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Chair: Mrs. Kelly Block



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• (1210)

[English]

The Chair (Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC)): The meeting will come to order.

Welcome to our public segment of meeting number 24 of the public accounts committee.

For those witnesses who have joined us, I'm sure you're all very much aware that when you're attending the meeting virtually, there are interpretation services available. At the bottom of your screen, you can choose “Floor”, “English” or “French”. The use of headsets with a boom microphone is mandatory for everyone participating remotely, unless there are exceptional circumstances. Let us know if you are experiencing any technical difficulties, and we will then suspend the meeting to make sure that everyone is able to participate fully.

That said, and so that we can get to our meeting as quickly as possible, I will turn the floor over to the Auditor General concerning the reports that were tabled on March 25.

Ms. Hogan, you have the floor.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Madam Chair, I am pleased to be here to discuss our audit reports, which were tabled in the House of Commons on March 25. I am accompanied by Carol McCalla, Philippe Le Goff, Chantal Richard, Jo Ann Schwartz and Nicholas Swales, the principals who were responsible for the audits.

The reports presented were the first of many audits that my office will conduct on the government's response to the COVID-19 pandemic. I also provided Parliament with our report on the Investing in Canada plan.

There is no doubt that the COVID-19 pandemic was an all-hands-on-deck emergency the world over. Governments had to mobilize quickly to respond to the public, health, social and economic effects of this pandemic. Canada was no exception.

[Translation]

While we found that the government was not as ready as it could have been for a pandemic of this magnitude, the public service mobilized, prioritized the needs of Canadians, and quickly delivered support and services. We did not observe the same service mindset and interdepartmental coordination in our audit of the investing in Canada plan, which I will turn to first.

The investing in Canada plan is important because the government is investing \$188 billion to generate long-term economic growth, improve communities' resiliency, support the transition to a green economy, and improve social inclusion and socio-economic outcomes for all Canadians.

Infrastructure Canada is unable to present a full picture of results achieved and progress made under the investing in Canada plan. We found that the department's reporting excluded almost half of the government's investment because it did not capture more than \$92 billion of funding that was committed before the plan's creation in 2016.

[English]

In addition, Infrastructure Canada's reporting captured only some programs each year, making it impossible to compare results year over year. The clarity of reporting was also impacted by inconsistent information received from federal partners in the plan. The absence of clear and complete reporting on the Investing in Canada plan makes it difficult for parliamentarians and Canadians to know whether progress is being made against the intended objectives.

The issues affecting the Investing in Canada plan are not new. We have seen similar problems in many past audits in areas that require cross-departmental or cross-jurisdictional collaboration, such as indigenous issues and climate change. This audit is yet another example of the need for the government to act on known issues—in this case, the need for broad collaboration and clear reporting on results for this large initiative.

In contrast, we observed nimbleness during our audits of the government's COVID-19 response.

[Translation]

I am going to turn first to the Canada emergency response benefit.

With this benefit, the government wanted to quickly deliver financial support to eligible individuals.

We found that the Department of Finance Canada, Employment and Social Development Canada, and the Canada Revenue Agency rose to the challenge and quickly analyzed, designed and delivered the Canada emergency response benefit.

To simplify the process and get support to people quickly, Employment and Social Development Canada and the Canada Revenue Agency took the approach of relying on personal attestations and automated prepayment controls to validate applicants' eligibility. Once the benefit was launched, they introduced additional prepayment controls to limit potential abuse.

[English]

With the decision to rely on personal attestations, host payment verification becomes very important. Employment and Social Development Canada and the Canada Revenue Agency are working to start their post-payment verification efforts related to the Canada emergency response benefit later this year. Their work in this area will be the subject of a future audit.

I will turn now to the Canada emergency wage subsidy. We observed a similar focus on getting help out quickly, in this case to businesses. Once again, the Department of Finance Canada and the Canada Revenue Agency worked together within short time frames to support the development and implementation of the Canada emergency wage subsidy.

The design and rollout of the subsidy highlighted pre-existing weaknesses in the agency's systems, approaches and data. These weaknesses will need to be addressed to improve the robustness of Canada's tax system.

• (1215)

[Translation]

To prioritize issuing payments, the Canada Revenue Agency made decisions about the information it would ask for and the prepayment controls it would use.

