



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 085

Thursday, November 9, 2023

Chair: Mr. Kelly McCauley



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• (1535)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): I call this meeting to order.

Welcome to meeting number 85 of the House of Commons Standing Committee on Government Operations and Estimates, which I like to call—and apparently Mr. Johns disagrees—“the mighty OGGO”.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, October 17, 2022, the committee is meeting on the study of the ArriveCAN application.

As usual, please keep your earpieces away from the microphones, as it causes feedback and potential injury.

I'll give you a quick update on some documents that have been ordered.

Mr. Firth from GC Strategies has contacted the committee regarding bank records related to GC Strategies. We are expecting them to arrive today. Of course, they will then go out for translation.

Before we start, I am going to use the chair's prerogative. It is my wife's birthday.

Voices: Oh, oh!

The Chair: I know she's watching on CPAC.

Voices: Happy birthday to you.

The Chair: I want to wish my wife Sasha a happy birthday. Related, of course, to OGGO, I am cheap. This is her birthday gift. I'll be bringing home a gift-wrapped copy of supplementary estimates (B).

A voice: You are definitely cheap. How about a nice bottle of wine for your wife?

Voices: Oh, oh!

The Chair: I know.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): I have a point of order, Mr. Chair.

I believe I might have informally communicated that I would like to see a list of the documents we asked for, the dates those documents were expected and whether we have received those docu-

ments as of yet. This is so we can remain current as to which documents were submitted and which are outstanding.

Thank you.

The Chair: I suspect we'll have an update by the end of the meeting. We're waiting for a bit of information to come in on a couple of items.

We'll start with opening statements.

Mr. Mills, welcome back. You have five minutes.

[Translation]

Mr. Michael Mills (Assistant Deputy Minister, Procurement Branch, Department of Public Works and Government Services): Good afternoon, Mr. Chair and committee members.

Thank you for the opportunity to appear before you today to describe Public Services and Procurement Canada's role in supporting the Canada Border Services Agency on the ArriveCAN work.

I am joined today by three members of my team working under our professional services procurement directorate: Ms. Angela Durigan, manager, Silvana Mansour, team leader, and Anita Chan, procurement specialist.

[English]

I would highlight that it is extraordinary for frontline operational procurement officers to be called to testify in front of parliamentarians. I would like to thank them for joining me here today to support the committee's study by providing more insight into procurement and the roles of procurement professionals.

Before we begin, I would like to acknowledge that the land on which we gather today is the traditional, unceded territory of the Algonquin Anishinabe people.

In the earliest days of the pandemic, when the Government of Canada, like all other governments, was working flat out to respond to the pandemic, the procurement professionals at PSPC worked tirelessly to support departments and agencies to source supplies and suppliers in support of its response. To put things in perspective, this was in the early days of the pandemic, when there were lockdowns across the country, hospitals were operating beyond capacity and people were sick and dying. It was also a time when supply chains broke down. It was very difficult to source supplies and find service providers.

At this time, the Canada Border Services Agency analyzed their internal capacity. They did not have the capacity to develop an app with their staffing resources. As a result, CBSA contacted our department for an urgent requirement for professional services to support the development, integration and maintenance of an urgently needed tool to support the implementation of border measures in order to reduce the risk of importation and transmission of COVID-19. This would become the tool we now know as ArriveCAN.

CBSA looked at various options to deliver the application, including leveraging internal staff. However, this option was discarded, as they did not have the capacity or the technical know-how to develop an app of this complexity with the staff available. To find the IT support they needed, PSPC helped CBSA access resources under several PSPC-managed professional services methods of supply and put in place new contracts to fulfill the requirements, some of which were issued under emergency contracting authorities.

Based on information received from CBSA to date, a total of 46 contracts were used, in whole or in part, by CBSA to procure professional services and software licences to support, develop and maintain the ArriveCAN app. Thirty-one of these contracts were awarded by my department. Out of these 31 contracts, 19 were competitively awarded under pre-established supply arrangements; eight were to procure software licences where it was necessary to use sole-sourced contracts due to intellectual property rights or urgent need; and four were sole-sourced contracts for IT consulting services due to the pressing emergency.

To be clear, the government contracts regulations and the associated policy framework allow PSPC and departments to enter into sole-sourced contracts when there is a pressing emergency. The pandemic was such an emergency. Further, in order to support the execution of an effective and rapid government response to the COVID-19 global pandemic, TBS approved time-limited increases to those emergency contracting authority limits.

For 23 contracts, the work was authorized “as and when requested” through task authorizations. Most of these task-based contracts were put in place using the government’s pre-existing methods of supply.

