



House of Commons
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 015 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, April 21, 2009

—
Chair

The Honourable Shawn Murphy

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Public Accounts

Tuesday, April 21, 2009

• (1530)

[English]

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

First of all, I'll make a few opening comments.

I want to point out to all colleagues that this is not what I would consider an ordinary meeting of the committee. It's a meeting to hear from our senior officials who deal with expenditure management within government: the preparation of departmental, agency, and government-wide statements. As well, there is a presentation of the published statements and the audit, of course, of all these statements: the performance audit, the financial audit, and the various presentations to Parliament dealing with expenditure management.

The committee is very pleased to have with us today, from the Office of the Auditor General of Canada, Sheila Fraser, the Auditor General. She's accompanied by Mr. John Wiersema, Deputy Auditor General. We have the Secretary of the Treasury Board, Mr. Wayne Wouters. He's accompanied by Mr. Rod Monette, the Comptroller General. Also with them is Mr. Alister Smith, assistant secretary, expenditure management sector, and Mr. Frank Des Rosiers, assistant secretary, priorities and planning.

There are a few additional comments I will make before we get started.

I'm very pleased to hear from the Secretary of the Treasury Board. The Treasury Board, as all committee members are aware, is responsible for setting policies and for overseeing administration within the executive. In some respects the role of the Treasury Board, vis-à-vis the executive branch of government, has a certain amount of overlap with the role of the public accounts committee vis-à-vis the legislative branch of government, all of which is concerned with the economy, probity, and compliance in the expenditure of government money.

The Office of the Comptroller General was re-established in 2004 and focuses its attention on financial management, accountability, and key control systems, such as internal audits, especially the new regime, with which every department and agency was supposedly compliant by April 1 of this year.

The public accounts committee started its work in January of this year. We've been at this for three months now, and we thought it was a good time to pause and reflect and hear from some of the senior officials on this particular issue.

We're very pleased that you were all able to attend. I should point out, again, that the committee has waived its normal five-minute requirement for presentations. You can take more time as you so wish.

Do you want to go first, Mr. Wouters, and then we'll hear from the Auditor General.

Mr. Wayne Wouters (Secretary, Treasury Board Secretariat): I really should allow the Auditor General to go first, but it's whatever works.

The Chair: You spend the money first, and then she'll audit it. We'll go that way.

I shouldn't say that you spend it. You supervise the expenditures.

Mr. Wayne Wouters: We make sure that it's spent, I guess.

Thank you, Mr. Chair.

I would like to thank the committee for inviting us to appear before you today. My colleagues have been introduced. Thank you for doing that.

[Translation]

If it pleases the committee, in lieu of an opening statement we will provide you with a brief presentation on the government's management agenda and the role of the Treasury Board Secretariat.

[English]

I have provided a deck, which I'll try to refer to as we go through this. Rod Monette will also speak to part of this deck. I will focus my remarks on what we see as our management agenda within the government and the public service and on efforts to make government more effective for Canadians.

I will outline the strategic approach we are taking in the four areas that are cited on page 2 of the deck: spending on the right priorities, management performance in support of innovation, modernizing people management, and building systems to support effective operations.

Rod will then describe for you the innovations in financial management, including what the chair already referred to, which is our policy on internal audits. His office is currently leading and playing a vital role in supporting deputy heads as we move towards a more principles-based, risk-sensitive, and results-focused management culture.

I will conclude with some of the challenges we face as we move to implement this agenda.

•(1535)

[*Translation*]

I should also note that we have provided as annexes some additional information in three areas you had expressed a particular interest in: the estimates process, Policy Suite Renewal, and the Management Accountability Framework.

[*English*]

Overall, I think more effective government means a number of things: first, focusing spending on the right priorities, programs, and policies; secondly, strengthening the capacity to respond to the changes and challenges affecting Canadians, and this is a particularly difficult time for Canadians; and finally, developing a workplace equipped with the people and tools to deliver high-quality services.

Making government more effective for Canadians will require a renewed management regime based on the following concepts. First, the regime should be based on principles, not characterized by excessive and ineffective rules that emphasize process over performance. Secondly, we need to be more risk sensitive, to make sure that rules or regulations that we've put in place are proportional to the risks they are intended to address and do not stifle innovation and creativity. Finally, we need a management regime that is more results focused.

We need to build on this Canadian advantage. We believe, from the point of view of public sector management, that we are a world leader using results-based information systematically in resource allocation decisions to align resources with high-performing or priority programming.

What is our overall strategic approach? At its core, management is about aligning people and resources to a common purpose and delivering the best results for Canadians effectively and efficiently.

[*Translation*]

Our management agenda is built on four components that align our resources to the goal of increasing the effectiveness of government for Canadians.

[*English*]

More specifically, there are four key areas.

First, we must spend on the right priorities. Here there is a need for a more disciplined and broad-based approach, which we feel we are now implementing.

Second, we need to improve management performance in support of innovation. Here the concern is that oversight and control are currently overly centralized and somewhat burdensome, inhibiting judgment, discretion, and innovation.

Third, on the people management side, efforts to position the public service as a workplace of choice are somewhat constrained by our ability to attract and retain talent and to enable and motivate workers to perform.

Finally, we need operating systems to support effective operations. Our internal and external delivery is supported by somewhat complex and outdated processes and IT systems.

As you can see, these challenges cover all three of the Treasury Board's central roles as government and management office, budget office, and employer.

We have taken actions to strengthen the government's ability to identify and address priorities and spending plans within the fiscal limits established by the budget each year. We have in fact renewed our expenditure management system. We have a new expenditure management system that's been in place for a couple of years. It has three key areas.

First, there is the whole question of managing to results for all spending. Here, in order to achieve better results for Canadians, all programs and spending must have clear performance indicators that demonstrate how results should be achieved and success measured. Sometimes it is more difficult to establish those results or outcomes as part of governing programming, but I think we have made huge strides in this area. We are continuing to work with departments to mature our capacity to define and measure program results. This results-based information is the key to unlocking departmental capacity to align resources so as to clearly define results.

The second area is what we call upfront discipline for new spending.

•(1540)

[*Translation*]

We are working to ensure greater rigour for new spending proposals. New spending proposals will be linked to the government's priorities and be assessed against existing programs and results.

[*English*]

Work in this area is benefiting from the wealth of financial and non-financial information now available through various tools we've been working on on performance management: increasing our whole evaluation capacity, our audit capacity; assessment of overall management capacity, which we do through our tool called the management accountability framework; and strategic reviews.

That brings me to the third area of how we're improving expenditure management: strategic reviews of existing spending. How do you bring better discipline to new spending? How do you bring better discipline to existing spending? Each year we are reviewing, through the Treasury Board, between 20% and 25% of program spending to ensure alignment with government priorities and assessing effectiveness, efficiency, and value for money. Every department that's required to do this must review every program they have—it's part of the comprehensiveness test—looking at programs that are perhaps no longer relevant and where funding could be reallocated to meet other priorities. As noted in budget 2009, savings identified in the latest round of our review for that year, for 2008, will total about \$586 million by 2011-12, allowing for reallocation of funds to meet other government priorities.

The next area is slide 6, managing performance in support of innovation. This is the second pillar of our management agenda. Let me discuss some of the actions we have taken to create room, we think, for public servants and government to develop innovative solutions to address the needs of Canadians.

The so-called web of rules is a case of government, we would say, overregulating itself. The web of rules initiative aims to eliminate what we see as ineffective and unnecessary rules; streamline our reporting burden, which we talked about somewhat the last time I was here; and modernize our administrative processes and systems.

The box highlights some initiatives being carried out by TBS and departments in what is truly a government-wide effort. I think it's fair to say that we will always need rules. Government is run by a set of rules. It's a question of having the right rules to deal with the right issues and the right risks.

A key element of the web of rules initiative is what we call the Treasury Board's policy suite renewal. What we have done here is look at all the policies departments must comply with, all the policy instruments to ensure clarity of roles and the streamlining of requirements. We are in the process of simplifying and strengthening the rules, reducing the number of policies from about 180 to 44, 90% of which will be completed by the end of this fiscal year.

On page 7, addressing the rules themselves is necessary, but not sufficient to generate a management regime conducive to innovation.

Rethinking oversight and ensuring that risk management is in place to support intelligent risk-taking and innovation is critical.

In a dynamic and complex environment, intelligent risk-taking plays a significant role in strengthening government capacity to recognize, accommodate, and capitalize on new challenges and opportunities. If you have an organization that's governed too much by rules, you really are not managing to any risk; you're trying to avoid all risk. And we think that has been a bridge too far.

[Translation]

We are changing how TB does business with departments to enable it to target oversight primarily to the highest risk areas.

[English]

Departments will have increased capacity and autonomy to innovate and take risks, which is crucial to providing Canadians with effective government in a challenging and rapidly changing economic environment. If they can determine or indicate to us they have the management capacity in certain areas, such as procurement for example, then they'll be given more authorities and there will be fewer requirements to come to the Treasury Board to seek approvals.

Articulating management expectations and standards and assessing capacity is also required to promote a culture of intelligent risk-taking.

And on a related note, our management accountability framework, or MAF, allows the government to identify areas that are generating high or low levels of management performance. We've been doing this assessment now for six years. We think we have a very sophisticated tool that can assess trends in management performance

across government over time and within individual departments and agencies.

We think this helps to create a management agenda more attuned and responsive to different needs and capacities. I would also say that many countries around the world are now coming to assess and look at our tool here as to how we assess performance overall.

Slide 8 looks at people management.

• (1545)

[Translation]

The third pillar of our management agenda is the modernization of people management.

