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• (1105)

[English]

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

Welcome to meeting number 34 of the Standing Committee on Public Accounts. The committee is meeting in public today and is being televised.

I extend a special welcome to Ms. Harder, Ms. Vignola and Mr. Van Bynen, who are replacing some of our regular members.

Pursuant to Standing Order 108(3)(g), the committee is meeting today to study report 1, “Procuring Complex Information Technology Solutions”, of the 2021 reports 1 to 5 of the Auditor General of Canada.

Today’s meeting is taking place in a hybrid format, pursuant to the House order of January 2, and therefore members may be attending in person in the room and remotely using the Zoom application.

I have just a few reminders for members. Interpretation services are available for this meeting. You have the choice, at the bottom of your screen, of either the floor, English or French. Before speaking, click on the microphone icon to activate your own mike. When you are done speaking, please put your mike on mute to minimize any interference. When speaking, please speak slowly and clearly.

Unless there are exceptional circumstances, the use of headsets with a boom microphone is mandatory for everyone participating remotely. Should any technical challenges arise, please advise the chair.

Please note that we may need to suspend for a few minutes to ensure that all members are able to participate fully.

I’d now like to welcome our witnesses. Joining us today from the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada; Carol McCalla, principal; and Joanna Murphy, director.

From the Department of Employment and Social Development, we have Graham Flack, deputy minister; and Benoît Long, chief transformation officer.

From the Department of Public Works and Government Services, we have Bill Matthews, deputy minister; and Lorenzo Ieraci, acting associate assistant deputy minister, procurement.

From Treasury Board Secretariat, we have Roch Huppé, comptroller general of Canada; Marc Brouillard, acting chief information officer of Canada; Stéphanie Poliquin, assistant deputy minister, people management systems and processes sector; and Samantha Tattersall, assistant comptroller general, acquired services and assets.

From Shared Services Canada, we have Paul Glover, president; and Stéphane Cousineau, senior assistant deputy minister, corporate services.

With that, welcome to all. I will turn the floor over to Ms. Hogan for five minutes.

[Translation]

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Madam Chair, thank you for this opportunity to present the results of our audit report on procuring complex IT solutions.

Joining me are Carol McCalla, the principal responsible for the audit, and Joanna Murphy, the director responsible for the audit.

Procurement is often a key component of major IT initiatives. It is inherently complex because of the frequent changes in technology and business needs, the ambitious timelines, and the need for technical expertise. The government must engage with end users and suppliers to determine their needs while also being fair and transparent. The government currently has about 21 large IT procurements underway, valued at over \$6.6 billion.

Our audit examined the procurement practices for three complex IT initiatives involving the Treasury Board of Canada Secretariat, Public Services and Procurement Canada, Employment and Social Development Canada, and Shared Services Canada. We looked at whether they were on track to support the achievement of business outcomes and whether they upheld fairness, openness and transparency in those procurement processes.

Overall, we found that the organizations made progress toward adopting agile procurement practices for large IT systems. For example, they applied new approaches, such as testing prototypes before committing to long-term contracts. They also engaged with end users and private sector suppliers early and often to define business needs. By engaging more closely with those who will ultimately use the system, the procurement teams can better understand whether a proposed system will be effective before awarding any contracts.

[English]

However, to pave the way for further improvements, the organizations will need to build on this progress. They will need to better train procurement officers, especially on how to apply new, agile procurement practices. We found that the guidance and training on these approaches was limited or non-existent. We noted that other jurisdictions, such as the United States or the United Kingdom, provided their employees with more comprehensive guidance when rolling out their new agile approaches in procurement.

In 2018, we examined the implementation of the Phoenix pay system. Following its hearing on the matter, this committee recommended that all IT transformation projects should have independent, external oversight and that senior management should consider the interests of key stakeholders.

In the current audit, we found that the governance mechanisms for the three complex IT procurements could be strengthened. At the end of our audit, we saw that the Treasury Board of Canada Secretariat set up a new governance committee to support the departmental deputy heads who are responsible for modernizing core services. This continued engagement and oversight of senior representatives will be essential for these initiatives.

As the government increases its collaboration with suppliers when applying agile practices, it will need more robust tools to promote fairness and transparency. We found that Public Services and Procurement Canada and Shared Services Canada made limited use of data analytics to identify potential procurement integrity issues.

Finally, we found that it was not always clear how potential fairness issues were resolved. There was also a missed opportunity to better use the fairness monitoring program to uphold openness and transparency within procurements.

We made five recommendations and the organizations have agreed with all of them.

Madam Chair, this concludes my opening remarks. We would be pleased to answer any questions the committee may have.

Thank you.

• (1110)

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

We will now go to Mr. Flack for five minutes.

[Translation]

Mr. Graham Flack (Deputy Minister, Employment and Social Development, Department of Employment and Social Development): Thank you, Madam Chair.

Thank you for the invitation to appear before the committee today.

Employment and Social Development Canada welcomes the report and accepts the recommendation pertaining to the benefits delivery modernization program.

[English]

At the time of the audit, the benefits delivery modernization program was still in its program development phase and the governance structure had not yet been finalized. While a governance structure had been in place throughout the project, it was finalized in February to take into consideration the creation of the deputy ministers core services committee.

This addresses the Auditor General's recommendation for ESDC.

Again, thank you for the opportunity to appear before you today.

The Chair: Thank you, Mr. Flack.

We will now go to Mr. Matthews for five minutes.

Mr. Bill Matthews (Deputy Minister, Department of Public Works and Government Services): Thank you, Madam Chair.

I am pleased to be here with colleagues to discuss the ways in which Public Services and Procurement Canada is responding to the Auditor General of Canada's audits of the "Procurement of Complex Information Technology Solutions", tabled this past winter.

As the Government of Canada's purchaser of goods and services, PSPC is committed to ensuring that our procurement processes achieve the desired results while being fair, open and transparent. We are also modernizing our procurement practices so that they're more efficient and effective, both for our clients and for those we do business with.

This approach is particularly important when it comes to complex IT solutions such as those cited in this report, namely, the Next Generation pay system, the modernization of benefits delivery and the government's telecommunications network. It should be noted that the Auditor General made three recommendations in the report that relate to our work at PSPC. We accept all three recommendations and we are following through on them.

I should offer a brief explanation of what agile procurement is and how it relates to our complex IT projects in government. Unlike traditional procurement processes, which are linear and result in the awarding of one large contract, the agile procurement process is iterative, meaning that there are opportunities to make course corrections in the various phases of the process. This can potentially result in working with multiple vendors on one project.

Agile procurement involves establishing close collaborations between procurement experts, private sector suppliers, end-users and clients and maintaining this collaboration throughout the project. This is especially important in complex projects when it is not clear at the outset what kind of solution will address business needs.

The first of the Auditor General's recommendations is for our department to work with Treasury Board of Canada Secretariat and Shared Services Canada to develop more comprehensive guidance and training for employees on agile procurement for complex IT projects. To respond to this recommendation, PSPC has established an innovation and agile procurement centre to support contracting officers and their clients in delivering agile procurement processes. Furthermore, we have established a working group to lead efforts on creating training and guidance documents. This has led to the publishing of a playbook that explains agile procurement principles and collaborative methods of procurement, as well as when and how to use them.

As to the third recommendation of the Auditor General on data analytics, PSPC has committed to finalizing a formal plan to operationalize the existing data analytics and data mining function by the end of December 2021. We will need to consult with stakeholders to develop and implement guidelines for addressing anomalies detected through data analytics by the end of this fiscal year. This will help us to strengthen procurement integrity within PSPC by identifying—and therefore preventing—potential issues.

To help fulfill the fifth recommendation from the Auditor General on improving our information management practices, PSPC has held virtual events on procurement information management for procurement officers. We are also continuing to update our existing guidance on information management.

In the longer term, as we move to our electronic procurement solution, we have been updating the supply manual to provide guidance on how to maintain electronic files for contracts. This content will be part of mandatory training for procurement officers. We are developing a strategy on information management for long-term, complex projects and procurements to ensure that the records we keep can demonstrate the fairness of our procurement process.

Fulfilling these recommendations will be made easier as we transition to our new electronic procurement solution called CanadaBuys. This paperless, cloud-based system allows registered businesses to bid more easily on opportunities and to manage contracts and orders for goods and services from the Government of Canada. This transition to CanadaBuys has been iterative and gradual so that we can make adjustments as needed. This project has started, it's on scope and within budget and should be fully implemented by the fall of 2022.

To conclude, Madam Chair, the Auditor General found that we have made good progress towards adopting agile procurement for large IT system. By focusing on areas where we can make improvements, PSPC will be better positioned to increase the use of agile procurement and project management to advance complex and transformational IT projects.

Thank you. I look forward to your questions.

• (1115)

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

We will now go to Mr. Huppé for five minutes.

Mr. Roch Huppé (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Madam Chair.

We are pleased to be here with our colleagues from PSPC, SSC and ESDC to discuss the 2021 report of the Auditor General on complex IT procurement.

After my opening statements, my colleagues and I will be available to answer the committee's questions.

[*Translation*]

I will begin by explaining how the Treasury Board Secretariat supports agile IT procurement while providing oversight to major IT projects as part of the government's overall efforts towards more digitally enabled government programs and services.

The Office of the Comptroller General is responsible for providing functional direction and assurance government wide for financial management, the management of our acquired services and assets, and of internal audits. Specifically, as it relates to acquired services and assets, the OCG sets out the policies and directives for investment planning, projects and procurement.

The Office of the Chief Information Officer and the Canadian Digital Service support departments as they transition to a more digital government.

[*English*]

Through the office of the chief information officer, the TBS also participates in IT governance committees to provide guidance and oversight throughout the development of an IT project. The office of the chief human resources officer oversees policies and regulations aimed at driving excellence in people management across Canada's core public administration.

Agile or outcomes-based procurement is one of many kinds of procurement strategies that departments can use as long as they are fair, open, and transparent and provide the best value. Indeed, the current procurement policy allows for departments to procure in an agile way.