For example, the agency decided that it would not ask for social insurance numbers, though this information could have helped prevent the doubling up of applications for financial support. This decision limited the agency's ability to perform prepayment validations, as did the absence of complete and up-to-date tax information that would have helped it efficiently assess applications.

I am going to now turn to our last audit, which focused on pandemic preparedness, surveillance and border control measures.

In this audit, we found that the Public Health Agency of Canada was not as well-prepared as it could have been to respond to the COVID-19 pandemic. Not all emergency and response plans were up to date or tested, and data-sharing agreements with the provinces and territories were not finalized.

[English]

The Public Health Agency relied on a risk assessment tool that was untested and not designed to consider pandemic risk. The agency continued to assess the risk as low, despite growing numbers of COVID-19 cases in Canada and worldwide. In addition, the Global Public Health Intelligence Network did not issue an alert about the virus that would become known as causing COVID-19.

I am discouraged that the Public Health Agency of Canada did not address long-standing issues, some of which had been raised repeatedly for more than two decades. These issues negatively affected the sharing of surveillance data between the agency and the

provinces and territories during the pandemic. While the agency took steps to address some of these problems during the pandemic, it has much more work to do on its data-sharing agreements and its information technology infrastructure to better support national disease surveillance in the future.

We also found that the Public Health Agency of Canada and the Canada Border Services Agency implemented restrictions at the border as well as quarantine measures. They provided guidance and tools to inform travellers and essential workers coming into the country of public health requirements.

[Translation]

However, the Public Health Agency of Canada had not contemplated or planned for a quarantine on a nationwide scale, from the collection of travellers' information through to all enforcement activities, including following up on those identified to be at risk of non-compliance. As a result, the agency does not know if the majority of travellers properly quarantined.

These audits looked at programs that were rolled out in record time. Faced with a pandemic, the public service focused on the pressing outcome: helping Canadians.

[English]

In its first year, the pandemic has shown that when the public service must, the public service can. This crisis has highlighted the importance of dealing with known issues, whether it's agreeing on which organization has the lead; who will do what, and when; who will report what, and to whom; or replacing outdated systems or processes and addressing issues in data quality.

These are not problems that you want to have to deal with at the same time that you are focusing on helping people, because this is not an efficient way of working, nor is it a productive way to serve Canadians. Government organizations need to do collaboration better.

Madam Chair, this concludes my opening statement. We are now pleased to answer questions that you may have.

Thank you.

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

We will now go to our first round of questioning.

We will start with Mr. Lawrence for six minutes.

• (1220)

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): I'm going to hand it over to Mr. Webber for the first six minutes, Chair.

The Chair: Thank you very much.

Mr. Len Webber (Calgary Confederation, CPC): Thank you, Madam Chair.

Thank you, Ms. Hogan, for your wonderful work and thank you to your staff the good work they do.

I want to focus on a couple of comments you made in your opening remarks, particularly the remarks on the Investing in Canada plan and the \$188 billion for that plan. You've indicated that you found that Infrastructure Canada's reporting was very poor and excluded "almost half" of the government's investment. You said that it did not capture "more than \$92 billion" in funding.

The fact that it cannot report on these amounts I find incredible.

You mentioned that "the absence of clear and complete reporting on the Investing in Canada plan makes it difficult for parliamentarians and Canadians to know whether progress is being made against the intended objectives." That is absolutely the case.

What reason did they give you for this "absence of clear and complete reporting" when you did the audit?

Ms. Karen Hogan: Thank you for the question.

When we look at the Investing in Canada plan, I think it's important to highlight that it includes three buckets of information: projects that were announced in the 2016 budget, those in the 2017 budget, and then a group of projects that we'll call "legacy projects". These legacy projects represent half of the \$92 billion you mentioned, and they occurred before and were announced before the Investing in Canada plan was launched.

On the horizontal initiative, which includes over 20 federal departments, because this initiative didn't include those legacy programs when it was designed, they were not conceived in order to be able to report against the objectives of the plan. It makes it difficult when half of the information isn't designed in such a way as to be able to demonstrate whether it's achieving the objectives.

What we then saw was that there was also inconsistent information coming from the federal partners. They weren't always reporting in the same fashion. In fact, Infrastructure Canada was not reporting year after year against the same programs and projects or against the same measures. Hence, it was confusing in trying to identify whether or not progress was being made.