• (1540)

[Translation]

These arrangements allow Canada to solicit proposals from a pool of pre-qualified suppliers, based on a list of pre-defined criteria, and to take advantage of pre-established contract terms and conditions.

[English]

These arrangements were established to add efficiency to the procurement process and to provide clients faster services with less collective administrative cost. By design, they provide a framework for client departments to put in place their own contracts and task authorizations much more easily and to administer their own contracts.

Under these arrangements, client departments develop statements of work and evaluation criteria for the selection process. If the con-

tract value is under \$3.75 million, the department can serve as the contracting authority, run the procurement process and put in place the contract. If it is over \$3.75 million, PSPC administers the selection and contract award. In both cases, it is the client department that evaluates technical proposals and conducts verifications and clarifications. PSPC, as contracting authority, undertakes the financial assessment and applies the evaluation criteria to recommend a winner. We all verify company and individual security clearances at the time of the award. We also award the contract, once approved by the client department.

These contracts allowed CBSA to move quickly to bring in the resources they needed with the specific technical skills at different points in the development of the app.

Once the contract is in place, it is administered in a shared responsibility between PSPC—

The Chair: I'm sorry, Mr. Mills. You're at your five minutes. Can you wrap up briefly?

Mr. Michael Mills: I will wrap up very quickly.

I would just like to conclude by noting that IT contracting is a very important area also for the support of small businesses in Canada, indigenous businesses in particular. At this committee, you heard from Dalian, which is an indigenous business. Under the procurement strategy for indigenous businesses, federal departments and agencies can set aside contracts when there is known capacity among indigenous businesses. Dalian is such a business.

What is important to understand is that under the procurement strategy for indigenous businesses, 33% of contracted or subcontracted resources must be indigenous, not for a particular task authorization but for the overall value of the contract. Therefore, indigenous businesses can subcontract with non-indigenous businesses.

Again I'd like to thank the committee for the opportunity to be here. We are happy to take your questions.

The Chair: Thank you, Mr. Mills.

Go ahead, Mrs. Kusie, for six minutes, please.

Mrs. Stephanie Kusie: Thank you very much, Chair.

Thank you to the witnesses for being here today.

Mr. Mills, you started off by saying it is extraordinary that we would generally have here, if I may say so, the middle managers, not the top officials. That absolutely is extraordinary, but what's also extraordinary is that Canadians paid \$54 million for the Arrive-CAN app. What is even more extraordinary than that is the RCMP investigation we have now, which has allegations of forged résumés, identity theft, collusion and fraudulent contracting. That's really extraordinary.

What's also extraordinary, Mr. Mills, is that the government has a history of not listening to women, for letting the men speak for women. You can talk to Jane Philpott if you want to know about that. You can talk to Jody Wilson-Raybould about that. You could also talk to Celina Caesar-Chavannes. We originally invited these three women, understanding that they would be perfectly capable of responding for themselves.

Finally, Mr. Mills, if you don't mind my saying so, this committee actually has a history, unfortunately, of senior executives within the government not necessarily telling us the truth in this committee. Unfortunately, I think it's a result of their political masters, but that's certainly a deeper conversation.

With all of that, Mr. Mills, I do believe I, as well as my colleagues, will be communicating mostly with the three other individuals we have brought here today, whom we originally asked for today, and as such—

• (1545)

The Chair: Sorry. One moment, please.

Are we working again on translation?

[Translation]

Mrs. Stephanie Kusie: Is the interpretation working now?

[English]

Mr. Gord Johns (Courtenay—Alberni, NDP): Mr. Chair, can Mrs. Kusie go back 30 seconds?

The Chair: We will, once we get it working.

Can you try it now, Mrs. Vignola?

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): It's working now.

[English]

The Chair: We're fine now. We're at a minute and 30 seconds. We'll just move back about 30 seconds, and I'll make sure the time is reset.

Go ahead, Mrs. Kusie.

Mrs. Stephanie Kusie: That leaves me with four minutes and 30 seconds. Thank you so much.

What I was saying and what I was trying to explain to the two witnesses whom we originally had not invited was that unfortunately, as you well know, Mr. Johns, we have a history in this committee of senior government executives not being forthright with us and not necessarily telling us the truth.

I guess in this room I can frankly say that they were lying to us, as was evidenced by the recent story by Bill Curry in *The Globe and Mail*. You will then forgive us, please, if we direct our questions to the three other individuals—Ms. Durigan, Ms. Chan and Ms. Mansour—who are here today.

I'll start now.

Ms. Chan, why did you determine Botler's contract to be between Botler and the subcontractor?

