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**Chair**

**The Honourable Shawn Murphy**

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Monday, February 26, 2007

• (1530)

[English]

**The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)):** I'd like to call the meeting to order and welcome everyone here. *Bienvenue à tous.*

Today the agenda is pursuant to Standing Order 108. We are talking about chapter 1, "Expenditure Management System at the Government Centre" of the November 2006 *Report of the Auditor General of Canada*; and chapter 2, "Expenditure Management System in Departments" of the November 2006 *Report of the Auditor General of Canada*. This is very much related to some of the work we were doing on the relationship between our committee and Treasury Board Secretariat in the fall last year. Today's meeting and this Wednesday's meeting are allotted to this item.

We had a very helpful and useful briefing session at noon today. I want to thank your staff, Mrs. Fraser, and your staff, Mr. Wouters. It was simply an excellent presentation and we appreciated it very much.

We have with us today our Auditor General, Sheila Fraser, accompanied by Doug Timmins, the Assistant Auditor General; Tom Wileman, principal; and Richard Domingue, director. From the Treasury Board Secretariat we have Wayne Wouters, secretary; and David Moloney, senior assistant secretary, expenditure management sector. Mr. Moloney, Mr. Timmins, Mr. Domingue, Mr. Wileman, and others were all here at noon for the excellent briefing.

I'm going to suspend this part of the meeting at approximately 5:15 to deal with Mr. Wrzesnewskyj's motion. I will allocate about 12 minutes for that, and we will adjourn by 5:30.

I call upon you, Mrs. Fraser, for your opening comments.

**Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada):** Thank you, Mr. Chair. We thank you for this opportunity to meet with the committee to discuss three chapters from our November 2006 report.

The first chapter is an overview of the federal government's expenditure management system. The other two chapters are audits. Chapter 1 looked at the expenditure management system at the centre of government, and chapter 2 looked at the expenditure management system in departments.

As you mentioned, I am accompanied by Doug Timmins, Richard Domingue, and Tom Wileman, who are responsible for these audits.

Before I speak about these expenditure management system chapters, I should mention that we were unable to audit certain

aspects of government operations managed by the Treasury Board Secretariat because we were denied access to information we needed. We attempted to determine whether the secretariat had adequately fulfilled its challenge and oversight responsibilities related to government spending. In the audit of the expenditure management system at the government centre, we were denied access to the analysis conducted by the secretariat, on the basis that they were cabinet confidences. I would like to inform the committee that since the completion of the audit, the Auditor General's access to this information has been clarified by a new order in council.

[Translation]

The Expenditure Management System is at the heart of government operations, because every government activity involves spending. Over the last six years, federal spending has grown from \$162 billion a year to \$209 billion.

An effective system to manage spending is essential to getting the results the government wants and to being accountable to Canadians for what is done on their behalf.

We found that there are two expenditure management processes: one for reviewing new spending initiatives and one for recommending ongoing funding for existing programs.

New spending proposals therefore are not normally assessed against existing programs. As a result, trade-offs and reallocation of funds between existing and new programs are not considered systematically.

Spending on existing programs essentially moves forward automatically through the Annual Reference Level Update exercise. The current system does not routinely challenge ongoing programs to determine whether they are still relevant, efficient and effective. The process is not designed to take into account past performance and results of programs.

I am concerned that the system focuses on challenging new spending proposals and, in effect, ignores ongoing spending, which accounts for the bulk of total spending.

[English]

Instead, existing programs are reviewed usually when a government wants to cut spending, yet the three departments we discussed in chapter 2, "Expenditure Management System in Departments", have not developed the capacity to respond to reallocation requests from the centre of government.

In many cases, the amount of funding allocated to a program, the length of the funding period, and the distribution of funding over that period are not aligned with what is needed to deliver the program. This affects how programs are managed and delivered to Canadians.

Finally, we found that departments rely on supplementary estimates to get funding for items that could have been included in the main estimates, largely because of the timing of the budget decisions. This means that Parliament does not see the full range of proposed spending at one time. Little has been done to reduce this reliance on supplementary estimates, which has more than doubled in recent years to 10.5% of the total estimates from 1999 to 2005, as compared to 4.5% during the previous eight years.

Departments also start to spend, using existing appropriations, before the supplementary estimates are approved. This puts program spending at risk because Parliament could reduce or reject the supplementary estimates. It also undermines parliamentary control because money is spent before Parliament has examined and approved the spending proposal.

●(1535)

[Translation]

Late last year, the government announced a series of reforms to the Expenditure Management System. The proposed reforms appear generally consistent with the recommendations made in our audits for improvements to the present system. However, the government has not yet released the specific details. The committee might want to ask the witnesses for more information on these reforms, including the implementation plan, in order to assess the extent to which the plan to reform the Expenditure Management System addresses our observations.

Mr. Chairman, this concludes my opening statement. We would be pleased to answer the committee's questions.

[English]

**The Chair:** Thank you very much, Mrs. Fraser.

Mr. Wouters, you have an opening statement.

**Mr. Wayne Wouters (Secretary, Treasury Board Secretariat):** Good afternoon. I thank you for your invitation to appear before your committee to discuss the Auditor General's findings on the government's expenditure management system.

[Translation]

As you pointed out, joining me today is Mr. David Moloney, Senior Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat.

[English]

While I understand that Mr. Moloney and staff from the Auditor General's office have had an opportunity to provide you with a background briefing regarding the expenditure management system, I would like to present to you today our response to chapter 1 and chapter 2 of the Auditor General's November 2006 report. I will not be making a presentation when I appear before you on Wednesday, but I will be happy to answer any questions you may have at that time.

We agree with the Auditor General's overall assessment of the existing expenditure management system, as well as most of the detailed findings. In fact, prior to her report we had already begun extensive efforts to address the issues she has raised. Treasury Board Secretariat is working closely with the Privy Council Office and the Department of Finance in support of these efforts.

Budget 2006 pointed to the need for a new ongoing approach to better manage overall spending. We want to ensure that all government programs are effective and efficient, focused on results, provide value for taxpayers' money, and are aligned with the government's priorities and responsibilities. To that end, the budget launched a review of the expenditure management system led by the President of the Treasury Board.

As a result of the considerable work undertaken during this review, the president was able to announce directions of a new expenditure management system in his response to the AG's November report. The Minister of Finance also provided some details in his Advantage Canada report. Simply put, our new approach to expenditure management will support managing for results, decision-making for results, and reporting for results.

[Translation]

Allow me to provide you with some details about each of these components.

●(1540)

[English]

Under the new approach, departments and agencies will be required to manage their programs with clearly defined objectives. Right across government, we will take a common approach to the integrated collection, management, and reporting of financial and non-financial information, including human resources and performance information.

To assess program performance against clearly defined objectives, departments will devote greater time to reviewing and evaluating direct program spending, building on the requirement of the Federal Accountability Act for the evaluation of all grants and contribution programs. This requirement will ensure that departments are focused on managing for results.

These reviews and evaluations will support decision-making for results by providing better information for cabinet to be able to review federal programs in order to ensure that they remain relevant, produce results, and provide value for money. It will permit a more rigorous and systematic examination of new spending, as well as existing spending, to ensure that all government programs deliver concrete results that align with the federal government's roles and Canadian priorities.

Our new approach will also support reporting for results. It will improve the way departments report on the results of their programs. It will also enhance reporting on the outcomes of government spending on a government-wide basis. This higher quality of departmental and government-wide information will also result in improved reporting to Parliament.

We believe these directions are very consistent with the Auditor General's recommendations. In fact, the Auditor General's assessment of the shortcomings of the existing expenditure management system echoed our own findings.

The changes we are proposing will not take place overnight. We need both new evaluation tools and more evaluators. We will need to work hard at defining and then measuring proper performance, capturing the necessary data and integrating it into management practices. Our goal is to make sure that every dollar spent is well spent, and then to make sure that Parliament has a transparent means of executing its oversight role to that end.

In conclusion, the approach I have described for you today will change the way government does business. However, the kind of significant change we are undertaking takes time. But it needs to happen. Putting this approach in place will further entrench a culture of sound management, of spending to deliver programs that achieve results for Canadians and maximize value for money.

Mr. Chair, that concludes my remarks. I would be pleased to answer any questions that committee members may have at this time.

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

We're now going to move to the first round of eight minutes each, beginning with Ms. Sgro.

**Hon. Judy Sgro (York West, Lib.):** Thank you, Mr. Chairman.

It's irregular to see all of you folks here all the time. Welcome.

Mr. Wouters, how come the cost has escalated so much? It has gone from what was supposed to be \$16 million to \$53 million.

**Mr. Wayne Wouters:** I'm sorry, the cost of—?

**Hon. Judy Sgro:** The cost of the project to develop the expenditure management information system, EMIS. It was initially tagged at \$16.2 million, and it is now at \$53 million.

**Mr. Wayne Wouters:** EMIS is essentially a system by which we are able to gather the information from departments, so that we're able to bring together the various pieces of financial information that go into the supplementary estimates and into the main estimates.

There are six or seven legacy systems that we have. These systems are very much outdated. We need to basically come forward with a new system. It's a significant expenditure for the government in order to modernize that. Our early estimates came in at a much lower cost. When we got into the program, we then realized that in order to bring in a new system to replace these seven legacy systems, it was going to cost significantly more than that.

**Hon. Judy Sgro:** Why was it so undervalued at the beginning? That's triple the amount of money that you initially thought it was going to cost to bring in the program.