In her report, the Auditor General recognizes the government's progress on adopting agile procurement practices. However, we realize that there is always room for improvement, which the AG pointed out in her recommendations.

Recommendation 1.47 states that the Treasury Board, PSPC and SSC “should develop more comprehensive guidance and training for employees”. Recommendation 1.53 states that TBS, ESDC and SSC “should ensure that governance mechanisms are in place...for each of the complex IT procurements” that she audited.

TBS agrees with these recommendations, Madam Chair, and we are following up with concrete steps. I am pleased to announce that just a few weeks ago, consistent with our proposed actions under the management action plan, Treasury Board has approved a new directive on the management of procurement. This reset modernizes and streamlines policy requirements and includes new requirements to better enable outcomes-based, agile procurement approaches, and importantly, this work is not being done alone.

We have been working and will continue to work collaboratively with departments to build supporting guidance for the new directive as departments transition to it over the coming year. In addition, we are working with SSC and PSPC to make sure that procurement professionals are aware of agile procurement and how to apply collaborative methods.

Lastly, we will work with key partners across federal departments to review our existing procurement competencies to determine whether they specifically support agile procurement and whether they can be applied collaboratively.

• (1120)

[Translation]

As with any modern organization, the Government of Canada requires secure, reliable and effective IT solutions to deliver on its mandate. The recommendations put forward by the Auditor General and the actions we are taking in response will help us improve.

[English]

I am looking forward to your questions.

Thank you.

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

We will now go to Mr. Glover for five minutes.

[Translation]

Mr. Paul Glover (President, Shared Services Canada): Thank you, Madam Chair.

Thank you for giving us an opportunity to discuss Shared Services Canada's progress on the Auditor General's report.

We would be pleased to answer any questions the committee may have on the report.

With me today is Stéphane Cousineau, senior assistant deputy minister of corporate services.

[English]

I would like to begin by thanking the Auditor General for the report and state, as she did, that we fully support its recommendations, which will help make the Government of Canada procurement activities even more effective, open and transparent.

The report acknowledged the progress that Shared Services and its partners have made toward adopting agile procurement practices for large IT systems, and we appreciate that we were acknowledged for our application of new procurement approaches and for our engagement with end-users and private sector suppliers.

We acknowledge that further work is needed, and to further make those advancements, the report expressed the need to build on these experiences in three key areas: first, by ensuring that governance and partner engagement mechanisms are in place; second, by updating the guidance and training for procurement officers, especially on new agile procurement methods; and third, by leveraging data analytics and information management to better monitor the integrity in our procurements.

Shared Services Canada is working closely with the Treasury Board Secretariat and with Public Services and Procurement Canada on transformational IT procurements. We are ensuring that our employees have a more comprehensive understanding of agile and collaborative procurement methods through refinements to guidance, training and ongoing support.

This includes the launch of a specialized training program to equip procurement officers with the skills, competencies and experience they need to manage complex IT procurements.

SSC is pleased to report that the processes are already in place with respect to the enhanced governance mechanisms. The department has had a procurement governance framework since July 2019 that facilitates procurement oversight and control as well as risk management and decision-making approaches to support transparency and accountability. The mechanisms help us engage stakeholders, articulate roles and responsibilities and match decision-making with firm commitments.

On data analytics, SSC is augmenting its capabilities through the development of an analytics strategy and road map. Our dedicated data and analytics team, which we've just established, will input procurement data into the department's repository this fiscal year. We will then obviously mine that data to see opportunities. We'll use this as a pilot. We'll be looking at artificial intelligence and machine learning to identify potential integrity issues and move more quickly.

Since the time of the audit, the department has implemented a number of information management tools and procedures to ensure fairness and to demonstrate that procurements are indeed fair. The department has developed guidelines on procurement file organization and makeup and on procurement file documentation lists and compliance and quality assurance programs, which contribute to sound information management practices, consistency in all of our files and completeness in all of the files.

With respect to the next-generation human resources and pay initiative, SSC continues to work with the office of the chief human resources officer at Treasury Board Secretariat, as well as with senior officials and users in other departments and agencies, to refine the business needs and anticipate change management requirements.

The exploratory phase announced last fall has been completed. This phase established the technical capability of the government to adopt softwares in service as a solution and undertook a gap analysis of the proposed solution against existing business requirements.

The next phase will be to design and experiment. We will configure and test the proposed solution using real employee data. Further tests with more complex pay groups will also be undertaken.

As the initiative moves through more substantive phases, decision makers will be engaged thoroughly. Our new integrated enterprise governance structure prioritizes key accountability, program assurance and challenge functions and extensive stakeholder consultation and engagement, as well as regular updates and advice sought from our external expert advisory committee.

All the work is being informed by lessons learned from Phoenix and other large-scale enterprise transformation activities. Decisions on the way forward will be driven by user insights obtained during this initiative.

• (1125)

Thank you. We would be happy to answer any of your questions.

The Chair: Thank you, Mr. Glover.

Colleagues, we will now move to our first round of questioning, a six-minute round, starting with Ms. Harder.

Ms. Rachael Harder (Lethbridge, CPC): Thank you, Chair.

Thank you to the witnesses for being with us today and for the opening remarks that you offered.

My first question will go to the Auditor General, Ms. Hogan.

Ms. Hogan, in the report you identify integrity issues having to do with procurement. Can you tell me a little bit about what you mean by the term “procurement integrity issues”? In the report, you use words such as “wrongdoing”, “bid-rigging”, “collusion” and being able to protect against these things.

Maybe you could expand a little bit further on what is meant by “procurement integrity issues”.

Ms. Karen Hogan: That part of the report is recognizing the importance of departments collecting data and using that business intelligence in a good way to identify potential procurement issues that might arise. That use of data analytics, which was highlighted

following the previous audits we've done, is what we're drawing attention to, namely, that you can look for certain flags if you track parts of the procurement process in order to highlight areas where entities should go to look a little bit further. It's not that we saw this in the procurements that we looked at. While we did identify opportunities to improve fairness generally, and fairness within the three projects we looked at, it is not a case of our finding wrongdoing, but of our highlighting this as a way for entities to focus in on that.

I believe that Mr. Glover just alluded to how Shared Services would plan on doing that, going forward.

Ms. Rachael Harder: Sure. It's interesting because one of the things your report highlights is that Shared Services Canada doesn't even have a mechanism by which they're able to monitor this.

First, I find it interesting that it's up to the department to monitor itself. If the integrity issue is within the department, should it also be monitoring its own integrity?

Ms. Karen Hogan: There are two things here. You have a lead organization that is a business owner, which is responsible and ultimately the one that describes the business needs of the project, but you usually have a lead procurement department, whether it's Public Service and Procurement Canada or Shared Services, that leads the procurement. Together they collaborate on ensuring that a significant IT project is put forward.

There should be checks and balances and monitoring there, done by the procurement department, as well as the lead department.

I think this is one of the areas, when we talk about the fairness monitor, that could be used. A fairness monitor is an independent group that comes in and looks at how decisions were made, or how the procurement was rolling itself out. There are ways that entities can self-check in an independent fashion.

Again, governance would be controlled.

Ms. Rachael Harder: Sorry, I'm just going to interrupt you right there.

How do you self-check in an independent fashion? There is just no way that I can self-check myself in an independent fashion.

Ms. Karen Hogan: You can if you require—

Ms. Rachael Harder: Help me understand how SSC could do that.

Ms. Karen Hogan: You can if you require the fairness monitor on all significant projects. The fairness monitor is done by an independent party. You can use that mechanism to demonstrate the fairness and openness of the process that was run.

• (1130)

Ms. Rachael Harder: Okay, but in your report and your opening remarks you said that when it comes to fairness issues, and I am quoting you, “it was not always clear how potential fairness issues were resolved” within the SSC.

Help me understand this.

Ms. Karen Hogan: That's why we made those recommendations, namely, that they had a missed opportunity with their fairness monitoring program, but that they also need to develop tools like data analytics, going forward. We did not see those kinds of things in Shared Services during our audit and it is something we recommended. It's exactly why we highlighted that there are improvements that could happen to the processes.

While we were very encouraged that the government has taken steps towards trying a new way of working—looking at agile procurement in order to modernize and improve procurement of complex IT—now it's time to take another step and build on that and to incorporate fairness and integrity issues monitoring into those processes, because agile requires a lot of collaboration with third party vendors. When that happens you want to make sure that you have good fairness processes in place, and we just didn't see that being well-documented or demonstrated during the audit work we looked at.

Ms. Rachael Harder: Just switching gears slightly here, in your report you indicate that:

We concluded that Public Services and Procurement Canada, Shared Services Canada, the Treasury Board of Canada Secretariat, and Employment and Social Development Canada....did not provide sufficient guidance or training to staff and did not effectively engage stakeholders in their procurement initiatives.

That is directly from your report.

Can you comment on further on what you mean by they “did not effectively engage stakeholders in their procurement initiatives”? What could have been done better?

Ms. Karen Hogan: One of our significant findings from the Phoenix work that we did back in 2018 was the lack of involvement with end-users and keeping in sight, as the project moved forward, the actual business needs and how the IT solution would be used in the day to day.

In the procurements we looked at in the Next Generation one, we saw a lot of engagement with end-users. If we compare that then with the workplace communications services project, DND was only engaged at the end. As a result, the procurement that occurred there did not meet all of the needs of the department. Now additional costs and other contracts are going to be needed in order to give them all the functionality that the department wanted.

It isn't about focusing in on timelines, but about focusing in on business outcomes. That's where agile procurement plays a really big role in complex IT. It is keeping the outcomes and the business needs in mind throughout the entire process.

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

We will now go on to Mr. Van Bynen for six minutes.

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): Thank you, Madam Chair.

Thank you to our witnesses for taking the time to be with us today. For some of you, this is the second time this week, as it is for myself.

One of the great things about committee work is being able to study programs, the work done by a variety of programs, and to put

them into perspective with what we know and hear from our communities and our stakeholders. It's also great to be able to provide recommendations to strengthen what is being done.

