



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 1st SESSION

Standing Committee on Public Accounts

EVIDENCE

NUMBER 002

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Thursday, February 27, 2020

Chair: Mr. Dean Allison



Standing Committee on Public Accounts

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• (1100)

[English]

The Chair (Mr. Dean Allison (Niagara West, CPC)): Good morning, everyone. Thank you for coming to meeting number two. Pursuant to Standing Order 108(2), we are having a briefing from the Office of the Auditor General.

I want to welcome the office and the whole team here this morning. As we've mentioned before, we have a couple of returning members, and there are a bunch of new members. This is a great opportunity for us to meet you first-hand. You will give us a quick outline of what's going on, and then maybe we will do a little bit of questions and answers over the next hour or hour and a half.

I'm not going to do much talking; I'm going to leave that up to you. I will turn the floor over to you.

Mr. Ricard, perhaps you could introduce your team, and then we will move forward with your presentation.

Mr. Sylvain Ricard (Interim Auditor General of Canada, Office of the Auditor General): I have a very brief opening statement and a bit of a presentation. I think it was circulated. I think I can do it within about eight or 10 minutes.

Mr. Chair, we are pleased to have this opportunity to present an overview of the mandate of the Office of the Auditor General of Canada.

With me today are Andrew Hayes, deputy auditor general and interim commissioner of the environment and sustainable development; Karen Hogan, assistant auditor general responsible for financial audits; and Martin Dompierre, assistant auditor general responsible for performance audits.

The Office of the Auditor General of Canada supports Parliament and territorial legislatures by providing independent and objective information, advice and assurance about government financial statements and the management of government programs. The commissioner of the environment and sustainable development supports the Auditor General in carrying out the parts of our mandate that relate to the environment and sustainable development.

[Translation]

We conduct all of our audits in accordance with Canadian Auditing Standards. Our audits and our system of quality control are subject to internal practice reviews and to independent external reviews to provide assurance that you can rely on the quality of our work.

In this regard, we have recently provided your committee with the results of an international peer review on the work of our office. That review was commissioned by the late auditor general, Michael Ferguson, and was led by the Office of the Auditor General of South Africa.

We are pleased to inform you that the review team found that our office adhered to relevant legislation and professional standards in the execution of its mandate and that our system of quality control was suitably designed and effectively implemented.

In addition, our office helps to advance legislative audit methodology and accounting and auditing standards, and we work nationally and internationally to build audit capacity and to promote better-managed and accountable public sector institutions.

• (1105)

[English]

Let me now turn to the presentation of our office's mandate and products. We provided you with a presentation for your reference, and I will now speak about some key elements.

[Translation]

Traditionally, the office submits four reports to Parliament annually. In the fall and spring, the Commissioner and the Auditor General each present a report.

The Auditor General's authority is granted by Parliament. Various pieces of legislation define our powers and responsibilities, including the Auditor General Act and the Financial Administration Act.

For the office's budget, the main estimates total \$88.2 million for the current year, for 580 full-time equivalents. The office's staff includes accountants, engineers, lawyers, information technology professionals, environmental specialists, and economists. In addition to the Ottawa office, we also have an office in Vancouver, one in Edmonton, one in Montreal and one in Halifax.

[English]

On page 6, you can see that the Auditor General is appointed for 10 years and can be removed only for cause by the Governor in Council on address of the Senate and the House of Commons. The Auditor General chooses what, when and how to audit and has access to any government information required to do the job. All of those elements help to safeguard our independence.

On page 7, listed are our activities: doing financial audits, performance audits and special examinations of Crown corporations. We also review the government's sustainable development strategies and manage the environmental petitions process.

On page 8, in regard to the financial audits, they include the annual audits of the summary financial statements of the Government of Canada and the three territories. They also include annual audits of Crown corporations and other entities at the federal and territorial levels.

On page 9, regarding performance audits, in these audits we assess whether government programs are being managed with due regard to economy, efficiency and the environment and have measures in place to determine effectiveness. We examine management practices, controls and reporting systems and compare them to the government's own policies and best practices. We may comment on policy implementation but not on the policy itself.

On page 10, briefly, we list special exams. It's a type of performance audit. This is something that we do at least every 10 years for each parent Crown corporation.

I'm now going to go to page 13, which is about the external oversight of the office. Obviously there is this committee, which holds hearings on our departmental plan and our departmental results reports. There's an external auditor appointed by the Treasury Board to audit our financial statements, and that report is tabled in the House of Commons. We have an audit committee, and all voting members are external, including the chair.

The OAG is subject to external reviews by provincial accounting institutes. As I mentioned in the opening statement, every 10 years there is an international peer review conducted at the request of the Auditor General.

In conclusion, Mr. Chair, we are looking forward to working with your committee, and we are happy to answer any questions you may have.

Thank you.

• (1110)

The Chair: Thank you very much. We'll get started.

As we would in a normal meeting, we'll go through the normal rounds. I have a list here. If we get through it and there are still more questions, we can move forward.

We'll start the first round with the opposition.

Mr. Kelly, you have six minutes, sir.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Mr. Chair.

Thank you, Mr. Ricard. It's so good to see you and your staff again. For me, it feels like picking up where we left off in the spring.

Perhaps you could walk us through your immediate work plan and what we can expect to have from your office in the next short while.

Mr. Sylvain Ricard: Maybe I'll mention the fact that we tabled a report last week on a respectful workplace. There are three other reports coming in March, on supply of the forces for DND.... The others are student financial assistance and immigration removals. I'm sorry. I don't know why I blanked out on those, because I have been working so hard on them these days.

I'm going to offer that as a starting point. I don't know if you were looking for more details.

There are also the public accounts, which were tabled in the House just before Christmas. Normally, the public accounts committee holds a hearing on that too. That's obviously a decision of the committee.

Mr. Pat Kelly: Yes, okay.

How about future reports?

Nothing has really changed since last spring. As far as I know, the concern that you brought to this committee was over your ability to perform all the audits that you wanted to do and thought should be done. You were going to be faced with the decision then of which audits to perform and which ones not to perform. There were a number of audits: cybersecurity was one, and Arctic sovereignty. Off the top of my head, I don't even remember the entire list.

Can you tell us what's going to become of these subject areas? Are we going to have audits? Are there ones that you've had to make a decision not to perform?

Mr. Sylvain Ricard: Maybe for the benefit of all members, I'll just refer to what we brought forward last year to the committee. Historically, we've been conducting about 25 performance audits a year. Given the challenges and priorities we have to manage, we had signalled to the committee that we would deliver more or less 14 audits a year. It's along those lines that there was a discussion about cybersecurity, and protecting the north or northern sovereignty, which we had to delay.