Ms. Anita Chan (Supply Specialist, Professional Services Procurement Directorate, Department of Public Works and Government Services): That would have started off with an investigation on our part, once we received the first complaint from Ms. Dutt alleging that her name and that of Mr. Mora were used in a TA, a task authorization, without their consent, and work was being conducted. The work was paid to the contractor on file, which was Dalian and Coradix in a joint venture.

When we inquired further with representatives of Coradix, they informed us that in fact the work provided from the resources was provided by a third party, which was GC Strategies.

From our perspective, because Dalian and Coradix did comply with what we asked for, we determined there was nothing out of the ordinary from our audit. They did not actually breach any contract or any terms of the contract. From then on, it was a dispute between the resources, GC Strategies and the contractor. Canada had no purview in this dispute.

• (1550)

Mrs. Stephanie Kusie: I do disagree with that. The information I have here states:

In any subcontract other than a subcontract referred to in paragraph 2.(a), the Contractor must, unless the Contracting Authority agrees in writing, ensure that the subcontractor is bound by conditions compatible with and, in the opinion of the Contracting Authority, not less favourable to Canada than the conditions of the Contract, with the exception of requirements under the Federal Contractors Program for employment equity which only apply to the Contractor.

The information that I have here doesn't necessarily corroborate that.

Ms. Mansour, what made you confirm with Ms. Chan that the issue was between the contractor and the resources?

Ms. Silvana Mansour (Supply Team Leader, Professional Services Procurement Directorate, Department of Public Works and Government Services): Our contract was with Coradix and Dalian. Those two resources came to light as Coradix was subcontracting to GC Strategies, and GC Strategies proposed them as resources. We have no standing to interfere in subcontracting, because it's not the prime contractor with whom we have the contract.

Mrs. Stephanie Kusie: You certainly always have standing when you're dealing with taxpayers' money.

Ms. Chan, what was your understanding of the situation when you wrote Ms. Julie Prud'Homme of Coradix about TA number 2021002043?

Ms. Anita Chan: Are you asking me, from my understanding—

Mrs. Stephanie Kusie: I'm asking what was going on when you wrote, with the uncertainty of the situation.

Ms. Anita Chan: Okay.

Please keep in mind that the only information that was brought to PSPC was the email, the complaint from Ms. Dutt. The email stated that their names—her name as well as that of Mr. Moravej—were used without consent or knowledge for this particular TA. Obviously, we wanted to investigate this because their claim was, frankly, quite severe.

The Chair: Sorry, but that is your time.

Go ahead, Mr. Bains.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair, and thank you to all of our witnesses for joining us....

The Chair: You've muted yourself, Mr. Bains.

Mr. Parm Bains: I'm sorry.

Your co-operation here is greatly appreciated. After several meetings, we're still trying to unpack and piece together what has taken place here.

What we as a committee have learned, from my understanding, is that ArriveCAN isn't under investigation, but allegations from Botler about a tender to build a sexual harassment app are now being reviewed. While the total \$55 million cost of ArriveCAN and its 70 updates reflect development, updates, information security, data management, cloud services, the app also saves three dollars per traveller when compared to the old paper system. We learned that it was actually cheaper and it was done in record time under the circumstances.

Botler's principal issue here is a contract between themselves and Coradix and Dalian. Botler was to conduct a six-month proof of concept for their software at the CBSA, with the potential for broader government use. Payment issues arose. Botler claims to have received only two installments, totalling \$112,000, of the promised \$336,000 for their software configuration work.

We've heard numerous allegations of individuals misleading this committee, from public servants to Botler themselves. This is where we're at right now.

My first question is to Mr. Mills.

At the heart of this situation is a dispute between a subcontractor and a federal government supplier, which began with claims of non-payment. How often would you say that PSPC hears from subcontractors in similar situations or in a dispute with contract holders? Is this common or rare? Can you expand on this?

• (1555)

Mr. Michael Mills: Mr. Chair, thank you for the questions.

We do about 10,000 contractual measures a year, and many of those contracts involve subcontracts. Unfortunately, it is common in certain cases that there will be disputes between prime contractors and subcontractors about payment. This is probably the reason that our department has been very active in spearheading efforts for prompt payment requirements, so that we can ensure that prime

contractors pay their subcontractors in a timely fashion after the Government of Canada has paid out claims.

I would say—

Mr. Parm Bains: If this is common, what's different here in this situation?

Mr. Michael Mills: I'm not sure I can answer what's necessarily different.

Mr. Parm Bains: If it's common to have disputes, why has this situation come to the forefront in this manner?

