issues, converting our offices to be more conducive to hotelling for a hybrid workforce has been delayed, so we decided to just bring everybody back in June.

On average, everyone is doing their minimum and then some, because some of our auditors are out at audit entities much longer than that in—

Mr. Kelly McCauley: Are you able to measure your productivity?

Ms. Karen Hogan: We measured our productivity even pre-pandemic. We measure how many hours it takes to deliver certain audits. We always challenge auditors to be more effective and efficient at their audits. Then internally, we track things like sick leave and milestones of key projects in order to see productivity on that front. The rest of the productivity you see as we deliver audits to you that involve communications, contracting and so on.

Mr. Kelly McCauley: How is it affecting productivity? Is it the same? Has it increased, decreased? Is it too early to say?

Ms. Karen Hogan: Coming back into the workplace, do you mean?

Mr. Kelly McCauley: Right now people are still working at home, not in the office. How is the productivity compared to pre-pandemic?

Ms. Karen Hogan: I think I'll ask Andrew whether he wants to add a little bit more on that.

We definitely saw a dip at the beginning of the pandemic. We saw gains in efficiencies because we weren't travelling but inefficiencies because of delays in getting information from audit entities.

You might have some more to add to that, Andrew.

Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General): I might add that as other organizations are also still facing a hybrid working environment and some people are not in, it does take longer, as Karen mentioned, to get information.

As you can imagine, a face-to-face discussion about the information we need could resolve an issue a lot faster than a back-and-forth of emails. Likewise, as our financial auditors are working with other organizations and may not be seeing people face to face as often as they would have before, some of our audits take a little bit longer to do.

Mr. Kelly McCauley: Okay.

On page 5, under “Our core responsibility: Planned results and resources”—and this is not a criticism—on the last line, you talk about “By building on a culture that emphasizes respect, well-being, inclusivity, and continuous growth, the OAG expects to increase employment engagement”. Why isn't “competency” in there as a focus?

Ms. Karen Hogan: Why isn't...? That might have just been an oversight. Obviously our workforce is incredibly competent. We have professionals all across the organization, whether they hold professional designations or are professionals in HR and communication—

Mr. Kelly McCauley: Oversight is a fine answer.

On the next page, when you talk about “OAG FLEX”, this gets back to the hybrid model. You're saying 37.5 hours a month. Was any of that changed by finally settling the contract issues that were

ongoing, or is any of this affected by current negotiations? I realize that you don't follow the Treasury Board.

• (1115)

Ms. Karen Hogan: Not at all, but we keep a really close eye on what the core is doing. While we've adopted a motto of coming in for a minimum of 37.5 hours, we've implemented a hybrid work policy that should cover the majority of people. If you want to permanently telework or have a different arrangement, then you get a telework arrangement, instead of our ensuring that every employee has a telework arrangement.

We'll watch what goes on in the core to see what changes might be made. We try to adopt the main principles of Treasury Board.

For example, with the kinds of rules that Treasury Board has for giving permanent telework, we adopt—

Mr. Kelly McCauley: I'm going to interrupt because I just want to get one last question in on this round.

On page 7, in the section on the UN agenda for sustainable development, you say that you're committed to aligning your audit work to support this agenda. Why? Is this a direction from the government? Is this a personal objective?

Ms. Karen Hogan: It's a personal objective that the office adopted a while ago, and it's in line with the commissioner of the environment and sustainable development's mandate. We believe that we should walk the talk to ensure that we hold every audit entity to adopting sustainable development strategies, as we will do within our own organization. It really is something that we wanted to do.

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

Was there another comment?

Go ahead, please, Mr. Hayes.

Mr. Andrew Hayes: If I can just make a 10-second comment, the United Nations sustainable development goals were committed to by Canada in 2015. They contain goals, targets and measures that we use as criteria to hold government to account.

The Chair: Thank you.

Mr. Fragiskatos, you have the floor for six minutes as well, please.

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

Thank you to all of you for being here again today.

Auditor General, last year you spoke about the international work of your office. I wonder if you could expand on that in terms of relationships your office has with similar offices, particularly in emerging democracies, but add anything you want as well.

Ms. Karen Hogan: I'll let my colleagues think about whether they want to jump in.

We are the independent external auditor for two international organizations. It was UNESCO and Interpol in the year in question.

We do that work, but we do a lot of engagement on the INTOSAI front on sustainable development goals. We also welcome international fellows into our office in order to encourage and develop performance audit capacities in international organizations.

Then we do spend a lot of time actually collaborating with the auditors general across the country at the provincial level—and I've started to engage with some at the municipal level—so we can share best practices and support each other across the country.

Mr. Peter Fragiskatos: Thank you very much.

Staying with the international focus, how do you measure outcomes in terms of the engagement and whether or not it is producing the expected results you're hoping for?

Ms. Karen Hogan: I might turn to Paule-Anny to add how we intend to do that more consistently in the future.

Admittedly, we probably didn't measure outcomes as well as we should have in the past few years. We would measure it on exactly what I accuse some departments of using, which are the outputs we do, such as speaking engagements or fellows we might welcome, or committees we might participate in on INTOSAI. Our intention is to be a little more focused and actually measure our outcomes in a better way.

Paule-Anny, did you want to add anything?

Ms. Paule-Anny Pierre (Assistant Auditor General, Office of the Auditor General): Yes, sure.

As part of the new suite of indicators that we are introducing at the program level, we will have indicators that will seek to get feedback from those different partners—even entities and members of this committee—to assess to what extent we bring value, to what extent our work is useful and to what extent it supports reporting or accountability responsibilities.

You will see those in the new departmental results framework, which is to be reported in two years.

Mr. Peter Fragiskatos: I wanted to shift focus to hiring and maybe to the challenges that exist in hiring, although I do see that about 150 employees have been added during the pandemic, which is significant, I think.

I often hear this from different departments, for example, where there's competition with the private sector. The Deloittes of the world, to use just one example, have the ability to pay quite well, and so does the Canadian public service, obviously, but there is that competition factor there.

Do you have any comments, Auditor General, on the nature of that challenge and whether it is a real challenge? If it is, does it

stand in the way of your ability as an office to continue to maintain a sizable workforce so that you can continue to do the work that you do?

• (1120)

Ms. Karen Hogan: There are a lot of elements that play into our ability to attract and retain the skilled professional resources that we need. I think in any given year, normal attrition sees us needing to hire about 100 individuals across the organization. That ebbs and flows. Sometimes it's a little higher than that.

While we hired many during the pandemic, we also received additional funding. The intention was to ramp up and increase our workforce.

I could talk a bit about the profession, and then I would like to talk about the impact the strike had on our organization.

I would say the accounting profession in general—given that a significant amount of our workforce is made up of CPAs and financial auditors—is seeing a decline in people going into accounting and then, more importantly, going into the auditing field of accounting. You can get your CPA now in so many varied ways. That is just a reality that AG offices across the country and accounting firms are facing.

That being said, we also hire so many other, diverse professions. We have lawyers, engineers and economists. There's always an issue on that front.

We struggled a lot in the area of professionals in communications and professionals linked to public service matters, including HR professionals and procurement professionals.

All of our support services were on strike, really, so if we go back to the impact of the strike, we had about 170 people who were out on the picket line. By the time everyone returned, after we had a deal and about a month later, we saw that of those 170, about 35 or so had left the organization for various reasons.