I don't know if that's answering your questions.

Mr. Pat Kelly: Okay.

So the ones that you haven't been able to perform because of budget constraints have been delayed. You're keeping a queue now of what audits you're going to be able to perform.

• (1115)

Mr. Sylvain Ricard: Martin, did you want to help me in terms of the sequence?

Mr. Martin Dompierre (Assistant Auditor General, Office of the Auditor General): Yes. With respect to cybersecurity, this is an audit that's still on our radar, which we will perform soon. The other one, on sovereignty, is another audit that we are still looking into specifically to take on. At this point in time, the two you referred to are audits that will be considered and either launched soon.... They may not be launched in the near future, but they're definitely going to be something that the office will consider.

Mr. Pat Kelly: Okay.

Is the audit that was requested by Parliament for the infrastructure plan going to go ahead before then?

Mr. Sylvain Ricard: Yes.

On that one, we wrote to the Speaker saying that indeed we will conduct that audit. Obviously, given the significance of the program, that is something we have on our radar. It's something we would have to look at, at some point.

Mr. Pat Kelly: Part of the point of going from, as you said, normally 25 audits down to 14 is that you are auditing, for example, the new Crown corporations that now fall under your responsibility to audit, like the Infrastructure Bank and the Trans Mountain Corporation.

You are fulfilling your responsibilities to audit these new Crown corporations. That's what's cutting into your ability, in part, to do performance audits.

Mr. Sylvain Ricard: Yes. I guess there are a number of drivers there. Yes, there's mandatory work that we have to do when it comes to financial audits. We have no choice but to do that, including new mandates, some of which you mentioned. One thing we mentioned last year is that for those new mandates there was no additional funding given to us. That's, in part, what was causing some pressure on our workload and our capacity to do everything. Changing the focus or the number of performance audits, including the increase in overall government spending, had a direct impact on our workload.

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

Let's move over to the government side. Mr. Longfield, you have the floor for six minutes, please.

Mr. Lloyd Longfield (Guelph, Lib.): Great.

Thank you for the presentation. It must have been a really tough year personally and through your department, so congratulations on the great work that you continue to do, faced with the challenges you've been faced with.

Mr. Sylvain Ricard: Thank you.

Mr. Lloyd Longfield: I'm really interested in the role of the commissioner of the environment and sustainable development, and the history of that role and how it interacts with the department.

I sit on the environment committee as well. There's a cross between these two committees for me. Also, Guelph is very interested

in environment and sustainable development and auditing our progress in that area.

Could you maybe just speak to the history of that role and the importance of the role to the OAG?

Mr. Sylvain Ricard: I'll go very briefly, and then I'll maybe turn to Mr. Hayes to expand on it.

As I mentioned in the opening statement, the commissioner is there to support the AG in delivering the part of the mandate that has to do with environment and sustainable development. Mr. Hayes may expand on that, but we're in fact expanding on the sustainable development work in regard to existing international goals, and we're making sure that in any audit we do—the commissioner report, the financial audits, the special exam, the Auditor General performance audit—we cover those international goals.

Mr. Andrew Hayes (Deputy Auditor General and Interim Commissioner of the Environment and Sustainable Development, Office of the Auditor General): Thank you.

The commissioner role was established in the Auditor General Act in 1995. Since that time, I would say that we have regularly presented reports to Parliament on environmental and sustainable development matters. In the early years, the reports were largely about environmental matters. Recently, we have shifted our focus to the sustainable development area, and that is in part because of the richness of the criteria that the sustainable development goals, the 2030 agenda for sustainable development, provide to us and the departments for action.

As the interim commissioner, my reports are referred automatically to the environment committee, which, I think, you're also on. But there will be topics that we will bring forward in the context of sustainable development that may be of interest to this committee as well.

We have a report coming out in May, where we are going to be looking at the transportation of dangerous goods. Obviously, that is a significant area, considering Canada's history. There have been some horrible disasters, Lac-Mégantic, for example. There have been some recent rail spills.

I would say, as we get into the sustainable development aspect, which focuses on the economy, environment and social elements together, there may be topics of interest for this committee.

• (1120)

Mr. Lloyd Longfield: As a quick follow-up on that, I'm thinking of the United Nations sustainable development goals and, in view of international audits being done, whether we have a requirement to audit against the SDGs.

Mr. Andrew Hayes: We don't have a requirement to audit against them. However, our office has been a leader with the international supreme audit institutions in building capacity to audit against the sustainable development goals.

Our former commissioner, Julie Gelfand, led some work internationally on how to audit preparedness. In fact, we presented an audit in 2018 on the government's preparedness in implementing the SDGs.

Mr. Lloyd Longfield: Thank you.

There was a change in the mandate following the repeal of the Kyoto protocol in 2007. Have there been further changes? Are we trying to restore some of the mandate?

Mr. Andrew Hayes: There was what we would consider to be a significant change in the last Parliament. There were amendments made to the Federal Sustainable Development Act that expanded the requirement of departments and agencies to prepare sustainable development strategies in support of the federal sustainable development strategy.

Before those amendments were made, there were 26 departments and agencies that had to prepare sustainable development strategies; now there are 96. There is an opportunity for the government to add to that list, including Crown corporations.

I would say that the integration of the broader public service has been expanded, and this has also expanded our role. We did not get additional funding for that work, but it's important work for us to do.

Mr. Lloyd Longfield: There was a major drop in funding in 2011. We have been working to restore that, going forward. I know it's not your role to tell us how much money you need, but it sounds like you have a lot of stress on your organization in terms of some of these additional requirements.

Mr. Andrew Hayes: It's not from the environment angle. I can answer it quickly, and then maybe Mr. Ricard will want to add something.

We have requested \$10.8 million over the last couple of years in the budget process. The predecessor of this committee wrote a letter last year to recommend that we receive that \$10.8 million and that there be an independent funding mechanism to deal with future budget requests. That would be what we consider right now as a need for our organization.

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

We will come back to the opposition side.

Maxime, sir, you have six minutes.

[Translation]

Mr. Maxime Blanchette-Joncas (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Good morning, Mr. Ricard. Thank you for your presentation and for being here today. I also welcome the members of your team.

I'd like to ask you a specific question about the Phoenix payroll system.

In May 2018, you submitted a report on this subject. Do you plan to provide an update on this report soon?

Mr. Sylvain Ricard: There are two parts to my answer.

We are considering a performance audit in this regard. However, the fact remains that each year, when auditing the government's

consolidated financial statements, we do some work related to payroll. For the past few years, we have been observing changes from one year to the next. This will likely be addressed if the committee decides to hold a hearing on the public accounts or the government's financial statements.