My question is for Ms. Hogan. You raised that there remains more work to be done. I think that's all part of learning and adapting.

What steps have you seen taken so far, recognizing that there's always going to be room for improvement? How can departments go further to more fully implement this more agile, iterative procurement approach?

Ms. Karen Hogan: Thank you for that question.

This audit, in fact, was something different even for us. It's not typical that we engage ourselves early on in procurement initiatives, but we felt that it was important to do given that the Next Generation and benefit modernization projects were critical to services for Canadians going forward. We wanted to ensure that departments had built and learned from the lessons from the Phoenix pay system audit.

That's exactly what we saw. They started to build on those lessons learned. They took steps towards trying a different way to go about procurement that involves better engagement with third party vendors to help design out the technical aspects of a system to meet business needs.

In those two IT solutions we looked at, we saw that better engagement with the suppliers. We also saw a consistent engagement with end-users.

What they could build on and improve now is not losing sight of that end-user focus. Now it's about focusing in on governance and making sure that a clear governance mechanism is there, that there's good oversight and continued follow-up. Then build on training.

Training is key for agile procurements because it requires a different set of competencies and skills than traditional procurement. For example, one of the things we noted was that better answers to questions actually help inform the vendor in a clear way so that they can help submit a proposal that might actually meet business needs.

There are many little things that need to be built on, but I would highlight those as the two biggest ones.

• (1135)

Mr. Tony Van Bynen: This process involves a closer engagement with your vendors, but at the same time keeping your distance.

How is that monitored?

Ms. Karen Hogan: That's exactly where that fairness monitor would probably play a very key role. Right now it really isn't designed as a control, but it has the opportunity to be a really effective control.

That's where training will also play a role. You have to be able to tap into the knowledge of vendors, but still remain transparent, fair and open as you go through the process. Making sure that you have those checks and balances is key. The governance and oversight will play a role, but then the fairness monitor will help ensure that matters are resolved in an equitable way. Those are two ways that could be enhanced.

Mr. Tony Van Bynen: Thank you.

I'd like to direct a similar question to DM Matthews.

We've just talked about allowing room for improvement and how that often results in better deliveries, greater flexibility and value for your investment. I'm wondering about your thoughts on how the workflow has been strengthened or how communications have been made clearer, both to the prospective suppliers and to long-time relationships.

Mr. Matthews.

Mr. Bill Matthews: Thanks for the question, Madam Chair.

I have a couple of points to make here. Training for procurement officers is always evolving, so agile is the flavour of the day. We're updating our training. We've already started, but there is more to come on that front in terms of making sure that procurement officers are equipped to deal with this new approach.

What I'd highlight there is that this is not just a procurement methodology. It's a whole project management methodology and often involves more outcome-based projects, as opposed to our traditional IT procurements, which are very prescriptive in terms of what we're looking for. It does change the way we engage with industry. It does change the way we structure our requests for proposals, and it would change the way we evaluate those responses, so engagement is more important.

In our discussions with industry, everyone is using the word "agile". There is a very helpful diagram in the chapter that lays out "agile" at a very high level. I think what we're finding as we discuss with industry is that once you get below, into the details, there are still evolving interpretations of or differences of opinion on what "agile" means. Working with industry to get a common understanding of just what "agile" looks like at a detailed level for each project is a key part of our outreach to industry, both at a theoretical level and also as we launch new procurement opportunities.

Mr. Tony Van Bynen: Thank you.

With regard to the efforts undertaken to identify and address issues of wrongdoing in the procurement process, what steps have you taken to strengthen the integrity of the process and the outcomes to ensure transparency in both the procurement bidding process and also in fairness? Can you explain how the fairness monitoring program is intended to support the procurement process as you see it, and how this program is being strengthened following the review that was noted in the report?

The Chair: Can we have a very short answer, please?

Mr. Bill Matthews: Okay. Thank you, Madam Chair.

I can come back to this later if it's of interest, but that there are two things. I think improving the sophistication of our analytics is

one, and the Auditor General has touched on this. We've had some experience of this in the past, where it was more difficult that we would have liked because of inconsistent information in our data. Our new e-procurement system will help drive more consistent data, which should enhance our analytical ability. On the fairness monitor piece, our expectation is that they get access to the documents and the meetings they need to see or be part of to make sure the process is fair, and that they raise issues on the fly so we can resolve them immediately.

• (1140)

The Chair: Thank you.

Mr. Bill Matthews: I'll come back to that if they wish, Madam Chair.

The Chair: Thank you very much, Mr. Matthews and Mr. Van Bynen.

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

[*Translation*]

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

I thank you all for joining us today. We saw some of you just a few hours ago.

Ms. Hogan, I will talk about your recommendations on opportunities to strengthen governance. I am thinking in particular of recommendation 1.48, which says, in short, that senior representatives must communicate better and be better informed. When I look at report 1 from spring 2018, I see that your recommendation 1.105 from 2018 is strangely similar to the one you issued this year.

How can we explain that, after three years, the main obstacle to the optimization of the Phoenix pay system comes from the lack of participation of senior representatives, and that this issue is still not resolved? This is not attributable to COVID-19, as it was not around in 2018.

Ms. Karen Hogan: Yes, the recommendation is very similar to the one we issued in 2018. However, I would say that we have seen a little bit of progress in that regard. Toward the end of our audit, the Deputy Minister Committee on Core Services was created. We have not had an opportunity to really look into how that committee operates. I think it will have a very important role to play.

It is important to note that senior officials need honest and complete information. That is really an aspect we must always keep an eye on, as it is often forgotten. We can always do better.

Yes, it has taken a few years, but I have some hope for that committee and the role it should play in complex IT procurement.

Mrs. Julie Vignola: I am shocked when I hear that there is a lack of communication, transparency, cooperation and consultation.

I used to be a teacher, and all those skills are required in the worlds of work and education. Children are required to have them. We are in 2021, and this has still not been applied in the government world.

What explains that? If those skills are applied everywhere, why are they still not being applied here, where they should rather be the most effective?

Ms. Karen Hogan: I can tell you with certainty that it is not like this everywhere. I think it is every public servant's responsibility to create an open and safe workplace to encourage honest dialogue.

In the three next-generation pay systems we have audited, there was a great deal of cooperation and exchanges. So there has been an improvement, but not across the board. It is up to senior officials and leaders to ensure that kind of an environment is created, and to ensure that this cooperation, communication and oversight are always part of procurement.

As I said, we carried out our audit at the beginning of those processes, and they are on the right path. However, increased oversight is required to continue along that right path.

Mrs. Julie Vignola: You are talking about the next generation pay system. However, 10 minutes ago, I received an email from a desperate individual who just received, once again, a pay of \$0, without any notice. What is interesting is that this person is an employee of National Defence. You will recall that we were talking about procurement issues, the fact that National Defence is not being consulted, the Phoenix pay system, and so on. In fact, both situations concern the same person. That's amazing.

How will the NextGen system ensure that situations like the one described in that email no longer happen? How far along is the assessment of the implementation of the system at Canadian Heritage? Has all that been properly assessed?

• (1145)

Ms. Karen Hogan: I think Mr. Matthews will probably have comments to add to mine.

The next generation pay system project stakeholders are implementing the lessons learned during the Phoenix implementation. Two pilot projects are underway, and they should integrate those lessons in the future system and its technical aspects.

I recognize that the government is taking its time to find a good solution, and that's a best practice. The project is focusing on end users, although it is only at the beginning of the process. I will follow up on this project. It must be said that Phoenix significantly impacts many public servants. That has had an impact on our office and on our audits. So that is still something I am keeping an eye on.

Mrs. Julie Vignola: Thank you very much.

[English]

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

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

Mr. Matthew Green (Hamilton Centre, NDP): Thank you, Madam Chair.

It's great to be here from Hamilton with everybody virtually and to see my friends from the Auditor General's office again.

This subject was, obviously, something we looked at in another committee, OGGO.

To the Auditor General, I didn't get a chance to ask whether, with the amount of money set aside for IT procurement, their office applied gender-based analysis plus to any aspect of this audit. If so, what did it reveal?

Ms. Karen Hogan: Thank you, Madam Chair.

I knew the member was going to ask me this question. Sadly, I'm going to give him the answer I gave the last time he asked the question.

This was one of those audits that were started even before I was Auditor General. My commitment to the committee to include criteria to assess gender-based analysis plus will be one that I carry out in future audits.

Here, we didn't look at the actual procurement, so I can't tell you that we looked at whether or not the departments themselves did a fulsome analysis as they started their pilot projects. That would be a question better asked to each of the entities. We really focused in this audit on the new method of trying to procure and modernize the procurements rather than on the actual procurements themselves.

I want to offer a last point. We have an audit planned for the benefits modernization project, given its significance and importance to so many Canadians. We expect to table it in the fall, I think, of 2022. We will be looking at gender-based analysis plus in the context of that procurement.

Mr. Matthew Green: Then perhaps through you, maybe Mr. Matthews, who has certainly been in the trenches with us over the last couple of studies, could comment on whether or not IT procurement would be subject to the federal contractors program or whether it would be outside of that purview.

Mr. Bill Matthews: I think I may have to turn to one of my colleagues on this, maybe Mr. Flack, but, if not, I'm happy to get back to the member, Madam Chair, with a follow-up on that front.

Maybe I should let Lorenzo take a shot at that first.

Mr. Matthew Green: Can I just ask a personal interest question first? Mr. Matthews, are you familiar with the federal contractors program?

Mr. Bill Matthews: I am, and we've had questions about this program in the past. It's not a program managed by PSPC. That's why I'm struggling, in fact, with where to direct the question.

I believe ESDC has responsibility for it, but my colleague Mr. Flack may be able to clarify that.

Mr. Matthew Green: Is he here? There he is.

Mr. Graham Flack: He is.

It does not to my knowledge, no.

Mr. Matthew Green: Do you mean that it's not applied or that it's outside the purview of...?

Mr. Graham Flack: It's not ESDC that manages the program.