That's why we have many recommendations in the report to highlight the importance of outlining the clear measures of progress and then ensuring that all the partners can report against those measures on a regular basis.

Mr. Len Webber: With regard to some of these recommendations you come up with year after year, you indicate here that you've seen these "similar problems" occurring "in many past audits" as well. I guess my question is, has Infrastructure Canada come to the public accounts committee in the past to answer these questions as to why it's not following the recommendations of the Auditor General?

Ms. Karen Hogan: I'm not exactly sure if Infrastructure Canada has appeared before any of the committees to discuss the Investing in Canada plan. I encourage the public accounts committee, as well as any committee that might like to study the plan, to do so and to invite us as well as the department.

I guess what I'd like to highlight about what we've seen in prior audits relates to the fact of the horizontal initiative. It's an initiative that cuts across many federal departments that receive the same funding with a common objective, and then one department—in this case, it's Infrastructure Canada—is put in charge or is the lead. It's really difficult for that department to compel other deputies to do certain things. Hence, it underscores the importance at the beginning of a horizontal initiative to really have clear roles and responsibilities, good accountability and good reporting mechanisms in place so you can get meaningful information about a program that requires so many federal departments to be involved.

Mr. Len Webber: I see. That could be a department that we may want to consider, colleagues, to bring in for some questioning.

With regard to your other audits and the record-keeping within this past year during this pandemic, we know that many public servants have been working from home. They, of course, try to play catch-up with these IT issues working from home and such. Do you see, Auditor General, that this has caused any record-keeping issues with regard to your other audits?

• (1225)

Ms. Karen Hogan: I believe every federal department and organization—and I think it would extend even beyond—struggled at the beginning of the pandemic to figure out what to do at home. Perhaps you had a hybrid workplace, with some folks in your office and some at home, changing the process, digitizing information and taking manual processes to electronic processes.

What we've seen is that we needed to be creative sometimes in gathering evidence or accepting evidence that we maybe didn't accept the year before, because it's in a different format and presented in a different way, but everyone works very hard at doing their job and documenting well what they do and being accountable and transparent.

While we've seen delays, we really haven't seen the inability to carry out any audit work.

Mr. Len Webber: Did you uncover any privacy or information security issues at all?

The Chair: Give just a very short answer, please. We are past time.

Ms. Karen Hogan: Normally our audits have a very different focus, but when we do see that kind of potential violation, we would make any deputy head aware of it immediately.

Mr. Len Webber: Great. Thank you.

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

We will now turn to Ms. Yip for six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Sorry. I was saying that she would fill in at the last slot. I'm going to go first, if that's okay.

The Chair: My apologies. Go ahead, Mr. Longfield.

Mr. Lloyd Longfield: Thank you, Madam Chair.

Ms. Hogan, thank you, and thank you to all the staff who are here today. Thank you in particular for pointing out the amazing job that the civil servants have done throughout COVID. I look at it like the *Apollo 13* movie. We really had to solve problems as we were flying the ship, using all the resources of bringing people out of retirement and working with external contractors to get us to the point where we needed to be to serve Canadians. Thank you for pointing that out.

I'm on the infrastructure question, like Mr. Webber but possibly on a different tack.

As a member of Parliament, one of my challenges has been to have my community aware of the infrastructure projects, have the city council approve use of land, have the province include our projects in their priorities. It's almost a balancing between getting our city council to apply for projects or our business community to apply for projects. Priorities then go to the province and those priorities then come to the federal government. Projects get approved, and the province has to provide matching funds and the city council has to provide matching funds. It's quite a job for a member of Parliament to try to track through the system to make sure that projects are on track through the different orders of government.

In your sixth paragraph, your sixth bullet point, you talk about the federal partners in the plan, and these are the partners that I'm working with on a cross-jurisdictional collaboration. A flow chart would be an amazing thing, or a spreadsheet, to say that this order of government has approved it, this order hasn't yet, this one hasn't. I think we've got some of these legacy projects stuck somewhere in the flow chart. Is this an accurate assessment, or is that something you're recommending—that we establish more stringent records between orders of government?

Ms. Karen Hogan: Your question highlights the importance of really working with cross-jurisdictional governments, and while there are 20 federal departments that are part of this horizontal initiative, as you correctly point out, there are many provincial and municipal governments that are actually carrying out the projects.