We then saw a sharp increase in sick leave. We were hard hit in our procurement office, HR and communications, for sure. For example, we wanted to have 14 procurement officers in order to support our modernization efforts, but a month after the strike, we were down to three. We have to re-staff all of that. It causes so many delays in our ability to advance projects, and then there is the need to hire. We saw a sharp decline of about two-thirds in our HR capacity, which really ground hiring to a halt.

I think there are many factors that play into the difficulty in properly resourcing an organization.

The Chair: Thank you. That is all the time.

[Translation]

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

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

I'd like to thank the witnesses for having come here in person. I'm pleased to see the many faces here for a meeting that we might describe as more normal.

My first question is about the fact that you said you had produced fewer reports this year, owing to the strike. In a normal year, what percentage is allocated, let's say, to public account audits, departmental performance audits and Crown corporation performance audits? We know that the latter, in most instances, are already audited by external auditors.

If you could briefly provide an estimate of all that, it would help me understand.

Ms. Karen Hogan: It's funny that you should think it was more like a normal meeting. For me, it certainly isn't because I seem to be answering all the questions rather than the ministers, but I'm okay with that.

In a typical year, I'd say that about two-thirds of our auditors are financial auditors. That's a lot of work. It represents approximately 260 employees on the financial side. That covers federal and territorial financial audits. For the performance audits, we average about 170 auditors, and for the rest—

• (1125)

Ms. Nathalie Sinclair-Desgagné: You're saying that two-thirds are financial auditors. What's the other third?

Ms. Karen Hogan: Can someone tell me what 170 out of 800 amounts to? I'm not a calculator. Is that about 20%?

Ms. Nathalie Sinclair-Desgagné: Yes, that's it, one-fifth.

Ms. Karen Hogan: So 20% of the employees do performance audits.

You mentioned Crown corporation audits. We are the external auditor for most of the parent Crown corporations, except for a few. We sometimes do a joint audit with an external accounting firm, and sometimes we are the only auditor. We audit most of the parent Crown corporations, but not necessarily their subsidiaries.

Ms. Nathalie Sinclair-Desgagné: In a normal year, how many performance audits are you capable of doing, prior to the funding

increase that will enable you to hire more employees and potentially do more audits?

Ms. Karen Hogan: Before our funding increase, we had done about 14 performance audits, three of which were for territorial governments. We try to do one performance audit per territory each year. So there were 11 for the federal government and three for territorial governments. Our usual objective is to do 25, three of which are for territorial governments. That means 22 for the federal government. That's in addition to all the other annual reports that the Commissioner of the Environment and Sustainable Development has to produce under the act.

Ms. Nathalie Sinclair-Desgagné: This year, of course, on top of everything else, there was a strike. How many performance audits did you do in all?

Ms. Karen Hogan: I don't think you're talking about the fiscal year covered by the current study, which is 2021-2022, but rather the one that just ended.

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

Ms. Karen Hogan: I think we've done 23 audits, but we need to factor in the audit for Bill C-2.

Ms. Nathalie Sinclair-Desgagné: Right, for support related to the pandemic.

Ms. Karen Hogan: The audit of support programs for COVID-19 was huge. It covered around six programs, so that could make the number a bit higher.

Ms. Nathalie Sinclair-Desgagné: My next question is about the Crown corporations.

During the 2020-2021 fiscal year, there were relatively few performance audits of Crown corporations. We know that they weren't included in the Public Accounts of Canada. As you mentioned, your office is the external auditor for most parent corporations, with the exception of a few, and it sometimes does these audits jointly. So you can do performance audits for them, but that's all, if I've understood correctly.

Ms. Karen Hogan: Our mandate for the Crown corporations is rather complicated. We do an annual audit of the financial statements for almost all the parent corporations.

Ms. Nathalie Sinclair-Desgagné: Which ones don't you do?

Ms. Karen Hogan: We don't audit the Bank of Canada or the Canada Pension Plan Investment Board.

Ms. Nathalie Sinclair-Desgagné: Why don't you do those audits?

Ms. Karen Hogan: For the financial audits, that's a question you would have to ask the lawmakers. Our office was not mentioned in the acts pertaining to those two corporations.

Ms. Nathalie Sinclair-Desgagné: Okay.

Ms. Karen Hogan: That's it for the financial statements. We do those audits every year.

We also have a mandate for special examinations. Under the act, we are required to do a special examination of parent Crown corporations every 10 years. We try to do between three and five special examinations per year.

As for our performance audit mandate, it's rather complicated. We can usually include a Crown corporation if it is administering a government program. However, the Auditor General Act is a little less clear on special examinations for Crown corporations.

Ms. Nathalie Sinclair-Desgagné: Perfect. I will return to this in the next round because I believe I have about 20 seconds left. How much time do I have, Mr. Chair?

The Chair: You have 24 seconds left.

Ms. Nathalie Sinclair-Desgagné: Okay.

What I'd really like to know is how it might be possible to amend the act to improve it or to expand your mandate. I'll let you think about that until the next round.

Thank you.

The Chair: Good. Thank you very much.

[*English*]

Mr. Desjarlais, you have the floor for six minutes, please.

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

I too want to thank the witnesses for being present here, especially the Auditor General, on such an important day for us.

I want to ask you about your future plans, but on a more particular aspect I am personally, but also on behalf of Canadians, very interested in regard to your experience with the strike. Of course, we have seen unprecedented action this last year in terms of workers demanding respect and trying to understand the issues pertaining to each unit.

When I first arrived in Parliament, there was a matter of disagreement between us and the fact that the Auditor General's Office was going on strike. I met many of the workers, nearly 160 of them, and many of them talked about the terrible working conditions, the culture, the issues of pay, going to food banks. These were workers who were under your charge.

Why was it that when we brought you in to speak about these issues, and we even brought in members of the Treasury Board, we were unable to get an answer to the question of who was accountable and who was making the decisions?

During that time, I asked you directly whether or not you could end the strike, and you responded with no, you could not, and that it was a mandate of Treasury Board, which had to give you an ability to do this. Then when we asked Treasury Board the same question, they said no, it was the direct employer. As a result, I'm a bit confused, and I think Canadians are confused as well.

Who did this in many ways, in terms of who wasn't at the table and who was accountable, and why did the workers feel as though they were forced to go on strike?

• (1130)

Ms. Karen Hogan: In my mind, responsibility and accountability were always very clear. The Auditor General Act makes me accountable and responsible for setting the terms and conditions for all employees unless they are represented by a bargaining agent. When they are represented by a bargaining agent, it becomes the Treasury Board Secretariat. It was very clear to me that I was negotiating within the mandate given to my office by Parliament. We did have a team of negotiators, but we have to—and I think I explained this to the committee before—stay within the financial envelope or fence that is given by Treasury Board.

Mr. Blake Desjarlais: Specifically on the envelope, I think this is the most interesting aspect. I think Canadians want to see transparency and some light into how the strike actually happened. In terms of your example, one of the earliest in this Parliament, it could help with this. I really do appreciate your answers here in this respect.

On the envelope, it's my understanding that this envelope is established largely by Treasury Board through a global mandate and binds several bargaining agents and several bargaining tables, including yours. Do you have any ability to advocate for yourself as an employer with Treasury Board, and to understand the circumstances that arose with the strike? Were you able to actually have your voice heard to prevent such a strike?