Mr. Matthew Green: I have it up here on my screen, and I'm not saying this as a gotcha, but what I'm trying to get at here is that we have these stated equity programs, these policies, by the government that are supposed to provide equity in our procurement. We are probably the biggest procurement entity in the country by far, and yet it seems as though the processes this government has in place, while well-meaning, offer us no meaningful outcomes to actually apply what's already here.

So for reference, if I'm to understand it correctly, for contracts worth over a million dollars, there are certain parameters that are supposed to be triggered that would help make our workforce more representative and make the business that the government does for the general public reflect that general public, including women. Actually, in fact, at this committee, we clearly defined it. If I may say so, Madam Chair, you'll recall that we worked in a very bipartisan manner to be very clear in our definition of what the "plus" meant: aboriginal people, persons with disabilities, members of visible minorities, and even subgroups, I believe, of the Black community.

If we have this program—and it's here under ESDC, under the labour programs—and we have procurement, where is the federal contractors program applied? Is it applied at all? Is it something that we as a government should just scrap because we're not using it?

• (1150)

Mr. Graham Flack: I believe it's the responsibility of the deputy minister of labour. I'll just have to consult with her and get back to you with that information.

Mr. Matthew Green: So in our IT procurement, it would not be considered?

Mr. Graham Flack: Benoît, on the BDM procurement, has this played in?

Mr. Benoît Long (Chief Transformation Officer, Department of Employment and Social Development): It has not to my knowledge, but I would have to take it away, just as the deputy suggested, simply because the application of the program may or may not apply to procurement, so I don't know. I'm sorry.

Mr. Matthew Green: In a basic way, would our IT contractors, the third party folks, not fall under the contractors who do business with the Government of Canada?

Basically the federal contractors program is defined by contractors who want to do business with the Government of Canada, which seeks to achieve and maintain a workforce that is representative of the Canadian workforce and includes the members that I have just referred to. We have this policy. I've talked about it many times at this committee and others, and nobody seems to know where it's applied or how.

Would you care to comment, Mr. Flack, about instances of where it is actually applied, if at all?

Mr. Graham Flack: If I could, I'd like to consult with the deputy minister of labour, who, I believe, has carriage of the program, and then we can get back to you with how—at least in our department—it has been applied.

Mr. Matthew Green: For the record, I'm just going to state my deep disappointment that senior members of the departments that are present including, quite frankly I'm going to have to say, the Auditor General's office, are failing to pick up on a significant point that has been topical for this government for the entirety of this term in Parliament.

Is my time up? Am I done? I'll have more time to come back to this.

Ms. Block, I do appreciate this.

The Chair: Yes.

Mr. Matthew Green: I think people get a sense that I'm on the record now with my deep disappointment. That's my "disappointed dad" moment that I have in this particular committee.

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

We will now move to our second round of questioning, a five-minute round, starting with Ms. Harder.

Ms. Rachael Harder: Thank you, Chair.

Ms. Hogan, I'll come back to you and pick up where we left off. In your report, you talk about procurement and the step-by-step guideline that should be in place in agile procurement. You've talked about this with other members.

When it comes to agile procurement, when it comes to this new method, are there consistent metrics in place within SSC or are those metrics changing? Are they fluid? How does that work when it comes to, quote, "agile procurement"?

Ms. Karen Hogan: I'm going to leave a little bit of space for Joanna Murphy perhaps to add between me and Carol. She's probably the one who knows the most about agile procurement. I could talk about it in some generality, but I think your specific question is one that I can't answer at this moment, so I'll see if Joanna has some insights to add.

Ms. Joanna Murphy (Director, Office of the Auditor General): Thank you for the question, Madam Chair.

In terms of metrics what I would say is that each procurement is very different; hence, the need to be agile. For each complex IT project, it's a big question mark: How are we going to solve this big problem? I can't say that there would be a way of baselining and expecting a certain type of measure for an agile procurement. I think each procurement in and of itself is going to be measured differently. I think the most important thing is whether you're going to meet the outcome of meeting the needs of your users.

• (1155)

Ms. Rachael Harder: Okay. The metric is basically a needs-based assessment.

Ms. Joanna Murphy: Very much so. It's outcomes based and whether you meet the needs of the user.

Ms. Rachael Harder: Okay. Who determines what that outcome should be?

Ms. Joanna Murphy: That's where it is very important for the key players—whoever is the owner of the system—to very much understand what the need of the user is, and to say, okay, this is what they need for delivering benefits, and if we arrive at delivering those benefits, then we've met our need.

Ms. Rachael Harder: Okay.

Coming back to you, Ms. Hogan, one of the things that has been written about in national papers, and of course is a concern to many, is the fact that so many contracts have been awarded to Cisco from within the SSC. It's been called “a pattern of dependency by Ottawa on a single network provider that has all but shut out competing bids”.

That's a big deal.

When it comes to procurement practices, then, on behalf of the Canadian taxpayer I have to wonder, are there strict processes being followed? Are there consistent metrics to make sure that contracts actually are being awarded in a fair manner?

Ms. Karen Hogan: Unfortunately, we didn't look at any of those contracts awarded to Cisco. I feel like I really can't comment on whether they were done fairly—

Ms. Rachael Harder: I'm not asking about specific contracts. I'm asking about the process.

Ms. Karen Hogan: Right.

Our audit here wasn't really looking at the procurement process. We were starting to look at whether or not they were applying “agile” in a good way and making sure that they were on the right track. We found that there were a couple of gaps here,,so definitely some training is needed.

If you're going to embark on agile procurement processes for complex IT solutions where agile really blends well to a complex IT solution, where you need some of that private sector expertise to meld with the business needs, you do need to worry about fairness and transparency. That's why we highlighted the need to have better fairness, the use of the fairness monitor, a better ability to demonstrate how fairness issues were resolved going forward.

Agile involves many vendors and trying to keep many vendors engaged as you move through in order to try things that might not work and to adjust and go back. It is a different way of procuring and one that requires different skills. That's why training is important.

Ms. Rachael Harder: Your report highlighted, though, that the process isn't clear, that adequate training isn't being provided, and that step-by-step guidance isn't being given—correct?

Ms. Karen Hogan: Absolutely, which is why we recommended that they should do that. The playbook doesn't even define what agile procurement is. In order for this to be successful moving on, these two initiatives, the Next Generation pay and the benefits modernization, are at the start of it. In order for this to continue and work well going forward, that needs to be developed now so that the procurements can stay on the right track.

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

Mr. Sorbara, you have five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair.

Good morning, everyone. It's been a busy morning, to say the least.

Auditor General, this report, which began, as you mentioned, not under your watch but under one of your predecessors, is very important. It's even more important when we think about the world we live in and have experienced since the start of the pandemic, which in my head I always date as March 15 of last year—of course, it's ingrained in many Canadians—because of what's happening towards digital adaptation and what consumers and individuals are doing.

I have a couple of questions. I'll try to pull up all the speeches that were provided today.

The first one is with regard to the Office of the Comptroller General. I know that not every MP references the Office of the Comptroller General every day, but I would like Mr. Huppé to expand on what he said about the office's area of responsibility in overseeing or in the “assurance government-wide for financial management, the management of our acquired services and assets, and internal audit”.

Just to clarify, does the responsibility of the asset come to you at the end, or do you have oversight during the process?

• (1200)

Mr. Roch Huppé: Our role, basically, is in establishing the frameworks, the policies and the guidelines in which the departments will actually operate. When you talk about acquired services, as per my speech, we have new policies that have been approved over the last 18 months that deal with the planning of investments. It includes a new directive on procurement, which was approved two weeks ago, and new directives on project management and asset management.

Through these policies and through this documentation, we provide the guidelines that the departments have to operate within, obviously.

Mr. Francesco Sorbara: Sir, I know you used the word “guidelines”. If I may, I like to use the word “guardrails” for these large projects, which obviously utilize literally billions of dollars of taxpayer money to ensure a smoothly functioning public service.

I'd like to move on to your remarks, Mr. Matthews, on the acceptance of the recommendations. The third recommendation by the Auditor General is on data analytics. Obviously, data analytics is so very important. Perhaps you could explain to me why it's important for your group and how it will be utilized. It's great to get data, but if the data is useless or out of date, or it's not the right data, then you're going to go down a road that we don't want to go down, if I can add that colour.

Mr. Bill Matthews: It is critical to upgrade the analytics function to effectively add sophistication to our work. What I would say about our experience to date, as referenced in the AG report, is that it was difficult to do good analytics because of inconsistent data. An easy example here, just for members to get their heads around, is the same supplier being described by different names. It's really hard to do analytics if you're categorizing the same company by slightly different names.

The new e-procurement tool or system that I mentioned is launched. It will be fully operational shortly. That will allow us to upgrade the sophistication of our efforts on this front. What you're really looking for is patterns—contract-splitting, price-fixing, collusion—and you really need to have a consistent interpretation of the suppliers out there to properly do that type of analytics.

Mr. Francesco Sorbara: Okay.

Mr. Matthews, when you're talking about the procurement solution, are you talking about the CanadaBuys solution?

Mr. Bill Matthews: Yes, it's CanadaBuys. A big part of that is the e-procurement software system that's been launched, as well as the portal for suppliers, but yes.

Mr. Francesco Sorbara: If I take a step back and just think of this at a high level, we have a budget in Canada of, give or take, \$300 billion in a normal year, and of that, \$60 billion is for salaries, etc., to pay the wonderful public servants who run our government and provide the services. We want to make sure that on the procurement side there's some centralization, I would hope, and that CanadaBuys takes us that way. I'll use the word “efficiency” here, or *efficacité*. Will this take us down that route?

Mr. Bill Matthews: There's already centralization to the degree that PSPC and Shared Services Canada do run the procurements for large-dollar procurements. What this does, though, is make the tools and the process more standardized and more automated to allow us to better collect data and also make it easier for suppliers to bid on government opportunities.

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

Mr. Francesco Sorbara: Thank you, Chair.

The Chair: We will now move on to our rapid round of two and a half minutes, starting with Ms. Vignola.

[Translation]

Mrs. Julie Vignola: Thank you very much, Madam Chair.