[English]

I understand that today the committee did not want to specifically address human resources matters at this session, and so in the interests of optimizing our time today, I will not address this subject in detail. As you may know, Michelle d'Auray has just been appointed to the new position of chief human resources officer within the secretariat. Perhaps she would be prepared to come and talk about human resource management at a future meeting.

Slide 9 is on building systems to support effective operations. Again, effective government requires an operating environment that helps rather than hinders public servants in realizing their potential and ensures that attention and resources are achieving results for Canadians.

Currently we are plagued—I'd say that would be the best word—with a patchwork of disparate and outdated processes, systems, and technology. It was all built up department by department. I know this committee has talked a lot about shared services, and we do feel that is the way to go. Instead of modernizing and investing in IT systems department by department, how can we bring some of these together to do that?

We are currently developing a government-wide service strategy and options to modernize service delivery across areas of management. We are looking at innovative approaches such as bringing departments together into clusters or more centrally shared services, as I've already noted, with various degrees of outsourcing—I think that's another option that many provinces are using, and we feel we could do more in that area—and opportunities for greater public-private partnership in this area.

We're also working on some early deliverables, one being to look at the whole question of pay modernization—which I believe this committee has had some discussions on—and modernizing that legacy system. We're looking at desktop services. We have so many desktops; how can we perhaps look at managing those more collectively across government?

Those would be some of the comments in that area.

Let me turn to the Comptroller General on the financial management side.

Mr. Rod Monette (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Wayne.

I'm on page 10 now of the presentation.

The Office of the Comptroller General really has two main interests, one being the financial management and the other being the internal audit function. One of the things we do is try to make sure departments and agencies have the right oversight mechanisms in place in these two areas.

The committee has asked me to focus more specifically on internal audits, so I'll do that. If there are any questions on the finance side, I'd be happy to answer those later on this afternoon.

Basically the internal audit function provides an objective look at all of management. We don't hold back from anything. We'll have a look at all the issues that management has to deal with. Every year there are in the neighbourhood of about 250 audits done through the internal audit function across government. Basically the way this is intended to work is that my office will identify risks across the government, and then we will identify those for departments. We will guide those 250 audits into those main risk areas. They'll also do their own assessment of risk. They marry their own assessment of risk up with ours. That's the way we influence that overall audit function.

We'll move on to page 11.

[*Translation*]

Internal Audit Policy has instituted several key features, including: clear assignment of accountabilities and roles and responsibilities; enhancement of perceived and real independence of internal audit through changes to reporting relationships; inclusion of a majority of external members on audit committees; and adoption of professional auditing standards and practices.

● (1550)

[*English*]

This has led to, I think, better accountability in the departments. The audit committees are functioning, I think, in a more effective way with these external members and getting in a better bang for the buck.

In terms of the audit capacity, maybe I can just mention a few statistics here. Three years ago there were about 325 internal auditors in government. We're up to about 560 now. So we've had an increase of about 70%, which is getting pretty close to where I think we need to be. As I mentioned, there are the 250 audits happening through the function. As well, my office has started in the last year to do horizontal audits. We've done a couple of those, and we're continuing on with those as well. All of this is designed to, based on where we see the risks, improve the management practices in government.

Merci.

Back to you, Wayne.

Mr. Wayne Wouters: Thank you.

I believe we're on page 12.

I think we have to be realistic about some of the challenges we still face. Sustainability is key, as is the need to address not only the processes and systems that compromise the web of rules in a more immediate sense, but also the public service culture that feeds and sustains the infamous web of rules.

I would argue that the current fiscal and economic situation makes progress in this area even more critical, because as we move forward with budget implementation, clearly we need to ensure that we are taking more risk but doing it with good risk management frameworks in place in departments.

We know we cannot drive this change alone or force this unilaterally from the centre. We will look to departments and functional communities to resist rebuilding their own webs of rules and instead encourage intelligent risk-taking to innovation.

As well, I would say that parliamentarians have a key role to play in this area. The Prime Minister's Advisory Committee on the Public Service recently issued the Mazankowski-Tellier report, from which I quote:

...elected officials must accept that there will always be some degree of risk and uncertainty at play in managing complex issues. ... This will require tolerance for potential mistakes, and an ability to learn from them, which will be far outweighed by increases in efficiency, innovation and employee engagement.

Mr. Chair, this concludes our presentation. Of course we will be pleased to stay here to respond to any questions that may be asked.

Thank you. *Merci.*

The Chair: Thank you very much, Mr. Wouters and Mr. Monette, for the excellent presentation. It certainly will assist all members of the committee greatly.

Now I'm going to turn the matter over to our Auditor General. We've heard from the executive, dealing with expenditure management and the presentation in preparation of the financial statements. Now we'll go to the officer of Parliament dealing with the audit, both performance and financial.

The floor is yours, Ms. Fraser.

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

We very much appreciate this opportunity to brief the committee on the work of the Office of the Auditor General. As you mentioned, I'm accompanied by John Wiersema, who is the Deputy Auditor General.

I believe you have all received a deck. Slide 2 gives an overview of the presentation that I'd like to go through today. Slide 3 indicates our mandate and the legislative framework.

Just as a little history about the office and how the mandate has evolved over time, the first independent Auditor General was established in 1878, so we've been around for a very long time. What I think is interesting to note is that there was an Auditor General at the time of Confederation, but the Auditor General at that time was also the Deputy Minister of Finance. So there was a little problem with independence and objectivity, though I have heard some deputy ministers of finance rue the day that those two positions were separated.

In 1878 the office of the first independent Auditor General was established. In 1977 the office received a specific mandate to conduct performance audits. In 1995 there was the creation of the position of the Commissioner of the Environment and Sustainable Development within the Office of the Auditor General. And then in 2005 our mandate was expanded again, giving us the right to audit the use of funds that had been transferred, lent, or granted to certain organizations. This was largely to address concerns that we had raised over the years over the accountability of foundations, so initially it was any recipient that had received more than \$100 million. That has subsequently been changed to \$1 million over five years. We were also, in that amendment, named auditor or co-auditor of all crown corporations except for two, the Bank of Canada and the Canada Pension Plan Investment Board.

Slide 4 schematically shows where we fit in. Our role is, of course, to provide parliamentarians with the information and the insurance they need to hold the government to account.

•(1555)

[Translation]

To fulfill our mandate effectively, it is absolutely essential that we be perceived as an agency that is independent of the government. In fact, our credibility is based on our independence. Several measures have been put in place to this end, and they appear in slide 5. Among other things, the Auditor General is appointed for a non-renewable term of 10 years. We submit our reports directly to Parliament through the Speaker of the House, and not a minister of the Crown. We are an independent employer and we thus have the freedom to recruit our own staff. We have our own classification systems and we also have the right to obtain any information required to do our job.

In slide 6, we mention that we have a budget of roughly \$88 million. Most of our staff work here in Ottawa, but we also have regional offices located in Vancouver, which is responsible for the work we do in the Yukon. Edmonton is primarily responsible for the work that we do in the Northwest Territories. The Montreal office oversees the audits of Crown corporations. As for our Halifax office, they carry out a variety of tasks, whether it be auditing Crown corporations or the Department of Veterans Affairs, for example.

We have a total of 625 employees, just over 400 of whom are auditing professionals. Auditing professionals must have an auditing degree or a master's, and some 200 of these people are accountants. Our staff come from several backgrounds, including environmental science, engineering, sociology or public administration.

We basically have four products, which I will describe briefly.

Financial auditing, which appears in slide 8, closely resembles audits carried out in the private sector. However, we pay closer attention to compliance with acts and regulations. In many cases, we are even required to give opinions on this compliance. We conduct roughly 130 financial audits each year, the largest of which is the audit of the public accounts. With revenues and expenditures of over \$200 billion, this audit requires some 50,000 hours of work. I am sure that it is the largest one in the country.

As I mentioned, we audit or co-audit almost all Crown corporations. For example, we audit Canada Post, CDC, VIA Rail,

the Business Development Bank of Canada, and so forth. In the three territories, we audit about 30 territorial agencies.

We are also the auditors of a United Nations agency, namely, the International Labour Organization. For this audit, we invoice fees that allow us to recover our costs.

•(1600)

[English]

While financial auditing is very much like what is done in the private sector, performance auditing is quite unique to legislative auditors. We cover a wide variety of subjects in our performance audits, as the committee will be well aware, covering anything the federal government is involved in doing. We cover everything from child and family services in Indian and Northern Affairs to protection of salmon, to defence acquisitions, and the list goes on and on.

We have a very rigorous process. When we do our performance audits, there is a guide that we use. It is available on our website, if anyone is interested in figuring out what these audits actually are. Essentially, at the beginning, we establish criteria or expectations of performance. These are largely based on the government's own rules and administrative policies. We agree on those criteria or expectations of performance with the departments before we begin the audit. Then, of course, we do the audit to see if those are actually being put into practice.

We will then report the findings of our audit. It is essential to us that we have really good communication with the departments, and there is a lot of effort that goes back and forth to confirm that the facts are correct. At the end of an audit, we ask the departmental head, or the head of the agency, to confirm to us that they agree with the facts. They, of course, may disagree with our conclusions, but the conclusions are ours, and we will note in our reports if there is any disagreement with the department or agency we are auditing, either on facts or conclusions, if significant.

Another of our products is special examinations of crown corporations. This, too, is unique to the federal government. We have to give an opinion essentially on the management of the corporation as a whole to indicate whether systems and practices are in place to ensure that assets are safeguarded and operations are conducted economically and efficiently. The reports go to the boards of directors of the corporation. Up until very recently, crown corporations were required to have a special examination once every five years. That has been changed recently to 10 years, and it is a change that we support. We think that many of the crowns—some very small crowns, in fact—were being audited far more frequently than some of the major departments.