One of the things I would like to highlight is that not all of the Investing in Canada projects are infrastructure projects. Some are services as well, so you won't necessarily always see bricks and mortar.

We do believe that it was difficult to come up with a complete list and that better reporting to Canadians is absolutely needed. You will note on Infrastructure Canada's website that they have started a spending summary that highlights projects and when spending has been incurred. There are about 65,000 projects included there, and they are compared to a detailed list of projects that has different numbers. Again, it's confusing information. That's why we recommended that being able to ensure which programs and which projects are in the plan and then reporting consistently against them are definitely needed in order to have more clarity and visibility and in order to also measure whether or not this plan will meet its intended targets by the end, which is 2028.

• (1230)

Mr. Lloyd Longfield: I meet regularly with our mayor and our member of the provincial Parliament. I have a riding where we all share the same boundaries, and not all members of Parliament have that benefit. When we're doing that, we can keep track of each other's activities quite easily—not easily, but we can do it.

When we're working across municipalities and provinces, are you working with the auditors general of the provinces to flag, as a concern, that we need better accountability between orders of government so that we can do a better job federally of keeping track of things? Is that something that auditors general discuss?

Ms. Karen Hogan: I meet very regularly with my provincial counterparts. We meet almost once a month, I would say, to discuss what our plans are and so on. In some instances, we do raise issues of common concern. The Investing in Canada plan is not one of the issues we have talked about. We have talked about pandemic preparedness, vaccines and so on.

I think what you're highlighting is the need to recognize that the federal government can only monitor what the provinces and municipalities are doing, but some of the responsibility on other levels of government is to report back, in a timely fashion, on whether or not they have spent funds. That is, I think, about clearly outlining accountabilities, roles and responsibilities at the start of a horizontal initiative.

Mr. Lloyd Longfield: That's exactly what I'm highlighting. Vaccine accountability is about where we're shipping vaccines, how they are being delivered and how hot spots are being identified. There are other things outside this audit that really require accountability to the federal government so that we can do our job.

Ms. Karen Hogan: We saw a lot of that in our pandemic preparedness audit, and I alluded to the conversation that I've been having with the provincial auditors general about coordinating work around vaccines.

Our office is planning to begin a vaccine audit later this year, and I have been talking with the provincial auditors general about picking up the part of the vaccination audit under the provincial governments' responsibility, not so that we'll do our work together but so that we can coordinate the timing of when we release the reports in order to give Canadians, parliamentarians and provincial legislatures a really comprehensive picture, from vaccine approval all the way to the shots in the arm. It's something on which I would need to coordinate with the provincial auditors general.

Mr. Lloyd Longfield: Thank you.

Thank you, Madam Chair, for the extra seconds. I appreciate that.

The Chair: Thank you very much.

We will now move to Ms. Vignola for six minutes.

[Translation]

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

Ms. Hogan, thank you for being here. I am standing in for Mr. Maxime Blanchette-Joncas, who is taking part in a virtual event in his riding. He sends his regards.

I was gobsmacked when I read your reports, especially the one about the Government of Canada's level of preparedness for the pandemic we are currently facing. I did not think a country could be ill-prepared after the SARS outbreak had sounded such a serious warning. It is unthinkable that Canada was not prepared—Canada, a country that, for years, had been a world leader in emergency preparedness and disaster modelling. It really is inconceivable. Nevertheless, a few weeks into the pandemic, you must have realized, as I did, that Canada was not prepared.

How possible do you think it is that the Public Health Agency of Canada can regain its reputation in disaster prediction and modelling?

Ms. Karen Hogan: I'll start with a recap of the report to highlight the four areas where we noted the Public Health Agency of Canada was not as prepared as it could have been. Then, I'll talk about measures the agency can take.

We noted that the agency should have been better prepared in four areas.

First, the emergency and health response plans were not updated. What is even more concerning is that the federal-provincial-territorial public health response plan for biological events had not been tested.

Second, we noted long-standing gaps in public health data sharing between the federal government and the provinces and territories.

Third, we noted that a risk assessment tool had not been designed to consider pandemic risk.

Fourth, the agency had neither contemplated nor planned for quarantine on a nationwide scale.