**Mr. Wayne Wouters:** Again, that was part of our preliminary project approval, so it was in the very early days of the project. During that period of time, this was an estimate that we had.

As well, we did expand the project considerably when we moved to looking at how we need to bring in a new system. There was essentially a need not only to gather the information on spending, but also to be able to gather, collect, and report on results against the spending. We modified the overall project to allow us to be able to not only gather the financial information, but also to be able to gather financial and non-financial information and link it to results. That was a significant change in the overall project from its initial inception.

**Hon. Judy Sgro:** Where do you see yourselves now with the kind of implementation plan that was recommended? With the recommendations from the Auditor General, where is the department now in meeting those requirements and those recommendations?

**Mr. Wayne Wouters:** We're quite far advanced, as I noted in my opening comments. In budget 2006, the government made a commitment to review the overall expenditure management system. That review is very far advanced. We have a set of proposals now that the minister is discussing with his cabinet colleagues, and we expect those proposals to go forward to cabinet in the weeks ahead. If cabinet approves that overall approach, we'll be rolling that out beginning this spring.

• (1545)

**Hon. Judy Sgro:** How are you proposing to do a more effective job of monitoring the non-financial commitments?

**Mr. Wayne Wouters:** Under our new MRRS policy, each department is now basically required to align both financial and non-financial resources—HR resources, for example—to the various outcomes that they must identify for their department. First and foremost, they must outline the outcomes that they're going to achieve. Based on those outcomes, they must then outline how the various programs that they have in place are aligned to achieve those outcomes. Within every program, of course, there are all the resources that must be aligned, both financial and non-financial.

Again, this is a work in progress. It's been under way for the last year and a half now, from the perspective of a requirement that the departments must submit. Our view is that we're making good progress in this area.

**Hon. Judy Sgro:** On the recommendations that the Auditor General made, is it your intent to fully implement all of them?

**Mr. Wayne Wouters:** I don't have every single recommendation before me, but I would argue that the majority of those recommendations are ones that we accept. We feel they are quite appropriate in terms of where we need to go.

**Hon. Judy Sgro:** Ms. Fraser, does the secretariat have the resources to follow up on all of the things that you recommend need to be done?

**Ms. Sheila Fraser:** We would certainly do that as part of our normal policy on the follow-up of audits. This is such a significant one that we would go back and look at it at some point in the future. We would, though, first want to see the more detailed plan from the secretariat, as to how they would address this. We would then time our follow-up audit based on their own indication of when they believe some of these things will be put in place. But we will go back and do a follow-up at some point in the future.

**Hon. Judy Sgro:** Do you have any concerns with the fact that the costs have escalated so much, from \$16 million to \$53 million, and it's still a work in progress?

**Ms. Sheila Fraser:** Members will know that in the audit we did on large IT projects, that was one of the systems we looked at. We were fairly critical of the criteria of management throughout. That could perhaps be something we would go back and look at in the future as well, to see if management of these large projects has improved or not.

**Hon. Judy Sgro:** But when you're doing this work, you don't have a date already booked for when you're going to be checking back, six months, nine months, or twelve months later. You just wait until they're completed.

**Ms. Sheila Fraser:** Mr. Chair, it certainly would not be within a year. We would usually only go back two to three years after an initial audit, especially for something as complex as an expenditure management system. Quite honestly, I would expect it would probably take at least that, if not longer.

What we would expect is for the department to produce a plan, with their timeline of when they believe they can address these issues. We would then see if they have met those timelines. For us to go in earlier, of course, leaves us open to criticism that we're not being realistic and are not being appreciative of the complexity of the issues.

So we would much rather have it that the department sets the timeline. Based on that, we would then do the follow-up audit.

**Hon. Judy Sgro:** So far, have they submitted a plan to you on how they are going to meet their obligations?

**Ms. Sheila Fraser:** No, they haven't, but I believe that was what Mr. Wouters was referring to when he talked about the documents going to cabinet. That's part of it.

**Hon. Judy Sgro:** Thank you.

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

*Monsieur Laforest, huit minutes, s'il vous plaît.*

[Translation]

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Thank you, Mr. Chairman.

Ms. Fraser, when you tabled your report, you indicated that you had not had access to certain information, but that the problem was resolved in November.

To what information were you referring and when was access denied to you?

● (1550)

**Ms. Sheila Fraser:** The incident occurred while we were in the midst of doing our audits in late 2005 and early 2006. Two audits were involved: one of the Expenditure Management System, and the other, of IT initiatives. We wanted to find out how the Treasury Board Secretariat managed IT projects within the framework of the Expenditure Management System. We were denied access to documents on the grounds that these were confidential Cabinet papers.

The problem stems in part from the fact that we are dealing with a Cabinet secretariat that also plays an operational role. We argued that we were entitled to have access to these documents. Discussions with the Privy Council Office continued up until the summer. Obviously, we had to halt the process of drafting the chapters. That's when we made it known that we had been denied access to the documents.

As a result of an order in council, we now have access to these documents.

**Mr. Jean-Yves Laforest:** You now have access to these documents, but have you been able to review them?

**Ms. Sheila Fraser:** The new directive does not apply retroactively because of the change in government. When the new government came to power, it could have authorized access to these documents, but not retroactively. Therefore, we have not examined the documents the access to which was denied us, but the situation has been rectified for the future.

**Mr. Jean-Yves Laforest:** Therefore, part of the information will not be passed along to Parliament and will not have been audited. Are you saying then that eventually, Parliament could see its privileges breached?

**Ms. Sheila Fraser:** The fact is that as agents of Parliament, we have been unable to complete certain steps or parts of the audit process because we were denied access to certain documents.

**Mr. Jean-Yves Laforest:** Several times, notably in Chapter 1, you state that generally speaking, the expenditure management system, that is the reporting of certain expenditures or departmental spending authorization, does not take performance or results into account.

Of the 130 agencies or departments that have undergone performance audits, does it ever happen that measures are taken before an audit is done, with a view to justifying an existing, long-term program? Can you give me any examples of this? It makes a considerable difference.

**Ms. Sheila Fraser:** I doubt there are any. Program evaluations have surely been conducted, but we haven't noticed that they were done systematically. We do not take this into account in the granting of credits. It's more a matter of current programs that are renewed annually, without closely evaluating how they have performed.

**Mr. Jean-Yves Laforest:** Mr. Wouters, you stated that your goal was to ensure that all government programs are effective and efficient, which means that you have quite a job ahead of you.

Before you adopt a new approach, are you going to share your plans with the Auditor General to see if they correspond to her recommendations? What timetable do you have in mind?

You say you want all government programs to be effective and efficient. Therefore, I would imagine all affected programs will be evaluated one by one, according to a fairly specific timetable.

• (1555)

[English]

**Mr. Wayne Wouters:** Thank you. *Merçi.*

That would be the approach. We would want to outline our implementation plan very clearly in order to ensure that we have an effective expenditure management system in place. This will take time, as I said in my opening statement.

Clearly there is going to be a need to invest in the evaluation function. Our view is that this function is not at a level that is required in order to do the appropriate assessment of programs on an annual basis. It's going to take time to put that system in place and to be able to have an ongoing review of existing spending. That, as well, is going to require a period of time to bring in.

We will have an implementation plan once the government decides to proceed and agrees on the individual details. We'll make that available to the Auditor General, and we'd be pleased to make that available to this committee as well.

[Translation]

**Mr. Jean-Yves Laforest:** Fine then. Thank you.

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

[English]

Mr. Williams, eight minutes.

**Mr. John Williams (Edmonton—St. Albert, CPC):** Thank you, Mr. Chairman.

Before I start, I have a question for the Auditor General.

I was reading in the *The Globe and Mail* today, on page A15, a letter by Mr. Granatstein, who writes for them periodically. He was writing about problems in the military. He said that there were three problems:

The first is something called the accrual system of accounting.

In the past, Canadian governments bought a truck for \$25,000 and charged that sum to a department's budget. The cost of gas, oil, and maintenance five, 10, and 20 years down the road were charged to future budgets. In accrual accounting, perhaps more reasonably, the costs of operating the truck 20 years into the future are charged to today's budget. That \$25,000 truck now becomes a \$125,000 charge on this year's budget funding.

Is Mr. Granatstein out to lunch on this? Does he need a lesson on accounting?

**Ms. Sheila Fraser:** Mr. Chair, I think Mr. Williams knows very well that we don't charge gasoline expenditures 25 years out to today's budget.

**Mr. John Williams:** Well, maybe we should let Mr. Granatstein know. Maybe he needs a lesson on accrual accounting.

Mr. Wouters, I wasn't too happy with your opening statement. I thought it was a self-serving thing that didn't really tell us a lot of detail. You told us you were going to do a lot of things, but there is actually nothing in here as to how you're going to get there. But it sounds nice.

On the last page, you do happen to say that we need both new evaluation tools and more evaluators. How many more evaluators are you going to get?

**Mr. Wayne Wouters:** Again, it depends on the timeframe we're looking at in order to—

**Mr. John Williams:** Do you have any idea at this point in time?

**Mr. Wayne Wouters:** If I could respond to the question, it's a timeframe to undertake evaluations within the system. We think we should be able to be in a position to evaluate every direct program's spending over a five-year period. That would probably mean roughly a doubling of the number of evaluators to undertake that process, which would be around 200 additional evaluators.

**Mr. John Williams:** Do you have a plan to hire these 200 more evaluators?

**Mr. Wayne Wouters:** That's what we're working on right now as part of our overall implementation plan: do we in fact need to provide any further training within the system and the kind of outside recruitment we need to have these people in place? That's very much a part of the overall expenditure management system renewal.