My question is for Mr. Matthews.

Does agile IT procurement imply nearly complete omission of the competition process to favour a single company, or does it imply the use of the competition process to favour the resellers of products of the company used without a competition process? Is that what agile procurement is?

• (1205)

Mr. Bill Matthews: Thank you for the question.

I would say that it's neither one nor the other.

In agile procurement, a competitive process is used to select one supplier. In most cases, several suppliers are used. The goal is to divide a large project into several small parts. In fact, a number of

suppliers can be selected to participate in the project. The idea is to have an opportunity to revise the project to adjust the objectives and the deadline, for example.

[English]

Rather than have one big project, one big contract or one big competition, you're dividing it into pieces, and in fact often working with multiple vendors, but also getting feedback partway through, revisiting and adjusting the schedule and the approach going forward.

[Translation]

Mrs. Julie Vignola: Where is the competition, if everyone is selling the same product? In the end, the company selling that product receives the majority of profits, not the resellers.

What is the interest of this approach for Canadians and Quebecers, since this is taxpayers' money? How is it ensured that no exaggeration or concentration of prices occurs in that process? At the end of the day, the same person is always getting the profits.

Mr. Bill Matthews: Thank you for the question.

In the case of the two examples the Auditor General used in her report, the NextGen initiative for human resources and the benefits delivery modernization program, a number of resellers are participating in the project. For NextGen, there are three: SAP, Workday and a third one whose name I have forgotten. Perhaps Mr. Glover could tell you what it is.

So there are generally more contracts, instead of a single large contract.

[English]

The Chair: Thank you.

Thank you, Ms. Vignola.

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: We will now move on to Mr. Green for two and a half minutes.

Mr. Matthew Green: Rapid fire, I'm going to ask one question of each of the representatives for all of the departments that are present, and the question is very simple: Did your department apply GBA+ to the development, implementation or oversight of the programs that are before us today?

We can start with TBS.

Mr. Roch Huppé: Yes, from a policy perspective, any policies that go for approval to Treasury Board ministers will have a GBA+ analysis done, and in our recent policy that's just been approved we have, I would say, additional clarifications around GBA+ and how we could promote it—absolutely.

Mr. Matthew Green: Okay.

Can we go on to PSPC, please?

Mr. Bill Matthews: Thank you, Madam Chair.

Same answer: Anything that goes to Treasury Board for approval requires a gender-based analysis, and contracts of this size or projects of this size go through Treasury Board, so the procurement piece goes through us as well.

Mr. Matthew Green: The same from ESDC, please, on the record.

Mr. Graham Flack: Yes. Everything we submit through Treasury Board has the GBA+ analysis.

Mr. Matthew Green: Lastly, Shared Services, please.

Mr. Paul Glover: Thank you, Madam Chair, for the member's question.

Same answer as my colleagues: Absolutely.

Mr. Matthew Green: Madam Chair, I'd like to make a request that all departments please submit in writing the analysis they used for GBA+ on this study, so that we can get a better understanding as to how it was actually implemented beyond the actual policy. If we can get their analyses in writing, that would be greatly appreciated.

I'll relinquish the rest of my time.

Thank you.

The Chair: Thank you very much, Mr. Green. I am sure that each one of our witnesses will commit to honouring that request.

We will now go on to our five-minute round, starting with Mr. Berthold.

[*Translation*]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you very much, Madam Chair.

A number of things worry me in the Auditor General's report.

First, it is shocking to see that, in the entire instruction book on the agile procurement process, there is no description of what exactly that means. I was very surprised to hear that.

Ms. Hogan, could you tell us how much a process that has not been described can be understood and explained to others?

Ms. Karen Hogan: We talked to the departments about that during our audit. They explained to us they were trying a new process, a new way of doing things, and that they had not updated their training or their guidelines. However, other countries that have tried to use a more agile procurement process took the time to develop those types of guidelines for employees.

So that is why we issued this recommendation. I actually feel that a better guide should have been provided for those who deal with procurement.

• (1210)

Mr. Luc Berthold: You provide a number of examples in your report, Ms. Hogan.

You said earlier that you recognize that the government is taking its time, which you say is a good thing. However, there is taking your time and taking your time. I see that, among the procurement

processes you described, there is a project at Employment and Social Development Canada that has been ongoing since 2013. It is important to understand that the IT from 2013, when the project was launched, is no longer what we have now. So in terms of information technology, there is taking your time and taking your time. In the Phoenix file, for example, there are issues, and some Canadians have been waiting for their pay for a long time.

Yes, it is important to take its time, but the government must still be able to provide various departments with tools to act quickly, so that the chosen solution would not be outdated by the time it gets implemented.

Ms. Karen Hogan: I do agree with you that there is a difference between taking your time and taking too much time.

I was actually happy to see that the government had taken its time to better define users' needs and to ensure that the system would meet those needs. That was my point of reference.

The deputy minister could certainly explain in more detail why the project that began in 2013 is still underway. I think it is because systems have been added over time. At the outset, there was only the employment insurance system. Other social benefits were then added to the system, as the department realized it had to define users' needs better before moving forward and using a system already on the market.

So in that sense, it was the right way to take its time.

Mr. Luc Berthold: I understand, but the project has still been underway since 2013.

The other file I want to talk about is that of Shared Services Canada, which started to plan in 2013 the transition from a telecommunications network to a voice over Internet protocol solution, a project it plans to complete in 2026. I understand that this is a big complicated project, but I find that they are not keeping pace. We do understand that the government doesn't always have the most up-to-date means to adequately respond to citizens, unfortunately.

Another thing in your report drew my attention. You say that departmental senior officials are not sufficiently involved in the process and that they must become more engaged. In my opinion, that is the very foundation of the accountability principle.

What is lacking? Why are you saying that senior officials are not sufficiently involved?

According to a comment in response to your recommendation, the Office of the Chief Human Resources Officer will continue to handle this. I don't think that is a satisfactory response. In fact, the most senior officials are not really the ones involved in those megaprojects that take years to materialize.

Ms. Karen Hogan: There are several elements to your question.

Concerning the communications services project, it is clear that National Defence did not participate in the decision-making process, except at the end. In that regard, the department's senior officials who would be using the system were not involved in the process.

As for the other two procurement projects, in the case of the benefits delivery modernization, we saw that the roles and responsibilities were not well defined. It was not clearly determined when senior officials had to participate in decision-making process. So there is a deficiency in terms of governance.

As I said before—

[English]

The Chair: Thank you.

[Translation]

Ms. Karen Hogan: Can I make one final point?

[English]

The Chair: One final point, please.

[Translation]

Ms. Karen Hogan: The deputy ministers core services committee will play an important role in the future. However, because the committee was created at the end of our audit period, we haven't yet been able to assess its effectiveness.

• (1215)

[English]

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

We will now move to Mr. Fergus for five minutes.

[Translation]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you, Madam Chair.

I want to thank the Auditor General of Canada and her team, who once again did an outstanding reporting job.

The Auditor General has already answered a number of questions, so I'll ask the deputy ministers and other officials some questions.

My first question is for Mr. Glover from Shared Services Canada.

Mr. Glover, although this is outside the scope of the study on the Auditor General's report, I want to congratulate your team on the outstanding work done during the pandemic. We know that the shift to digital services is extremely challenging, especially when it's government-wide.

How has Shared Services Canada been able to change its internal operations to ensure a very strong, open, fair and transparent procurement system?

Mr. Paul Glover: Thank you for the question.

[English]

I'm happy to respond. The first thing I would say—and it comes to the agile principle—is that while we had a plan, we focused on

the outcome. Historically, I think people got really wed to plans and budgets rather than to outcomes. One of the fundamental shifts we made is a clear understanding of what is the outcome that is required, and we focus on that.

I think the other mistake that we've historically made, as the Auditor General said, is assuming that we knew what that outcome was, and we now work very closely with the business owners to understand what is the outcome they need. Then we engage with industry to find the best way to meet that business requirement. That is part of I think the essence of that agile process. You do lots of small quick steps. If you're going to make a mistake, you learn it quickly, you learn it early and you wire it out of the process. You learn, you move forward and scale up. I think that has been a lot of what we've been trying to do.

For example, with NextGen, we don't have one vendor. We have three vendors still engaged and still competing for the government's business. We have multiple pilots going on at the same time, and before we flip the switch and go live, we're going to make sure that those systems work as this moves forward.

I think the other thing that's key in this, as the Auditor General has said, is transparency. There have been conversations about Cisco and the network. We work very closely with industry. We inherited a lot of Cisco gear when SSC was created, but moving forward we have sought opportunities where we can have open, transparent processes. We've documented—as the Auditor General has said, we need better documentation to anchor these things—what our network strategy is. We have regular sessions with industry to guide that process.

Then, in terms of oversight, we have external experts who review what we do to make sure that we are applying those principles consistently. We invite our internal auditor, who is independent and accountable to the comptroller general, to look at what we are doing. We have tried to make sure that those processes are there. For very large processes, we regularly engage the fairness monitor moving forward. It's quite comprehensive.

We've also internally strengthened our internal disclosure process. If people internal to the organization feel that there is anything inappropriate, there's a person they can speak to who is independent and confidential, so that they can raise those concerns and they can be appropriately dealt with. It is quite a large program of work, systematic and end to end.

[Translation]

Mr. Greg Fergus: Mr. Glover, you spoke about the next generation pay and human resources system. I would like to understand it a bit better. I must say that the existing system has had a very serious impact on my constituents.

Can you reassure public servants that your new approach, which is characterized by greater flexibility in order to accommodate a change in direction, is the best way to create a pay and human resources system?

• (1220)

[English]

The Chair: Give a very short answer, please.

Mr. Paul Glover: Absolutely, Madam Chair.

The short answer is yes, we can reassure that we have learned the lessons. This project is focused with a very clear business owner in OCHRO. We are working with committees that include—

[Translation]

Mr. Greg Fergus: Can you explain to the public what OCHRO means?

[English]

Mr. Paul Glover: It is the Office of the Chief Human Resources Officer, the policy lead. I'm sorry.