In one report, we commented on the results of our financial audits, and there is a section on the results related to Phoenix. This is what we noted during last summer's audit of the government's financial statements.

● (1125)

[English]

The Chair: Mr. Green, you have six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): I appreciate the six minutes allotted in a formal way. It's still very introductory for me.

I'm just picking up on the two comments that I heard. One was the reduction in the number of audits, and then there was the obvious question around the budget. It seems to be pretty simple, to me, that the department is under-resourced, so we hope to see the independent, predictable, ongoing operational funding that you've identified as required to provide oversights.

The question I would have is.... I don't even know if you can answer the question, so I won't ask it because it's probably not fair, or at least I won't ask it in this format. However, if you want, just comment perhaps in a very high-level way in terms of how you were audited by this international peer review. There's a work plan that's put out. I don't know if you want to comment on the recommendations that were put forward there and what steps, if any, you've taken to address some of those recommendations.

It seemed good to me. I'm not very fluent in auditor language yet, but it seemed it was pretty good. Maybe if you want to take your time to toot your own horn on that, you have probably about four minutes.

Mr. Sylvain Ricard: Rather than inventing, I'm going to use the wording of the report to start. As a starting point in terms of auditor's vocabulary, as I mentioned in the opening statement, the peer review team found that the OAG adhered to relevant legislation and professional standards in the execution of its mandate and that our system of quality control was suitably designed and effectively implemented.

What that means in plain auditor's language—we call that a clean opinion. It means that we got a report confirming not just the design of our way of doing business but how it was implemented, meaning that in the real audit—pulling out some of the files they looked at—they found that we were doing the work in line with the design and that the design was appropriate, given the type of business we are in.

Obviously it is a major undertaking to go through such a review. The result of it is that you have an organization that is proud of its good work. That is something that is being requested once per 10 years, once per an AG mandate. It's too bad that the former auditor general could not be here to speak about the good results himself, but clearly the organization is very pleased with that and it is reassuring for senior management in the organization to receive such a message.

To play along the same rules we suggest others should play by... As you saw, even though it was a clean opinion, there were some suggestions. Back in September, we quickly prepared an action plan to deal with those suggestions. As you saw in the action plan, there is a timeline. There is accountability. We are taking seriously the follow-up of that. We updated the action plan in February, so the executive committee in the office will regularly get updates on the progress of it.

Mr. Matthew Green: I would like to reserve my opportunity to probably re-ask this in another way at another time, but the way I can frame it for today's committee is this. Given the cuts back in 2011 and the reduction in audits, I'm just wondering for my own edification, from my municipal experience, what that looks like in terms of the reduction in FTE complements and staffing.

Mr. Sylvain Ricard: You're referring to the reduction in 2011, the amount that we're not getting now?

Mr. Matthew Green: That's correct, yes, both. You had general budget restrictions in terms of the complement, and you've identified that you want new leadership to come on, but it begs the question, would that be considered enhancement or a restoration to previous FTE levels?

• (1130)

Mr. Sylvain Ricard: In terms of the needs today, that is \$10.8 million. As a rule of thumb, it's probably 100 employees or something like that. It is significant. I'm sorry to keep repeating. As I said to PACP last year... I know you were not there, but I'm just saying it was referred to before. We need to get our technology and our IT security in a good place, being able to do all our attest audit mandates that were added, the increase in government spending that makes us having to do more audit work. At the end of the day, we had no choice but to reduce the performance audits to 14. We don't feel good about that, obviously, because—and I don't want to speak for the committee—that's hopefully one of the key tools that this committee is using or will be using, but you will have less of that.

I don't know if that answers your question.

Mr. Matthew Green: I'll probably ask it again, just to put it out there.

The Chair: Thank you very much.

We're going to start with our second round, which will be five minutes.

We're going to move to Mr. Uppal for five minutes.

Hon. Tim Uppal (Edmonton Mill Woods, CPC): Thank you, Mr. Chair.

Thank you for coming and bringing along your team.

Just to pick up on what my colleague was talking about on the funding itself, the funding that you're talking about, the reduction about a decade ago, that was voluntary from the office itself, when that reduction was happening. Since then, you have made a request for funding, you said. Have you had a response to that request for additional funding?

Mr. Sylvain Ricard: Not knowing how familiar members are, maybe I'll briefly give a fuller story.

We made a first submission in the summer of 2017 for an increase to the budget of 2018. The request was \$21 million in two tranches, because we can't absorb all of it at once. We got approval for \$7 million at that time. It was part of the first tranche.

Hon. Tim Uppal: It was a third of it.

Mr. Sylvain Ricard: The second tranche never happened. It was not confirmed in the budget of 2018, so in budget 2019 we asked more or less for the second part of it, and we got nothing. Again, the result of that is putting pressure on the organization in terms of what we can do, and our capacity to deliver all our mandate, ensuring that we get access to all the tools we need, given everything that is changing that you talked about, data analytics and artificial intelligence. We keep hearing and talking about those things, but this is not fake. This is happening out there.

Hon. Tim Uppal: Absolutely.

Mr. Sylvain Ricard: We need to be ready and equipped to do that, including having the tools and training the people. As you said, way back then, the reduction was done on a voluntary basis at that time. Our systems were stable. Our audit tools had just been implemented. Since then, it's all out of date. In fact, just to speak in very clear language, we still have a key system in the office that is running on DOS with those F keys.

Some hon. members: Oh, oh!

Mr. Sylvain Ricard: That's not supported anymore, and it creates all sorts of issues.

Hon. Tim Uppal: Thank you.

In 2017, you made a request for \$21 million, and a third of that was agreed to, and then another request was made and no funding was provided. Have you made another request for this coming budget?

Mr. Sylvain Ricard: Yes, we filed a request. I'm not sure how at ease I am to speak to it, because it's through the budget process.

Andrew, I don't know if you....

Mr. Andrew Hayes: Thank you.

Indeed, we've made the request in response to the call that departments get for funding requests. We made the request in January.

I will mention that one reason why an independent funding mechanism is important to us is that it is awkward to work our funding through a department that we audit regularly.

Hon. Tim Uppal: Absolutely. That makes sense.

Did you make a request for a specific amount?

Mr. Andrew Hayes: Yes, we did.

Mr. Sylvain Ricard: It's the same amount we put last year. That's on the public record. It's \$10.8 million.

• (1135)

Mr. Andrew Hayes: I'll just maybe add one point.

The difference in our request this year was that we did submit, along with our request, the letter that the public accounts committee wrote to support our request last year. We haven't increased our request from the year before, but the support of the committee was emphasized in our submission.

Hon. Tim Uppal: Okay, thank you.