After the SARS and H1N1 influenza outbreaks, as well as Auditor General reports released in 1999, 2002 and 2008, the agency was aware of long-standing shortcomings that it needed to address. That shows the agency placed little value on, and did not pay enough attention to, preparing for emergencies, investing in appropriate systems and taking the time to adequately test plans for deficiencies. The importance of those efforts is underestimated until a new emergency arises.

Now is the time to focus on those areas on a nationwide scale. To ensure it is adequately prepared, the agency must take into account all aspects of the response to a national health crisis and not wait for another to arise before taking action.

It is worth noting that public servants worked very hard. They responded and did their best to fill the gaps. Nevertheless, the agency needs to be better prepared for the next crisis.

• (1235)

Mrs. Julie Vignola: Thank you.

Public servants have stepped up, but red tape seems to be slowing down the process. Should we be worried about the effect the red tape is having?

A decade or so ago, a previous government shut numerous scientists out of the decision-making process. Is the current situation a direct result of that?

Ms. Karen Hogan: In our audit on pandemic preparedness, we did not examine staffing or administrative processes at the agency to determine whether the deficiencies were the result of understaffing or staffing changes. I wouldn't say that is where the problem lies, though. I think the focus really needs to be on investing in appropriate systems and ensuring better preparedness.

It could be argued that no country was as prepared as it should have been, but that doesn't make it acceptable for Canada.

Mrs. Julie Vignola: Now, I'd like to turn to the investing in Canada plan. Your findings are rather troubling. They cast serious doubt on the government's ability to manage public funds. I don't mean to be alarmist, but I do worry that we may eventually find out the specifics of the program were questionable.

Can you quell my moral concerns and assure me that you will be able to scrutinize the entire program? That brings to mind the mammoth task undertaken by Ms. Fraser some 20 years ago. Can you assure me that your office has the necessary resources to address the challenge of following up on these reports? I realize it's a huge undertaking, but is your office ready for the challenge?

Ms. Karen Hogan: Our office is always ready to meet the challenge of auditing programs big or small, whether they are administered by one or more departments.

We are very pleased to tell you that we received the additional funding we had requested, and right now, we are staffing up so we can perform the necessary follow-up and audit work.

• (1240)

Mrs. Julie Vignola: Thank you, Ms. Hogan.

[English]

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

We will now move to Mr. Green for six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): I want to begin with what I believe to be a summary of the findings, and then I'll ask Ms. Hogan to comment.

Essentially, government inaction led to lack of preparedness. There were key elements of a pandemic response that were not in place, including things as basic as ensuring that PHAC received timely, complete and accurate information about COVID-19 cases. PHAC failed to conduct formal pandemic risk assessments once required to do so, which was a serious error that led to systematically underrating the risk until we were already in a full-blown pandemic, which was a fatal mistake. PHAC failed to prepare for nationwide quarantine measures, which led to wholly inadequate capacities to follow up with travellers and with law enforcement agencies.

Ms. Hogan, you referenced SARS and H1N1. We heard my colleague talk about perhaps there being too much red tape and bureaucracy. I would argue that scientists are in our bureaucracy, and that based on our own knowledge, reports and recommendations, all of this was ignored.

Would you care to comment on what I have summarized as principal failures? Would you agree with them, and would you care to expand on them?

Ms. Karen Hogan: The way I would summarize our audit report on the pandemic preparedness is very similar to how you would. The agency was not as well prepared as it could have been in those four key areas. There was some work done, so I think it's a bit of a balance. There was some work done on emergency plans, but they had not been updated for quite some time, which is not okay. More importantly, the major response plan—the federal-provincial-territorial one—had not been tested, and testing of a plan is incredibly important to identify gaps or weaknesses or lack of capacity.

Definitely, the long-standing issues about data sharing impacted the country's ability to respond in a timely way to the pandemic. For many years, it had been known that agreeing on ways to share information among the federal, provincial and territorial governments was needed, including the IT infrastructure to handle such volume. None of that had been addressed prior to this pandemic, and it needed to be addressed to find solutions during the pandemic.

The third thing was the risk assessment tool. While they did use a risk assessment tool, we found that it was not a tool that considered a pandemic risk. What does that mean? It only considered how the virus might spread once it was here, and not necessarily the risk of the virus coming here and then spreading, so that forward-looking pandemic risk tool was needed. Hence, as you say, it kept the risk rating at “low” until the chief public health officer, in mid-March, stepped in to ask that it be elevated.