Ms. Karen Hogan: I was able to speak to Treasury Board, but I cannot change the envelope, the mandate that is given to us.

You are correct that it is a financial mandate that is given by Treasury Board to bargaining agents. It's based on a percentage, I believe, of the salary of the employee group. I could not make that larger.

If I had brought forward a deal that went outside of that, it would still require the government to approve it. We believed that it would not get approved. We were clearly told that we needed to stay within the envelope provided.

Andrew, I don't know if you want to add any particularities.

Mr. Blake Desjarlais: Sure.

Mr. Andrew Hayes: I might add a few things.

We wrote to the committee in December 2021 to inform the committee about some of the challenges that we faced in terms of collective bargaining and that particular strike, which had only just begun. When we had the hearing here—and I forget the date, but it was earlier this year—we had central agency representatives here. The associate deputy minister of finance provided some clarity on this, stating exactly where the mandate came from. I believe he even mentioned that it comes directly from the Prime Minister. I could be wrong on that, but I'm sure the blues for that will show what was said.

For us, ultimately there's a degree of control that we have over certain aspects of the contracting in terms of the terms and conditions within our own organization—

Mr. Blake Desjarlais: Sorry. Just to speak more directly about the statement you made in relation to the Prime Minister and the mandate, are you saying the Prime Minister is directly related to the issuing of the mandate?

Mr. Andrew Hayes: I'm saying that's what the associate deputy minister of finance said when he was here with us at that hearing earlier this year. It was important for us, because we had been trying to get the message across to our employees throughout the strike that we were constrained by the mandate given to us by the centre.

I should say, though, that there were examples in legislation historically of the Canada Revenue Agency, for example, having an ability to set its own collective bargaining mandate. That had been removed from legislation.

Ultimately—

• (1135)

Mr. Blake Desjarlais: Largely, the government changed the environment for these collective bargaining agents, and in effect was able to.... We know there are examples outside of this global mandate. You're citing one—the CRA, for example.

To go back to that comment you made in relation to the Prime Minister, can you just repeat the words of the ADM again?

Mr. Andrew Hayes: It was the associate deputy minister of finance, at this committee, who said that he confirmed that we did not have the authority to set the mandate but that it's done centrally, including with the involvement of the Prime Minister. That was the associate deputy minister.

Mr. Blake Desjarlais: The Prime Minister put the workers on strike.

Mr. Andrew Hayes: I can't say that. All I can say is what the associate deputy minister of finance said.

Ms. Karen Hogan: I think what might be important to say is that when our employees went out on strike, I think it was 90—

Mr. Blake Desjarlais: I'm not actually [*Inaudible—Editor*] right? I'm trying to figure out who is responsible—

The Chair: Mr. Desjarlais, your time is up.

Mr. Blake Desjarlais: I understand.

The Chair: If the auditor would like to answer, you do know I like to get her answers. I'm cutting you off, not her.

If you have a few last comments, Ms. Hogan, please go ahead.

Ms. Karen Hogan: Thank you, Mr. Chair.

The majority of the public service had already negotiated and settled agreements within the mandate. There was a very small percentage of bargaining agents that had not yet done so, and we were one of those. I think there were a handful, actually, when negotiations started for our organization. Everyone else across the public service had settled within that mandate. That's why we were told we had to remain within that mandate.

The Chair: Thank you. I've no doubt that we'll come back to this line of questioning, Mr. Desjarlais.

Mr. Kram, you have the floor for five minutes.

Mr. Michael Kram (Regina—Wascana, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses for being here today.

I would like to follow up on the OAG's return-to-work policies and work-from-home policies.

Ms. Hogan, I believe you said that the employees in the Office of the Auditor General are working in the office at least thirty-seven and a half hours per month. Is that correct?

Ms. Karen Hogan: That is correct. We adopted a hybrid policy back in 2021. We informed our employees and gave them time to get all their personal affairs in line. The intention is to come in a minimum of that in a month. That could include going in to an audit entity or coming in to the office to collaborate and innovate with your teams.

The whole point is to do it purposefully and not just come in on a consistent day. It's to come in and do something with your team—to collaborate, increase our culture and bring back the sense of camaraderie across the organization that you lose by sitting across from each other on a TV screen.

Mr. Michael Kram: In recent weeks and months, we've seen a push to bring back other federal government employees to work more and more in the office. As we have more and more federal government employees returning to work in person, are we going to see the Office of the Auditor General's employees mirror that return to work as well?

Ms. Karen Hogan: We aren't following the minimum two to three days per week, but if more public servants are downtown or in the office buildings and we are auditing them, chances are we will be there more often as well. We really are driven by the clients whom we serve, but there are some times when you can be really efficient from home as well. We're giving our staff that flexibility.

Mr. Michael Kram: I would like to turn to some of the audits that you have planned for the upcoming year.

I see that you have four audits planned for the territorial governments. I will admit that I wasn't aware that your office audited the territorial governments. Could you elaborate a bit on what you have in store for the audits of the territories?

Ms. Karen Hogan: My office is also the Auditor General for the three territories, which means that we audit the public accounts of each territory as well as all the territorial corporations across the three territories. Then we try to provide at least one performance audit a year. This year we have two in one territory, but it was a very well-informed decision made with the legislature there.

Our intention is to table vaccine reports in both Yukon and Nunavut. We thought that it was a good continuation off the federal vaccine audit so that we would be able to see the actual rollout to shots in arms across two territories to help inform any future mass inoculation responses that might be needed to future pandemics.

We have an audit in Nunavut on child and family services. It's the third time that we're going into look at that department in Nunavut. We will also have an audit that was requested by the legislature in Northwest Territories on the Stanton Territorial Hospital renewal project.

• (1140)

Mr. Michael Kram: Do the territorial governments have their own public accounts committees that review your audits, or will that be done by this committee here?

Ms. Karen Hogan: No, I report to those three legislatures and table my work in their legislature, and they hold hearings similar to your hearings. Although sometimes they last a full day and sometimes two days on one report, it is very similar there. It's not the federal public accounts committee that studies that work.

Mr. Michael Kram: I read that 80% of the reports that were presented to Parliament in the 2021-22 fiscal year were reviewed by parliamentary committees, and 100% of the ones tabled to this public accounts committee were reviewed.

Can you give us an idea of what audits and reports you produce that are reviewed by other committees besides public accounts?

Ms. Karen Hogan: The work of the commissioner of the environment and sustainable development is referred to the environment committee. They don't regularly study all of his reports in the way that the public accounts committee would study the reports that are issued under my banner, but, as you know, the commissioner's work is really work out of my office. He does that work on my behalf, and this committee has, I'm very happy to see, studied some of his work, so that kind of report would not be studied by anyone.

Some of the information under the net zero act, as well some of the extra mandates that the commissioner has, are referred to the environment committee, and they may not study them. Other committees in the House and the Senate study our work. I'm really happy to see the increase in committees looking at the work of our office.

The Chair: Thank you, Mr. Kram. That's time.

Ms. Yip, you have the floor for five minutes, please.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Chair.

Often the focus of the OAG is on audits and reports. I would just like to highlight and thank you for your work on developing the legislative audit methodology and the accounting and audit standards, as well as contributing to public sector auditing internationally. We don't always think of you in that role, and I think it's important, especially since we have such a strong public accounts tradition and foundation here.