You mentioned in your opening statement that your office itself decides which audits to do. Some of them are mandated. Recently there was a request from Parliament to do so. That would be a request. What goes into your decision-making on which audits to do?

Mr. Sylvain Ricard: Just to clarify, when we say we choose what to audit and how to audit, we're talking about the performance audit. It's basically risk-based. We analyze the various programs. We take the time to get to know the programs and the risk that comes with them. Obviously, at the end of the day, it has to be a priority process. We can't do everything. That's an even bigger challenge these days.

Hon. Tim Uppal: Thank you.

The Chair: Thank you very much.

We're going to move back over to the government side.

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

Mr. Kody Blois (Kings—Hants, Lib.): Thank you.

Thank you very much for being here this morning to answer some questions from our committee members.

I want to talk about budgets.

In the document you handed out, you talked about how the main estimates for this year are \$88.2 million, \$78 million of which is voted and \$10.2 million is statutory. You've talked about the independent piece coming from Parliament.

In past Parliaments before 2015, was this a similar practice?

Mr. Andrew Hayes: In past Parliaments, we actually haven't had to make funding requests as we do right now. If we rewind the clock further—and I'm going to be ballparking here—there was a discussion about an independent funding mechanism in the mid-2000s. There was a blue ribbon panel struck at that time intending to deal with all agents of Parliament and their requests for funding, and also with the application of central agency policies that might impair their independence.

For the Auditor General's office, we haven't needed to come to request funding since I can remember, and I've been with the office for 15 years. From that perspective, I can't say what was different in the previous Parliament or how the previous Parliament would have dealt with it, because we weren't in that space.

Mr. Kody Blois: Thank you.

We had the chance to look over the external audit that was done of the Auditor General's office. As Mr. Green mentioned, it was largely very positive. Certainly we commend you on the work that's been done. One of the highlights or themes I found was about how in some cases the audits were exceeding the budget. There were some recommendations for ways in which the Auditor General's office can ensure those audits don't go over budget.

Can you speak to how many of the audits traditionally go over budget—if it's a certain percentage—and whether or not there can be some cost savings? There have been talks about the fact that \$10.2 million has not come forward and that has taken the studies from 25 to 14. How many efficiencies can be found from some of the recommendations that are being proposed?

Mr. Sylvain Ricard: I don't want to take too much of your time, so I'm going to try something here. I may have information in our performance report. That's normally something that comes out of the hearing the committee holds on our planning and result documents. I'm going to go on memory here. There are not many that go over budget, and for the most part, it's caused by elements that we found during an audit, something we basically have no choice but to spend more time on. On the financial audits, it could be caused by the fact that an organization may have had staff turnover, and the staff were not quite ready to support us in our audit work, which created challenges. It could be that there was a major transaction that we found and had to spend more time on. It could be in the financial statement of the government. It could be about Phoenix.

For the most part, those are the types of situations for which we spend more time and go over budget. Those were not cases where we would have decided not to spend the time; we had to spend the time to be able to finish the audit work.

• (1140)

Mr. Kody Blois: I certainly appreciate that. I know you talked about unforeseen work being an instance where the audits could go over performance. I do note that on page 17 of the report. But sometimes there were also audit issues and errors, certainly on the administrative side.

Mr. Chair, I would like to turn my time over to my honourable colleague.

The Chair: You're very generous; you're giving him only 40 seconds.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Ricard. I have a question that follows up on Mr. Hayes' answer.

Given your 15 years of experience with the Office of the Auditor General, I imagine that you faced the budget cuts of 2011. Can you remind us of the amount and explain how the office was able to adjust its activities in response to these cuts?

Mr. Sylvain Ricard: When we voluntarily reduced our budget in 2011, we returned \$6.7 million to the government, in large part by cancelling, through legislative changes, our obligation to perform certain financial audits.

At that time, we also delayed some investments in technology because we felt it was the right thing to do. Since we didn't need the funds, we thought it was reasonable to return them, keeping in mind that we were going to ask for them again the day we needed them. That's what happened in 2017, when we reached a turning point and decided that we absolutely needed additional funds.

[English]

The Chair: Thank you very much.

I like how that last question was snuck in.

We're going to move back to Mr. Steinley, for five minutes.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you very much, and I appreciate your all being here this morning.

You touched on the transportation of dangerous goods audit that's coming forward. I'm from Saskatchewan. There were a couple of big train crashes in Saskatchewan—in Guernsey a year ago, and then again last month. Could you touch on that? I think it's coming out in May. I'm just wondering how much of that's going to be based on rail transportation and other transportation systems, and how it will look moving forward.

Mr. Andrew Hayes: We are completing our audit work right now and working with the departments. I can tell you that within the scope of our audit work, it is the Department of Transport and also the Canada Energy Regulator. We are looking at transportation of dangerous goods by all manners, including rail, air, road and pipeline. Our audit work was done before the most recent rail accident, but we are looking at the systems and practices of the departments to ensure that everything is managed appropriately and that if enforcement measures are necessary, they're being carried out and monitoring and oversight are appropriate.

Mr. Warren Steinley: The recommendations that would be coming out would be based on the safest mode of transportation for our goods, recommendations on improving those systems or building upon them, such as creating more capacity in one system or another, getting some more pipelines built, talking about the TMX and things like that moving forward, so that we could have more goods travelling on one system or another and which one would be safer.

Mr. Andrew Hayes: Our recommendations will be focused on the actions of the departments and agencies. It will not make policy recommendations on what should or could happen.

Mr. Warren Steinley: Once again, back in Saskatchewan there was a pipeline leak two years ago by North Battleford. Is there something that's going to be looked at in terms of how to prevent something like that from happening again, based on actions the department could take in regulating that?

Mr. Andrew Hayes: When the audit comes out, you'll see that we were talking about the role of the Canada Energy Regulator from start to finish in the process vis-à-vis the rigour and due diligence that they carry out throughout the process. We reviewed files, and once we have settled the audit findings we'll be able to speak specifically about how both the Department of Transport and the CER managed the files that we've looked at.

• (1145)

Mr. Warren Steinley: Picking up from what Mr. Blois said earlier about finding efficiencies, and going through the peer review audit, it wasn't mentioned how many audits went over budget. Can we have an actual number and a bit more reasoning on that?

Mr. Andrew Hayes: Go ahead.

Mr. Martin Dompierre: Basically, when we conduct the audit, as we plan the audit specifically, teams assess the scope of the audit to determine what will be examined.