Now, as well, the boards of directors are required to submit these reports to the minister, to the President of the Treasury Board, and to make them public within 60 days of receiving them.

And we have begun, as well, in the last couple of years, to report the summaries of these special examinations. Our next reports on May 12 will present the summaries of eight special examinations that we conducted last year.

The final product line is, of course, environmental auditing. I'm very proud to say that our office is a world leader in this regard. The Commissioner of the Environment has a team of about 40 to 45 people who work specifically on environmental and sustainable development issues. There are two statutory responsibilities for the commissioner. One is to assess the government's sustainable development strategies, and another is to administer an environmental petitions process. If anyone is interested, we can certainly provide you with more information on that.

[Translation]

Many people ask us how we choose the subjects of our performance audits. This is a process based on risk analysis. We also take into account the interest parliamentarians have in the various subjects. We spend several hours in discussion with department administrators or other people interested in the subjects, including parliamentarians, in order to decide which ones are the most important and the most appropriate to be audited.

Sometimes, policy questions may arise, but we do not comment on policy. It would thus be inappropriate for us to conduct an audit on such a topic. We also need to have the skills required to address different subjects, such as human resource management or information technology. We establish an audit plan over three to five years. This plan is updated as developments occur.

We pay particular attention to requests made by parliamentary committees, but we are not obliged to conduct the audits requested. We do not respond to requests made by the public or by individual parliamentarians.

It is essential that we ensure the quality of all our audits. We have adopted several measures to this end. We comply with professional audit standards established by the Canadian Institute of Chartered Accountants. As I mentioned, our professionals are highly qualified and our quality control system is internally or externally reviewed.

During each of our audits, steering committees composed of three or four experts, such as retired public servants or specialists from abroad, help us ensure that the audit subjects are relevant and that our conclusions are accurate.

Other external committees advise me as well. One of the most important ones is the group of senior advisors whom we meet with twice a year, especially to discuss strategic issues or problems that we are confronted with. We are extremely privileged to be able to rely on these people, including the Right Honourable Joe Clark, Mr. Broadbent, Mr. Gordon Ritchie, Mr. David Brown, and Mr. George Erasmus, all of whom sit on this committee.

There is also a committee on first nations issues, which helps us understand the realities and the problems these nations must deal with. The independent advisory committee deals primarily with technical issues. It is chiefly composed of representatives of large chartered accounting firms who assist us in interpreting accountability standards.

● (1605)

[English]

Turning to slide 16, several people always ask who audits the Auditor General and who are we accountable to. Our accountability is, of course, with this committee. We will be appearing before you this Thursday, actually, to discuss our report of plans and priorities for this year and our performance report for the year ending in March 2008. So we appear before the committee to discuss our spending estimates.

There has also been created the Advisory Panel on the Funding and Oversight of Officers of Parliament. That panel was established, I guess, to bring more independence to the question of funding of officers of Parliament. Like any department, we have to go through the Treasury Board Secretariat and the process of analysis of our budgets, and we thought that might be a little inappropriate, given that we are often auditing the Treasury Board Secretariat. So the panel was established, and we appear before the panel with the Treasury Board Secretariat to discuss funding requests. I think that has actually gone very well. There was an evaluation that was quite favourable to the panel.

We have an external auditor that's appointed by the Treasury Board each year to audit our financial statements. But perhaps the most important part of our accountability, on page 18, is the independent external reviews that are done by peers. The first one was done in 1999, and one of the major accounting firms examined our annual financial audit quality management system. In 2003 there was an international group of colleagues who reviewed our performance audit practices. That team were representatives of the national audit offices of France, Norway, the Netherlands, led by Great Britain. That was actually the first time this had ever been done internationally.

Since then, many of our colleagues have adopted this process, and we, for example, have led the review of the GAO in the United States twice now under this process. We've been involved in reviews. We also led the review of the European Court of Auditors and we've participated in reviews of Denmark, Mexico, and New Zealand. And there are several other countries that have done this as well, so this is becoming a trend within the international audit community. Up until now we have focused our reviews on individual product lines. We have now asked for a review of all of the office products and services. That review will be beginning a little later this year and it will be led by the Auditor General of Australia.

As for our impact, you will note in our discussions on Thursday that we give statistics on the implementation of recommendations, which is, I would say, positive. To us, too, one of the most meaningful reports is the status report, where we do follow-up and see if government has taken action on recommendations we have made in the past. Since we launched that report in 2002, the majority of our follow-up audits have been positive. In fact, you will probably recall the last one that we tabled on March 31, in which five out of seven of the audits indicated there was satisfactory progress.

In conclusion, Mr. Chair, I wish to say that we are very honoured to assist Parliament in its oversight responsibilities and very much appreciate the excellent relationship that we have with this committee. Without your review of our audit reports, I'm convinced we would not have the impact that we have with our work, so my thanks to you.

• (1610)

The Chair: Thank you very much, Ms. Fraser, and thank you, Mr. Wiersema.

We'll now go to the first round of seven minutes.

Ms. Ratansi.

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

Thank you all for being here, and for your excellent presentation.

As an external auditor in my previous life and then an internal auditor, I'm very concerned with risks. People don't realize that the Government of Canada is probably six times the size of IBM when the company was in its glory days. I take your point that you can't make people so risk-averse that innovation is curtailed. However, I am concerned about a few things, and I wonder whether you can help me there.

As part of the Comptroller General's role of stewardship, accountability, transparency, and creating a risk management framework, could you advise this committee on what systems have been put in place, or are going to be put in place, to ensure that the Treasury Board vote 35, that \$3 billion, is going to be properly used? Specifically, what governance structure will you put in place or has been put in place to ensure fairness in distribution across the regions? Since this vote item was urgent and was to fight recession, what measurements will be in place to ensure the current jobs we're trying to protect will be protected? What internal audit mechanism is in place to ensure that the money that is legally votable, that will end in June 2009, can be traceable?

People ask us those questions, and we who have supported the budget need to know these things. Please go with that, and if I have time, then I'll ask another question.

Thank you.

Mr. Wayne Wouters: Mr. Chair, that question has many aspects to it. We'll probably share in answering the question. I think the first point I would make is that when it comes to vote 35, which was a separate vote in the main estimates to assist in moving the budget elements forward as quickly as we could after April 1, the role of the Treasury Board was to determine what programs that were identified in chapter 3 of the budget needed to be funded out of vote 35.

The board does not fund specific projects. They fund programs—for example, the community adjustment fund, which is a program. Once the board has approved the program and has authorized the funding, then that program and the associated funding is the responsibility of the minister and the department to determine how the money will be allocated regionally and what projects will be funded and which ones will not be. Essentially, that is the role of the department once they have the authority and the funding allocated

out of vote 35 or supplementary estimates (A) and every other source of funds we have.

• (1615)

Ms. Yasmin Ratansi: Do you have a list of programs that are matched to the \$3 billion? Is there a list available to you or to anyone? Which departments are probably doing it? I'm sorry to interject, but I don't want to forget my question.

Mr. Alister Smith (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): When supplementary estimates (A) are tabled in mid-May, an account will be given there of the allocations to budget initiatives through TB vote 35.

Mr. Wayne Wouters: The set of programs that are potentially eligible for vote 35 are specified in chapter 3 of the budget. What the board has been doing now is going through the various submissions by departments who are making an argument—or may make an argument—that given this program, we need to have this program up and running by such and such date, and therefore we need to access vote 35.

We've been going through this systematically at the Treasury Board for the past number of weeks. The first report on that, as Alister has indicated, is when we table supplementary estimates (A); we will provide the details as to which programs and the amount of funding that has been allocated out of vote 35. Supplementary estimates are normally tabled in mid-May.

Do you want to comment on the audit?

Mr. Rod Monette: Thank you for the question, Madam Ratansi.

The audit and finance communities have been quite involved with the budget stimulus package. From the audit side, it was one of the things we had focused on right from the get-go after discussions with the Auditor General's office, and I also had discussions with the Auditor General's counterparts in the United States as well as the Comptroller General down there. You have to be really clear about the eligibility criteria and the planning for these particular programs.

We developed a program whereby our chief audit executives would become very involved with going through all these criteria in departments to try to provide assurance that they were being done clearly and appropriately. Also, just from a risk point of view, the audit function had been quite involved as well with looking at whether or not the key risk areas were being covered off.

Ms. Yasmin Ratansi: Do you have the eligibility criteria? Do we know what the eligibility criteria is?

Mr. Rod Monette: Each of the departments would develop their eligibility criteria for those programs. Those go through the Treasury Board and were approved. But before they came to us, the auditors in the departments would look at them and ask: Have you thought about this? Is this clear enough here? How is this reporting going to work? And then from the finance side, one of the big jobs of the chief financial officers is to make sure that if you have an agreement with somebody you have hooks in the money, so that if it goes some place where you don't want it to go, you can get it back.

I can give you more details on that, but those were two pretty important roles, and we tried to engage them very early in making sure that is in fact in place.

Ms. Yasmin Ratansi: If I were to ask what the difference is between accessing the \$250 billion the government budget had and why they had to have a special \$3 billion extra, what would your response be? Where are the risks, and what was the necessity of it?

Are seven minutes up already? Wow!

Mr. Alister Smith: Would you like me to address the question, sir?

• (1620)

The Chair: Yes, go ahead, sir.