**Mr. John Williams:** Okay.

The Auditor General points out there is very little analysis of the effectiveness of existing programs. But every so often we're announcing new programs.

About 10 years ago, or more, I brought forward a private member's bill called program evaluation. It said that all existing programs were to be evaluated on, say, a 10-year cycle so that we know they are delivering value for money. There were four simple questions to be asked: one, what is the program supposed to do for society, i.e., a mission statement; two, how well is it doing what it's supposed to do; three, is it doing it efficiently and effectively; and four, is there a better way to achieve the same results? Mr. Chairman, that bill has languished and been ignored for years and years, and now the Auditor General is writing about more effectiveness in program delivery.

Why is it taking so long, Mr. Wouters, to get some real effectiveness into program delivery?

• (1600)

**Mr. Wayne Wouters:** I won't comment on where we have been, except to say that if you look back over the past decade, we came in with the expenditure management system back in the early 1990s, after a period of time when the existing A-base had been reviewed on an ongoing basis each and every year. Then we had this exercise called program review, which was a thorough assessment of the A-base of the departments. There was a view, at that time, that we had it more or less right and that therefore the focus should be on new spending—to contain new spending—because of course that period of time was a deficit period. So the focus largely was on new spending, and I would argue that this is the system we still have in place today.

As a result of that, there is a need, when we look at new spending, to align that new spending with existing spending. So every time the government or the departments come forward with a new idea, the new idea and the incremental spending should be articulated. That is, the rationale should be based on what we are spending in that area now and whether there is a need for incremental spending.

**Mr. John Williams:** I can't imagine, given the quality and the calibre and the number of managers we have in the public sector, Mr. Chairman, that that wouldn't have been taken as a matter of course years ago, and we're trying to get around to that now.

The next question I have is on supplementary estimates. It seems that a lot of times the money is spent before Parliament is even asked whether it's a good idea. And it seems to me that Parliament has now become just another stamp on the paper in the process along the way. Governments should not be spending money unless it's approved by Parliament.

First of all, do you agree with that statement?

**Mr. Wayne Wouters:** Yes.

**Mr. John Williams:** Why is the government going ahead and spending all this money before it gets parliamentary approval?

**Mr. Wayne Wouters:** If you look at the process, that's in fact what the government does. We submit the mains, as you know, every year to seek parliamentary approval. For those items that cannot be put into the mains—and that happens for a whole number of reasons—supplementary estimates are tabled, either in the fall or in the supplementary (B)s in the spring, in order to seek approval from Parliament to spend each year. That's the approach that has been put in place to actually seek parliamentary approval.

**Mr. John Williams:** Do you advise the government when they come to you and say that, as the Treasury Board Secretariat, you're in charge of getting these supplementary estimates through Parliament? Do you advise them that, shucks, guys, you shouldn't be spending the money until you have parliamentary approval? Or do you just go ahead and say to send the paperwork in and hope it comes back with a stamp on it?

**Mr. Wayne Wouters:** No, if you have looked over the last number of years, any department that decides to spend in advance of receiving the appropriate authority through Parliament does so very much at their own risk, because Parliament can decide at any point in time not to approve that particular spending. That happened, in fact, in the last minority government. I would argue that departments need to be very prudent until they do receive parliamentary approval. That is where, at the end of the day, spending is approved.

**Mr. John Williams:** I'm not sure what the risk is, Mr. Chairman, other than coming before the public accounts committee to see what they have to say about spending money that's not authorized by Parliament.

One of the things we do nowadays is carry over at the end of the year to try to reduce March madness. I've always wanted the carry-overs to be reported to Parliament as a single supplementary estimate so Parliament can see what we approved last year and what wasn't spent and is being carried forth with the intention of being spent in the current year. I've never been able to convince the government that Parliament needs this information to see what kinds of carry-overs are being done.

Do you think it would be good business sense to let Parliament know what carry-overs are being carried forward?

I'll ask Mr. Moloney.

•(1605)

**Mr. David Moloney (Senior Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat):** In fact, we highlight the aggregate amount of operating budget carry-forward in the supplementary estimates documents. The one just tabled by the president last Thursday, for example, pulled together all the operating budget carry-forward items to show Parliament exactly what they added up to. We agree with that.

**Mr. John Williams:** I was actually asking for a separate supplementary estimate, Mr. Chairman, but if they're highlighted in another one, I guess it's halfway there. We'll just keep working on it.

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

Mr. Christopherson, eight minutes.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you, Mr. Chair.

Welcome all. Thank you for your presentation.

I believe Ms. Sgro asked a question that's fairly motherhood for us, and that is, do you agree with the Auditor General's recommendations? And we like to hear no more than maybe one or two beats of a pause before you jump right in and say yes, of course. That didn't happen. I'll give you a chance to put a finer point on it, because you said you agree with almost all the recommendations.

In looking at the Auditor General's report, I have to say I was struck by the lack of commitment in a lot of the responses. Here's the way it seems to go. For instance, page 41, for anyone interested, the central agencies' response was:

Designing and implementing a process of systematic review.... The government has committed to the following:

- programs should focus on results and value-for-money,
- programs must be consistent with federal responsibilities, and
- programs that no longer serve the purpose for which they were created should be eliminated.

And then on page 47, "the central agencies agree that clarity of roles and responsibilities is essential." I'd rather have heard that you were committed to clarifying the roles and responsibilities.

And the same on page 34 in the government response: "The government's overall response, included at the end of the chapter, indicates that the findings are generally consistent with its view of the present Expenditure Management System."

I'm noticing gaps and I want to make sure we're not in any kind of word games here. Are there recommendations in here that you do not agree with and have no intention of acting on?



**Mr. Wayne Wouters:** At this point, no. We are in agreement with the Auditor General in terms of her recommendations in her report. I can't be more categorical than that. We think it's an excellent report and we're quite comfortable with the recommendations she's put on the table.

**Mr. David Christopherson:** Good. So you're saying unequivocally you agree with the recommendations and you're planning to recommend those recommendations?

**Mr. Wayne Wouters:** We are putting in a plan. We are recommending a plan to the president, who will bring this forward to cabinet, basically following through on the AG's report and how we can address the overall concerns she's raised and how we can respond to the recommendations.

**Mr. David Christopherson:** Okay. And maybe it's just a matter of speaking, but you used the word "basically", okay? Is that just a word as a filler you threw in or, are you saying, "for the most part", as in that's what "basically" means?

**Mr. Wayne Wouters:** I think the honourable member will be the best judge of the overall response to the AG's report when the government comes out with its plan.

**Mr. David Christopherson:** Agreed, but first of all I want to set the standard. I want to make sure the standard is that we can expect to see all these recommendations being implemented in your new system and in that report. And if they aren't, then it would be contrary to testimony you're giving today.

**Mr. Wayne Wouters:** Again, as you know, some of the recommendations the Auditor General has proposed are at a fairly general level. Sometimes the devil is in the details. You're going to have to be the judge of how we've responded to the somewhat higher-level set of recommendations and what we actually have to implement.

**Mr. David Christopherson:** Okay, and we will.

I'll go to an area that Mr. Williams touched on, although I want to go in a little different direction. The Auditor General, in her opening comments, said in paragraph 13, the last sentence, regarding supplementary estimates—Mr. Williams dealt with the issue of spending money that hasn't legally, technically, been approved by Parliament. I also want to talk about the amount of supplementary estimates, which the Auditor General is noting has more than doubled in recent years. Of course, Parliament is forever trying to get everything in the mains because with the supplementaries, there are games that can be played, things are going on.

So why this trend line, and what are you going to do about it?

• (1610)

**Mr. Wayne Wouters:** I think, first and foremost, the trend line is a reflection of the increase in spending by the government each year. There has been a significant increase in spending year over year that was announced as part of each budget each year, and as a result of these being in the budget, it's been very difficult for us to put the budget provisions into the mains, because we need to finalize mains often much before the period of time when the budget comes down.

Over 130 agencies make up the mains, of which there are virtually hundreds of votes. Just the pure logistics of bringing all that together to put into the mains each year is a huge exercise. It takes months,

and we therefore have to close the books on the mains much earlier than the budget. We would like to be able to include the budget items in the mains, but our current system and approach simply does not allow us to do that. Therefore, we need to come forward with supplementary estimates following—

**Mr. David Christopherson:** I understand the procedure and I understand the difficulty. I understand all of that. That would be built into the 4.5% that existed in the previous eight years. What I want to know is why it's doubled. You can tell me the numbers are bigger, but for that period of time, given the low inflation we've had, I'm having a great deal of difficulty.

You're outlining to me how difficult the process is. I accept that. I see that in the 4.5%, if one accepts that as an acceptable number, during that time period. What I find unacceptable is that it's now double that, so I want to hear why. Don't tell me how tough it is originally; we've already covered that. What's the doubling of the amount over the last few years? Why is that happening? It suggests to us something systemic.

**Mr. Wayne Wouters:** Yes, it's moving from deficit to surplus.

David, do you want to comment on that?

**Mr. David Moloney:** Sure. I have two examples.

In the 1997 budget, as we were just coming up to a balanced budget, there was a total for 1997-98, the next fiscal year, of \$600 million in new direct program spending proposals. The supplementaries in total that year were \$3.7 billion of voted spending. Last year, in contrast, we had \$2.6 billion—an extra \$2 billion—of proposed new direct program spending for the coming fiscal year, which is this fiscal year. Supplementary estimates proposed for this year in total are \$5.4 billion.