As we proceed with the audit, as Assistant Auditor General, we approve these budgets. We make sure that the teams have sufficient hours to cover the audit. There's an oversight role we play in terms of ensuring that, as the team engages specifically in the audit, we allow the review to increase, or decrease in some cases. It happens sometimes that we decide to do an audit and the scope is too large and the capacity might not be there, and we focus specifically on certain elements. Therefore, we might be reducing the scope or expanding the scope, but at the same time, the team needs to come to us to specifically approve these budgets.

The Chair: Thank you. That's all the time we have.

We're going to move over to Mr. Sorbara.

Sir, you're going to finish this second round, and then we'll go on to the third round. You have five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): This is the first time I've been able to interject and speak on this committee. It's a new committee for me, after I was on the finance committee in the prior session of Parliament for the full duration.

It is, for me, an interesting committee, because you look at the way government operates and how government finances are set. We have a budget that comes out on an annual basis with some updates that occur when necessary, usually in a fall economic update. Then you have the estimates, which are basically government spending money or implementing policy from the budget and budget legislation. Then you have—to my understanding—the Auditor General, who looks at the programs that the government operates and comes back and provides valuable information to parliamentarians, and not only to parliamentarians but also to Canadians from coast to coast to coast.

I thank you for your work and for looking at programs that government delivers in various ways to Canadians and the departments that fall under the government purview.

You mentioned an independent funding mechanism, which has been requested, and you can clarify my remarks if I've strayed off. Is that the case in other jurisdictions? Is there an independent funding mechanism in place where there is an auditor general or a comptroller—if I can use that term—in other jurisdictions? Is that in place in other areas?

Mr. Andrew Hayes: I can answer that.

There are other jurisdictions, commonwealth jurisdictions and provincial jurisdictions, in which the Auditor General does have a measure of independent funding mechanism. It can involve the participation of a parliamentary committee, such as this one, or there can be other models that achieve that independence.

We have started the discussions with PCO about possibilities. Legislation is not the only way to solve this funding mechanism, but there are examples out there.

• (1150)

Mr. Francesco Sorbara: There are examples of the independent funding mechanism in place. I think that would alleviate, in my humble estimation, the need to come back to Parliament on a yearly basis for the funds necessary to do the work that is so valuable to parliamentarians and to all Canadians.

Second, you mentioned that you would be coming forward with three AG reports in the next few weeks. Can you restate those? I wrote them down quickly, and I may not have gotten them fully.

Mr. Sylvain Ricard: Thank you for offering me a chance to say it without hesitation: They will be about supplying the Canadian Armed Forces, student financial assistance, and immigration removals.

Mr. Francesco Sorbara: The full work plan... Can I clarify? Do you work on a calendar year or on a fiscal year on your work plan?

Mr. Sylvain Ricard: Well, I guess it depends on how you look at it. How we manage it is on a fiscal year, to align with the plan and the result report we have to submit, but those audits take anywhere between 12 months for a smaller audit and 18 months. They go beyond any fiscal year or calendar year in any case, depending on when the audit starts.

Mr. Francesco Sorbara: I'm trying to make sure I put my feet on sure ground.

In terms of your work plan for the year, it's a set work plan. You select what you would like to analyze, and obviously there are requests from Parliament. One such request was the opposition motion that came through to look at the infrastructure plan. Am I understanding that correctly?

Mr. Sylvain Ricard: Yes, I guess so. I will maybe add this. As I mentioned earlier, we have an overall budget. We translate that into staff—individuals, people. That allows us to then deliver the mandatory work. Then, as I mentioned earlier, we can put the rest of the effort on the performance audits. Given the reality of the last few years, we have had to reduce the performance audits.

That's basically, in a very simplistic way, how we establish the capacity we have for the performance audits. We start from the budget, translate that into people hours, assign that to mandatory work, and the rest of it is for our performance audits.

Mr. Francesco Sorbara: Again, I'd like to use my first few minutes here on this committee.

Regarding the 25 audits that you mentioned in your remarks, are those performance audits?

Mr. Sylvain Ricard: Yes.

Mr. Francesco Sorbara: Now you've taken that down to.... I believe the number was 14.

Mr. Sylvain Ricard: Yes, it was 14, and maybe I can just clarify something here.

That includes three audits for the territories. Those are part of the 14, and they include the commissioner's reports as well. I have a breakdown if you need it, but maybe that is sufficient for what you are looking for.

Mr. Francesco Sorbara: Is that a direct consequence...?

Do you know how much time I have?

The Chair: You're over time. Thanks for asking; that's perfect.

Mr. Francesco Sorbara: I just want to follow up on that.

Is that a direct consequence of the lapse in funding or the \$10.8 million not being available?

Mr. Sylvain Ricard: Yes, ultimately it's the result of funding pressure, which forces us to make some choices.

The Chair: Thanks, Mr. Sorbara.

We're going to move over to the Bloc.

Maxime, you have two and a half minutes, please.

[*Translation*]

Mr. Maxime Blanchette-Joncas: I want to go back to the Phoenix pay system. That troubles me a lot. I've heard a lot of dramatic testimony.

I'm new here, as are the members of the new Bloc Québécois. My colleagues were not able to attend the meetings of the Standing Committee on Public Accounts. My colleagues may be uncomfortable about this. The Conservatives had implemented the Phoenix payroll system, and then the Liberals went ahead with it.

At the end of the day, we may have a scandalous fiasco, like the old gun registry or the sponsorship scandal. Are my fears justified?

Mr. Sylvain Ricard: I cannot comment beyond what has already been published by the former Auditor General. The picture has been painted. It's obvious that there were significant issues that needed to be addressed.

Earlier, I mentioned that, every year, during audits of the government's financial statements, we also take stock of Phoenix. The report that was issued before the holidays indicates that the problems were repeated in the last financial audit.

• (1155)

Mr. Maxime Blanchette-Joncas: If you cannot comment, can you testify to your level of concern about the Phoenix payroll system?

Mr. Sylvain Ricard: I will make life easier for myself and use the words of the former Auditor General, who spoke of "incomprehensible failure".

This would not have happened if good controls had been put in place and if there had been good discussions. Once again, during last summer's audits of the financial statements, we were able to see that the problems were still there.

Mr. Maxime Blanchette-Joncas: Thank you.

I'd like to ask a question about special examinations. In your submission, it is clearly stated that an audit of each parent Crown corporation is done at least once every 10 years.

I'd like to know when the last special examinations were done. For which parent Crown corporations?

Mr. Sylvain Ricard: I don't remember if I mentioned it earlier. I'll give you the list of examinations. These special examinations are given to the boards of directors, who must make them public and give them to the minister.

Once the special examinations have been tabled and made public, we attach them to our reports. For example, in March, we will be attaching three, if memory serves. These are things that have already been done, that have already been made public. To make it easier, we bring them here through this mechanism. All that to say that last May, four were published.