Mr. Alister Smith: The difficulty we have is that main estimates have to be tabled by March 1. Budgets are typically delivered in February—in this case it was late January—but main estimates cannot reflect what's in the budget.

Last year we brought in spring supplementary estimates because departments otherwise have to cash manage all those budget items until December, when the first supplementary estimates normally are provided.

This year we will have supplementary estimates again to pick up budget items, but in addition, we felt it was necessary to have some bridge funding to both supplementary estimates (A) and (B) to allow for the delivery of what is really a massive amount of stimulus. It's a \$20 billion program in this year. So that's really the rationale for Treasury Board vote 35.

The Chair: Thank you very much.

Ms. Ratansi, thank you very much.

Madame Faïlle, sept minutes, s'il vous plaît.

[Translation]

Ms. Meili Faïlle (Vaudreuil-Soulanges, BQ): Thank you, Mr. Chair.

My colleague will ask the first questions.

Mr. Luc Desnoyers (Rivière-des-Mille-Îles, BQ): My question goes to the Auditor General. As a new member of Parliament, I must tell you that we sometimes ask questions to which we do not receive an answer. I am thinking of certain questions on health care that I asked you. You conducted a study in 2003 if I'm not mistaken, or perhaps it was in 2002 or 2001, to determine whether the various provinces complied with the criteria in order to avoid privatizing health care systems.

Earlier, you said that it was up to us to decide on the audit subjects, but if a parliamentary committee raises questions and does not receive answers, or if no study has been done since 2003, 2002 or 2001, it seems to me that something should be done in that regard, because we know that a great deal is being done in the provinces. I'm not concerned just with health care, I am also thinking of military spending contracts that have been granted without calls for tender. That is something that is fairly major and far-reaching. It's a question of billions of dollars, and it would seem that your office does not attach any importance to these contracts.

As a new member of Parliament, I would like to know to whom I should speak. Should I address you or someone else? What do I have to do to obtain information or to move ahead on issues that are important for Canadians?

Ms. Sheila Fraser: Thank you, Mr. Chair.

We try to take into account the interest of parliamentarians when choosing our audit topics, but we especially consider requests that come from committees rather than individual members of Parliament because often—and I'm going to say this fairly directly—requests may have certain political objectives. As a rule, requests issued by committees are less political.

For example, let's look at the procurement of military equipment. The Standing Committee on National Defence asked us to do some work, and we are currently performing an audit. There is even an audit program planned for the next four or five years concerning different purchases. An audit takes about 18 months so if we choose an audit topic today, it has to still be relevant in two years' time. Currently, we are studying the procurement of trucks and other military purchases.

We have not audited compliance with the Canada Health Act because we are focusing on other topics. For example, the team working on health issues is currently auditing electronic registry systems. We are even working with legislative auditors from six provinces on this topic.

We conduct between 25 and 30 audits each year. We could address a multitude of subjects and it is sometimes difficult to make a decision.

Mr. Luc Desnoyers: We will definitely persevere, that's for sure.

Ms. Sheila Fraser: When we receive requests from committees, we give them serious consideration.

Mr. Luc Desnoyers: I now have a question for Treasury Board.

In your document, you talked about outsourcing. When you do outsourcing, are there standards and rules to ensure that it is not more expensive to entrust this work to people from the outside than to have it done by federal employees?

Mr. Wayne Wouters: Thank you for your question.

[English]

On what we normally require at the border through the secretariat if you're looking at outsourcing the management of a specific project or private-public partnership, we've adopted best practices that other governments have put in place in the private sector. Departments have to bring forward a very detailed business case on the overall costs and benefits to the government in moving forward with an outsourcing proposal. Often the advantage is sharing the risks and rewards. Where the private sector firm can provide upfront investment in some of these, particularly if it's IT related, they tend to be very lumpy investments, and the costs are pretty significant up front.

There are normally efficiencies gained in the delivery, and we can work out arrangements for sharing the profits from the efficiencies over time. So it's a matter of looking at that from a cost-benefit perspective to determine if it is better than doing it ourselves. Every case we look at is quite different, and that's the approach we take.

•(1625)

[Translation]

Mr. Luc Desnoyers: I'll tell you why I want to ensure that outsourcing rules and standards exist. For example, a contractor is currently doing repairs on the West Bloc. This contractor gave the work to a sub-contractor, who in turn entrusted it to another sub-contractor. In the end, the first contractor went bankrupt. The department or the Treasury Board never checked to ensure that the first contractor was solvent. In fact, this story recently made newspaper headlines. I'm wondering how the government goes about doing outsourcing. That's just one example. I haven't looked for others.

[English]

Mr. Wayne Wouters: I'm sorry, I can't comment on that specific case.

I think what we do as part of our overall risk assessment when departments come forward with these proposals to the board...and not all of them come to the board for approval. Some of them are within the department's own authorities. It's only when projects are of a certain size or complexity that they may require Treasury Board approval. In that case, as part of the due diligence that we will require, again the overall financial viability of the proponent, of the contractor, will have to be determined. We'd want to see that as part of the due diligence or cost-benefit work that we will require as part of any proposal coming to the board.

The Chair: Thank you, Mr. Desnoyers.

Mr. Christopherson, seven minutes.

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

I thank you all for your presentations today.

Let me just take the opportunity to say this. I got here almost five years ago, and since that time I've been on this committee continuously. In the last two Parliaments, I've actually made it a priority when I've met with my leader; I wanted to be on this committee. I enjoy the work.

I just want to say to the Canadian people, while we have the public cameras on us, how well served I believe Canadians are by the high calibre, integrity, and professionalism that each one of you brings to your tasks. You could all make a lot more money and have a lot higher status if you wanted to go elsewhere, yet you're here serving the Canadian people. Thank you for that. You do a great job, and we appreciate it.

Some hon. members: Hear, hear!

Mr. David Christopherson: Having said that...

Some hon. members: Oh, oh!

Mr. David Christopherson: These are just a couple of little things—really small—that I've just noticed. You don't even have to comment on them.

We have three presentations in front of us, and only one of them is double-sided. Given that the environment is part of...and it's the

Auditor General's presentation that is double-sided. They're in good shape.

But this begs another question. As I was thinking about the first part, I was looking around and thinking about all the bleach we still use in government to make paper white. At some point, there are some really fundamental things that we could do that would make a big difference.

At any rate, I want to turn first to the clip from today's *Globe and Mail*, with the headline of "Inquiry into Revenue Canada auditors sprung from Mafia probe". It's a bit of an ongoing story. It speaks to the fact that two employees, I believe, of Revenue Canada who are team leaders, who supervise other investigators, were alleged to have been conducting themselves in an inappropriate way, shall we say, and that the only reason it was found out was that the RCMP were doing a Montreal Mafia investigation, Project Coliseum. They sort of tripped over this as a secondary matter.

Given the fact that we have the Auditor General, we have Treasury Board, we have the Comptroller General, and we have assistants and auditors all over the place, why did it take the RCMP—it's almost like it took the auditors to get Al Capone—to get auditors?

•(1630)

Ms. Sheila Fraser: I've only read about this thing in the newspapers, but I can tell you that in audit it is very difficult, if not impossible, to find collusion. When an employee within is colluding with someone outside—I think there were even questions that they were manipulating the way audits were being done and were giving information to help commit an alleged fraud outside—it is very difficult. In our audit procedures, we have certain standards we have to follow to see if we can detect fraud. We will go through that, but it is very difficult. And this sounds actually quite sophisticated.

Unfortunately, I think many of these kinds of things are found through other investigations. I believe they came across certain documents from the Revenue Agency that should not have been outside the Revenue Agency—

Mr. David Christopherson: Pictures, actually; somebody saw a picture and said, "Hey, that's..."

Ms. Sheila Fraser: And so that's what started it. To find that within an audit would be difficult.

Mr. David Christopherson: I've got to tell you I hear what you're saying, but—just to push back a little—we are supposed to have systems in place that allow us to catch that. Catching it incidentally would be done by design. You're looking at it from different directions.

It's Revenue Canada, no less. It's a financial department. It's not like the transportation department was doing something financial. It's the whole heart of the matter. By the looks of it, there are allegations that they were able to corrupt it. It just seems to me that we've been piling on internal auditors, and...

I noted some of Mr. Monette's comments about the work that's being done internally. I hear you that it's difficult to get, but you know, for us, that can't always be good enough.

Mr. Rod Monette: Thank you, Mr. Chair and Mr. Christopherson.

One of the things I think we're getting a little bit better at is the whole area of fraud detection. We have learned a bit in the last couple of years. There was a recent fraud at PWGSC, and when we looked at it, we found that when people do these things, there are patterns. The people who do this kind of work can now go into a computer system and have ways of pulling out the information to see whether those same kinds of patterns are there. It's a growing area that we're developing expertise in. I agree with the Auditor General that it's not something you can be perfect at, but there are some new techniques that will be very helpful to us. We're trying to make sure that our auditors have those tools.

Mr. David Christopherson: Good. Thanks.

I want to move on to the Auditor General's report, page 10. Under "Our Impact", I appreciate the bullet point that says, "Since we launched our Status Report in 2002, we have reported that departments have made satisfactory progress in more than half of our follow-up audits." That can also be put the other way: holy smokes, almost half are not complying, which is a more troublesome way to look at it.

Over the last couple of years, we've been dealing with and now have in place, I'm pleased to see—and I was amazed that nothing existed when I got here, not that I led this change, but I was a part of it—the ability to monitor our recommendations, so that we can go back a year and a half later to determine whether there was action on our recommendations, after they have come forward and said they will do everything—"Don't worry; everything will be okay"—and then go off, and nothing happens. We get the attention of departments in a serious way when the Auditor General tables her report; we get response in a serious way when we bring them in and hold a hearing. Outside of these occasions, the culture seems to be that those recommendations aren't that important. I'm just saying that this is the impression that's left: it's not that important; it's something you have to get through rather than address.