We are working with the unions and with representatives of employee groups. We continue to have three world-class providers—Ceridian, Workday and SAP—which are all competing for our business every step of the way as we move forward. We are in active pilots with two of them and we have an external expert advisory committee, one of the things that was missing before.

The Chair: Thank you very much.

We will now move on to our next round of questioning, which is a six-minute round, starting with Mr. Lawrence.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

I appreciate everyone's work on this. The transformation of the digital infrastructure within our government is one of the least—

[Translation]

Mrs. Julie Vignola: Sorry, Madam Chair, but I have a point of order. There's a great deal of echo in my colleague's office, which means that the interpreters can't do their job.

[English]

Mr. Philip Lawrence: My apologies. I've switched my microphone, so we're all good now.

As Mr. Fergus said, you'd think that 15 months in, I'd be able to figure this out.

Thank you very much. As I was saying, digital transformation is one of the key elements going forward. It is something that is very under-reported but absolutely important, because whether in order to deliver clean water to indigenous peoples or to operate government efficiently, we need that digital transformation.

Here are my concerns, though, with respect to what we're seeing here, and I think the challenges are significant. Agile came about in 2001. Agile is fantastic at developing user-friendly software for relatively smaller projects. However, articles started to appear in 2018-19 and so forth saying that agile has its weaknesses. What do they point to as potential weaknesses for agile, where it doesn't work best? They go to big data, because big data requires enterprise systems, and so the iterative process makes it challenging.

What are the organizations they say agile is challenging for? It's where we have poor communication. Well, in the Auditor General's

report at paragraph 1.28 it says that we have poor communication, and we've seen that between the different industries and our departments within government. With ESDC and CRA you couldn't even tell who was filing what when, and now we're going to have these iterative small projects that we can't even get the government to control.

Another part where they say agile does not work particularly well is that there is poor tracking. Paragraph 1.55 of the AG's report says that. I think we are going to see a car crash here in a big way that will make Phoenix look small because of what we're doing here, because agile is great in certain circumstances, but it doesn't fit particularly well here.

Please, someone on this committee, allay my fears that we're not going to waste billions of taxpayers' dollars by using a thought process for agile procurement and agile software development that is not a great fit here, and that no one can see that.

Mr. Paul Glover: Madam Chair, I'll start with the response to the member's question.

While there is great promise with agile, I would agree wholeheartedly with the member that it is not a process we use all the time for every single project. It is dependent on the project, the nature of the project and its risk. There are times when agile is important. The outcome requires a certain speed, or the nature of the project, as the member said, is about building something.

I can elucidate on a number of other projects for which we say, "measure twice, cut once". We go very slowly, very carefully. If we're closing a data centre that has mainframes in it, if we're moving a data centre, if we're making major changes to huge parts of the network, we don't experiment. We don't iterate. We make sure those things are well planned and well documented.

The key to alleviating the member's question and concerns is the precision and timing in when we use agile. It is about development and adoption.

• (1225)

Mr. Philip Lawrence: Okay. I appreciate that answer. Thank you for that.

Let's drill down on that. When we're looking at software development or digital transformation projects across departments, how are we making sure that we're not repeating the same errors that are currently going on such that ESDC software cannot talk to CRA software, and thousands if not millions of Canadians are being left out in the cold just because two software programs cannot talk to each other within one Canadian government?

Mr. Marc Brouillard (Acting Chief Information Officer of Canada, Treasury Board Secretariat): Maybe I can add to that.

Part of the work we do at the enterprise architecture review board, where these major initiatives come through as part of their governance process, is to ensure that alignment and interoperability. One of the recommendations we make is to make sure that there are interdepartmental teams, including governance teams, that are working together to allow for that alignment and that testing.

Also, maybe just to add to the previous question, that is part of some of the benefits of what agile does. It allows you to get some of those answers, some of those mitigations, out early before you get to the end and realize that things aren't working together. There are benefits to that side of the equation.

Mr. Philip Lawrence: I hear that, and that is definitely a benefit of agile, but one of the challenges that software developers who use agile software development all the time will mention is that, yes, you can develop and test these systems, but the challenge is often that you can't scale up. It works in its small component, but you end up testing and spending millions of taxpayers' dollars when you start to expand or scale up, which the government does.

It's often less expensive to get off-the-shelf software, and many democracies do the same work we do in a way that is very similar to the way we do it. Do you recognize that as an issue? Are we also looking at what the U.K., the United States and Australia are doing?

Mr. Marc Brouillard: Yes, and this could get into a very technical discussion, but there are a couple of elements that are important.

Scale is always a necessary factor, and that's why we look at enterprise architecture and interoperability: to ensure scale. When you can buy something that already does exactly what you need versus building it yourself—commercial and off the shelf—that is always the right way to go. The very worst scenario is buying something off the shelf that you then have to customize. That's part of what we saw in Phoenix.

These are important architectural discussions, and they're part of the ongoing process that we do as projects come through.

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

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

[*Translation*]

Mrs. Julie Vignola: Thank you, Madam Chair.

My question is for Mr. Huppé.

I want to talk about NextGen. What steps will the Treasury Board Secretariat take to ensure that it works with senior departmental and agency officials, along with users of human resources, pay and management services, to identify real business needs so that we never again experience what we're still going through today?

[*English*]

Mr. Kody Blois (Kings—Hants, Lib.): Madam Chair, I have a point of order, please.

The Chair: On a point of order, we have Mr. Blois.

Mr. Kody Blois: I'm sorry, Ms. Vignola.

I think you forgot me, Madam Chair. Maybe I'm wrong again.

The Chair: You are so correct. I am sorry. I missed calling on you.

Mr. Kody Blois: That's okay.

The Chair: If we can suspend Ms. Vignola's questions, we'll start over with you, Mr. Blois. My apologies.

Mr. Kody Blois: I was hesitant if it was on my end, sitting alone here, and I'm losing my mind in Nova Scotia—

The Chair: No. I looked down and—

Mr. Luc Berthold: You should wear a tie next time.

Mr. Kody Blois: That must be the problem.

Mr. Matthew Green: It's being that hour ahead. That's what it is.

The Chair: My apologies—

Mr. Kody Blois: That's okay, Madam Chair.

The Chair: My apologies to both you and Ms. Vignola.

Mr. Kody Blois: Thank you, Madam Chair.

Thank you to the witnesses, and, of course, to the Auditor General and her team for the report.

From an initial glance in reading through this, I can see that there's of course work that can be done to improve the processes we're talking about here today, but overall, I think the content, the spirit and the tone of this report are actually quite positive. That's notwithstanding the fact that there's work to be done and that there are challenges, but to our folks who are here from the different departments, I certainly read it as quite positive, so kudos to you.

Maybe I'll start with you, Madam Hogan, or perhaps Mr. Matthews, if he's better suited. Mr. Lawrence talked about the history of the agile procurement process. I didn't have time before this committee meeting to look in depth at what this actually entails. Can you give us a history of when this started to be adopted and whether or not it was the private sector or the public sector...? If I should go to Mr. Matthews, you can just direct me there.

● (1230)

Ms. Karen Hogan: Thank you for that question. I was going to say that perhaps the member, Mr. Lawrence, would actually be the better one to give us a history lesson on agile. I don't think I could add anything to it. Maybe Mr. Matthews can.

Mr. Kody Blois: Okay.

Mr. Bill Matthews: Thank you, Madam Chair. I'll start.

If my colleagues want to add in, please do.

It has been around for a while, for sure. It came out of the private sector, and it is not just a procurement methodology. It is a project management methodology, but obviously procurement is a big part of any major project we'd be undertaking.

I would say that the federal government's involvement through PSPC from a procurement perspective started probably about two to three years ago, when we really started engaging our workforce in terms of what this might look like and obviously at the same time engaging in ongoing discussion with industry.

A final point for me—I made it very briefly earlier—is that agile is still evolving. People use the word all the time. They do not always mean the same thing. In getting down deeper to really understand it when you launch a project—is it agile and are we all speaking the same language?—that engagement with industry is really critical.

Mr. Kody Blois: Yes.

Mr. Bill Matthews: I met with the industry association, I think just last week, and we had a really good discussion on this point. We're all in agreement that, yes, the “agile” word is getting thrown around, but we need to work together to make sure that we all understand or are speaking the same language.

Paul, I'm not sure if you want to add to that—

Mr. Kody Blois: I saw Mr. Flack coming in here. I know he's a Nova Scotia native, so I'll go to him just quickly. Then I have other things I want to get to.

Mr. Graham Flack: I'll give you a practical example of how we applied it during the COVID crisis. One of the government's commitments was to make a disability payment. We have no system that can do a one-time payment. It involved data streams from three different departments—Veterans Affairs, our own department and CRA. From the date the government said they wanted to do this to the date that cheques were in people's accounts, it was 15 weeks. That included the procurement. That included, as Mr. Lawrence indicated, elements of an off-the-shelf system, the IBM-CRM system, and then a series of one-week sprints with the contractors to make the benefit realized.

That's a practical example of agile. That was 15 weeks.

Mr. Kody Blois: Mr. Matthews, one of the recommendations, of course, is the training. Notwithstanding the fact that this agile procurement process has been out perhaps 20 years, it seems like it's a relatively new adoption within the Government of Canada sphere. Is it fair to say that, notwithstanding there's work to be done to make sure that the public servants who are dealing with this process can be better trained, it is relatively early days for the adoption of said practices?

Mr. Bill Matthews: Yes, it's early days, and we can certainly do better. I think one of the key things we've done recently is work with our client departments to help give both procurement and the client folks an assessment tool: Is it a good candidate for agile? That's your first question. As Mr. Glover said, not everything is, so that's job one.

Then, I think we can do a little better in equipping our team and industry in that engagement to make sure that we properly understand each other and can properly process the feedback we get.

Mr. Kody Blois: Ms. Hogan, I want to go to you. One of the pieces here, and one of the key elements of your report, is that when we get to critical junctures in the agile procurement process, there should be an external review to make sure that this is an appropriate decision, because it's key. As someone who has a public administration background, it's this tension between wanting to draw on expertise if it doesn't exist in-house and not necessarily wanting to have a civil service who simply turns it over all the time to consultation in the private sector.