Ms. Karen Hogan (Assistant Auditor General, Office of the Auditor General): We've filed four reports. In fact, we didn't table them; the Crown corporations make them public and then we table them to facilitate the work of the committee, as Mr. Ricard mentioned.

Last year, reports from Canada Post, the Canada Science and Technology Museum, Marine Atlantic, and the Business Development Bank of Canada were tabled.

We set a schedule to ensure that we evaluate all Crown corporations once every 10 years. So we file three to five reviews per year.

[English]

The Chair: Thank you very much.

We're going to move over to Mr. Green for two and a half minutes.

Mr. Matthew Green: Thank you very much, Mr. Chair.

I heard some concerns around some of your legacy IT infrastructure. I wonder if you would take a moment and flag that for me, because I'm reliving the anxiety of Phoenix. I'm just wondering if you want to talk about your legacy IT infrastructure for a moment.

Mr. Sylvain Ricard: Do you mean ours at the OAG?

Mr. Matthew Green: Yes, just as a general—

Mr. Sylvain Ricard: Because there have been reports from the Auditor General over the years in terms of the broader picture in the federal government...

So, as I mentioned earlier, one of our main systems is running on DOS—

Mr. Matthew Green: That's wild. DOS is wild. That's...

Mr. Sylvain Ricard: It's running on DOS, and it creates all sorts of difficulties from both a security perspective and an operational perspective, because basically, they're not supported anymore. You

can't turn to a supplier and get updates or get patches as we call them. That doesn't exist. So, that's our reality.

As I said earlier, when we brought forward a request for additional funding in 2017, that was at the heart of it. We just came out of an IT security self-assessment. As we were doing the self-assessment, as a good practice, we asked our internal audit people to provide assurance to the Auditor General that it was done properly and fully. The report is on the office website, and it was clear that we were not doing great at all. We were not in a good place. We managed to do some advancement with the \$7 million we got through the 2018 budget, but we will not be in a good place from a security perspective, at least not before 2022.

• (1200)

Mr. Matthew Green: That begs the question of the concerns around recruitment, because I can't imagine a modern workforce being fluent in DOS applications. I'm wondering if this has any impacts on recruitment.

Mr. Sylvain Ricard: Well, I—

Mr. Matthew Green: If I could just extend that on the recruitment side, is there also a challenge to bring on the best and the brightest just based on how long it takes for the hiring process? I know on a previous committee...

Mr. Sylvain Ricard: Indeed, that's one of the realities that come with it. You cannot interest young people these days with old technology. That's a major challenge.

I mentioned earlier that back in 2011, when we returned some funds, we had just replaced our key audit tool and we now have to replace it, but it's challenge. We're talking about lots of money.

Mr. Matthew Green: You're competing with Deloitte and all of these other private sector groups.

Mr. Sylvain Ricard: In terms of recruitment, obviously, that's direct competition for our business, so that doesn't help us. What helps us, though, is that we managed over the last year to work hard at earning two things: being an employer of choice in the national capital region and being an employer of choice—and I'm using the generic name of it here—for young Canadians. We celebrated that with the staff about a month ago.

However, the technology is in the way.

The Chair: Thank you.

I'm wondering if DOS is unhackable for the new generation, because they don't understand the language.

That finishes our second round. We're going to get into our third round here.

We have another half hour, so let's make sure we get through all the members. Then, if additional people have questions, we certainly have time within the next half, so we'll do that.

We're going to move over to Mr. Kelly; then I have Ms. Yip and we'll go from there.

Mr. Pat Kelly: Thank you.

I want to comment, maybe, or to ask some questions building upon some of the other questions that have come up.

Mr. Sorbara asked you about an independent mechanism, which as a committee we did discuss in the previous Parliament. There was cross-party support, I think. Certainly, I supported the idea of a different method by which the Auditor General's budget could be set, other than by going cap in hand and making a funding request.

As for how we got here, yes, it seemingly was not a problem until 2017. Even in 2011, with the deficit reduction act, which was optional for the Office of the Auditor General, the Auditor General of the day chose to accept and participate in the deficit reduction act. The Auditor General at the time thought it was the right thing to do to support the objective of the government of the day.

At that time, the Auditor General told the committee, which was chaired by our esteemed former colleague David Christopherson—and David reminded us of this repeatedly in the last Parliament—that it was going to hurt, but that they could do it, that they would participate and, yes, they had the resources to do what they needed to do.

What changed between then and 2017? I'm not even really interested in litigating that at committee. The point is that we need to have a way that your office can get the resources it needs to do its job without seeming like any other department that goes before Finance and Treasury Board and says, "Here are the things we would like to do and here is the budget we need." The government of day has to say, "Well, you're competing with all these other interests. Here's what you're asking for, but we're not going to give you all of it—we're going to give you some."

An independent officer of Parliament can't operate in that environment. An independent officer of Parliament, one who is as critical as the Auditor General, has to know that he has the resources. When you appeared at committee in the last Parliament, your response in the negative in answer to what is a standard question asked by every chair—"Do you have the resources to do your job?"—was unprecedented. It's a real problem.

It doesn't help Canadians for anybody to get into point-scoring or anything on this issue. I completely agree that we need to have an independent mechanism by which your office is resourced properly, and I'm very glad to hear that there's already discussion with PCO. I hope that this can just quietly happen and we can it put aside and not worry about whether or not you have enough money.

This brings me to the present context, where it's even more uncomfortable, Monsieur Ricard, in that you are appearing before us as the interim Auditor General. I understand that a permanent Auditor General for the next 10 years will have to be named within the next few weeks at the latest, I think. I'm not even certain what deadlines we're under. It is not fair to you or to anybody who holds your office, especially under an "interim" tag, to have to be involved in a budget submission that the Minister of Finance has to juggle among other competing priorities.

I don't know if I even have a question here. This is a rant and a recitation of some of the history. I'll ask you to comment on any of these points in whatever time I have left.

• (1205)

The Chair: He's letting you off the hook, because you only have 30 seconds left. I know there were no politically charged comments there at all.

You have 30 seconds to respond.

Mr. Sylvain Ricard: I will confirm that I was clear last year, that without the \$10.8 million we're not properly funded, and that's still the case. It's not appropriate for us to have to negotiate our funding level with organizations that we audit. That's just not appropriate.

Getting funding from Parliament is for independence reasons. Then you have the negotiation process, or whatever we call it, which, in my mind, goes against that.

To answer your question about a date, I will give you the date I know, and that is public information. My interim goes to March 28. I can't say more than that. The process belongs to PCO, but I can reassure you of one thing: Interim or not, we're doing what we have to do. We say what we have to say, including on the budget front.