You remarked that one of the ways you assess the impact of your performance audit work is through the level of parliamentary engagement with your reports. There has certainly been a lot of work done. How would you recommend that we keep that momentum going?

Ms. Karen Hogan: That's a good question. I could go on for a while, I think, with an answer. I guess I would like to talk a little bit

about standard setting, both domestically and internationally, since you mentioned some of that.

Many members of my office sit on standard-setting boards, as do I. I think it is important to give back to standard setting and to encourage more accountable governments. We're seeing a lot of activity right now around sustainability reporting. Many from within my office are playing an important role in trying to ensure that this happens.

When it comes to engagement, this committee is studying all of the reports I provide and making their way through them. Although they might not get to all of them at the time they are issued, it is a great first step, and I am very happy to see other committees doing that as well. However, I think it's then about the continued focus and the follow-up from the committees' reports and recommendations and making sure you follow up on previous public accounts committees' recommendations and not forget about those. I think it's that sustained focus on holding departments accountable that will hopefully drive change. In fact, this committee has done that a few times: bringing back departments to talk about the actions they took months after they were here for the first time. That's a huge way of ensuring that we continue to stay focused on outcomes.

The only other thing I would say is that, as I mentioned in my opening statements, we have started an online interactive database where we follow up on past audits and past measures. Looking at that and using it to follow up with departments could also help inform some of the questions that this committee or other committees might be able to ask.

Ms. Jean Yip: I think that would certainly inform Canadians across the country on the work you do as well as our work on the committee. That follow-up is so important. They can see that the report ended but there is still more work to be done. I'm glad that's there.

Do you have any statistics on the number of Canadians who access your website? You do such good work. I just want to make sure that Canadians know about the website and where to find information on how government is held to account.

• (1145)

Ms. Karen Hogan: We do track visits to our website. We do track the reposting and so on of posts about our audit work on social media. I don't have that handy. I don't think we expected that question, so we didn't come with that information. If you are interested in those kinds of statistics, we would be more than happy to provide them to the committee.

We're definitely seeing an increase as we turn more to data visualization. We're seeing a lot more time spent on the charts or the infographics that we develop with our work, rather than seeing someone read the long-form report. I think it depends on people's focus and the usefulness for Canadians as they access our website.

Ms. Jean Yip: I'd like to see those statistics, if you have them. I also find the infographics and the report "at a glance" very helpful.

Are there any reports that you believe are particularly important that have been tabled but not reviewed?

Ms. Karen Hogan: Most recently, I would say, the rural connectivity report is one that is important. It would be great to see the committee study it at some point in time, because it is an important commitment.

As we saw throughout the pandemic, in order to ensure that people can engage in the digital economy or access health care or schooling online, they need good, strong, stable, reliable and affordable Internet access. Many living in rural and remote communities, including indigenous communities, just don't have that access. I would really like to see the committee study that report in particular.

As I say, I'm always pleased if you study all of them, but if you had to pick, that's one that I would like to see studied.

Ms. Jean Yip: I'd like to follow up. I seem to recall there was a comment on diversity at the management level at the OAG. Has that improved?

Ms. Karen Hogan: We have made many strides across the organization in meeting our employment equity targets. We see those really as the minimum expectations, and we strive to exceed them.

We have made improvements in our indigenous representation, but we still have a lot of work left to do. In management, we are making improvements, but until you have a population of almost five in a visible minority category, you don't get to talk about it in a public way. However, we haven't lost focus on making that improvement across the organization.

The Chair: Thank you. That is time.

[*Translation*]

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

Ms. Nathalie Sinclair-Desgagné: Ms. Hogan, can you tell me what changes might be made to the act?

Ms. Karen Hogan: Yes, but I'm not sure I'll be able to explain it all in French.

I'd like to speak about four amendments that could be made to the Auditor General Act.

The first aspect has to do with access to information. It needs to be made very clear that we can have access to privileged information. It's important. In terms of the language used, we believe this is the right wording, because we have access to all privileged information. There is not really any entity that can restrict us, but every now and then, I must say that we encounter a few problems and some resistance. It's therefore important for the Access to Information Act to be very clear.

The second concerns an independent financing mechanism that would ensure that the Office of the Auditor General does not have to request an annual budget from a department it is auditing. You may recall that I said once money has been received, I would continue to request independent funding. Other agents of Parliament have a mechanism that is independent of the government, but that's not the case for us.

The third aspect would be to clarify our mandate with respect to Crown corporations. Our mandate needs to be more flexible in terms of special examinations, and it should be broadened to include them in all performance audits, rather than just for special audits.

The fourth aspect involves several factors.

For one thing, I believe it's important for the language to be gender neutral. For example, I am the auditor General of Canada, but in French, my office is called, "Bureau du vérificateur général du Canada" and the act is called, also in French, "Loi sur le vérificateur général". In the French version of the act the Auditor General is referred to as "lui", which is not neutral.

Our reports should also be tabled in both Houses of Parliament, the Senate and the House of Commons. Currently, they have to be tabled in the House of Commons, and are sent to the Senate afterwards. The reports of the Commissioner of the Environment and Sustainable Development are tabled in both Houses because it is stated in the act. The wording used in the section on the Auditor General's report has not been adjusted accordingly.

I believe that these are the four most important amendments to make to the act.

• (1150)

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

[*English*]

Mr. Desjarlais, you have the floor for two and a half minutes, please.

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

In the theme of trying to find the best practices moving forward from the strike, we talked about accountability during my first round of questioning. I just want to be forward-looking now in some ways in order to prevent such an event from happening again. We don't want to see a national strike in which workers have to demand fair wages, basic respect and dignity. It doesn't bode well for Canadians.

You spoke about the impact to the Auditor General's Office, and it's very clear that those impacts were present right across the board for many weeks when we had the national strike. To understand how we're going to move forward on this in a good way, I recognize that your departmental plan makes commitments to this, and it's largely because of the events of the strike.

You speak directly to the priority areas being "care, connect, and modernize". What does that mean, and who are you speaking to when you say "care, connect, and modernize"?

Ms. Karen Hogan: There are many parties. Our “care” pillar is for our staff internally. It's ensuring that we have a skilled, engaged and bilingual workforce, and that it is a safe place to work, where they feel they can raise their concerns and they feel included and respected for the work they do. That's definitely something that we heard loud and clear following the return from the strike.

The “connect” pillar is internal and external. It's across our organization, to break down silos so that we don't just work individually but with a global outlook of the organization as a whole. It's also to connect with our stakeholders and the individuals we audit—parliamentarians, senators, Canadians, the departments and so on—to create a collaborative working relationship with everyone we interact with.

The “modernize” pillar again impacts both internally and externally. We need to modernize our own internal functions so that we can be more efficient, but we also want to modernize how we communicate and report on our results. You're seeing some of that already, but I think we have a long way to go so that we can make Canadians aware of the work of the office and see it as an employer of choice across the country.

Mr. Blake Desjarlais: In terms of some of the issues that were more relevant to indigenous and Black civil servants, we've heard, speaking directly with many of them, that there's an existing lawsuit against the federal government for discrimination against these two populations.

How are you tackling discrimination and racism within your own department?

Ms. Karen Hogan: We have made similar commitments to the clerk's call to action. While we weren't required to, we felt it was really important to do so.

We have lots of actions in place that we're working on and that I think we have to continue to work on. Increasing diversity across our management is definitely a step that we need to take. We've done a lot of training and awareness work across the organization on indigenous matters, on unconscious bias and on equity and diversity.