As a second example, we spoke about operating budget carry-forward, which is always the largest element of supplementary estimates. We can't know how much to allow departments to carry forward until September, when the public accounts close. That's \$1 billion this year in the combined supplementaries. It was \$954 million last year. It was \$1 billion the year before that.

Basically, operating budgets have doubled over 10 years. That in itself also contributes to an increase in the underlying amount of supplementaries, so it's both larger government and more policy spending.

**The Chair:** Thank you very much, Mr. Christopherson, and thank you, Mr. Moloney and Mr. Wouters.

Mr. Wrzesnewskyj is next, for eight minutes.

**Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.):** Thank you, Mr. Chair.

Mr. Wouters, you mentioned that the EMIS program is replacing six legacy systems. What is their annual cost?

**Mr. Wayne Wouters:** David, would you comment?

**Mr. David Moloney:** Do you mean the annual cost of operating those systems?

**Mr. Borys Wrzesnewskyj:** Yes.

**Mr. David Moloney:** The annual cost of operating those systems is about \$6 million.

**Mr. Borys Wrzesnewskyj:** I understand they're not very effective. Is that correct?

**Mr. David Moloney:** Those systems are all over 20 years old. All of their architecture, even code, is over 30 years old, so we are on the verge of seeing those systems collapse and my being unable to bring the president those blue books.

• (1615)

**Mr. Borys Wrzesnewskyj:** When is the scheduled full replacement of those systems to take place?

**Mr. David Moloney:** We are now scheduled with the replan project to have a replacement integrated system in operation and fully tested this November. We plan to maintain the legacy systems on a parallel basis for the balance of the next estimates year, but our current plan with the blueprint that we're just approving this week, actually, is to switch over as of November for the production of the 2008-09 main estimates.

**Mr. Borys Wrzesnewskyj:** I am curious to see that the EMIS system went from \$16 million to \$53 million. Was that covered by supplementary estimates?

**Mr. David Moloney:** That would have been, depending on the timing—That is a multi-year cost estimate, not a one-year estimate; some of that cost would have been reflected in the mains, actually, this year.

**Mr. Borys Wrzesnewskyj:** It's an interesting mechanism. We talk about supplementary estimates or using that mechanism without actually going to Parliament first. Now, 10% of total spending is supplementary estimates, but what percentage of that 10% is actually spent before it goes to Parliament for approval?

**Mr. David Moloney:** It is very little, in my view. I personally put in writing to departmental senior financial officers twice a year a reminder that they should not spend; they are not to spend.

**Mr. Borys Wrzesnewskyj:** "Very little" is what, \$10 million, \$100 million, \$1 billion?

**Mr. David Moloney:** We have no way to judge that. The one way in which departments could, while respecting Parliament's authority, move ahead on some initiatives is if they were working within a vote that did not name the activity. For example, for a grant and contribution, you can't come up with a new grant and contribution without coming to Parliament. No department is legally spending on a new grant and contribution that's not listed. So I believe this doesn't happen, period.

**Mr. Borys Wrzesnewskyj:** You seem to be saying that you treat it seriously, because you send out a letter twice per year, yet we don't actually have a table or schedule that can show us who's gone ahead, what department, and for what reasons they've gone ahead in spending taxpayers' dollars without prior approval.

**Mr. David Moloney:** I think there are two pieces of evidence that you do have. One, the public accounts will show any department that spent in excess of its vote. Some years, no one will have; and if

anybody has, they will be very clearly listed. The Auditor General is, of course, paying close attention to that.

The second bit of information is that in the last two fiscal years the government lapsed in excess of \$5 billion of voted appropriations authority. I think that's the flip-side evidence that appropriations were sought, although in the last couple of years large amounts were sought through supplementary estimates rather late in the year, and if departments couldn't spend that money because it was too late, it was lapsed. So we have that \$5 billion.

**Mr. Borys Wrzesnewskyj:** Sir, could you produce for the committee a table that would actually show—we've seen a number of tables—which departments went ahead and spent without having approval from Parliament through supplementary estimates?

**Mr. David Moloney:** To the best of my knowledge, sir, we have information on the annual use of authorities, as opposed to the daily, weekly, or monthly use of authorities.

**Mr. Borys Wrzesnewskyj:** I find it unacceptable that departments would not even be flagged. You're sending out letters twice a year saying please don't do this, but departments aren't even being flagged after the fact as having gone ahead and spent taxpayer dollars without approval of Parliament. That just leaves things wide open.

In terms of consequences, what sorts of repercussions are there when a department goes ahead and, without having parliamentary approval, begins spending above its approved budget?

• (1620)

**Mr. Wayne Wouters:** Again, I think it's very difficult to get that information during the fiscal year. If a department exceeds its vote at the end of the year, we would know that, but we are not in a position to be able to, of those virtually thousands of votes, determine on a given daily or weekly basis whether a department is in fact exceeding its spending. It just would not be possible for us to do that.

**Mr. Borys Wrzesnewskyj:** Mr. Wouters, would a department be aware of the fact that it had exceeded what it had been budgeted?

**Mr. Wayne Wouters:** As we come to the end of a fiscal year, the department will know whether in fact it exceeded its overall budget, and it will also be able to track, and should be able to track during the year, where it is.

**Mr. Borys Wrzesnewskyj:** Is there any obligation on the part of the department when it appears that it's tracking towards going over budget without supplementary estimates' being approved? If you're unable to turn around and see whether or not departments are doing this, is there any obligation on their part to turn around and say they have two months to go, and it looks like they're on track to exceeding their budget, to red-flag it for themselves?

**Mr. Wayne Wouters:** They're very much required as departments, as is the senior executive, including the deputy who's the accounting officer of the department, to ensure that they are basically within their vote. That is the responsibility of each department. It's been very rarely the case, in my experience, that any one department or any one agency has in fact exceeded its vote during the year.

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

Mr. Fitzpatrick, eight minutes.

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Thank you, Chair.

I'd like to deal with the access to information issue that was raised in your report, Madam Fraser. From what I can gather, you were having difficulties getting access to information, but you have worked out a protocol with this administration that you think allows you to do your job.

**Ms. Sheila Fraser:** That's correct. There was a new order in council issued that makes it clear that we have access to the kind of information that we had been refused.

**Mr. Brian Fitzpatrick:** The area of concern, I guess, is that if you tried to pursue matters that involve previous administrations, this protocol does not apply to that. Do you see any way that Parliament or our committee or somebody could find a way to allow you to use the protocol you have with the current government to deal with previous administrations?

**Ms. Sheila Fraser:** Quite honestly, Mr. Chair, I think that could be difficult, because it really is a determination by government of what is cabinet confidence and how the original order in council, which dates back to, I believe, 1983, is to be interpreted. There is a new order in council in which the interpretation is much clearer, but it would still be an interpretation by lawyers of government as to how the previous one would be applied.

**Mr. Brian Fitzpatrick:** Am I mistaken to think that the previous prime ministers or their cabinet ministers could waive this matter?

**Ms. Sheila Fraser:** It is my understanding that they could waive it. That is correct.

**Mr. Brian Fitzpatrick:** So they still have some power, even though they're not in office.

Thank you.

The other area I want to deal with is misconduct. This has been a troubling area. We seem to have programs in place in Ottawa so that when we find people who are ethically challenged and have done things that are not right, we send them off on a course to teach them ethics and values and so on. I have a lot of problems with that, because these are well-educated people and they're probably parents, in some cases grandparents. It seems to me if they didn't get that when they got out of high school, we probably have serious problems.

The vast majority, I agree with the Auditor General, are good, honest, trustworthy public servants, and there's always a bad apple in there. But I have difficulties trying to figure out the value of that kind of program.

On the other hand, I certainly do understand the value of deterrence. If people know with a high probability that they're going to get caught, and secondly, that when they get caught there are going to be some very serious consequences, I think the element that doesn't really have good ethics and value can understand that approach. Do we have that sort of system in place in our public service to deal with the bad apples who want to get into a misconduct situation?

● (1625)

**Ms. Sheila Fraser:** I can begin to answer, and then Mr. Wouters can perhaps complete it.

The government has had a number of initiatives on values and ethics over the last four or five years, even. I think it is important that there be these programs in place, that people are aware of the values and ethics in government, especially when you have a lot of people coming in, say, from the private sector or from other organizations. It is different in the public sector, and they need to understand what the rules and the procedures are within the federal government.

So the training aspect is important, as well as to say to people that these are important things, and if they should see any cases of suspected wrongdoing, they will know where to turn to and how to report them.

There is an obligation under the Financial Administration Act for any public servant who suspects cases of wrongdoing to report it to the proper authorities. It is my understanding as well that the government has also developed new policies around the question of sanctions.

Perhaps Mr. Wouters could speak to that.

**Mr. Wayne Wouters:** There are different ways to look at sanctions. They can be institutional—how do departments comply with our policies and what occurs when they don't—versus individual sanctions, what happens if there is a wrongdoing by an individual. Under the FAA, I think it's quite fair to say that we have all the tools at our disposal in terms of dealing with discipline, and the appropriate sanctions, from having a written reprimand to actual outright dismissal.

I would indicate to the honourable member that all of those various tools have been used in departments. As a deputy, I have used all the tools, including dismissal. What we don't do is disclose personal information. When these decisions are made we are not in any way making information available about what type of reprimand we may undertake with a certain public servant.