The Chair: Thank you very much.

We're going to turn it over to Ms. Yip, for five minutes.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): It's wonderful to see you all back again.

In your departmental results report, your target was to have at least 65% of your audits reviewed by parliamentary committees. The actual result was 58%.

Can you comment on that? How can our committee help you reach your target?

Mr. Sylvain Ricard: I wasn't quite prepared to discuss the performance report. Which year are you referring to?

Ms. Jean Yip: It was tabled yesterday.

Mr. Sylvain Ricard: The one that was tabled yesterday.... Okay, fair enough.

Mr. Andrew Hayes: I can answer that. I want to preface it by saying that my comments are not critical of any committee. The public accounts committee has been studying the Auditor General's reports regularly. The reports of the commissioner of the environment and sustainable development go to the environment committee, and not every report we have submitted gets studied by that committee. I think it's a function of the fact that the public accounts committee has a strong mandate to review the Auditor General's reports, but the environment committee has other mandates as well. That explains some of the reasons why our target wasn't hit.

• (1210)

Ms. Jean Yip: The same report says that your office met only four of 13 targets in office administration. Does your office have a plan to improve this?

Mr. Sylvain Ricard: Again, to answer your question, I will just ask you what you are referring to. Do you have the page number maybe?

Ms. Jean Yip: We don't.

Mr. Sylvain Ricard: Maybe you could repeat your question. Maybe I will—

Ms. Jean Yip: You met only four of 13 targets in office administration. Do you have a plan going forward to improve the office administration, particularly looking at ensuring a bilingual work environment and having employees meet language standards?

Mr. Sylvain Ricard: Just give me a minute here.... We're referring to the 2018-19 departmental results report. I'm in the report at exhibit 9, where there are perhaps a dozen targets. So I'm not sure which one you're referring to, but there's a dozen of them.

If I go through them quickly, there is one, for example, where the target was 100%, and we were at 99%. For transparency, we're not rounding up. We say we're not meeting the target because we're at 99%. That was four contracts out of 434 contracts that were not compliant. An example of that, going by memory again, could be that we have a contractor who goes beyond the contract in terms of time on an audit. Let's say we contract out someone at work, and he goes over by 10 hours—that makes it a non-compliant contract. That's an example of non-compliance. That is something we are always monitoring, but using that one example, we were not too far from being on target.

I'm not sure if I'm answering your question.

Ms. Jean Yip: It says here that there were only four.

What about the others?

Mr. Sylvain Ricard: Let me turn to another one here. We have one on internal service standards, which is, for example, the IT system being up and running all the time or not out of service for more than, let's say, four hours for a key system. So on that one, we had one IT system that was off for more than 48 hours. I'm going by memory here. I think it was due to a supplier not being able to support the system.

We have a number of targets that were met. For this one here, the target was not met, for "completion of the Office's annual strategic priority projects". We had some IT projects in there, so I gather that it was linked to our resource issue, that we could not focus enough on the project on a continuing basis. For example, on the project I was referring to, the DOS one, we ended up advancing that project in parallel with other projects. So those are the types of results you get at the end of the day.

The Chair: Thank you, Ms. Yip. That's all the time we have.

We're going to move over to Mr. Uppal, and then we'll be back to Mr. Ferguson.

Mr. Uppal, go ahead for five minutes.

Hon. Tim Uppal: Thank you, Mr. Chair.

We've heard quite clearly about the budget shortfall that you have currently, the request that you've made and the need for independent financing.

I want to ask you maybe to go beyond financial concerns that you have and to look at what else you would need to make your job easier or to be able to provide better information. Do you need better access to information or a better process? Are there any other requests that you have of the government to be able to do that?

Mr. Sylvain Ricard: I'm going to ask Mr. Hayes to add here. I'll give one little example that we've been discussing over the years.

I referred earlier to the special examinations that we do once every 10 years per Crown corporation. Not all Crown corporations are the same size or bring the same risk, but given the legislative requirement, we have to do them one by one. I'll give you an example.

There are some Crown corporations that are in the same business. Maybe a different approach with special exams could be that we do all of those at the same time and that we only cover one key element of their business. Let's take museums. They have to protect their collections, so maybe the key thing in a museum is about protecting the collection. Rather than doing museum after museum after museum, we could do all the museums together in terms of how, in that business, we're doing in protecting the collection. That's one little example of something that we've been reflecting on.

• (1215)

Hon. Tim Uppal: Sorry, just on that note, where would the change need to happen so you'd be able to do that?

Mr. Andrew Hayes: What Mr. Ricard is talking about would be along the lines of treating special exams like performance audit mandates. Currently it's not exactly set up that way. We have defined criteria in the Financial Administration Act that we have to address in a special exam. If we had a bit more flexibility to determine what was important to audit in particular corporations, I think that would add value for both the corporations and Parliament.

I'll answer a couple of other elements of your question. On access to information, I would say that we do not have an access to information problem now. We did in the last Parliament and, with the support of this committee, we were able to resolve it with the government. The government was a willing participant in that, and to date there have been no further difficulties with respect to access to information. So that was a very positive outcome for us.

In terms of a big ask, if I can put it that way, you'll see a common thread in our audit reports about data quality. The quality of the data leads to important decisions, and it informs the way that departments will operate. It's also important for us. Quality data we can deal with a lot more efficiently.

Mr. Sylvain Ricard: One thing we always need, when we issue a report, is for the public accounts committee to have hearings with the department and have the office present at the hearing. That would make a big difference. It's very useful that the departments are brought forward to have a fulsome discussion on the result of the audit.

Hon. Tim Uppal: On the quality of data, you've made these requests. Have you seen departments follow up on your recommendations? Have you seen improvements?

Mr. Sylvain Ricard: It doesn't quite work like that. That comes out of the performance audits we conduct. Too often we find that there are issues with data quality. Sometimes that is driven by legacy systems that don't allow for capturing the data in a way that is very useful. Once we table the report, there's an action plan prepared and submitted by the entity to the public accounts committee. That's the type of impact this committee can have, by having the organization come forward with action plans. On that element, it makes a difference.

The Chair: Mr. Fergus, the floor is yours for five minutes.

[*Translation*]

Mr. Greg Fergus: Once again, Mr. Ricard, thank you very much for your questions.

I would like to come back to an issue that two of my opposition colleagues raised, which is that of Phoenix. You know that we have begun a process to replace the Phoenix payroll system, given its well-known difficulties and failures.

Have you had a chance to start any checks or audits on the new generation of the system that will replace Phoenix someday?

• (1220)

Mr. Sylvain Ricard: I cannot answer this question in detail because this audit has not been completed.