Here we are now, having to put systems in place, and we're doing it, and that's good, but still, this concerns our recommendations. Almost half of the Auditor General's recommendations aren't being complied with.

My question is this. What more do we need to do, at the parliamentary level, to change the culture so that these things matter and so that it's no longer acceptable to stickhandle your way through a day or two of tough media attention, and then after that you're into clear sailing?

•(1635)

Mr. Rod Monette: Thank you, Mr. Christopherson.

I've personally visited about two dozen of these, and the people in the departments are taking seriously the new audit committees we have, with external members; they really are. One of the jobs these committees have is to go through not just the Auditor General's recommendations but internal audit recommendations and then to report on them every year. With the system we're putting in place, those reports will come to us at the Comptroller General's office, and we will have some sense of how this is going. People are taking the new committees seriously, and they are having a big impact in holding people accountable and asking, where's your progress against this recommendation or that recommendation?

Mr. Wayne Wouters: I had to do this personally in my own department with our new internal audit committee, with three external members. We put a very comprehensive report together, looking at both the recommendations from the Auditor General and the recommendations for the internal audit. I must say I found it very educational for me. These were, in some cases, areas in which we had not followed up. We did a fairly good job, I have to say, overall; we weren't in bad shape. But I think these new committees really have raised the bar on a whole number of fronts, including ensuring that we are following through not only with the Auditor General's audits but with our own internal audits. It stands to reason that we simply should be doing this as a matter of course. I think we're seeing that happen much more.

Ms. Sheila Fraser: Mr. Chair, I would just add, for when we have a discussion on Thursday on our departmental performance report, that we receive information from the departments on the implementation of recommendations—referring to the status report. I wish I had the statistics with me, but I think if we combine them, recommendations that are fully implemented and those that are substantially implemented are over 80% of the total. Granted, I think there are some departments whose rates are much lower than that, and those are the ones we'll have to keep looking at, but I believe that the audit committees are making a difference as well, in that they are keeping this on the agenda in front of senior management.

The Chair: Thank you, Mr. Christopherson.

Mr. Saxton, you have seven minutes.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair.

Thanks to all of you for being here today.

I know, Mr. Smith, you've already spent a few hours in front of another committee, so we recognize that this has been a long day for you. Thank you again for coming.

I know that this meeting is not supposed to be about the economic stimulus package, but since my colleague opposite brought it up, I think it would be helpful to hear what accountability measures are in place with regard to these expenditures.

Mr. Wayne Wouters: Since Alister has been answering a lot of questions on the economic stimulus package at various committees over the last number of weeks, I'm sure he has probably responded to this, so I'll turn to him.

That has been part and parcel of the work we've done through the secretariat and the board. Yes, we have moved up the processes to ensure we get the appropriate authorities, but as part of doing that, we also wanted to ensure we undertook the proper due diligence in our assessments and providing advice to the Treasury Board about a given program, the terms and conditions. Were we comfortable with them; do we feel they have the appropriate oversight in place as they go forward with those? So while we've moved up the process, we've tried to maintain our level of due diligence.

You heard the Comptroller General talk about how we've been working with departments to ensure that their due diligence is also being undertaken at the front end by having the internal audit committees review the terms and conditions to see if there are any problems from a control point of view. The chief financial officer has been very involved in looking at these programs as they go forward. And I think that has been our concern: that while there is a need to spend—we all believe we need to spend as quickly as we can—there's also a need to ensure there's the appropriate prudence and due diligence. So it's finding that balance, and I think we have done that overall, program by program, through what departments are being asked to do and what we've done at the Treasury Board Secretariat through my analysts, all my support, who provide the advice on each program as they're coming through to the board.

So that's where we are. It is clearly a higher level of risk, but I think we feel quite comfortable overall that we have found that balance.

• (1640)

Mr. Andrew Saxton: Okay. I assume these expenditures are subject to Treasury Board approval?

Mr. Wayne Wouters: Yes, every budget item, except those that were not in the Budget Implementation Act. The Budget Implementation Act itself was approved by Parliament. Now, the terms and conditions of those programs in the Budget Implementation Act, and all other budget items, had to come to the board for approval and ratification.

Mr. Andrew Saxton: Does Mr. Smith want to add anything to that?

Mr. Alister Smith: The only thing I would add is that we are also undertaking quarterly reporting. The first report was provided in March, and there'll be another report in June, followed by reports in September and December. These are fairly comprehensive. We are gathering information from departments on progress, on initiatives, the flow of funds, results. So that's another way in which we're trying to ensure good government in the implementation of the budget implementation package.

Mr. Andrew Saxton: Okay. And these expenditures are limited to the programs and projects outlined in budget 2009. Is that correct?

Mr. Alister Smith: Yes, that's correct.

Mr. Andrew Saxton: Thank you very much.

My next question is with regard to the management accountability framework, and specifically how the framework is used practically to improve management. Who uses the framework? How are the results used? Have there been any improvements in the framework?

Mr. Wayne Wouters: The management accountability framework is simply that. It is a framework that has been adopted now by all departments and agencies in the Government of Canada to manage their organization. It has 10 areas of management, and we at the board undertake on an annual basis an assessment of performance along those areas of management. In fact, there are 21 different areas of management within those 10 broad management categories where we undertake our assessment.

The purpose of that is to have a dialogue with the executive team and the department to determine areas where we can see

improvement. For each area of management, we assess five areas from very strong to needing improvement, and in undertaking those assessments, our so-called policy centres—in Rod's area in financial management, he will determine what is required to basically achieve “strong” versus “acceptable” and what various processes or systems or approaches need to be put in place to achieve a good, solid score. That work is largely done by what we call our policy centres working with the individual departments. In order to look at financial management, it's Rod working with the chief financial officers to say what is a good level of excellence for financial management. Then we try to measure on that basis.

We do that in each of the areas. How do we use it? As I said, we use it to work with departments to determine areas where they can improve. We can also use it, since we do it right across government, to look at what areas of management we are relatively strong performers in and what area we may need to look at more horizontally to improve the overall level of management. For example, right now information management is not as strong as financial management. Then we work with the community and ask how we can improve our performance overall in that area.

Mr. Andrew Saxton: Are you aware of other countries that have a similar framework in place? And if so, are we looking at those to improve ours?

Mr. Wayne Wouters: We're undertaking a five-year review right now of MAF, and part of that review was for our consultants to look at other models. The British have a model that is somewhat similar. The Americans do as well. We like to think that ours is more advanced, but maybe I'm biased. Ours has been in existence for a long time now, about six years. They do measure slightly differently, and there are some lessons that we can learn, and that's what we're trying to do through our five-year review.

Mr. Andrew Saxton: Maybe other countries are looking at ours as well.

Mr. Wayne Wouters: They are doing that. We have a lot of people from a lot of countries coming to look at our model, and a number of countries have in fact adopted our model.

• (1645)

Mr. Andrew Saxton: Thank you.

The Chair: Thank you very much, Mr. Saxton.

I have just a couple of issues I want to pursue, Mr. Wouters.

First of all, these are issues that have been before the committee. The first one, of course, has been the concern, and I sense there is some improvement in the tenure of deputies. The statistic I had four or five years ago was that their average tenure was a year and a half. It has been the view of this committee that these are large, complicated departments that you can't run when you are turned every year and a half. To give you an example, we've had 12 deputy ministers of Indian and Northern Affairs in the last 20 years. The Royal Bank can't operate on that basis, Shell Oil can't, and I don't think the Department of Indian Affairs and Northern Development can—although, in fairness, Mr. Wernick has been there close to three years now, so that's a very positive development.

Mr. Wouters, has there been a change in the policy on this issue? I don't know the latest statistics, but this was a concern of the committee. Do you sense that there is a change in the government policy dealing with the tenure of deputy ministers?

Mr. Wayne Wouters: I'm not certain if there is a specific policy in this area. This committee has been very clear on its position. It has been an important discussion, because my sense is that the government and the Clerk of the Privy Council, who makes recommendations to the Prime Minister on the appointment and tenure of deputies, have been working very hard to try to extend the time period. So I don't think we have a specific policy per se, but the intent is to try to extend that tenure.

I'm a case in point. I've been the Secretary of the Treasury Board now for almost five years. Prior to that I was Deputy Minister of Fisheries and Oceans for five and a half years. There are a few cases. There have been cases where people have stayed quite long. It's true that if you look in the past there are some who have moved relatively quickly, but the statistics show that tenure is increasing.

The Chair: Another issue I want to clarify, Mr. Monette, is on the internal audit. As you know, the Financial Accountability Act did indicate that all departments and agencies would be compliant by April 1. Has that been the case?

Mr. Rod Monette: We're not exactly there. If you look at the big departments, the top 23 that account for about 95%, we're on 21 out of 23 right now. There are two to go, and I expect number 22 next month. Probably one is straggling by a couple of months, but we're very close. Then some smaller departments need to comply. There are another 23, and we're on 20 out of 23. If you add that all up we're at about 41 out of 46 right now, but we're pretty close.

Through the budget period the last couple of months, a lot of these people were put on committees because of Treasury Board submissions, and a lot of the business of the Treasury Board has gone to the budget issues, and so I've given a little bit of leeway for a month or two for some of these folks, but we're very close. The ones that are up and running are running very well.

The Chair: Do you see the whole thing being compliant by Christmas?

Mr. Rod Monette: Yes, absolutely.