By putting a focus into all of our performance audits as well, we've actually increased capacity within our organization. Now we have almost every audit team consulting our equity, diversity and inclusion team before they embark on any audit, whether it's a special exam or a performance audit.

We're really trying to incorporate it into our work so that we can even push it through the public service. I think we have lots of initiatives. I provided a letter to the committee a while back with all of our commitments. I'm happy to recirculate it, if you would like.

• (1155)

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

Mr. Genuis, you have the floor for five minutes, please.

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

Thank you, Auditor General, for being here at a time when this Liberal government is drowning in scandal.

Parliament has come to you a number of times, asking that audits be done on specific issues. You've told us in the past that you set priorities, and then when Parliament asks for those audits, they can be in addition to them.

We had the request from Parliament for the audit into ArriveCAN and the fact that tens of millions of dollars were spent developing an app that didn't work. We had a request to look into the McKinsey scandal as well. I wonder if you could update us on the status of those two investigations, and what impact it has on your resources when Parliament requests these additional audits. Do you require additional resources from Parliament in light of the volume of concerns that are emerging about this government's behaviour and the corresponding requests from Parliament that we're seeing?

Ms. Karen Hogan: I believe it's a cornerstone of the independence of my office to be able to pick who we audit, when we audit and what we audit. That being said, we recognize that Parliament is our principal stakeholder, and we take seriously the requests we receive from Parliament.

On the ones that you're talking about, when it comes to ArriveCAN, to give you an update, we don't talk about audits while they're under way. We believe it's important to share that information with Parliament all at once. What I can tell you is that our intention is to release the ArriveCAN audit in the fall of this year, and the audit for professional services contracts in the spring of the following year.

What we did in order to put those in—because, as you said, we had a work plan under way—was delay an audit in order to be able to get ArriveCAN in quickly. We haven't cancelled it; we've just pushed it out a bit.

On the larger one, on professional services contracts, we're still trying to gather a lot of information. Our hope is that it will be in the spring of the following year, but gathering information from the Crown corporations is a little more difficult than it is from all of the departments.

I don't believe that we need more funding. We just needed to adjust our work plan to allow for those two requests.

Mr. Garnett Genuis: Okay.

Just for everyone's peace of mind here, we're in a minority Parliament, and in the event that there's an early election, what would the impact be on the possible release of the ArriveCAN app audit or the McKinsey audit? Could the government call an early election and thus force a delay in the release of one of these reports, or would they be released as scheduled, regardless?

Mr. Andrew Hayes: We are only able to release a report to Parliament when it is sitting. If it has been dissolved or prorogued, we don't have a vehicle to table reports.

We encountered that issue in 2011, when there was an election in 2011. The way we deliver reports is to the Speaker, who has to table them afterwards.

Mr. Garnett Genuis: You guys brought down the government in 2011. If you didn't want an election then, you could have voted for the budget.

On the Trudeau Foundation issue, I know that there was some discussion about bringing a recommendation to your office on that. The feedback we got was around some of the limitations and the mandate. My understanding is that the legislation specifically recognizes that the Trudeau Foundation is not just a private charity—that it is a public institution and that you can audit it—but that the particular scope of what was proposed was outside of the work of your office. Could you share a bit about the kinds of things that you could or couldn't audit, theoretically, in terms of the work of the Trudeau Foundation?

Ms. Karen Hogan: I'll invite you to add in if you want to, Andrew.

The mandate added to our act was called the “follow-the-dollar mandate”, which means to follow when there is a funding agreement between the federal government and a private organization.

We would be able to go and look at that funding agreement—in this case, it's an endowment agreement—and we would be able to see whether the terms and conditions of that agreement were followed and respected. The mandate doesn't allow us to look at other donors or private donations and the sources of those funds or the intentions of those donors, so all the questions that we were being asked to go and look at were outside of the scope that we have a mandate to look at.

• (1200)

Mr. Garnett Genuis: Thank you.

Coming back to the previous question, I think people will be watching issues of prorogation with great interest, and whether the government engineers a.... You don't have to respond to this. I know this is more political, but from our perspective, if you have a report coming on the ArriveCAN app or on contracts with McKinsey and we see a premature prorogation or see the government engineering a dissolution, I think it will be interesting for Canadians to note that it is taking place.

The Chair: Thank you, Mr. Genuis.

I would note that any prorogation would not halt the work of the Auditor General. Those reports would come after the subsequent election when the new Parliament is convened.

Ms. Bradford, you have the floor for five minutes, please.

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

Thank you, Auditor General and staff, for coming to speak on the operation of your office. It's very important that this committee have the opportunity to question you on that.

Further to Mr. Genuis's line of questioning, it has become more common to demand that your office conduct a specific review, as opposed to making a request, which has been the normal course of action. Are you concerned about this trend and how it might perhaps affect the independence of your office?

Ms. Karen Hogan: No matter the language of the request, I still hold the right to refuse to do an audit. When I can't do that is when it's obviously put into legislation, as was the work that was included in Bill C-2. That's a matter of law, and I will comply and follow with the law.

I always take seriously requests that committees make, and I think there are different weights. Sometimes we were already going to look at a topic and we might have advanced the work that we intended to do. We take it seriously when our stakeholder has an interest in something and we try to adjust our work plan when we can, but I absolutely believe that being able to decide when and what we audit is very important. At times we will say no and at times we will say yes.

Ms. Valerie Bradford: Thank you for that clarification.

Now that you've had time to bring on board these 150 new hires and get them trained up, have you seen an improvement in the speed and volume of reports you're able to produce?

Ms. Karen Hogan: I have to admit that I'm always incredibly impressed with the individuals in our communications and desktop publishing and how they take audit-speak and make it non-audit-speak, and how easy our reports are to read and how easy the graphics are to follow. What we're seeing is an increased capacity to deliver on audits, and now we're working very hard on making sure our support services that are so essential to getting the audit past the goalposts are ramped up.

As I mentioned, over the past year we have been trying very hard to increase our capacity and are not always successful with some of our staffing processes, so we are seeing our ability there impeded a little. Our goal is to hit 25 performance audits in the year that just ended and in the coming year. I think that's where we're meant to be. We're achieving that target, but we can always be better and more efficient.

Ms. Valerie Bradford: Last year there were recommendations from this committee and the Parliamentary Budget Officer to require the tabling of public accounts earlier in the year. What constraints are there on your ability to meet an earlier deadline?

Ms. Karen Hogan: I always agree that financial information is important when it's timely. Issuing financial statements in a timely way is important. There's a balance between the ability to make sure that they remain accurate and the speed that is needed.

Our challenge really relates to getting information from the federal government. There's a lot of work that around revenues with the Canada Revenue Agency. There's a lot of work around liabilities and estimates with some key departments. To move up the publication of the Public Accounts of Canada would require collaboration among us, the Receiver General and the comptroller general's office. It would also mean that timelines would have to be changed across the federal public service. The current timelines are very tight. If you wanted to have the statements out earlier, you can't just take time away from the audit. Everybody has to share in moving faster and advancing deadlines.

Ms. Valerie Bradford: Do you believe that including additional details from Crown corporations could make it more difficult to meet an earlier deadline for the public accounts?