Is this a concern that we don't have capacity in-house, or are we dealing with things that are so, so technical that it wouldn't be expected of folks or wouldn't necessarily be feasible to have this in-house?

Ms. Karen Hogan: I guess my answer would be that it's probably both. There's good governance over decisions made as you reach junctures, making sure that you've thought of all of the possibilities before you move to the next stage. That doesn't necessarily need to have a lot of expertise externally. There is a lot of great expertise from an IT front within the federal public service. It's about tapping into that.

I think it's having the right mixture and knowing when you need that external independent overview and when you need to tackle independent oversight outside of the department who's the lead or the procurement arm. You can accomplish it both ways.

Mr. Kody Blois: Mr. Glover, I have about 30 or 40 seconds, so let me just quickly say on the record that I appreciated your points about agility, about some small risk, in trying to make sure that our civil service is flexible almost under that strategy of new public management.

I have about 25 seconds. You can weigh in.

• (1235)

Mr. Paul Glover: Thank you to the member for noticing.

I would like to add to the AG's response. The DM core committee, that newly established DM core committee, plays a critical role here. I happen to co-chair that committee. What we're trying to do is make sure that we check in at key points to make sure that projects, particularly multi-year, long-term projects, are on track and things are going well. If there are problems, we are helping them rather than punishing them as it moves forward. That is part of that spirit of agile. What is working? What are you learning? How do we adjust the plan moving forward?

Agile projects need agile governance, and that's part of what we're trying to do. Speaking as the co-chair of that, we're very cognizant of whether we have the expertise around the table or we have to augment it. We regularly bring in subject matter specific for the area where we feel we may have a blind spot.

The Chair: Thank you very much.

Mr. Kody Blois: Thank you, Madam Chair.

The Chair: Thank you, Mr. Blois, for your graciousness and your timekeeping.

We will now go to Ms. Vignola.

[Translation]

Mrs. Julie Vignola: Thank you, Madam Chair.

Mr. Huppé, I'll quickly ask my question again.

In terms of the NextGen system, what steps will the Treasury Board Secretariat take to ensure that it works with senior departmental and agency officials, along with users of human resources, pay and management services, to identify business needs and anticipate change management requirements?

Mr. Roch Huppé: Thank you for the question.

I'll say a few words before turning the floor over to Ms. Poliquin.

I think that the need for engagement and consultation with key players is a very important lesson that we learned from the Phoenix project.

Recommendation 1.53 in this audit refers to this. The action plan states that the Office of the Chief Human Resources Officer is working closely with the key players to identify the needs and understand the capacity of the various systems currently under consideration. In addition, this initiative is being closely monitored by the deputy ministers core services committee, which Mr. Glover also just brought up.

We're making sure that we properly identify the needs. To that end, we're working closely with all the key players, including other organizations, other departments, unions and so on. We want to make sure that we understand the required processes and determine whether the systems can handle these different processes effectively.

Would you like to add anything to my response, Ms. Poliquin?

Ms. Stéphanie Poliquin (Assistant Deputy Minister, People Management Systems and Processes Sector, Treasury Board Secretariat): Yes, certainly, I would be pleased to do so.

Throughout the procurement process, including our current exploratory phase, we've consulted with the users and communities involved. Approximately 1,000 people were consulted in the first exploratory phase. This includes users, along with people from the human resources community, the compensation community, managers and senior executives.

In addition, governance has been established. There's a committee of deputy ministers, co-chaired by Deputy Minister Glover and the chief human resources officer, with representation from the departments involved in the pilot project. There's also a committee of

assistant deputy ministers, co-chaired by people from Shared Services Canada and the Office of the Chief Human Resources Officer, that will involve the human resources community in the development of solutions or processes. These people can support the selected vendor in the implementation of the systems.

Mrs. Julie Vignola: In your opinion, these committees are a good enough control measure to ensure that everything will run smoothly and that any issues can be resolved quickly.

Ms. Stéphanie Poliquin: The fact that my organization, the Office of the Chief Human Resources Officer, is an integral part of the project team already constitutes a big step towards improvement, compared to the Phoenix project.

The Office of the Chief Human Resources Officer dictates the business requirements that the vendor must meet to ensure the effectiveness of the solution. We're there throughout the process. This is an agile and iterative process, and we're in the pilot stage of testing the system without touching the government employees' pay. That way, we can see whether the system works and, if necessary, make adjustments.

● (1240)

Mrs. Julie Vignola: Thank you.

Sometimes, in an organization, whether it's a private company or a public or government agency, the hierarchy creates structures where people work in silos. However, occasionally a person who isn't part of the senior hierarchy may have a good, simple and feasible idea that would save all taxpayers money.

How do we break down the siloed structures so that this person is heard, their idea is heard, and most importantly, they aren't denigrated?

Ms. Stéphanie Poliquin: I can start responding and then Mr. Glover can add information, if he wishes to do so.

We're conducting an extensive series of consultations throughout the public service to understand what users need and what the human resources community needs to make the system work.

Since this is an iterative process, as we learn more, we can make adjustments to meet user needs.

Mrs. Julie Vignola: I'm hearing that this isn't just a consultation for the sake of consulting. This is really about listening and taking action.

Ms. Stéphanie Poliquin: That's true. We'll be taking part in tests. As more and more products are ready for testing, the same user can see whether things work.

Mrs. Julie Vignola: Thank you.

I'm always concerned that the hierarchy creates siloed structures, which lead to issues in all workplaces.

An action plan should outline the current situation and establish goals, timelines, accountability mechanisms, implementation tools, and so on. All this should also be analyzed. Where is Shared Services Canada's analysis plan and implementation roadmap to respond to recommendation 1.64 in the Auditor General's report? The recommendation is as follows: "Shared Services Canada should begin to use data analytics to improve its ability to identify procurement integrity issues."

Where's the departmental analysis strategy?

[English]

The Chair: I'm sorry, Ms. Vignola. We do not have any time for an answer to that last question. We are well over time. Perhaps we could ask for an answer in writing.

Yes? I see a thumbs-up to that. Thank you very much.

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

Mr. Matthew Green: Thank you.

I'm simply unwilling to kind of accept where we're at as it relates to the gender-based analysis plus, based on the past work that we have done at this committee in a non-partisan way to give clear direction to staff.

Through you, Madam Chair, to Madam Hogan, have you considered in your line of work doing an audit across departments on how they use gender-based analysis plus?

I know that you've have talked about being committed specifically to using it within your own office in your analysis, but I look at this federal contractors program and I reference the recent article in *The Globe and Mail* on the study conducted by Abacus Data that was commissioned by Senator Colin Deacon in the African Canadian Senate Group, which demonstrated what the feeling is qualitatively speaking—and I think what we're going to find here is quantitatively speaking as well. We have programs like the federal contractors program. Nobody seems to know about it. Nobody seems to be able to provide clear analysis on what the plus is within their analysis of GBA+.

My question for you is, has your department ever considered or are you in the process of considering doing a study and audit on the government that might bring us back a clear picture of exactly where we are when it relates to equity, diversity and inclusion within the public sector?

Ms. Karen Hogan: We absolutely are. I was trying—I have so many little papers around here—to see if I had the one with the list of upcoming audits to give you an exact date. I want to say that it's in 2022 to do exactly that, to look at it in a much more horizontal way and to see the kind of progress and whether or not it's just part of a Treasury Board submission document or if it's really being put into action.

I don't know off the top of my head the date of that. I could provide that information to the committee if you would like. Or it's on our website. We could consult it and let you know.

• (1245)

Mr. Matthew Green: Yes. I'm keenly interested. I will be watching with interest, given the testimony by members of the different

departments here, to see exactly how they're doing the gender-based analysis plus in their submissions to TBS and to see if there is a national standard on how this is being applied through the TBS.

Because what I'm afraid of—and I will put my cards right on the table here—is the language of equity, diversity and inclusion without a commitment to outcomes and actions. That setting aside of partisanship in the conversation around what identity politics look like without actually having a commitment to justice is, in my opinion, actually worse than not even bringing it up and talking about and committing to it in the first place.

I actually think it does a disservice to have policies like the federal contractors program that nobody seems to know about and that we have no idea whether it has been applied. You go on their website. Not one company that is over \$1 million and that is supposed to have an equity policy in place and that is supposed to be audited—if they're not audited, compliance says that they will not get further business—is on that list, not one company. I can't for the life of me imagine that there's 100% compliance with contracts over a million dollars, and there have been hundreds of billions of dollars put out during COVID without any real tracking of where it's landing.

What I want to do in this remaining part of this section is allow the different members from the different departments to maybe speak a bit about how they are actually implementing towards outcomes, not just gender-based analysis that talks about having men and women being equal, but the plus side as identified by this committee in our own equity policies.

Mr. Bill Matthews: Madam Chair, maybe I can start with a quick answer.

In terms of the federal contractors program, from a procurement perspective—the member mentioned the size requirement for the companies—bidders do have to certify that they're in compliance. As was mentioned earlier, Labour has the responsibility to monitor that, so I think that's being taken up offline.

From a GBA+ perspective on procurement, there were dollars announced in budget 2021, but there are initiatives under way to increase the diversity of the bidders and suppliers who are winning government contracts. One of the things you will see coming, as I've mentioned, is our e-procurement CanadaBuys. Gathering data is key to this. We are undertaking steps to gather more data so that we can understand who is bidding on federal government contracts and who is winning—you can't win without a bid, obviously—to allow us to better parse that data.

So I would just suggest that we keep a close eye on that space. There's more coming on that front.

Mr. Matthew Green: Mr. Flack...?

Mr. Graham Flack: Our focus, obviously, is on the design of the programs. The large procurement is done by PSPC. I want to assure you that in the design of the BDM program, all of the elements of the plus are fully integrated in what we do, because the programs are designed to serve all Canadians. As the Auditor General identified in the previous audit of the CERB, we did take into consideration those factors as we were designing that very CERB program. Certainly for the—

Mr. Matthew Green: Mr. Glover...?