**Mr. Brian Fitzpatrick:** Thank you, sir.

I have another area I want to pursue, but I can't leave this alone. By keeping it private and confidential you lose a lot of the deterrent value of the information to this age of privacy. I understand that's what we're into, but if you want people to understand there are consequences, having it known to other people in the system that Joe Smith or whoever has received his walking papers may make them think twice about doing this sort of thing themselves.

To the Auditor General, I've always assumed that in every department somebody's monitoring the continuing programs to see what's working and what's not working. If they find things they're administering that aren't working, they take corrective action to see if they can overcome those problems and get on with things. If they take corrective action, I assume they have some sort of evaluation process in place to determine whether that action really improved the situation.

To me this just sounds like good public administration and common-sense management. But I assume from your report that for me to assume that's going on with existing programs could be a very weak assumption.

**Ms. Sheila Fraser:** As our audit notes, that sort of ongoing evaluation is not being done on a systematic basis, on a regular recurring basis. It tends to be done more when government wants to reallocate, and then it tends to be more a one-time or periodic measure rather than a continuous process. As we also said, there's more scrutiny attached to new spending than ongoing spending, so there needs to be more work done on assessing the two together.

**Mr. Brian Fitzpatrick:** Does Mr. Wouters have any comment on that?

**Mr. Wayne Wouters:** I agree with the Auditor General that new spending is not necessarily aligned with existing spending when new spending proposals come forward. There is also a need to put a system in place that systematically reviews existing spending each year.

I don't think it's possible to review all existing spending every year. The British, for example, review 20% of their spending in-depth to ensure it's aligned to priorities and that they're achieving value for money, and the like. So those are the kinds of proposals we're currently looking at.

•(1630)

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

That concludes round one. Before I go to round two, I have a couple of questions. I'm going to use the chair's prerogative here and ask Mr. Wouters a question on the protocol we're developing on the appearance of accounting officers before this committee.

As you know, we've had Dr. Frank here. We've discussed it for about four months. We've had feedback from many organizations and parties around Ottawa. The steering committee dealt with it on Monday and instructed this committee to put it to a motion on March 19, which won't happen because of the federal budget, but it will be shortly after that.

One organization we haven't heard from is the Treasury Board Secretariat. As chair, can I construe your silence as agreement to what is in the protocol?

**Mr. Wayne Wouters:** I've had some discussions with Mr. Franks, and I know that this committee is working to develop that protocol. We thank the committee for working this through. Because deputy ministers are now accounting officers under the legislation, it is critical that we get this right. As a result of that, based on the Federal Accountability Act, I've had discussions with the president, who's having discussions with his cabinet colleagues on the government's view of the accounting officer model and how it would work. I think it is incumbent upon us to make sure those views are available to this committee.

Subject to my minister's agreement, we would like to be able to ensure that the committee is aware of—

**The Chair:** Will we hear back from you before March 21?

**Mr. Wayne Wouters:** I wasn't aware of your timing, so I will take that back and I will advise the president accordingly, and hopefully we can be back to you prior to that period of time.

**The Chair:** There's still one other issue on which I want to get the opinion of Mrs. Fraser and perhaps you, Mr. Wouters, and that is this development of what I call "conditional" programs.

We saw it arise first perhaps before that, but in the budget of May 2005 there was a \$4.6 billion amount allocated. It was all preconditioned upon the Government of Canada having a surplus of at least \$3 billion for the fiscal period ending March 31, 2006. It had regard to public transit, post-secondary education, and affordable housing. The surplus did materialize and the funds were spent.

Last week, or the week before last, we had the announcement of the \$1.5 billion for environmental programs for the provinces, again conditional upon there being a surplus for the fiscal year ending March 31, 2007.

These programs don't go through the budget process, they don't go through the main estimates, they don't go through the Budget Implementation Act, but I assume they go through the supplementary estimates. They're really outside what I consider the scope of any normal parliamentary oversight. It's kind of spending the loot at the end of the year. We used to complain that departments did the same thing. Now we're seeing governments doing it, instead of paying down the debt and passing the benefits on to future generations.

Do either of you have any comment or opinion on those developments?

**Ms. Sheila Fraser:** I would just add, on the \$4.6 billion in 2005-06—

•(1635)

**The Chair:** I guess that was the actual budget.

**Ms. Sheila Fraser:**—that was subject to a special bill, Bill C-48, which received parliamentary approval. Those expenses were recorded in the *Public Accounts of Canada*—once we knew what the surplus was, of course, and then it was recorded. But there was parliamentary approval. We would not have permitted the recognition of an expenditure if Parliament hadn't given approval.

And we'll have to see, with the latest announcement, if approval is given before the end of the year or before we sign off on the financial statement.

**The Chair:** Is this a new development, and does this development have any troubling consequences in the long term?

**Ms. Sheila Fraser:** As a personal opinion, I would say we saw government in certain years transferring very large sums of money to foundations and others, over which we raised several concerns. I guess in some sense this might be an improvement, because Parliament actually votes on it and Parliament has actually approved that expenditure. Certainly the \$4.6 billion was subject to a specific bill and a specific vote by Parliament, so the expenditures were authorized.

**The Chair:** Mr. Wouters, will the \$1.5 billion from last week be in the supplementary estimates, or how will that be done?

**Mr. Wayne Wouters:** I'm sorry, I'm not aware of the details of that particular announcement. We'd have to get back to you on that.

**The Chair:** If you could, we'd appreciate that.

I'm going to go to the second round. Mr. Williams, you had a very quick comment on the issue I raised. I'll allow you to speak very briefly, please.

**Mr. John Williams:** Thank you, Mr. Chairman.

Mr. Wouters was saying he was in discussion with the President of the Treasury Board and also with cabinet, and so on, regarding this protocol on the new designation of accounting officers. I just want his opinion. Does he perceive the opinion of Parliament to be the overriding opinion, or does he perceive the opinion of government to be the overriding opinion?

If we happen to have a difference and a clash, how are we going to resolve this issue, because we know in the past that the government's own interpretation of, not so much confidence, but rules regarding governance has been much narrower than the generally accepted terminology. I think that's why it's important that we get this resolved.

But I also want to know where Mr. Wouters was coming from on this issue. Is he going to lean and take his direction from the government, or what role does Parliament have on this issue?

**Mr. Wayne Wouters:** I'm sorry if I've misled members. What I said was that what we are looking at is what does the accounting officer model mean—not so much the protocol, but when you look at the legislation, how do you interpret that legislation, the Federal Accountability Act, when it comes to the accounting officer? It's very clear in the legislation, if you read it, what the role of the accounting officer is now, as specified in that legislation.

So I think that would be the area where, if the government wanted it plain—is what was intended by the legislation. The protocol, I think, is something that this committee will want to determine, but I guess our only comment on that would be that we would hope that the protocol is consistent with the legislation.

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

We're now going to start round two, but I'm going to have to be brutal on the time.

Ms. Ratansi, welcome back to the committee. You have five minutes.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you.

**The Chair:** Did you miss us?

**Ms. Yasmin Ratansi:** Yes, I missed you a lot.

My question is to the Auditor General.

You say there are two expenditure management processes, one that deals with the existing programs and one for the new programs, and then we hear there's a new system going into place. In your opinion, have you had any review of what the parameters of the system are going to be, and will that system overcome these problems that we have, going back to the supplementary estimates and all those fun things?

**Ms. Sheila Fraser:** The system that was being referred to we looked at in our review of the management of information technology projects. So simply from the question of how it was managed as an IT project, we have not looked further into the whole new system that is being put in place, because we're waiting for the detailed action plan and then to see if that will address all of the issues we have raised. That is what is coming in the next few weeks, I would presume, but once we get it, then we will be looking at that.

**Ms. Yasmin Ratansi:** Okay, then my question is to either Mr. Wouters or to Mr. Maloney.

I know that legacy systems create problems and that their 30-year-old codes, etc., could create a lot of problems. Now we're spending money on a system, from \$16 million to \$53 million. How will that system help parliamentarians make the right decision? I understand the figures given to them are the correct and accurate figures, number one. Number two, how will it track the existing programs and reconcile it to new proposals?

• (1640)

**Mr. Wayne Wouters:** Those are good questions. I'll ask Mr. Moloney to respond to them.

**Mr. David Moloney:** I think it's important to take a step back. The expenditure management information system is a collection of pieces of software that we use to collect information from departments, to assemble the various vote structures, and to publish the main estimates and the supplementary estimates documents. It's an unfortunate double usage of the term "system". That truly is a system. It's an IT system.

The expenditure management system that we're talking about also today is a framework. It is a set of processes and an information flow that supports cabinet in making its allocation decisions. So it does get at issues around performance, as well as spending. The IT system that we are replacing it with will help us have more confidence in our ability to look across departments. When we get this new IT system in place, progressively over a couple of years, we would be able to align spending for Parliament as well as for cabinet, together with results.

**Ms. Yasmin Ratansi:** How? I come from a background of systems myself, so I know the CFIS systems, etc. So I take it that a lot of legacy systems then collapsed or ran them parallel. I just want to know what parameters you are giving the system. Can we get an assurance that it will address problems of funding, accuracy, management information, of correct information?

**Mr. David Moloney:** I'll try to be brief. The Treasury Board put a policy in place effective in April 2005 called the management, reporting and results structure policy.

As of last year, the main estimates that come to Parliament have a set of strategic outcomes for each department—program activity architectures. Our new IT system is to align those planned results, and to align them with actual results with the spending in an IT system. That will not, in and of itself, provide cabinet decisions that reallocate; it's the information that cabinet has to bring to bear. We need a review process and a different decision-making process that exploits that information.