The Chair: Back to you, Mr. Wouters.

The last concern I want to raise at this point is the departmental performance reports. Again, this has been a concern in this committee. For any department or agency that comes before the committee, I certainly take the opportunity to read the departmental reports on plans and priorities and the departmental performance report for the previous year. This issue has been raised before by the Auditor General in her audit in 2004. They're not that helpful in a lot of cases. There are a lot of self-congratulatory statements, a lot of fluff, but it really doesn't get to the goals and objectives of the department in what they're trying to accomplish, or the tremendous risks that certain departments are facing, and how they meet the challenges and risks. We've seen horrendous situations. For example, Public Works had a horrendous situation going on four or five years ago about events that bordered on criminal. It was a large department within Public Works with an internal audit on subcontracting. I asked

why they didn't mention it in the departmental performance reports, and they just shrugged their shoulders.

Again, I know you're working on it, but perhaps you can update the committee as to where you see this process going.

Mr. Alister Smith: Thank you.

We have been working very hard on RPPs and DPRs for some time and taking advice from this committee and the Auditor General. We do issue guidance to departments such as this and a good practice handbook as well. We do stress the need for departments to be fairly balanced and forthright in their assessments. We've tried to outline very clear performance measures. We've tried to make sure these reports are not fluff but are based on plans and assessing actual results against the plans. We were able to do that better perhaps on the program side than with the objectives and programs dealing with some of the other issues and problems you might have mentioned.

• (1650)

The Chair: Thank you very much.

We're going to go to the second round. It's going to be somewhat abbreviated, and I'll go down to four minutes. Unfortunately, I'm going to have to be very tight on the time. If either the Liberal Party or the Conservative Party wants to combine their time and take eight minutes instead of four, that's fine with the chair.

Mrs. Crombie, you have four minutes.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): I have so many questions.

Thank you all for joining us.

As the opposition, we're always concerned about the government's accountability, proper planning, transparency, policy, delivery, execution of promises, and competent management. I too want to go back to the economic stimulus plan and discuss it with the Treasury Board once again. As we know, it provides for extraordinary spending authority and thus we want to see extraordinary disclosure, transparency, and accountability. I have a list of questions.

Are we certain we have the right priorities? Mr. Saxton has already addressed the accountability, but we have to go back to whether the proper checks and balances are in place. I have to better understand what the urgency and the need for this fund is when you tell us you're still gathering information. You're still doing due diligence and putting a proper structure in place.

Let's start there and see how far we get.

Mr. Alister Smith: Thank you very much.

In terms of the right priorities, what is being implemented here is the budget, which of course Parliament has approved. The initiatives that are being implemented and funded here have already been approved by Parliament, and that includes TB vote 35. These are all budget initiatives, and many of them will show up as well in the supplementary estimates. Of course, Parliament has passed the Budget Implementation Act with \$10 billion worth of measures, which are all in the budget.

The urgency here, I think, is obvious in the sense that there's an economic crisis. There's a need to offset that as best we can with timely and targeted spending. I think that's the reason for the scale as well as the speed with which the budget is being implemented.

Mrs. Bonnie Crombie: I understand the budget has been implemented, but what I don't understand is the need for the \$3 billion with vote 35. Can you assure us that regional equity, regional fairness will be employed and that there will be a fair distribution of funds? How certain are you that the funds will be drawn down?

Mr. Alister Smith: I'll try just on the regional equity side, and Mr. Wouters may want to add more.

In this reporting that we're undertaking—and we've already produced one report in March at the Department of Finance and Treasury Board—based on information from departments, we'll gather information on the regional distribution of benefits from the economic stimulus plan. So we will be reporting on that as we go forward.

Mrs. Bonnie Crombie: I'm going to run out of time, I think, so I'm just going to put the last three. One minute.

I want to know from you about the risk sensitivity of the projects and what the timing of the monitoring of the fund is. And from the Auditor General, if I could get in a quick one, we'd like to know what happens when your recommendations, which we think are always so sound, are not followed.

Let's try to get those into the last minute.

Mr. Wayne Wouters: As we move forward with the spending, I'll try to explain the steps that we're taking.

The first step is to ensure that you have a well-defined program under which projects are approved. For example, your recreational infrastructure programming will fund the upgrade of arenas and other recreational facilities. The first step in the approval process is to ensure that you have a program in place that has very clear terms and conditions for what does qualify and what does not qualify. Approval of those terms and conditions is the role of the Treasury Board. That's basically where our role becomes critical. The departments will recommend them, we'll review them, we'll approve them, and associated with that, we'll approve the funding and the source of funds. Should it come out of vote 35, if it's needed? Can it wait until supplementary estimates (A)? Can it wait for supplementary estimates (B)? Is it already in the Budget Implementation Act?

The board approves the program design and the associated funding. Once that's done, then it's the responsibility of the departments. So in the case of that program, it's the regional agencies, I believe, and Industry Canada, and they are then responsible to take that program, look at the terms and conditions, and say which projects qualify and which projects do not qualify.

We are not, just to be clear, allocating vote 35 to projects. We're allocating vote 35 to programs that were specified in the budget. To do that, departments have to give us what they think are their cashflow requirements for the time period they need, and that's how we make our decision on vote 35.

• (1655)

The Chair: Mr. Kramp, four minutes.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you.

I have just a quick statement, then followed by a question.

I would like to commend my colleague David for his comments regarding the capacity capability and the results from both our Auditor General's department and Treasury Board. I think, as most of our colleagues know, if criticism were warranted, we wouldn't be shy about that either.

Today, honestly, I think Canadian taxpayers should be very encouraged when they see the level of accountability and the level of professionalism we have within what I'll call our bureaucracy here. I say that with the greatest of respect. I'm proud to be a member of Global Organization of Parliamentarians Against Corruption, and as such, we see so many nations that don't have that capacity. Yet on a positive note, I met with a group of Australian parliamentarians today, nine of them, and they intimated that they were deeply impressed as well with the level of accountability and our structure that we have in the country here.

So our thanks to you all. But that means we should never be satisfied. We should always be looking for more and always be looking for improvement.

Just to clarify one particular point as we go forward, I'd like to ask both parties the same question, but from a different perspective. I want to discuss the risk framework. As we go forward, whether it's with infrastructure, stimulus, and/or others for risk management, where do we set the bar? Who views the bar in what fashion? As Mr. Wouters, I believe, said, when they were talking about the Mazankowski report, their risk and uncertainty, the statement that went along with that would sort of define it from that perspective. Yet in the letter of May 5 that the Auditor General sent to Mr. Wouters, you mentioned "an appropriate risk-based framework for governance".

What is "appropriate"? What is the accepted level? Are we both talking the same language, and where is that? If we don't agree on what appropriate risk management is, then what direction do we need to go on this? Could I have a definition from both the Treasury Board and the Auditor General as to what you would consider that to be?

Mr. Wayne Wouters: Again, I can't give you a definition of what an appropriate level of risk in risk management would be. I think what we all recognize is that the level of risk will go up when you go from the level of spending and increase it by \$20 billion.

A very important part of this exercise is that there is a framework in place where we can identify those risks early in the process and ensure we have mitigating measures in place. Governments make decisions every day about the level of risk, and I think the view is that in order to deal with the economic stimulus package, that level of risk must go up in order to spend as quickly as we can.

What we have been doing with departments is working as hard as we can, not only on an individual program basis but overall, from the point of view of how this department manages its organization and what kind of risk frameworks they have in place now. That has been part and parcel going back....

I talked about the management accountability framework. One area of management we have been measuring for the last six years is risk management. We are now at a point where I believe around 90% of departments are at acceptable or strong in what they have put in place by way of a risk management framework. So it doesn't mean that mistakes won't happen, and we will see problems, but I think what we've been trying to do overall is ensure that we are managing these risks as appropriately as we can.

• (1700)

The Chair: Thank you, Mr. Kramp and Mr. Wouters.

Just before we go to Madame Faïlle, I want to go back to Mr. Smith. Can you table with the committee those two booklets on departmental performance reports?

Mr. Alister Smith: I'd be very happy to.

The Chair: Also, Mr. Monette, a number of questions have been addressed to you on vote 35. I think it would be good if you could present to the committee a two- or three-page brief just outlining.... It's a little different and the committee is not used to dealing with it. I'm not going to question you as that was a decision made by Parliament, but it is in reverse to the normal course of events we are used to seeing.

Could you table with the committee just a brief note as to how the appropriations are carried out within Treasury Board and how the accounting is recorded? I think you can sense there is some confusion.

Madame Faïlle, six minutes, s'il vous plaît.

[Translation]

Ms. Meili Faïlle: Thank you, Mr. Chair.

Mr. Wouters, my question concerns the Policy Suite Renewal, which appears on slide 14 of your presentation. It is written in small print, but I can see a certain effort to streamline the policies of Treasury Board. Some of them have been rescinded. It says that 49 policies have been rescinded and 28 are ready to be rescinded.

Which policy sectors are we talking about and why were these policies rescinded?

Mr. Frank Des Rosiers (Assistant Secretary, Priorities and Planning, Treasury Board Secretariat): Thank you for the question.

This process was begun a few years ago. The goal was not to eliminate one policy rather than another, but rather to do a spring cleaning, if I may use that expression.

Over the years, more and more rules have been created and there was no clear structure for them. Often, there were problems of consistency, where one rule contradicted another. Some of them were very detailed and intended more for line department officials, whereas others were intended more for deputy ministers. This made it complicated to comply with all of the rules, even for Treasury Board employees, and even more so for the departments that were required to enforce them.