My apologies. I have limited time here.

Mr. Paul Glover: Very quickly, for all of our procurements, we have been engaging with industry to get better information. We have been querying them on Black-led businesses, visible minorities and women. We've looked at that. We've asked them to report to us so that we can engage them. We've made specific efforts to launch pilot projects to reach out to small and medium-sized enterprises so that they are better able to understand the opportunities to work with government and to engage with us.

We are also trying to improve our dataset so that we can report better, have more consistent data and report back better on what we have been doing.

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

We will now go to our last round of questioning. This is a five-minute round, starting with Mr. Lawrence.

Mr. Philip Lawrence: Actually, Madam Chair, I will give my time to the fabulous Mr. Webber.

Mr. Len Webber (Calgary Confederation, CPC): Okay. Thank you, Mr. Lawrence.

Thank you, everyone.

I apologize if these questions were already asked. My Internet is quite shaky here today. It dropped a couple of times.

Madam Hogan, you noted that other jurisdictions, such as the U.S. and the U.K., provided their employees with more comprehensive guidance when rolling out their new agile approaches in procurement. How do you know this? Is it part of the scope of your audit to look at other jurisdictions?

• (1250)

Ms. Karen Hogan: When we can, we always try to compare and discuss with other jurisdictions or other areas across the government.

If the member would like, I could ask Joanna if she perhaps wants to elaborate on exactly how we went about doing that.

Mr. Len Webber: I would be interested in that. Thank you.

Ms. Joanna Murphy: Yes, it's exactly as the Auditor General said. We like to look at leaders in this space and see what they are doing. As mentioned in paragraph 1.45, we did look at, for example, the State of California. They had introduced agile processes in their technology procurement. That's one example. We also talked to individuals within the U.K. Cabinet Office and to a few other states, such as Florida, which we didn't mention here.

It's in our interest to look at and see what others are doing so that Canada can learn from that.

Mr. Len Webber: And they're very willing to share, of course, their knowledge?

Ms. Joanna Murphy: Yes, they are.

Mr. Len Webber: Great.

I guess I will ask Mr. Matthews, Mr. Glover and others that question. What are you doing to reach out to other jurisdictions around the world to gain knowledge and perhaps better improve your systems?

Mr. Bill Matthews: We have a few other countries that we regularly partner with. The U.S. and the U.K. are two of the most common. We are now looking at other jurisdictions, as we look to augment our training and our documentation, to see if there are things we can borrow from to better improve that. I think with the creation of the centre of expertise as well as the playbook, yes, we have more to do, but I believe we're well under way.

Mr. Paul Glover: Madam Chair, we have been talking to the U.S. and the U.K., but more recently we find that our interventions and our outreach are more successful when we are more targeted. We've actually gone, for example, on NextGen, to states and provinces that have reformed their pay systems. On that expert advisory committee on NextGen that I spoke about earlier, we have members from private companies too, meaning private companies in Canada. We have a province and we are looking to engage a number of leaders from the U.S. at the state level who have made the transition.

On agile governance, more broadly through DM Core we were recently talking to Australia and New Zealand on their experiences. Rather than the broad generalities, which in the early days were very helpful, we're now microtargeted on projects, on the nature of them and on who has been best in class on those. They are more than happy to come and share their experiences with us. We have found that very helpful.

We also work a lot with Gartner, and I know people are curious about that. They really take market intelligence globally, and they can help you with benchmarking and point you to the market leaders, in what they call their magic quadrant, who you should be engaging with, or who, with their global practice, they've seen be very successful. We also employ them to help point us in the right direction.

Mr. Len Webber: It's excellent to hear that you are doing that.

Mr. Berthold has a quick question.

Go ahead, Luc.

[Translation]

Mr. Luc Berthold: Thank you, Mr. Webber.

I have one last question.

As we've seen, the processes are very long. However, from the sound of it, things are moving in the right direction. I want to know whether the agile process, the various services, the different meetings or the deputy ministers core services committee, which was briefly mentioned, all constitute measures to help us adapt projects to new realities.

It should be noted that things are changing quickly. For example, from now on, because of the COVID-19 pandemic, a number of people may be working remotely for longer. As a result, the solution considered last year may no longer be the solution for next year.

Mr. Glover, how is your ability to stop the study of a solution or to change the solution being put to the test by the current situation? A drastic and very strong change is happening right now. Will we be required to fulfill any contracts initiated, even if they're no longer useful?

• (1255)

[English]

The Chair: I'm very sorry, Mr. Berthold, but we are well over time and you have not left any time for an answer unless it's a very short answer. Perhaps you could ask—

Mr. Luc Berthold: Could I ask for a written answer regarding rapid response?

The Chair: Absolutely.

[Translation]

Mr. Luc Berthold: I want to know how quickly you can respond to these types of situations.

Mr. Paul Glover: It's just a matter of engagement with the industry.

[English]

It's a focus on the outcome, the business requirements. If the technology changes, we need to be adapting for wiring that into contracts so that we don't continue to roll out old technology. We get new versions automatically.

The Chair: Thank you very much.

I assume, Mr. Berthold, you will not need a written answer.

Mr. Luc Berthold: I will, please. I just want to have the process, please.

The Chair: Okay. Thank you.

We will now go to Ms. Yip for the last five minutes.

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

My question is directed to Mr. Matthews and Mr. Glover.

We've been talking about better collaboration between the federal departments and the private suppliers. One of the examples given in this report is that suppliers can provide comments or ask for clarifi-

cations about business or technical requirements. Was this something not available to them in past procurement processes?

There's also a section in the report stating that even when there is collaboration and dialogue, oftentimes the suppliers aren't provided clear answers to their questions in a timely manner.

My second question is this: What is being done differently through this agile procurement process to improve collaboration?

Mr. Bill Matthews: Thank you, Madam Chair.

I'll start, but I'll be quick and leave my colleague a couple of minutes as well.

I think it was always the case that potential bidders had the opportunity to pose questions about their request for proposals to get clarification, and in some cases the government would adjust the documentation based on feedback. That was always there.

The new or more recent type of development is something called “phased bid compliance”, in which gaps or space is left in the request-for-proposal process. If at our end clarification on what the bidder submitted is required, or they forgot to cross a *t*, we have the capacity to go back to them and get clarity or to allow them to provide proper documentation if it were an administrative oversight.

The change here is consulting on the actual requirements. We go out to industry and say, “Here's a draft of what we're thinking of doing. What do you think? Let's get your feedback.” That dialogue is very important, especially in the agile world. Where I would draw a distinction though is that when a company poses a question about the requirements in the formal bid process, we owe them an answer and we have to get them one in a timely fashion.

Where they're providing feedback on draft documents, in some cases it's genuine feedback, and in some cases they're trying to better position the request for proposal or the requirements to play to their competitive advantage. I don't feel as though we always owe them an answer on that front, but we do absolutely want to take their feedback and consider it. However, in that case it's up to the government what we do with it.

Paul, I'm not sure if you want to add anything.

Mr. Paul Glover: To complement what Deputy Matthews was saying, the issue has been that we focused very much on “Here's what we want”, and then industry. We're now changing that to say, “This is the problem. Can you help us with what the solutions are and what they might look like?” That requires more dialogue. That's a big part of how we've shifted in this agile approach. Rather than “Here are the requirements”—and we do do that—but the process now, in saying what outcome we need and asking what the best ways to achieve that are, requires more consistent engagement.

We also are trying to be more forthright in where we're going with some of the technologies, to signal to industry.... As an example, we're interested in 5G: How can we adopt that? Where are they going? It's creating opportunities that will influence our large procurement decisions, by their understanding where we are going and where they are going, long before the procurement process actually starts. The collaboration, if it's truly meaningful, has to start long before that procurement to understand the business objectives, the investments that industry is making, and where there are opportunities. We have regular sessions with industry long before the procurement to talk about the technology, what they see in the pipeline and what we need. Then when we get to the actual procurement, it's more on the outcome as we move forward.

Ms. Jean Yip: Do you feel this is a longer process, having to make so many collaborative efforts? Is this dragging the whole project timeline, making it longer?

• (1300)

Mr. Paul Glover: I think the short answer is that it depends on the complexity of the issue. There are examples of where we have moved very quickly—in days—where people will look at this and say, “We don't have anything”, or “We can't do that”, or “We have something that we can offer.” If you think about how we stood up call centres very recently through the pandemic, we were able to work with a number of vendors. They were actually quite collaborative with us, telling us what they could and couldn't do, so that we could stand up services with the departments that needed them.

So it can work fast, absolutely, but there has to be a willingness, a clarity of the outcome that is required, and a willingness to move at speed. We do see instances of where I'm regularly criticized by industry for taking too long. Then we start agile, and then they criticize us for going too fast, because they're more comfortable with those older, traditional processes where they can challenge.

It is a bit of a fine line, absolutely.

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

Colleagues, it is one o'clock. That brings us to the end of our meeting.

I would like to thank our witnesses for joining us today.

I will remind you, colleagues, that Tuesday's meeting will be with the Auditor General for an hour-long briefing on the reports that were tabled yesterday. During the second hour, we'll go in camera to discuss future business. I will also let you know that the clerk will be receiving the documents requested from the Department of Finance and the Canada Revenue Agency. The analysts will be reviewing them. They will be made available to members early next week.

Mr. Berthold, I see your hand up.

[*Translation*]

Mr. Luc Berthold: That was my question, Madam Chair.

I also want to know whether we'll soon be receiving the Transport Canada documents expected by the end of May.

[*English*]

The Chair: I will ask the clerk to speak to that. I'm assuming that if they have until the end of May, they might take it.

The Clerk of the Committee (Ms. Angela Crandall): I haven't followed up with them yet. I definitely will to make sure that they plan to deliver on time.

The Chair: Thank you very much.

Is the committee in agreement to adjourn the meeting?

I see a thumbs-up. Great.

Thank you so much. Have a great day.

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