• (1205)

Ms. Karen Hogan: I guess it depends on the amount of work that is needed. It's a question that the comptroller general would be better placed to answer. We audit most of the parent Crown corporations, and so probably already audit some of the information that is likely being requested by Parliament to make it into the public accounts. A lot of that information is already available in the individual financial statements of the Crowns.

Ms. Valerie Bradford: In this past year, you did audit a couple of Crown corporations, didn't you?

Ms. Karen Hogan: We do the annual financial audit of almost all parent Crown corporations, except for a few. The few we mentioned were the ones we did not do.

Ms. Valerie Bradford: Okay. Do I have any more time left?

The Chair: You have about 10 seconds, so you're pretty much done with the time.

Ms. Valerie Bradford: Okay, that's good. Thank you.

The Chair: Thank you.

Mr. McCauley, you have the floor for five minutes, please.

Mr. Kelly McCauley: Thanks very much.

AG, I want to get back to something that's in your departmental plan and also shows in the DRR, the departmental results report.

On page 5 of the departmental plan, "Our core responsibility" talks about legislative auditing, which makes sense. In the fourth paragraph down, there's a comment that says, "Over the last two years, we have also incorporated the assessment of equity, diversity, and inclusion as a priority area for our performance audits." Where's that direction coming from, making—

Ms. Karen Hogan: As we mentioned earlier, the sustainable development goals are a commitment that the government signed on to. We are including that in every audit. The GBA+ analysis is one that the government requires our departments to use, so we've included that in every audit.

Mr. Kelly McCauley: That's right, but on this specific comment about equity, diversity and inclusion, was it the government itself saying, "AG, please put this in as one of your priorities"—

Ms. Karen Hogan: No, not at all—

Mr. Kelly McCauley: —or was it your personal choice to put this in? I'm trying to figure out where this direction comes from.

When I look at it, it's about legislative auditing and it's about math. It's not this as much. I'm just trying to figure out where this specific direction came from.

Ms. Karen Hogan: I would argue that our audits are about a lot more than just math, but, point taken, we do love numbers.

Mr. Kelly McCauley: You know what I mean. I simplified it. I only have five minutes.

Ms. Karen Hogan: I would say that we look at the mandate letters and the clerk's call to action. Many of the mandate letters and the calls to action required so many departments to take certain actions. We felt the best way we could see whether they were meeting those commitments was to incorporate EDI into our performance audits.

Mr. Kelly McCauley: Do you mean "we" as in your executive team, or "we" as in you?

Ms. Karen Hogan: Yes. I mean my executive team and me.

Mr. Kelly McCauley: Okay.

Just continuing into the DRR, on page 8 you have "a workplace of the future". You mentioned earlier that you hired an independent analyst to look at your place of the future. Is this the result of it, or where's the data or the push that has developed this workplace of the future?

Ms. Karen Hogan: That page, page 8, is actually a pictogram that we use to talk to our employees about the transition back from working remotely to a hybrid workforce and how we would get to our workplace of the future. The independent consultant we used was really focused more on culture and a sense of inclusivity and belonging. It's that.... It was—

Mr. Kelly McCauley: It wasn't McKinsey.

Ms. Karen Hogan: No, it was not. It was an individual who came from Health Canada.

Mr. Kelly McCauley: Okay.

How did you decide, or how did the office decide, on a back-to-work plan that is very different from the rest of the public service? Do you have data that backs up how that 37.5 hours per month hours—which is maybe a day and a bit per week—is going to increase productivity and get the work done at a better level than two or three days per week?

Ms. Karen Hogan: It was a decision that I made with my executive committee back in 2021. As I mentioned, we were about a year and a half ahead of the federal public service.

We felt that it was because of the loss of a culture and the loss of a sense of belonging. It was that, and when you do audits, at times it's important to look at the people you audit, to be there in the room and to appreciate non-verbal—

Mr. Kelly McCauley: Your return to work is significantly below what the Treasury Board guidelines are. I'm trying to figure out how you....

Ms. Karen Hogan: Our expectation is below, but the reality is that many are coming in just as often, if not more often.

As I mentioned, if they are going to an audit entity, the entity might welcome them onto their premises for two or three weeks out of a month. Our auditors and management will be there. Then, the next month, they will be in again at the workplace.

It's meant for two things. It's meant to make audits more efficient and also to create a culture and a sense of belonging that would also, hopefully, drive creativity and innovation. While we see some of that with the virtual nature of our work, it is sparked so much better in person. We also think that the value of some training is better in person, when everyone has their cameras off, than it is virtually. We think that face-to-face training just makes more sense at times.

• (1210)

The Chair: Thank you very much.

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

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

I too would like to thank the Auditor General for being here with her team. This is such an important meeting for us because it enables us to reflect on the work of the Office of the Auditor General.

What's most important to me is the continuity of that work. We Canadians kind of take it for granted, first of all, that our public accounts.... Have we ever had a commentary on the public accounts? In other words, was there ever anything less than a clean audit?

Ms. Karen Hogan: No, there has always been a clean opinion issued, to date, on the public accounts of Canada.

We do have commentary and opportunities for improvement, however, which we issue in our financial commentary. There are some long-standing issues around the management of inventory at the Department of National Defence. As well, after the implementation of the Phoenix pay system and the change to payroll processing, we had an important commentary there. Over the years, we've had other commentaries around estimating tax revenues and applying new accounting standards for environmental liabilities. The government has acted on those.

There is always an opportunity to improve the financial statements, but the opinion has been clean so far. I cannot comment on this year; we are in the middle of the audit.

Mrs. Brenda Shanahan: I hope that continues. In fact, it leads me to reflect on the evolution of the work of the Auditor General. We have gone from just making sure that the numbers all add up to being able to look at what is behind the numbers, and hence the performance audits.

You have mentioned a couple of times that your objective is 25 performance audits per year. Has that always been the objective of the department? You referred to this being the case even prior to the numbers that we have in front of us.

Ms. Karen Hogan: If you go back to, I think, Sheila Fraser's mandate, that was about the volume that the office used to issue. Not all audits are created equal. Some are smaller and some are larger, but it was around that ballpark figure in a given year.

Then there was a call to reduce budgets across the whole government, and the office voluntarily did that. Then new mandates were added that were not funded, and we saw the number of performance audits fall to about 14 in a given year. When I requested additional funding, as Michael Ferguson had started to do back in 2017, it was with the intention of bringing our volume back up to about 25 performance audits per year.

I would just caution about counting the reports. As I say, Bill C-2 was one, but it was very large. A report can be quite small. I think it's just a benchmark and a target. As long as it ebbs around that, it is probably a good volume. Then it's about what parliamentary committees can study. The capacity you have to study all of that work has to be considered as well.

Mrs. Brenda Shanahan: I think that this committee is looking forward to studying many more performance reports, especially because it allows us to question department officials and to get to that better place where objectives are better met.

Would you give us some insight into how the Office of the Auditor General decides on the what, who and where to perform those performance audits? What goes into that thinking?

• (1215)

Ms. Karen Hogan: It's quite an extensive process, and it is constantly turning. It's not like it stops and it starts, but it sort of has an end. We develop a work plan, and then we just start up again and keep going. It really does need to be a flexible work plan, because the world around us is constantly changing.