Finally, they hadn't contemplated such a scale of a quarantine. There had been quarantines in previous health crises, but not to this magnitude. Again, the agency knew that it didn't have the capacity and hadn't preplanned for dealing with that, and it had to ask for support and help during the pandemic. Unfortunately, they ended up, at the beginning, by being unable to tell us whether or not two-thirds of travellers had properly quarantined.

I believe it highlights a few things. One is the importance and the value of planning and being better prepared. We shouldn't underestimate that. Second, I think it also helps highlight that when you use tools or machine intelligence, as they did for the risk assessment, human judgment needs to be applied to it to make sure it's thinking about all of the factors and not just the ones that might have been input to the tool.

Mr. Matthew Green: I can't reconcile the fact that coming out of SARS.... I think about the absolute abject failures, the scandal of our national emergency strategic stockpile and the way that all of those key elements were discarded in 2019, and PHAC's failure to prepare for nationwide quarantine measures.

I can't imagine how, coming out of SARS and H1N1, having read reports—and I believe Dr. Tam was actually involved in these preliminary reports—how they've completely and utterly failed to

progress on the recommendations that have been made from past audits.

• (1245)

Ms. Karen Hogan: Your reaction is one that I highlighted in a message that I gave to Parliament that really underscores the importance of acting on known issues. I could use an example other than pandemic preparedness. If I look at indigenous matters, I can see that many of my predecessors have been raising concerns around indigenous matters, and my first reports earlier in February did the same thing.

I think that this is an aspect in pandemic preparedness that we've highlighted all the way back to 1999. It is, I think, the fact that some of it is what we'll call “back office”, right? Having plans in place and doing a tabletop exercise doesn't seem that relevant, but it really is, because it highlights exactly some of the matters that we lived through in the early stages of the pandemic and it would have allowed the agency to hopefully change its response.

Unfortunately, we'll never know if it—

Mr. Matthew Green: I'll just share in my closing remarks that we're into the third wave. We're a year and a half into this, and I have deep concerns that this government—and all levels of government, for that matter, including provincial and territorial—are still completely and wholly incapable of dealing with the variants and the ways in which this virus is mutating. I do have grave concerns, and I appreciate the fullness of this report.

Thank you, Madam Chair.

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

We will now move to our second round of questioning, starting with Mr. Webber. You have five minutes.

Mr. Len Webber: Thank you, Madam Chair.

Ms. Hogan, I need further clarification on some comments you made in your opening remarks, particularly with regard to the Canada emergency wage subsidy.

I know it was important for Finance Canada and the Canada Revenue Agency to get the help out quickly to these businesses throughout our country. It was vital, absolutely. However, you indicated some concerns, particularly with the subsidy applications and the way businesses were filling out these application forms to get their funds. You said, “To prioritize issuing payments, the Canada Revenue Agency chose to forego certain controls” that could have been used “to validate the reasonableness of subsidy applications.” Then you gave an example—that they decided not to ask for social insurance numbers—and you say that “this information could have helped prevent the doubling-up of applications for financial support.”

My question is this: Why did they choose to not ask for social insurance numbers? What did they use, then, to prevent the doubling up of applications for financial support?

Ms. Karen Hogan: What we did find here was that the Canada Revenue Agency and the Department of Finance worked in really tight timelines to design a wage subsidy, one that's never been seen in Canada before. The goal of that subsidy was to try to maintain the employer-employee relationship, to keep individuals working and to allow businesses to be better prepared for the reboot of the economy.

The focus in this case, as well as for the Canada emergency response benefit, was on getting payments out in a timely way. The government chose what is known as an international best practice in emergency situations: to focus less on prepayment controls—which it typically would do to vet eligibility and applications—get money out in order to provide support, and focus on post-payment controls. That just underscores the importance of the post-payment work and why, for both of these programs, my office will go back and do audits to look at that post-payment work.

When they chose not to ask for those social insurance numbers in the example you asked about, it was for a few reasons. One reason that this decision highlighted was the fact that their IT systems had some weaknesses, and they couldn't handle some of the data and the cross-comparability. Another was a lack of timely tax information, in that they weren't able to vet revenues from the prior years beforehand since so many filers had not filed, for example, their GST returns, which would have provided evidence of revenues the year before in order to demonstrate a decline in revenues.