We therefore undertook an exhaustive process. We discussed the type of structure that we wanted and then established the rules that were deemed essential to carry out all tasks. This is how we reduced the number of policies on this list from 180 to 44.

Ms. Meili Faïlle: Can you give us an example of a policy that has been rescinded?

Mr. Frank Des Rosiers: There are many of them. One of them has to do with financial administration measures. Some 80 policy instruments were in place and we have reduced this number considerably. Some of these policies concerned the management of taxi chit purchases, petty cash or the current expenditures of administrations. They were things that should not have been covered by a policy, but rather by a directive or certain ministerial guidelines.

Ms. Meili Faïlle: Changes have been made. For example, there was a policy review regarding employee travel, within the country, from abroad to Canada or from Canada abroad.

Mr. Frank Des Rosiers: That's right.

Ms. Meili Faïlle: A number of policies are ready to be rescinded. Is that the final figure? Has the process been completed?

Mr. Frank Des Rosiers: No, but it will be completed in this fiscal year. We expect 90% of these 44 policies to be rescinded. We expect there to be 44 at the end of the process, but this figure may vary slightly, according to the viewpoint of the President of the Treasury Board, of course. All of these policies must be approved by the ministers.

Ms. Meili Faïlle: So perhaps they have not all been approved yet. Are they available on the Treasury Board Web site, in a specific place?

Mr. Frank Des Rosiers: Yes, on the Treasury Board site, under the heading "TB Policy Suite Renewal."

Ms. Meili Faïlle: To what extent do you take the Auditor General's recommendations into consideration?

Mr. Frank Des Rosiers: In general?

•(1705)

Ms. Meili Faille: When you decide which policies to rescind, enhance or renew, to what extent do you take into account her recommendations, whether it be in matters of public appointments, information technology, political votes, information services or human resources? Each of the sectors you are evaluating here could be used as an example.

Mr. Frank Des Rosiers: I would be ill-advised to answer otherwise, but of course, we take the Auditor General's viewpoint into consideration. We also take into account the opinions of our colleagues from various departments who are called upon to administer each of these areas of expertise. Of course, we also consider our in-house expertise, as well as the best practices that are used in other governments, not only in Canada but also abroad. All these elements contribute to the efforts we make in policy renewal.

[English]

The Chair: *Merci beaucoup.*

I apologize, I have to move on.

Mr. Weston, four minutes.

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Mr. Chair, I thought to wrap yourself in the Canadian flag you had to cheer for the Vancouver Canucks. After hearing Mr. Christopherson and Mr. Kramp, I think maybe you have to cheer for the Auditor General.

Madam Fraser, you told us before about the work we're doing abroad through your department. We heard Mr. Wouters say today that we have a lot of countries looking at our model of accountability and maybe some countries that are adjusting our model.

I think you said today, Madam Fraser, that our first Auditor General began before Confederation. Is that correct?

Ms. Sheila Fraser: It was after Confederation.

Mr. John Weston: Over the Easter weekend I had the honour to be an observer on a human rights trip to Pakistan. I met with senior leaders from the Pakistani government and commented on the committee we are in now and our accountability. It was all in English, but they needed a translator. I think they were astonished at what we do, and they welcomed the notion of learning more.

Can you tell us a little more about what we're doing with other countries? Issues come up peripherally throughout this meeting, and I think it's intriguing, as Canadians, that we're world leaders in this. We're so understated that we probably don't hear about that enough.

Ms. Sheila Fraser: I'd certainly be glad to tell the committee about some of the work we do internationally.

First, there is an association of all the national audit offices or equivalents from all the country members of the United Nations, which is called INTOSAI. The Office of the Auditor General of Canada has always been very active in that. We have led various committees and working groups. We are currently chairing a working group on auditing standards, and many of our staff work on international committees to develop auditing standards and accounting standards. I think the committee's aware that I'm on the international board for public sector accounting. We have led

working groups on environmental auditing. We led a very large project on independence of audit offices.

In addition to that, we also work on specific projects with countries, usually in collaboration with CIDA. Currently there's a very large project going on in Mali that established an office of the auditor general there. We are providing training. We are actually in the process of sending one of our staff members there, probably for a year to 18 months, to help them with this, and we give advice and support to the auditor general there. We have worked with Russia in introducing performance audit to Russia. We have given training in China. And we have run a fellowship program, which is funded as well by CIDA, where between five and seven fellows come each year from developing countries and work within the office for nine months. I think close to 200 people have gone through that fellowship program, and actually several of them have become auditors general in their countries.

We do a fair bit of work. We also have a very large number of delegations that come through each year and spend a day or two with us, or we work and give short-term training sessions.

•(1710)

Mr. John Weston: How would a country apply?

The Chair: Mr. Weston, I'm going to have to move on. I apologize but your four minutes is up. I'm under a tight time schedule here.

Mr. Christopherson, for four minutes.

Mr. David Christopherson: Thank you very much, Mr. Chair.

We have four minutes. I'm going to put out a few questions, and with whatever time is left, you can do your best to respond, please.

Auditor General, you just mentioned the independence of audit offices. I know you want to be diplomatic and I respect that, but this is the committee you answer to. I would like to know what your thoughts are on the independence of the Parliamentary Budget Officer and whether or not you see.... I see the smile, but it's currently an issue. You're the in-house expert, and your opinion matters.

Hold off, though, while I get my other questions out. It will give you time to think about how you're going to respond. For that matter, I wouldn't mind hearing your thoughts on the future potential, and maybe the benefit, of also rolling out the environmental commissioner as an officer of parliament, again speaking to your issue of the independence of audit offices. I'll give you a little time to think about that.

Mr. Wouters, I appreciate the \$3 billion and I understand the reason for it. The finance minister leaves the impression that he's the firefighter; he's got a pail full of water and he's heading over to throw that and put out the fire. Because he's in a hurry, he may spill a little bit of water, and we just have to live with that.

We know the Americans had a similar mindset with Iraq, and to the best of my knowledge they're missing billions of dollars. They literally sent planeloads full of money, cash money bundled up on pallets, billions of dollars in cash, but because of that rush to put out the fire, some of it got spilled. Now, in the harsh, cold light of day, people are saying, "Wait a minute, that's not good enough. Where did that money go?"

I'm wondering what we're putting in place. Beyond what I've heard, is there something to give us a sense that the water that's being spilled is still going to be accounted for? Auditor General, I wonder if you're looking at any kind of special audit, special review, or special procedure to monitor this, given that we are actually putting the cart before the horse in terms of how we normally do things.

My last question is similar to that of my friend Mr. Kramp, who asked questions about risk. I'll reread part: "This will require tolerance for potential mistakes and the ability to learn from them, which will be far outweighed..."

I get it. There's got to be some room for people to use their discretion, to be creative, to make judgment calls. We keep saying that. The idea is to push decisions down the line. It's the opposite of Taylorism, if you will.

In doing that when we're dealing with an issue, we're an isolated case. We're drilling down and looking at one person's decision alone, without all the pressures of the day. Will you be able to provide us with some tools to help us know when we should be allowing a little bit of give for this tolerance, for the benefits we're looking for, so that we're not pounding people every time they stick their heads out of the shell? I mix my metaphors awfully, I know, but when we pound them for that, we lose. That's the argument.

On the other hand, I don't want to see us lessening off, especially when we've got high-priced, responsible staff who may not be conducting themselves in the best interests as they should. We hit them hard, and that's our job, or we hit systems hard, if you will. Some of that is people's judgment.

Help me understand. I've been here for almost half a decade. Will you be able to talk to us about that? Will you provide us with guidelines so that we can get a sense of the difference between cutting people some slack when we want them to be creative, do the right thing, and take initiative, versus making decisions that are clearly bad decisions and that a little due diligence would have prevented?

The Chair: Before we get a brief answer—and I'd ask the witnesses to keep their answers brief—I want to mention to the Auditor General that you're under no obligation to get into the independence of the Parliamentary Budget Officer.

Ms. Sheila Fraser: Well, Mr. Chair, I smile because I've been asked to appear before the committee of the library to discuss this issue on Thursday, so I've been giving some thought to this matter. Shall I save my answer until then?

Mr. David Christopherson: Try out your answer.

Ms. Sheila Fraser: "Independence" means independence from government. It means that when we do our audits, we are independent from government. When the Parliamentary Budget Officer does his analysis, he is independent from government. The

Library of Parliament is independent from government, so by de facto being an officer of the library, he is independent from government.

We could go into a longer discussion about that, but I don't think institutions have to be.... The environment commissioner does not have to be a separate institution to be able to be independent. They have independence by being part of the Office of the Auditor General.

With regard to the economic stimulus, yes, we are planning to do an audit of that. We will begin shortly and we will be looking at the spending as it occurs. We are hoping to report in fall of 2010.

● (1715)

The Chair: Thank you very much.

Go ahead, Mr. Young, for four minutes.

Mr. Terence Young (Oakville, CPC): Thank you, Mr. Chair.

I was hoping someone would not ask Mr. Christopherson to repeat that question, so we're moving forward.

I don't want to belabour this issue, but Mr. Smith, I want to explain it to my constituents, if I can, in plain language.

Let me just back up. Due to the recession, there's an extraordinary need for expenditure of \$3 billion from April to June of this year and for other spending related to stimulus. My constituents need to know, as all of us on this committee need to know, that this money will bear the same high level of scrutiny all government spending does. During the past government's spending scandal, the sponsorship scandal, we know that the money did not go through a formal process. It didn't have the scrutiny. That was the source of the problem.

So can you please explain in plain language, if you can, how this critical stimulus package will meet the highest level of public scrutiny?