**Ms. Yasmin Ratansi:** Thank you.

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

Thank you, Mr. Moloney.

Mr. Sweet, for five minutes.

**Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC):** Thank you very much, Mr. Chairman.

Thank you for your time today. I appreciate the magnitude of the job you have in corralling this entire government and seven legacy systems.

I understand—and maybe this is just a confirmation to understand what you're trying to say—that the IMAA is an aggregate of processes, procedures, and technology in order to add some integrity to the management of the expenditures of the government. Is that correct?

**Mr. David Moloney:** The expenditure management system is that, yes.

**Mr. David Sweet:** Okay. That said, I'm certain the irony of building an expenditure management system and having the budget increased by 300% is not lost on you. That is a concern. Are we at the limit now? We're coming down the home stretch. You said it's going to be launched in November. Are we going to need to readjust this figure again?

**Mr. David Moloney:** We have not actually gone to Treasury Board to ask for the approval to spend up to that \$53 million even this year, so we remain under that limit. As I said earlier, that was a multi-year plan.

We replanned the project's starting to last year. We had an internal audit that came along just before the Auditor General's audit, through the large IT projects. We came to the same conclusions: that project needed to be replanned.

I can't give you a final costing for taking that system to what the government may ultimately choose. We don't have a number bigger than \$53 million today. As I said, we're still working inside the \$53 million.

• (1645)

**Mr. David Sweet:** Can you give me to date what's been expended on this program, this system?

**Mr. David Moloney:** We're in the range of \$35 million to \$40 million over seven years. I think it's \$35 million over seven years.

**Mr. David Sweet:** We were talking about values and ethics earlier. One of the things—and I'm sorry, but there have been a number of reports—Madam Fraser, you had reported was that although these programs are available, they're seldom used. A very small percentage of individuals actually participate in this. Am I correct in that recollection?

**Ms. Sheila Fraser:** We did an audit of some of the departments in the national security portfolio. We looked specifically at the RCMP, Border Services, and Corrections Canada, and determined through a survey of employees that many were not aware of the programs in their own departments. Off the top of my head, I think it was around 50% who were not aware

As well, there was a reluctance to report. The employees indicated that they would report, but they didn't think that their colleagues would if they saw wrongdoing. They didn't believe that they would continue to be respected, and they also didn't believe that management would necessarily take it seriously, which is an indication to us that there continues to be a need for better communication and a commitment from senior management throughout these programs.

**Mr. David Sweet:** Okay, I was just going to confirm that this really needs to be a senior management leadership issue, not only in this instance but also for the Federal Accountability Act, with the whistle-blower provisions now, which people need to be informed about regarding what they're able to do, etc.

**Ms. Sheila Fraser:** Absolutely.

**Mr. Wayne Wouters:** I would just comment on that. The government has made significant amendments to the whistle-blower legislation, which will be coming into force in the near future.

**Mr. David Sweet:** On a different topic again, Madam Fraser, we've talked about the supplementary estimates and the growth of them, but we haven't talked about some concerns you've had about recurring items on the supplementary estimates. Could you give us some information on that?

Then I'd ask Mr. Wouters to comment on that, please.

**Ms. Sheila Fraser:** One example that springs to mind is the case of the audit we conducted of the Canadian firearms program. Consistently there were large amounts of money that went through the supplementary estimates. I think it was 30% that was spent on the program through supplementary estimates. We were saying that a lot of these things should have been known and included in the main estimates. There might have been a question of timing, as we have indicated here, but we were of the impression, certainly at least on that program, that there should have been much more put into the main estimates so Parliament would have had a better idea of the total spending at that particular time.

**Mr. David Sweet:** So I guess the quick question would be, will the future IMAA monitor things that will continue to occur like that?

**Mr. Wayne Wouters:** Yes. We would expect the new system to examine these programs on a more regular basis. So if there seem to be specific problems, part of that review would be a detailed review of those programs on a periodic basis to uncover those particular problems as they arise, as opposed to doing so after the fact.

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

[Translation]

Ms. Brunelle for five minutes.

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Good afternoon, Ms. Fraser, gentlemen.

Ms. Fraser, I find it very disturbing that you did not have access to certain documents for a period of several months. You now say that an order has been issued granting you access. What more can you tell me about this? Can you provide me with some assurance that in light of this order, you could access quickly any documents that the current government might decide to withhold from you? Would that in fact be the case?

**Ms. Sheila Fraser:** We came to an understanding with the government that as a rule, we should have access to documents that were withheld from us for these audits. I don't foresee a problem, but if ever that happened, our job would be to report to Parliament, as we did—

**Ms. Paule Brunelle:** What would happen, in that case? I would image there would be some delays. You appeal to Parliament and the matter would be resolved fairly quickly. Correct?

**Ms. Sheila Fraser:** No. It wouldn't go quite like that. Obviously, we have production deadlines to meet and we try to come to an agreement with the government over access to documents. If we can't agree before the deadline, we report to Parliament and mention in the report that we were unable to examine all of the necessary documents in order to complete our audit. It's a matter of informing Parliament of the situation.

•(1650)

**Ms. Paule Brunelle:** Therefore, even with this order, there is no guarantee that you will always have access to all of the required documents. Correct?

**Ms. Sheila Fraser:** I think we have to assume that people are acting in good faith. Moreover, we maintain a very professional, very constructive, working relationship. It was more a matter of clarifying our right to access these documents. I am hopeful that we won't face the same problems again down the road.

**Ms. Paule Brunelle:** Mr. Wouters, clearly, financing predictability facilitates program implementation. I think we can all agree on that. By increasingly relying on supplementary estimates which, to my mind, are unplanned expenditures, are we not adversely affecting the effectiveness of certain programs in the process? That's what worries me.

**Mr. David Moloney:** I'd like to answer that question, if you don't mind.

Clearly, a good many programs or initiatives proposed to Parliament in the supplementary estimates are new. Normally, in year two, proposed funding for these initiatives would be set out in the Main Estimates. As the report indicates, it's true that some programs are funded for a set period of time or years, for example, for five years. Therefore, there is some uncertainty. A government may have decided to invest a certain amount of money in a program and after a number of years, an audit or evaluation is done to see if the problem or needs still exists and if the program is still working.

Clearly, from the standpoint of departmental managers, there is some uncertainty. However, the government made a decision for a specific reason. To our way of thinking, if decisions are based on better information and if Cabinet decisions target specific areas, then the government, Parliament or a department are better able to judge whether a program should be maintained or whether or funding for that program should be increased.

**Ms. Paule Brunelle:** As Members, we often hear talk about— Clearly, when a department like Heritage Canada, for example, is not guaranteed that some of its programs will be maintained, all groups awaiting funding from the department basically are left wondering if the process of redefining programs and criteria is not merely an indication of cuts. Of course this creates uncertainty and worry and

makes long-term planning difficult. I was very concerned to see that these supplementary estimates are also a peculiarity of government.

You've brought this matter to our attention, Ms. Fraser. Do you have any solutions to propose to us?

**Ms. Sheila Fraser:** I think the government needs to review its action plan to see if, wherever possible, additional spending cuts can be made. There is always some obvious spending that can be eliminated. Members could also be encouraged to monitor supplementary estimates more closely.

[English]

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

*Merci beaucoup, madame Brunelle.*

Mr. Lake, you have five minutes.

**Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC):** I want to deal a bit with the issue of the trade-off between new versus existing spending. I find that kind of interesting.

I think back to being a 12-year-old kid, and not me but my friends spending 100% of their allowance in the arcade. This is lost on most of you around the table. It was a little after your time—sorry, I just slammed everybody at the table, except maybe Pierre. It was before Pierre's time.

Eventually those friends got a bit older and started to realize that as much as they loved Ms. Pacman, they wanted to spend some time with real girls. So they looked at new spending with maybe more value for money. They learned quickly to prioritize their new spending with the existing programs. This isn't me; this is my friends. They learned that they had to evaluate, and their new and existing spending went hand in hand. It was just common sense.

Coming here, I realize that there's a whole different political reality. Not only does the government need to have good information to evaluate competing priorities and make good decisions, which we talked about in the report, but there's a second thing. Based on my being here for a year, it seems that the government can make a decision to eliminate a given program for all the right reasons, and inevitably it will be criticized by those either in the opposition or too close to the program to deal with it objectively. I find that some of the decisions are based on common sense, and the loser in this is the Canadian public.

There's a second component to this. It's not just the need to make decisions; there is also the need to communicate, so the public understands them. When I think of the idea of coming up with a good rationale for these decisions, once you have that structure in place—or let's say, if that structure is missing—not only do you have trouble making the right decisions, but you have trouble articulating those decisions, so people can kind of understand them. That was a big part of why I got involved into politics, right from the beginning.

Look at the agency response on page 41. Mr. Christopherson referred to it and rightfully said that it was somewhat vague. The concept that the government is committed to the following programs...“should focus on results and value-for-money”...“consistent with federal responsibilities”, and “programs that no longer serve the purpose for which they were created should be eliminated”.... I agree wholeheartedly with the sentiments in there; in fact, I campaigned on those things.

But I want to know a little more about the action steps further to the Auditor General's comments here that the committee might want to ask witnesses for more information on these reforms, including the implementation plan, in order to assess the extent to which the plan to reform the expenditure management system addresses our observations. I'd like to hear a little more about those next action steps. Where are we going? When are we going there?

• (1655)

**The Chair:** You have a minute and a half to answer the question.

**Mr. Wayne Wouters:** Thank you for the question.

My kids spend all their allowance too. They're in their twenties and still spend their allowance.