Mr. Greg Fergus: All right.

Mr. Sylvain Ricard: So we can't talk about it, but we're working on it.

Mr. Greg Fergus: Should we expect a report this year or next year on the new payroll system?

Mr. Martin Dompierre: The audit is expected to be tabled in Parliament in the fall of 2020.

Mr. Greg Fergus: Thank you very much, Mr. Dompierre. It's very useful.

I'd like to go back to what you suggested regarding the Phoenix payroll system.

Do you feel that progress has been made on the recommendations contained in your report last year? Have public servants learned any lessons from what you raised and adapted their system accordingly?

Mr. Sylvain Ricard: The only progress we have noted since the audit is the action plan that was prepared for the Standing Committee on Public Accounts by the organization because a follow-up audit was not conducted. The only work we are doing in relation to the Phoenix payroll system is the work we are doing as part of the audit of the government's consolidated financial statements.

As I mentioned earlier, in the pre-holiday commentary we made observations and comments on the results of this work during the financial statement audits. Essentially, the results are the same as those of the previous year.

Mr. Greg Fergus: Very well.

Last year, in your Departmental Performance Report, you indicated that you had also completed 89 audits. Is that a number that has remained stable over the years?

Mr. Sylvain Ricard: Three or four figures come to mind because we have several fields of activity. Each year, we do about 90 financial statement audits and about 14 performance audits. We used to do about 25 of those audits a year before. Also, I think Ms. Hogan mentioned earlier that we do three to five special examinations per year.

Therefore, with the exception of performance audits, the number of our other audits has actually remained quite stable for a fair number of years.

Five or six ad hoc financial audit mandates were added, including Trans Mountain, a health agency in one of the territories, and the Infrastructure Bank of Canada. These mandates were given to us with no additional funding, however, which contributed to the pressure we felt.

However, beyond the number of our mandates, the increase in expenses within an organization increases our workload. Although the number of organizations does not change, the increase in their expenses automatically affects our work.

Mr. Greg Fergus: I would imagine that when government activities or programs of any kind increase, it makes perfect sense that the workload of the Office of the Auditor General would increase as well.

Mr. Sylvain Ricard: Basically, there's a direct link.

If I may, I'd like to add a detail about the proportion of our budget as compared to government spending, which is not so good.

Even when you add up the \$10.8 million we are asking for for 2018-2019, we are at the same level we were at after our budget reduction in 2011. Before the cut, we were at 0.03% of government spending. After the reduction, we were at 0.027%. We thought we had to take a reasonable approach and that we would ask for this amount later, but limit it to our 2014-2015 level.

• (1225)

[English]

The Chair: Thank you.

That's all the time we have.

I just want to make a mention to Mr. Uppal. The analyst just let me know that it has become a practice now for the committee to highlight data issues in briefing notes and draft reports as a result of those issues you were talking about. For the new members, be aware of that.

Mr. Blois wanted to ask a couple of quick questions before we wrap up.

Mr. Blois.

Mr. Kody Blois: Thank you, Mr. Chair.

Thanks again to our witnesses.

One thing I want to talk about is that certainly we have 580 full-time equivalent positions. This is only my third month in Parliament, and I didn't realize the great budget...and the fact that there is a lot of great work that goes on.

Can you talk to me, as someone who is not familiar with the history, about how your funding has increased over time? Has it always been 580 employees, or has your budget moved with inflation? Can you explain quickly the timeline of how that's changed over the last decade, perhaps?

Mr. Sylvain Ricard: If you're looking for specific numbers, I don't have all the numbers by memory.

Mr. Kody Blois: Has your budget increased with inflation? Has it gone beyond inflation? Has it stayed stable over time? You mentioned a percentage on the basis of government spending and that it's gone down. Incrementally, has your budget increased over time with inflation or beyond inflation?

Mr. Sylvain Ricard: Like every organization, we had funding for the economic increase a few years ago. Some of the increase we still have to absorb, and we'll have to absorb forever the impact of not having gotten the economic increase for 2014-15 and 2015-16, going by memory, including the additional effort we have to give to Phoenix to pay our people. That amounts to about \$1.5 million a year. Maybe that's part of the answer.

Whether we get the economic increase or not is one thing. Let's say it's perfect and we get all of that. Adding new mandates without funding, having government spending go up by 30% over a number of years, the new reality on the technology side and having the tools to do business and the environment get more and more complex, the pension fund, investing in complicated—

Mr. Kody Blois: I take the point that it's more nuanced than perhaps just suggesting how the funding has changed. I can't speak for my colleagues, but I'd be interested in knowing how that has changed, so perhaps that's something we could ask for at some point.

I want to move on to the comment from my colleague Mr. Kelly. In his remarks, he talked about how we got here. He very eloquently talked about not getting into partisan politics, and I certainly ap-

preciate that. However, I think it's important to note, for the record, that there was \$6.5 million cut under the Harper government, which equated to 60 employees.

We talked about the independence piece, and I think that's very important. There is no doubt—Canadians aren't going to suggest you shouldn't have independent means of funding—but it goes back to who watches the watcher, so to speak.

Our Crown corporations have to be accountable to someone, so for my benefit, having not been here in the last Parliament, would that independent funding provision that you're suggesting include your entire budget, or would it be a certain base amount, and then you would come back and explain why—because government programs are expanding or because you want to go in certain directions?

Of course there is a statutory piece that guarantees a basic income right now of \$10.2 million, and I appreciate that this is far below what your average estimates would be per year, but is that a sign-off for all your funding, or is it just a certain base to ensure that you have that moving forward?

Mr. Andrew Hayes: It's difficult to answer that question in the abstract. What I'll say, though, is that the recommendation in the legacy report of the last public accounts committee, which I thought was well written, provides the foundation for what you're asking about.

The recommendation refers to the fact that our funding should be stable. There can be fluctuations, but—let me put it another way—we wouldn't want to see a situation where, from one year to the next, our funding fluctuates such that we can't hire the people we need in short order or, on the other hand, that we have to lay off a number of employees. The stability of funding will be important, however it works.

You make a great point about the fact that we should be accountable. We welcome accountability. We are a major promoter of accountability. We have no problem justifying our funding requests, and we appreciate the committee's role in holding us to account.

• (1230)

The Chair: Thank you, Mr. Blois.

Thank you very much to the Office of the Auditor General: Ms. Hogan, Mr. Ricard, Mr. Hayes and Mr. Dompierre. We appreciate this as a first step, and we look forward to the ongoing relationship we'll have with your office over time.

I'm going to ask right now that we suspend for one second, and then we'll come back in camera to talk about future business.

Thank you.

[Proceedings continue in camera]

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