Mr. Alister Smith: Mr. Monette might want to add comments too.

These items are not treated with any less due diligence than any other items that would go through supplementary estimates. They require Treasury Board approval; indeed, they're subject to audit. There's an internal audit and an external audit. The Auditor General has mentioned that an audit by her office is under way or will be under way shortly. There's a great deal of scrutiny. In fact, I'd say there's more scrutiny of allocations under this mechanism than under any other mechanism.

Mr. Terence Young: Thank you very much.

Madam Fraser, in 2006 you were given new powers to follow the dollars in any organization that got around \$1 million a year. How does that help you do your job better? I've always been fascinated with that.

Ms. Sheila Fraser: Our main concern was with regard to the foundations that had been set up by the federal government. Over \$10 billion had been transferred into them, and the accountability provisions around that were not sufficient.

A number of changes were made so that those foundations would be more accountable to government, one of which was to allow us to do performance audits in the foundations. We have done a number of them now. We actually have fairly positive results. We have looked at the Millennium Scholarship Fund and the Sustainable Development Foundation, and the Health Infoway is one that's under way right now. As a result, we are able to give additional information to parliamentarians.

When the limit on the spending was reduced to \$1 million over five years, we made it quite clear that it was not our intention to go out and start auditing all of these thousands and thousands of recipients of grants and loans, that it was really the job of departments to put systems and practices in place to make sure money was being spent for the purposes intended, and that we would continue to audit those systems and practices.

Mr. Terence Young: Thank you.

Mr. Monette, you're doing strategic reviews on 20% to 25% of program spending. You said here that you'll have an additional \$586 million available by 2011-12 because you found other priorities. Can you give us some examples of the kinds of programs and processes that didn't meet the standard and for which you're going to suggest other priorities?

Mr. Rod Monette: Thank you for that question. It's actually Mr. Smith who was doing the strategic review.

Mr. Alister Smith: The examples from the first two rounds of strategic reviews are laid out in the 2008 budget and the 2009 budget. We reviewed \$25 billion worth of spending in the last set of strategic reviews. A number of items were identified in terms of reallocating funds to other initiatives, and indeed reinvestments were made in departments and elsewhere as a result of those strategic reviews.

There's a long list of examples that I'd be happy to provide to you for more information. It's in the budget—

Mr. Terence Young: So it's a lot of little things that add up to a lot of money?

Mr. Alister Smith: It is. In fact, we ask the departments to put forward 5% of a particular spending base for reallocation, so we tend to have a lot of smaller items.

• (1720)

The Chair: Thank you, Mr. Young.

Please go ahead, Ms. Ratansi.

Ms. Yasmin Ratansi: Thank you, but I'm giving my time to Mrs. Crombie.

Mrs. Bonnie Crombie: We just want to go back to the line of questioning that we hadn't completed previously. In this round I'm going to go back to the Auditor General, if I may.

You talk about the criteria for audits being risk based, and Mr. Kramp brought up the notion about acceptable risk as well, but audits are always done after the fact. What is the timetable for conducting an audit on vote 35, please?

Ms. Sheila Fraser: Actually, we will be doing vote 35 specifically as part of our audit of the public accounts this summer. Even though it obviously isn't part of the March 31 financial

statements, because we will be in there, we will be auditing it this summer. We're beginning now to look at the rest of the economic stimulus package and we will be conducting the audit over the next year and a half.

Mrs. Bonnie Crombie: Second, in your letter to the government you asked whether they have modified any normal processes in delivering the economic action plan. Have you received a response?

Ms. Sheila Fraser: No. We would be doing that as part of our audit process. If any of the processes have changed, we would expect to see the documentation around that, and it would be part of the audit.

Mrs. Bonnie Crombie: Finally, I'll go back to the question we didn't have time for last time. What if your recommendations aren't followed?

Ms. Sheila Fraser: We only have the power of recommendation and, I would perhaps say, a bit of nagging. We come back and do follow-up audits and persist in bringing it to Parliament's attention.

Ms. Yasmin Ratansi: I would like some clarification from Mr. Smith.

Mr. Smith, you said mid-May would be when the supplementary estimates or the \$3 billion will be drawn down or allocated. Have I heard you correctly?

Mr. Alister Smith: Not quite. In mid-May we will be tabling the supplementary estimates. That would be the first instalment for 2009-10. We have undertaken to report on all allocations from central votes—which include this one, Treasury Board vote 35—when we table the supplementary estimates (A). Those will be allocations to initiatives, to programs. They will look very much like the initiatives in allocations in supplementary estimates.

Ms. Yasmin Ratansi: So at the moment there has been no drawdown on that vote item, to your knowledge?

Mr. Alister Smith: I didn't say that. In fact, Mr. Wouters mentioned that Treasury Board has been very hard at work in doing its due diligence in looking at specific allocations from TB vote 35, but we won't be reporting on that until we table supplementary estimates, and then in the June quarterly report.

Ms. Yasmin Ratansi: I think Mr. Monette wanted to respond. Did you want to add something?

Mr. Rod Monette: I had in my mind the response to the question around accountability. There were a number of questions on that generally, but I don't want to take up the committee's time, Mr. Chair, on that issue.

Ms. Yasmin Ratansi: We have all had some confusion about the eligibility criteria. You had suggested that there were eligibility criteria. Is it possible for the committee to have that?

Mr. Rod Monette: The eligibility criteria would be in all the various departments. Each department would have its own criteria. The audit function in each of those departments would have gone through the criteria with the people in the department to try to make sure the criteria are as clear as possible. It would actually be from each department.

Ms. Yasmin Ratansi: Who would develop the eligibility criteria? That's what the Auditor General asked in her letter to Mr. Wouters. She said she would like to know that the eligibility criteria are explicit and clear enough. Who would produce the criteria? Would it be the Treasury Board?

Mr. Wayne Wouters: Again, if you look at the various budget items, under each budget item there's a department responsible for that particular program. It's that department's responsibility to bring forward the detailed eligibility criteria to the Treasury Board for approval. We then do the due diligence of the board and we may recommend changes to the terms and conditions of the eligibility criteria.

In terms of accountability, probably one of the most critical first steps in moving forward with any new initiative is to ensure that the initiative has clear terms and conditions. One thing we probably have learned over the years is that when those terms and conditions are not clear, there can be issues in terms of how that money is spent.

A lot of hard work has been done by departments, working with the Treasury Board Secretariat and Treasury Board ministers, to get ready to spend this economic stimulus package by ensuring that we have terms and conditions that we feel are clear and that departments can use as they begin to approve individual projects against those terms and conditions.

• (1725)

Ms. Yasmin Ratansi: Thank you.

The Chair: Go ahead, Mr. Stanton, for four minutes.

[*Translation*]

Mr. Bruce Stanton (Simcoe North, CPC): Mr. Chair, my question goes to the Auditor General.

As part of your presentation, you stated that first nations activities do not come under your mandate.

[*English*]

I wonder if you could clarify what you mean by that. Certainly much of the work you do refers specifically to first nations.

Ms. Sheila Fraser: Thank you, Mr. Chair.

We audit the Department of Indian and Northern Affairs, but we do not audit specific first nations or bands. In much of the work we do, we ask first nations for their views or experiences, or to collaborate with us in the audit, and we have actually received excellent reception and collaboration from first nations across the country, but we don't actually go in and audit the finances of individual first nations.

Mr. Bruce Stanton: Just to clarify, you are saying that you don't actually audit the operations of the community or the dollars that are expended or allocated within the community.

Ms. Sheila Fraser: That's correct. Each first nation has its own auditor from the private sector. That person will audit their financial statements.

Mr. Bruce Stanton: Great. Thank you for that.

I have another brief question, and I'm not sure to whom I should ask it. I'm sorry I missed your opening presentation. Mr. Del Mastro was here filling in prior to my arrival, and I apologize if you've already covered this ground.

It was noted in budget 2009 that in terms of the strategic review that has been under way for some time, savings of some \$586 million have already been identified. Could you briefly give some indication as to what you're looking at in terms of the strategic review process, going into the remainder of this year and 2010?

Mr. Wayne Wouters: Again, the objective of strategic review is to identify and review 20% to 25% of direct program spending on an annual basis. We are now just in the process of identifying what areas of spending we'll be covering off. There will need to be discussions with the Treasury Board on that. Then we will launch the process leading to the budget of 2010. That process is basically now getting under way again for this year.

The Chair: That wraps up our time, colleagues.

Witnesses, on behalf of all the members of the committee, I want to thank you very much for appearing here today. Before we adjourn, I'm going to ask the Auditor General and Mr. Wouters if they have any closing remarks.

Ms. Fraser, do you have any concluding comments?

Ms. Sheila Fraser: I'd just like to say thank you, Mr. Chair, for the opportunity to have this briefing. I hope it was helpful to you. I think it will probably be helpful in light of the hearing that we will be having Thursday afternoon on the office as well.

Thank you.

The Chair: Mr. Wouters, thank you again. Do you have any closing remarks?

Mr. Wayne Wouters: I would just like to thank all the members for allowing us to have this broader discussion. Often we're here on a specific issue. We find it very helpful and very useful to outline some of the overall issues of public sector management that we're trying to address. Hopefully we are making good progress in some of these areas. We know there are always challenges and that it's a very big organization, but we're really very pleased to be able to have the opportunity to have a conversation with you about this.

Thank you very much for your time.

• (1730)

The Chair: Mr. Monette, will you be able to get us that note within a week?

Mr. Rod Monette: It will be a week or so. Thank you.

The Chair: Okay.

Again, I want to thank you all very much for your appearance here today.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.