It starts with a great in-depth analysis on the departments, on portfolios. We speak with senior officials, deputy ministers and so on across the federal public service. We have conversations with this committee and other parliamentary committees and with senators on areas that might be of interest to you so that we can put them into the mix. We then look for external feedback. We have a panel of senior advisers. We have a place on our website where Canadians can suggest topics to us. We bring together a suggested group of audits. Then we bring our cross-functional team across the entire organization to review them and go through them and challenge them. We're hoping that we represent an average group of Canadians and what Canadians might want to hear and care about, so we challenge audits there. Sometimes that results in new audits being suggested or a scope of audits being adjusted, and then we have our work plan for a couple of years.

We also can look at mandate letters that come out and see what's in those and whether we should realign some of our priorities. We consider environmental factors before we embark on a new round of audits in a given year, as everything continues to change. However, we always have audits being started, audits in mid-course and audits at the reporting stage at any given point in time.

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

[Translation]

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

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

In connection with your four requests... In fact I counted them, and there seem to be five, the last one being tabling the report in both Houses.

Ms. Karen Hogan: I included that as one of the “several factors”.

Ms. Nathalie Sinclair-Desgagné: Okay. That's fine.

From my standpoint, two things were truly relevant and particularly interesting.

One of them covered an area of concern to me, which is the Crown corporations. In view of the taxpayer money they receive, I believe that they should indeed be subject to performance audits. It would be helpful to have more such audits, particularly as Crown corporations, like departments, should be included in the Public Accounts of Canada. I believe that it would be perfectly appropriate for them to be given a thorough audit of that kind, because they receive taxpayer money. It's mainly a question of transparency. Departments are required to report which people and companies receive funds, which is not the case for Crown corporations. I think that's a major problem. We already made a recommendation about it last year when we tabled the report of the Standing Committee on Public Accounts. I am awaiting a response from the Treasury Board, but it keeps postponing it.

The other extremely interesting point was partly raised here by one of my colleagues. I think that the most recent saga with respect to the Trudeau Foundation, and the exchange you had with my leader, Mr. Yves-François Blanchet, about how much you could actually do, pointed to a potential problem. When money leaves the

government and goes to a private foundation or organization, what you can do in your audit is relatively limited. I took that to be the reason why you couldn't do the requested audit. I think this aspect is covered by the first factor you mentioned, which is access to information.

Why not include all those who receive money from the government in the potential audits? A performance audit could identify what certain private stakeholders did with public funds.

Could you tell us more about that?

Ms. Karen Hogan: I'll make a start, and Mr. Hayes could add further details.

Our mandate to follow the money is precisely what you just said. It gives us an opportunity to determine whether funds, following a donation or an agreement with the government, were used as required in the contract.

Is it necessary to audit all the other activities of a private organization? I don't think so. The goal is to ensure that taxpayer money was actually used as it should have been.

• (1220)

Ms. Nathalie Sinclair-Desgagné: Okay.

The Chair: I'm sorry, Ms. Sinclair-Desgagné, you've run out of time.

[English]

We turn now to Mr. Desjarlais.

You have the floor for two and a half minutes. Go ahead, please.

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

To conclude the last aspect, when you last spoke about your departmental plan, you mentioned that last portion, the care component, which was in direct relevance to the employees. Rising out of this really historic event in terms of the difficulty between the Treasury Board and your bargaining group being able to actually get to a deal forcing these workers there, is there a commitment to better work in terms of that “connect” piece with other ministries, including the Treasury Board, to actually see that the issues you are presenting here today are matters of relevance for them to consider, especially given that we need to have almost a post-mortem analysis of how something so critical was able to take place?

Ms. Karen Hogan: I will ask Andrew to jump in. I was trying to be clear that throughout this labour dispute, we spoke almost daily with the Treasury Board. It wasn't for lack of engagement—

Mr. Blake Desjarlais: What were they telling you?

Ms. Karen Hogan: —or exchange with them.

It was to help us understand the mandate and that everyone else who had negotiated had settled within that mandate, and to see how we could find a resolution staying within that mandate.

Mr. Blake Desjarlais: But you recognize that there were very few at the very end of the mandate. You recognized that in the statements earlier today. You said there were a few outstanding bargaining tables. There weren't many, but they included your unit. Did you recognize that, and did you note to Treasury Board in those many discussions that these were at the very end—considering that a new mandate was just about to be negotiated—and how unfair the workers might perceive that to be, given the cost-of-living crisis?

Mr. Andrew Hayes: The answer to that is yes. Indeed, that is how our collective agreement was ultimately finalized. It covers a year more than what we were first looking at.

I want to come back to a point you made, which I think is very important: What did we learn from this strike? It was the first strike that we as an organization ever had. That hadn't happened in the public service for a very long time. For us, it was learning all the time.

What we would have done differently, definitely, would have been to enhance the communications with our employees throughout the strike. We know that our employees were facing difficult situations. Some of them didn't understand the role of the employer compared to the role of the union. If we had a do-over, that is what we would definitely do better.

In terms of the relationship with central agencies, we have to work with them for the best of interests of our employees as well. We are keeping those lines of communication open all the time. We have made commitments in our collective agreement to engage in studies of our classifications and our job postings and that sort of thing. We are doing that. We started that with the union already. There is a joint committee, and we will need to engage with the central agencies to be able to sort out what we can do at the end of that analysis, so we have to keep that relationship strong.

The Chair: Thank you. That is the time.

Mr. Kram, you have the floor for five minutes.

Mr. Michael Kram: Thank you very much, Mr. Chair.

I would like to circle back to the performance dashboard that your office has up and running now. Can you give us some background about whose decision it was to come up with this dashboard? Was it mandated by government? Was it all an in-house decision? I am very curious.

Ms. Karen Hogan: It was a decision of Michael Ferguson to start following up in a more formal way on results in audits—not really on the recommendations, but more on results and focusing on outcomes. This initiative started with him. It paused for a little when he passed away, but I committed to picking it up and making sure we moved it forward, especially when I was seeing that so many of the first reports I tabled had long-standing issues that had not been addressed. We needed to try a different way to ensure that entities were staying focused on the commitments they had made.

• (1225)

Mr. Michael Kram: That was my next question.

For example, in the report on emergency management in first nations communities, we've seen that some of those recommendations

are very similar to the ones from a decade ago. They never seem to get acted upon.

I'd be curious to know how far back in history you are going with this dashboard. Can an average Canadian see how these recommendations sometimes seem to sit there for years and years?

Ms. Karen Hogan: It's my understanding that when we started, we went back three years. Now we're adding a good chunk of the work we're doing. We're being selective. Do we want to put certain reports in, save them for a full follow-up audit or just have them in the update on past audits?

We only went back three years. As you can imagine, it's not a self-declaration: Departments aren't saying, "Yes, we've met it." We're going in and doing some work to kick the tires and see what's going on. We have a dedicated team that stays focused on that year round in order to update this.

Mr. Michael Kram: As you're well aware, this committee spent a considerable amount of time in these last few weeks dealing with the vaccine contracts, which certainly involved a great deal of confidentiality issues, with parts of contracts redacted and those sorts of things.

How will this public dashboard for Canadians handle issues of sensitivity and confidentiality like the ones we saw with the vaccine contracts, for example?

Ms. Karen Hogan: We won't be able to talk about things that are confidential and shouldn't be discussed in the public forum. Our intention is to definitely follow up on pandemic preparedness work.