**Some hon. members:** Oh, oh!

**Mr. Wayne Wouters:** Again, what I've noted is that the government still needs to make final decisions on the plan and its details. They are still subject to cabinet review. But once those decisions are made, we would be quite prepared to come back before committee to outline the details.

As a comment, I would say this is not easy stuff. I was the public servant who recommended to the previous government the current expenditure management system that's been in place for the past decade, so I kind of know what we put in place about 10 years ago and why it needs to change. But this will not be easy.

There are always a lot of issues around reviewing and reallocating existing programs, and you raise some of those issues. When you cancel programs, when you reduce the size, that often gets a lot of attention. It gets a lot of attention in government simply because we don't do it on a regular basis, and there is a need to look at the programs we have in place. Are they meeting the needs of Canadians? They may have met the needs of Canadians five, six, or ten years ago, but they may no longer be meeting the needs of Canadians, and there may be other ways to address those concerns.

That's why we think that a systematic review of existing programs is a key part of the plan. We are prepared to talk in more detail about the plan once approvals are received.

• (1700)

**Mr. Mike Lake:** I have a further question.

At the end of chapter 1 some other jurisdictions are pointed out: the United Kingdom, the United States, Chile. What kinds of comparison have you done with other jurisdictions? What best practices are out there that we might be shooting towards? Who has set the bar, right now, in terms of other jurisdictions, and how high is it?

**Mr. Wayne Wouters:** We have done a significant amount of comparison with what other countries have done. Often we tend to focus on Commonwealth countries—New Zealand, Australia, Great Britain—because they have a system of government similar to ours. But we also focus on the U.S. model. All those national governments have gone to a system of integrating new spending more with existing spending and with periodic review of existing spending. So there are models out there that we have looked at very carefully. In fact, we have taken, in certain cases, elements of those models and incorporated them into the proposals we have presented to the president and to cabinet.

Again, often we can learn a lot from other governments that have tried different approaches, and we think we have. David's been to Australia to talk to what they've done. We've had the Brits over talking to us about what they have done. We've gained a lot of information through those particular sessions. While we have a Canadian model and we have a set of proposals that will be different, we think there will still be some similarities between what they're doing and what we plan to do.

**The Chair:** Thank you very much, Mr. Lake and Mr. Wouters.

Mr. Christopherson, you have five minutes.

**Mr. David Christopherson:** Thank you, Mr. Chair.

I would like to return to an area that Mr. Sweet raised. That would take us to page 85, paragraph 2.82. I'm back on the supplementary estimates.

The report states: “Our review shows that items reappear for different reasons such as for ongoing programs without a permanent source of funding”. The overarching concern about this is that supplementary estimates are being used because politically often it's easier to get something through there than it is through the mains, because there isn't as much attention at the time. So on this notion that programs are being put forward when there's no permanent source of funding, if that's happening on a regular basis, that has to be problematic.

Then the report states that different projects are being submitted each year under the same title. The third piece is that those are reappearing year after year, when most of your argument is about timing—surprise—and things that are out of your control. If the Auditor General is finding things coming up year after year, that suggests a real weakness in the process, not legitimate reasons for the exercise of supplementaries.

Whoever is interested can answer.

**Mr. Tom Wileman (Principal, Office of the Auditor General of Canada):** Thank you, Mr. Chairman.

Basically, we looked at supplementary estimates over a five-year period, from 2001-02 through 2005-06. Now, 2005-06 was not in fact put into effect. It wasn't voted on, because the election was called just after those estimates were tabled in the House.



What we did, indeed, find is that in the three departments we examined, there were a number of examples that were described, as the member has just referred to, that were reappearing at various times in the supplementary estimates. These were examples of various kinds, and they fell into different categories. In some cases there did not appear to be a permanent source of funding. In other cases, some projects were submitted under different names in different years as variations. In some cases it was explained in terms of changes to programs. In other words, names of programs do change over time. So we had a variety of observations in relation to the supplementary estimates over those years.

**Mr. David Moloney:** Mr. Chair, if I could comment briefly, one of the things we are very strict about under the current expenditure management system is that if cabinet approves an ongoing mandate, there shall be an ongoing source of funds. If cabinet approves spending for three years or five years, then there needs to be a three-year or five-year source of funds.

Given that spending started to grow once the budget was balanced around 1997-98, over the last number of years we have seen a number of programs with three or five year funding come up to what we refer to as "sunsetting". There have been times when programs sunset. There have been times when programs were merged together, changed somewhat, and in need of a new spending approval. There have been times when governments have not been prepared, in the timeline required to get something into main estimates, to take the decision to commit more money, and sometimes have extended a program only for a year rather than taking a multi-year decision. If those decisions happen after about November, or December at the very latest, typically we're not able to get that into the main estimates.

It is a very case-specific thing. But the one thing we can say for sure is that if there's an ongoing cabinet mandate, there is ongoing cabinet funding.

• (1705)

**Mr. David Christopherson:** Mr. Wileman, what do you think about that?

**Mr. Tom Wileman:** Well, we do make some comments about the Treasury Board Secretariat. Mr. Chairman, we do make some comments about the process, of course, and we say that one of our concerns is that we felt that in some of these cases, when we discussed them with Treasury Board Secretariat, there could have been opportunities for more review. In other words, there could have been opportunities for examining these particular recurring cases and perhaps securing changes in terms of the extent to which they were coming forth a number of times in supplementary estimates. That was one of our concerns.

**Mr. David Christopherson:** Thanks, Mr. Chair.

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

Thank you, Mr. Wileman.

Go ahead, Mr. Wrzesnewskyj, for five minutes.

**Mr. Borys Wrzesnewskyj:** To continue with supplementary estimates, do we flag departments or programs that continually have to go for supplementary estimates? If it happens two years in a row

or three years out of five, does that situation cause it to be flagged in any way?

**Mr. David Moloney:** An attempt is made by the central agencies generally; it is more a Privy Council Office function than a TBS function, or even a Finance function. The Privy Council Office does make some efforts to ensure that it has a good sense of the programs that have impending and expiring funding mandates, so that cabinet can take the appropriate decisions, if possible, in the kind of timeline that would allow us to turn around that funding. If some of these programs, year after year—

**Mr. Borys Wrzesnewskyj:** Mr. Moloney, basically you've said no in a lot of words, so there is no way that you actually flag this sort of situation. Is that correct?

**Mr. David Moloney:** I think I'm saying that it's not actually a departmental issue, but a program issue. It's not a department issue per se.

**Mr. Borys Wrzesnewskyj:** Auditor, do you think that's an adequate response? Should there not be a way of flagging a department or program that has to go for supplementary estimates year after year?

**Ms. Sheila Fraser:** Yes. I think that's what Mr. Wileman was responding to earlier—that when there is a recurring use of supplementary estimates for a program, we would expect a review and an attempt to eliminate that. We would expect to see it built back into the mains.

**Mr. Borys Wrzesnewskyj:** That's what we would expect.

**Mr. Wayne Wouters:** This is, again, not necessarily the department. It could be that the government has decided, as opposed to making a decision to cancel the program or to extend the program on an ongoing basis, to extend it for one year. The decision has been made in that case to extend it by one year, and for that reason it could come before supplementary estimates for a couple of years in a row.

It's not necessarily how departments are deciding whether they should or not; that could be an overall government cabinet decision.

• (1710)

**Mr. Borys Wrzesnewskyj:** I would assume, though, that there should be mechanisms in place to red-flag for Parliament that there is a recurring problem. Basically you're sloughing things off onto the government.

**Mr. Wayne Wouters:** Well, I'm not sloughing off to anyone. There are many spending decisions made by government every year. If a program is sunsetting, normally the government will review that program. There has to be a decision that we are going to terminate, or we extend. It's often the case that those programs are terminated. In many cases, they're extended indefinitely. From time to time, they may be extended for a year only. That is a decision that governments do make from time to time.

**Mr. Borys Wrzesnewskyj:** Do we have any sort of ranking? For instance, I notice in the chapter that three departments were looked at and for a couple of years Agriculture especially seemed to be going for supplementary estimates for a large portion of its funding. I assume that was perhaps due to some act of God—drought or something of that sort.

With respect to other departments, do we have a ranking of how often departments go for supplementary estimates and what percentage of their overall budget that is? Is there anything in place to give us a handle on what's happening with the supplementary estimates, beyond knowing that it's now risen to over 10% of yearly spending?

**Ms. Sheila Fraser:** To my knowledge, that does not exist.

**Mr. Borys Wrzesnewskyj:** So there's nothing. Amazing.

Probably the answer is going to be no, but do we at least have...? Well, we know there seems to be no data we can really get at that would highlight when we're into this situation of supplementary estimates hopefully not being spent before getting parliamentary approval. How often do we have departments that actually come in under budget, or does that never take place?

**Mr. Wayne Wouters:** They generally all come in under budget. This is why we are lapsing over \$5 billion in spending every year. The consequences of being over budget are not very pleasant, so generally you are at a balance or you're under. I think if you look overall, the lapsed funding is over \$5 billion. Most, if not all departments, are coming in under budget every year.

Just to go back to the supplementary estimates, each year governments make a decision on their spending priorities. They reflect those spending priorities in a budget. Our supplementary estimates and our mains are not aligned. Therefore, once the budget is determined as to what the spending priorities are of the government, then those spending priorities are reflected in the supplementary estimates.

It's not necessarily a question of departments making requests on an ongoing basis to supplementary estimates; it's the fact that the government is deciding its spending priorities through a budget, which is reflected in supplementaries.