Really, the decision was made by the Canada Revenue Agency to prioritize support and to deal with all of these potential issues through post-payment verification work. They've noted that it will take several years to get through this work, and that is why we will be auditing it early on to make sure that it has some good controls and some good mechanisms in place.

• (1250)

Mr. Len Webber: I see.

Are you saying that the agency did not do any type of control at all with respect to these applications? They just basically gave what was asked for on the application?

Ms. Karen Hogan: No, they did have some automated prepayment controls up front. Both the wage subsidy and the Canada emergency response benefit had a few up front, but not the typical stronger due diligence they would have done normally when handing out subsidy payments. It means there is the potential that some payments were made in error or to ineligible applicants, so those payments will have to be identified and then recovered.

Mr. Len Webber: I certainly hope you can identify the ones who weren't qualified for the payment. Good luck in your future audits in that regard.

I do have constituents who certainly benefited from the Canada emergency response benefit in the past, and I am now dealing with some who have to pay some of that back through the post audit that they are going through now with the CRA or whoever is dealing with the post audit. They're finding it very difficult to return that money, but if it's required, then....

The Chair: Thank you.

Mr. Len Webber: Oh, I'm sorry. That's it? Okay.

Thank you, Ms. Hogan.

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

We will now move to Ms. Yip.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Ms. Hogan, to you and your team for doing these COVID audits so quickly, responding to what the public wants to hear instead of choosing to do other reports.

Was there an explanation given by the Public Health Agency for why the long-standing issues were not addressed for two decades?

Ms. Karen Hogan: I must admit that I'm not sure that we actually got an answer there. I will highlight that they did some work and that like many federal organizations, they had some capacity issues. As anyone can, you start to prioritize the issue at hand versus doing that preparedness, and to my mind that really underscores the importance of us as a country putting some value on being better prepared. We all too often forget the importance of being prepared, and this example just highlights the need to do better going forward.

Ms. Jean Yip: I know that Ms. Vignola mentioned bureaucracy. Do you think this could also be because the bureaucracy is too large, and it's just a matter of passing the buck from one government to another over time?

Ms. Karen Hogan: I'm not sure that I could comment on the different aspects that might drive what priorities an agency has. I go back fundamentally to why the Public Health Agency was created, and it was to help inform a nationwide response following a health crisis. This is their bread and butter. They need to help support the country and work with their provincial counterparts in order to ensure that we have a much better coordinated response the next time we are called into action to respond to a crisis.

Ms. Jean Yip: In terms of the Public Health Agency of Canada and the Canada Border Services Agency implementing restrictions at the border and quarantine measures, you said in your opening statement that the Public Health Agency had not contemplated or planned for a quarantine on a national basis. Do you feel that it was a matter of not collaborating better?

Ms. Karen Hogan: I'll start with the positives that we saw at the border and then talk about the areas that were not so positive with regard to improvement.

We definitely saw that the Canada Border Services Agency worked and collaborated well with the Public Health Agency of Canada to define guidance and measures on applying exemptions and on providing information to travellers who entered the country.

Where the Public Health Agency had not been as well prepared as it should have been was in enforcing this mandatory quarantine nationwide. It lacked some capacity, so it sought some help from other federal agencies, and at times, local law enforcement. It hadn't contemplated how to gather traveller information. That was missing.

At the beginning, it was done in a paper-based format, and later on transitioned to an automated tool, but there was basic information missing, and an inability to reach some travellers. When it triaged travellers and identified some at high risk for not complying with the mandatory 14-day quarantine, it referred a portion of them to local law enforcement, but then didn't follow up with local law enforcement. Hence, it was unable to tell us whether or not the mandatory quarantine was effective and if individuals were actually complying with it. It was a lack of preparing for such a wide, broad-scale response and the best way to monitor and follow up with it.

• (1255)

Ms. Jean Yip: Out of all the COVID-19 reports you've tabled, which report stands out the most, in terms of what the government should pay attention to in order to make changes to better deal with the ongoing pandemic?

Ms. Karen Hogan: I'll highlight a positive and a negative really quickly.

Positive is the focus on service over process. Really, that mindset is one, I hope, that will drive what the public service will look like in the future, because it was an excellent way to look at the wage subsidy and emergency benefit.

When I look at pandemic preparedness, I hope we'll learn the value of being prepared and addressing these long-standing known issues. I shouldn't have to come back and repeat findings year after year. We should take care of these issues.