That was one issue we found at the start of the COVID-19 pandemic: Recommendations and commitments coming out of H1N1 and SARS had not been acted on. Forgetting between emergencies that you need to invest and take care of certain things is not a hiccup I'd like to see the country have again. We are going to follow up on many of the recommendations we had about pandemic preparedness and being more ready next time.

Do you want to add something, Andrew?

Mr. Andrew Hayes: I would say we encountered a similar issue with our cybersecurity report. We had to hold back some information. We were intentionally transparent in that report about a recommendation we made to the department so that we could follow up and be transparent with this committee about our follow-up and include information about whether or not action had been taken in response. We are going to find ways to identify whether action has been taken on our recommendations and whether results have improved for Canadians.

Mr. Michael Kram: What was the cost of the performance dashboard?

Mr. Andrew Hayes: I don't have numbers on that. Compared with doing a full follow-up report, it would be a lot less.

Mr. Michael Kram: If we could get an actual dollar figure provided to the committee in writing, I would appreciate it.

We also heard a few weeks ago from the Treasury Board about its strategy to move more IT systems to the cloud. Is this performance dashboard one of the systems that was done in the cloud, or was it done in-house?

Ms. Karen Hogan: It was done in-house. I believe we developed it. We are taking a cloud-smart approach. As we modernize our systems, we're ensuring they are cloud compatible. We will move some of our systems to the cloud. It's part of our modernization journey to figure out what goes where and making sure we can safeguard and always protect the information entrusted to us.

The Chair: Thank you very much.

Mr. Fragiskatos, you have the floor for the last five minutes.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

I want to turn back to the issue of employees. It is a nuts-and-bolts question, if I can put it that way, Auditor General.

How does your office engage in recruitment? How do you find the best and brightest? As we've seen, your reports are instrumental in helping to shape not just this committee's work but also overall lessons learned for parliamentarians on what government can continue to try to do better.

Ms. Karen Hogan: Like every employer in the federal public service, we post all of our job openings across many platforms. We are very active in university recruitments, especially on the CPA front, and I'm trying to increase that in other fields, because we do need other expertise. We tap into the Black employee network. We try to tap into certain networks within the federal public service as well to see if we can draw individuals from existing pools or to look for certain matters there. We're engaged in a program with CPA Canada for indigenous individuals. I believe it's called the Martin mentorship program.

We are trying very creative ways, and word of mouth is always a great way to recruit. I find that even after I release reports or after I speak at a speaking engagement, there's an increased interest in our organization. We are not turning away any excited individual who might like to join us. We're trying to really tap into as much diversity as we can across the entire country.

We saw that benefit throughout the pandemic. We're trying to maintain that presence, as much as we can, to tap into skill sets that we normally wouldn't have tapped into because we don't have an office in every province across the country.

• (1230)

Mr. Peter Fragiskatos: Thank you very much.

I want to turn to the international subject again. There are some who say that when countries in the industrialized north or the west—use whatever term you want—seek to forge partnerships with countries in the developing world to share best practices, there's an imposition of values that happens that is detrimental to the well-being and interests of countries in the global south. I appreciate the work that you're doing, but what do you make of this argument? Is it something that impacts you or that impacts your work? Do you have any thoughts on that?

I'm thinking about arguments that when the west comes in and tells countries that are emerging democracies how they should do things, it amounts to a new form of colonialism. I don't agree with that argument and I think your office should have relations with countries in the global south, but I think it's an argument that does need to be grappled with. I'd love to hear your thoughts on that.

Ms. Karen Hogan: When we are involved internationally, we're not imposing our ways at all. It is really a learning opportunity. We see it with a lot of the fellows we've welcomed over the years in the organization. They just want to learn about our tools and about the way we operate. They share what they do in their offices as well.

What we get to really talk about a lot is transparency and accountability. Those are hugely important in Canada and are really at the forefront of a lot of decisions. We talk about what that means.

There are some countries that don't have public accounts committees like this that study the AG's work. We talk about the independence of the office and how that's important, not only to the profession but also to our mandate in ensuring that there's balance in our work.

We just talk about what's amazing and great about Canada and our office. It's up to other entities to decide if they want to adopt those things.

The Chair: That gives me time for a brief question, then.

Auditor, with respect to access, does your interpretation of the Auditor General Act and the Canada Evidence Act provide you with sufficient access? For example, do you have access to the documents covered by solicitor-client privilege? I'm looking for an answer in the context of Ontario's AG in the Laurentian University decision that was originally rendered by the courts.

Ms. Karen Hogan: I'll start, and I think Andrew might join in here.

I must admit that I'm not sure I know the reference to the Evidence Act, but I will talk about the Auditor General Act. In my view, the AG act gives us access to all the information we need to do our audit in a timely way.

You referenced the AG of Ontario. The language in the Ontario act was deemed to have not been as clear as it could have been when it came to solicitor-client privilege. Up until now, we have always had an agreement with all the entities we audit that we will maintain and protect the solicitor-client privilege of information that is shared with us. Giving us that information is not the same as giving us a waiver, but it's information that we need to do our audit.

The language in our act is not as clear as it could be, which is why it is one of the items on the list of things that would be our wish list should our act be amended.

Andrew, would you like to add anything?

• (1235)

Mr. Andrew Hayes: I would add that the reference to the Canada Evidence Act is important. On a distinction level, solicitor-client privilege information is what we are tackling right now in terms of access.

With regard to the Canada Evidence Act as it relates to cabinet confidences, we had sorted that out with the help of this committee in, I think, 2017 or 2018. We haven't had a problem with cabinet confidences at all since then. Solicitor-client privileged information is very important to us, because in the public accounts, for example, there can be very large contingent liabilities that we need to see information about that is often contained in solicitor-client privilege and legal opinions and that sort of thing.

In terms of the Ontario Court of Appeal decision and the Ontario AG's case against Laurentian University, there's a very big distinguishing factor that is related to the structure of the AG in Ontario versus here at the federal level. In the federal context, we are a department under the Financial Administration Act. We contract in the name of the Crown, and ultimately it's our position that if a legal opinion is provided by a department to us, it is still covered by the Crown. There's no disclosure of privilege. That's our position.

It's very different in the Ontario context. The Ontario AG is a clear officer of Parliament and is not under a department of the Crown in Ontario. Ultimately, we are going to have back-and-forths with the government about this. We've had resistance at times, I would say, to use the word we used earlier. We will see that happen again, probably, in light of this Ontario Court of Appeal decision.

We will work our way through that, but it would be really helpful, as Karen mentioned, to have the engagement of this committee to help us sort out a clear access provision in our act.

The Chair: Thank you very much. If you need to come back to us on any of this, please do so. The committee is always eager to hear from the Auditor General and her entire team.

I'm going to turn to a matter of votes before I excuse the witnesses and gavel the meeting to a close.

Shall Vote 1, less the amount of \$36,377,433.33 granted in the interim supply, carry?

OFFICE OF THE AUDITOR GENERAL

Vote 1—Program expenditures.....\$109,132,300

(Vote 1 agreed to)

The Chair: Shall I report Vote 1 under the Office of the Auditor General of Canada, less the amount voted in interim supply, to the House of Commons?

Some hon. members: Agreed.

The Chair: Thank you very much, committee members.

I wish to thank the witnesses and the Auditor General for being here.

My little slip *en français* was not preplanned with the auditor to reinforce her point, but it was well taken.

I'll now adjourn this meeting for us to move into a subcommittee meeting in camera once that is set up.

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