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

Thank you, Mr. Wrzesnewskyj.

Do you have a comment on that, Mrs. Fraser?

**Ms. Sheila Fraser:** No.

**The Chair:** Okay.

Finally, Mr. Williams, I understand you have a question or two.

**Mr. John Williams:** Yes, thank you, Mr. Chairman.

It was brought to our attention by the Auditor General a little while ago about the unrecorded liability that was reported in the *Public Accounts of Canada* dealing with the gun registry and whether they had actually exceeded the estimates approved by Parliament. They got themselves a simple little legal opinion that said yes, I'm afraid you did exceed the estimates approved by Parliament and you had better go back and ask them for some more money. Then they got a long, convoluted legal opinion to say that perhaps they didn't need to ask Parliament for supplementary estimates.

Of course it ended up being recorded in the public accounts as an unrecorded liability. Now, that's an oxymoron if there ever was such a thing.

●(1715)

**Mr. Brian Fitzpatrick:** Recorded. It's "recorded" liability.

**Mr. John Williams:** Anyway, Mr. Wouters, if this type of situation arose under your leadership, where it was obvious that the estimates had been exceeded and a simple legal opinion said that, would you go and find yourself another legal opinion to substantiate your position, or would you bring it to Parliament's attention and say you needed more money because the money had been spent? Unlike what Mr. Moloney was saying, that most departments don't spend until it's approved, in this case it had been spent without approval. What would you do in this situation?

**Mr. Wayne Wouters:** Normally when these issues arise vis-à-vis appropriation versus appropriated accounting treatment, first and foremost I seek the advice of the Comptroller General, who often will have a discussion with the Auditor General in terms of overall accounting treatment. I'm not going to comment on that case that's going forward, but I think it's absolutely critical that when these issues arise, the Comptroller General needs to apprise the Auditor General to ensure that there is—

**Mr. John Williams:** I don't want to revisit that old situation. I laid that out as groundwork for asking what your position would be if this type of scenario presented itself to you. Would you take the high route and say it should be done right, or would you try to find some way to weasel out of it?

**Mr. Wayne Wouters:** I'm not sure what doing it right means. Often accounting treatment and legal obligations through appropriations can result in a conflict, so in my view there's no simple answer to this. I know people are perhaps looking for one, but there's not.

I think every case has to be looked at on its own merits, and we have to determine what the overall advice is. The best way to deal with this on a go-forward basis is to ensure that there is ample opportunity for the Comptroller General to have discussions with the AG, so that we can basically make a determination on what the accounting treatment is well in advance of these.

So I cannot make a point that there's a right or wrong answer. I think it does very much vary from case to case.

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

Thank you, Mr. Wouters.

That, members, concludes this part of the meeting. We're going to be back on Wednesday.

Do you have anything to say to conclude today's meeting, Mrs. Fraser or Mr. Wouters?

**Ms. Sheila Fraser:** No, we're back on Wednesday.

**The Chair:** Okay.

I have a motion to deal with at the committee level here now, so I want to thank you very much, Mrs. Fraser, your associates from the Office of the Auditor General, and you, Mr. Wouters and Mr. Moloney. I take it we'll see you all back here on Wednesday.

Members, at this point in time we're going to deal with Mr. Wrzesnewskyj's motion. It has been circulated. I would think it is familiar to committee members, as we've had it before.

I'm going to allocate ten minutes to deal with the motion. I'm going to give Mr. Wrzesnewskyj two minutes to present his motion. I'll then entertain up to seven interventions of one minute each, and I'll go back to Mr. Wrzesnewskyj before we put the question.

Mr. Wrzesnewskyj, for up to two minutes.

**Mr. Borys Wrzesnewskyj:** Thank you, Chair. I don't think I'll require two minutes.

As you mentioned, I've spoken to this motion previously, and we now also have the benefit of bringing some of the RCMP officials before us. I think that reinforces the importance of having this motion pass.

Is it necessary for me to reread the motion? No? In that case, Chair, I pass it back to you. You did note that the original motion specified February 28. That might be a pretty short timeline.

**The Chair:** Do you want to amend that to March 31 or some other date? It's not going to happen February 28.

**Mr. Borys Wrzesnewskyj:** I'd be amenable to that. We could change that date from February 28 to March 31, as you've suggested.

**The Chair:** Mr. Williams.

**Mr. John Williams:** Thank you, Mr. Chairman.

I'm speaking against the motion.

We had a hearing with the Commissioner of the RCMP and the chief of police for the Ottawa Police Service. They told us that nobody had benefited from the misaccounting of the funds in the pension fund. There was no evidence that they felt they could use to go to court to obtain a prosecution. This is with about 16 people being assigned to this case over a number of months. Therefore, I don't know what we can do that they couldn't do.

As I've always said, Mr. Chairman, we are the institution that holds organizations accountable. There's no doubt that there were some lapses of authority here, where nobody was really disciplined. We agree with that, and they should have been. But the rules are the rules, and the courts have ruled that the time has expired, so nothing can be done. We had the full explanation here by the Commissioner of the RCMP that, yes, the deadline had been changed and they missed the deadline, and that's it. There wasn't sufficient evidence to support criminal charges in court. The crown prosecutor said they're not going forward with charges.

So I'm not exactly sure what we're actually going to achieve here, Mr. Chairman, because to get to the bottom of this serious issue—

• (1720)

**The Chair:** Mr. Williams, I'm going to have to cut you off.

**Mr. John Williams:** I just have one final point, Mr. Chairman, and it is that with perhaps one exception, if the letter comes back from the RCMP saying there was some serious mal-administration regarding the removal of Staff Sergeant Mike Frizzell from the case, then I'm prepared to revisit. At this point in time, though, I think we'll just have to say we're done with it.

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

Mr. Laforest.

[*Translation*]

**Mr. Jean-Yves Laforest:** Thank you, Mr. Chairman.

On reading the material supplied on what these witnesses could bring to the committee, I feel that the committee hasn't yet heard all of the views on the current situation. In my opinion, it would clearly be better to adopt the resolution, so that the committee can form a much more enlightened opinion on the whole issue of pension plan management.

The Bloc Québécois intends to vote in favour of the motion.

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

[*English*]

Mr. Fitzpatrick.

**Mr. Brian Fitzpatrick:** Mr. Williams said we're a committee of accountability. If I understand correctly, the Auditor General's review identified the issues at stake. The people who were here, along with the Auditor General, seemed to be saying the concerns are being addressed, and hopefully there will be no repeat performance of this sort of problem.

To me, that is my understanding of how this committee works. We identify problems, we look at corrections to the way things work, and so on. I think we're ill prepared as a group to become any sort of jury and trier of facts, a back-up system to the criminal justice system.

The real difficulty I have—and I do bring my legal training to bear on this matter—is that there were four audits and there were a number of investigations. They were all reviewed. The findings on these things basically came to the same conclusions. They were turned over to crown counsel, an experienced crown prosecutor for the Province of Ontario, with no axe to grind. The RCMP doesn't even do very much work in Ontario, from what I can gather.

**The Chair:** Mr. Fitzpatrick, we're out of time.

**Mr. Brian Fitzpatrick:** I want to make my point, though.

Their finding was that there was not sufficient evidence to proceed with any criminal prosecution, so my concern is the purpose of this meeting. Is the purpose of the meeting for us to sit around and overrule the crown prosecutor and say they don't know their job and we know better? I think that's problematic. I'm not in a position to make that kind of judgment. He's an experienced crown counsel, and I think those are important considerations.

**The Chair:** We're going to move now to Ms. Sgro.

**Hon. Judy Sgro:** Thank you, Mr. Chair.

When I followed this issue at the beginning, I thought that would be the end of it, frankly. We heard from everybody and they looked like they had a pretty thorough investigation. What bothered me throughout it was the fact that they had Ottawa police investigating it and they had 15 RCMP officers, if I recall the number, working along with this investigation. Those things never make any sense when you have the police investigating the police.

With all due respect to everybody, I have the utmost respect for the RCMP, the Ottawa police, and everybody who works in that particular job market. What bothered me was that the individuals who were named here as participants all ended up on health leave or one thing or the other. I think we owe it to them, since we had that initial hearing, to have one more meeting with them here.

Part of our job in public accounts is not to go on witch hunts, for sure. I'm not interested in that. But we have to make sure everything went the way it was supposed to go. It just left me with the feeling from these individuals, who all ended up on sick leave—It's a gnawing, bothersome thing to me, and I think we should be taking the next step and spending one more meeting to listen to these people.

• (1725)

**The Chair:** Thank you, Ms. Sgro.

I'm going to give you a minute to respond to the interventions, Mr. Wrzesnewskyj, if you want to take it.

**Mr. Borys Wrzesnewskyj:** Thank you, Mr. Chair.

In the last meeting, we had certain evidence that I had understood to have been brought forward, when in fact it had not been brought

forward. The Auditor General, even in her report, wasn't aware of some of the details that were tabled during the last meeting.

As Ms. Sgro mentioned, there are some gnawing questions here. I really think we owe it to these rank-and-file officers, especially those who stepped forward. If they hadn't stepped forward, this would have been a continuing problem. These officers stepped forward and made sure people were made aware of serious issues with the pension fund and insurance funds, and they've unfortunately paid personal consequences. I believe they should have the opportunity to have their day to come before us and give us a clearer picture of what actually transpired.

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

I'm going to now put the question on the motion as amended.

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Colleagues, thank you very much. We'll see you on Wednesday.

The meeting is adjourned.

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