The Chair: Thank you, Ms. Hogan.

We will go to our last round of questioning.

Ms. Vignola, please go ahead for two and a half minutes.

[Translation]

Mrs. Julie Vignola: Thank you.

Since we ran out of time earlier, I want to follow up on my previous question. Could you please finish what you were saying about your office's capacity to take up the unprecedented challenge posed by the pandemic? I'm curious about how prepared you are to handle an ever-growing number of audits, for the good of taxpayers.

Would you say the co-operation you receive from the departments and agencies concerned is satisfactory?

Ms. Karen Hogan: Thank you for the opportunity to finish what I was saying.

Our office's funding went up by \$25 million. In July, we began hiring people to build our team. We have recruited a hundred or so people from across the country. A quarter of them live in places where we don't have offices. In the current remote working environment, we were able to hire people who otherwise would not have been able to work on site. My sense is that we are on the right track to meet the demand and perform more audits.

We intend to carry out more follow-up audits than we had previously and to conduct other audits related to the pandemic as well as other key issues. We are in the midst of training the people we've hired, and once the onboarding is complete, you will see an increase in the number of audits we submit to the government.

As far as departments go, our experience has been that they want to co-operate with our office, but a number of them lack the necessary time and resources. Department staff assigned to support us in our audit work are also tasked with providing services during the pandemic. We have received a few requests to postpone audits, which we decided to grant, but we are turning our attention to other important issues.

• (1300)

[English]

The Chair: We will now finish up with Mr. Green for two and a half minutes.

Mr. Matthew Green: I'm still stuck on the report that PHAC's rapid risk assessments did not consider the pandemic risk of this emerging infectious disease or its potential impacts.

What rationale did PHAC give you when you did this audit, and you were going back and forth? Did PHAC explain, or at least try to address, that really significant material shortfall?

Ms. Karen Hogan: I will highlight a couple of things in my response. I will highlight the global public health intelligence network as well as the risk assessments.

The agency noted to us that it completed risk assessments. However, it didn't use the right risk assessment, because it didn't consider pandemic risk. However, I would highlight here that the chief public health officer recognized the importance of what was going on globally as well as in the country, and then questioned the assessment of that tool.

The tool PHAC was using was one that was in a pilot stage and had not really been tested. It highlights for PHAC the need for this tool to be refined. There should be a normal risk assessment tool, but you need a different tool when it comes to pandemics, because you need to think about that forward-looking nature.

As for the global public health information network, that network issues two reports, a daily report and an alert. An alert wasn't issued, and I really think one should have been issued. I'm not sure why it wasn't and it's not clear why one wasn't issued. I see a huge difference between the daily report and an alert, but again I will credit the chief public health officer for following the daily report and signalling to her provincial counterparts that they needed to start meeting and looking at a countrywide response.

However, the department needs to figure out what it expects from that network, make it clear, and then use it as intended.

Mr. Matthew Green: I know that provincially we had a Conservative premier waiting and seeing if the modelling actually resulted in hospital beds and ICUs, and yet I go back to PHAC, which, as you have stated, was not adequately prepared to respond to the pandemic. It underestimated the potential impact of the virus at the onset.

Was there not international modelling based on experiences in places like China that could have predicted the outcome in Canada?

Ms. Karen Hogan: I'm going to throw that to Ms. McCalla. She did some of the work specifically on risk assessment and might be able to give you a better answer.

Ms. Carol McCalla (Principal, Office of the Auditor General): The risk assessment is called for in PHAC's pandemic plan. The WHO did issue a pandemic risk and called attention of the global community of the risk of COVID-19, but we found that at that time PHAC did not update its risk assessments and only did so in mid-March, at the direction of the chief public health officer.

Mr. Matthew Green: Then there was an alert. We were alerted to this in advance.

Ms. Carol McCalla: There was an alert by the WHO, yes.

Mr. Matthew Green: My God.

Thank you.

The Chair: Thank you very much, Mr. Green, and thank you to all of you for your very good questions and to our witnesses for appearing here today.

As you all know, we will be able to do a much deeper study into each one of these reports going forward.

With that, next Thursday the committee will be studying "Report 6—Canada Emergency Response Benefit".

Is the committee in agreement to adjourn the meeting? It is.

The meeting is adjourned.

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