Mr. Michael Mills: I would argue, Mr. Chair, that this has come through because of the allegation that there was misappropriate use of subcontractors' résumés and credentials in terms of obtaining the work.

However, from a contracting perspective, in our understanding this was a task authorization that was issued to a company that had a task-based contract. The task-based contract was for IT work, so it was a task authorization that was fairly general. It said that they were going to do feasibility work in the IT space under an IT contract. That task authorization didn't name who the resources were and it did not name Botler. It was only after they made the allegation that their résumés were used and put forth by GC Strategies that it came to light that there were these issues.

Mr. Parm Bains: What, then, is PSPC's role in a dispute like this?

Mr. Michael Mills: Perhaps I will turn to Angela or someone else to explain what we normally do when a dispute comes in.

Ms. Angela Durigan (Manager, Professional Services Procurement Directorate, Department of Public Works and Government Services): Is this with respect to this dispute?

Mr. Parm Bains: That's correct.

Ms. Angela Durigan: In cases where we seek subject-matter experts.... In this particular instance, we consulted with the justice department. From there, we made a determination on how we would proceed. Again, in this instance, as directed by Ms. Chan, we found—based on information provided to us by both Coradix and Dalian in joint venture, as well as by CBSA.... We took that information and determined it was a dispute between the subcontractor and, in this case, the sub-subcontractor.

Mr. Parm Bains: Does government intervene—for example, by paying a company's subcontractor directly—even if there isn't a contractual relationship with that company?

Ms. Angela Durigan: We did not, in this circumstance, have a contractual obligation or contractual situation with Botler, nor did we have one with GC Strategies. Our contract was with Dalian and Coradix in joint venture. With respect to that, we advised Botler as such.

With respect to payment and the task authorization itself, CBSA determined that only two of the deliverables were accepted. They provided payment for those two deliverables through Dalian and Coradix. Thereafter, it is our understanding that the TA was amended to close out with only those two deliverables having been completed.

Mr. Parm Bains: Would you say, from a PSPC standpoint, that standard procedures were followed in this particular dispute?

Ms. Angela Durigan: Yes.

The Chair: That is our time.

Thanks, Mr. Bains.

Ms. Vignola, go ahead for six minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

In recent weeks, an anomaly was brought to the public's and the committee's attention concerning the awarding of a contract to Dalian Enterprises and Coradix Technology Consulting, which also involves GC Strategies and Botler. As you know, it was the latter company that leaked the information. All this happened around the same time that the three companies, GC Strategies, Dalian Enterprises and Coradix Technology Consulting, were working on the ArriveCAN application.

Ms. Chan, as part of these three companies' work on the ArriveCAN application, were any subcontractors not paid on time?

Ms. Anita Chan: I thank the member for her question.

[*English*]

To be clear, are you asking me whether I received, personally, any complaints from subcontractors on the TAs for the contracts I have in my file—that I have visibility on—over the course of any work performed on ArriveCAN? Is that correct?

• (1600)

[*Translation*]

Mrs. Julie Vignola: Yes, that's correct.

[*English*]

Ms. Anita Chan: I did not, to my knowledge. The Botler TA would be the first instance.

[*Translation*]

Mrs. Julie Vignola: I'm not talking about Botler's task authorization, I'm talking about the ArriveCAN application, GC Strategies, Dalian Enterprises and Coradix Technology Consulting.

Did any of those companies' subcontractors contact you or any of your team members to say that it wasn't working, that they weren't receiving their payments?

Ms. Anita Chan: Personally, I can't—

[*English*]

I can only speak for myself in this case. I do not have visibility on all the contracts that have been issued for the work on ArriveCAN.

[*Translation*]

Mrs. Julie Vignola: Is it possible to check with the people who were managing the ArriveCAN contracts to find out whether there were complaints about not being paid?

Mr. Mills, can you answer the question?

[*English*]

Mr. Michael Mills: Mr. Chair, we'd be happy to undertake—with CBSA's chief financial officer, who is responsible for paying invoices—seeing whether they've had complaints of non-payment from subcontractors.

[*Translation*]

Mrs. Julie Vignola: Thank you.

Mr. Mills, to your knowledge, did the officials in charge of liaising between the department and the companies have to intervene to get the three companies to pay their subcontractors?

[*English*]

Mr. Michael Mills: Mr. Chair, it's not our normal process to verify with subcontractors, after payments have been paid out, whether primes paid their subs.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Mills.

Were the criminal records of the professionals and the security clearances of the subcontractors and the resources imposed on these subcontractors by GC Strategies, Dalian Enterprises and Coradix Technology Consulting checked as part of the contracts for the ArriveCAN application?

[*English*]

Mr. Michael Mills: To the best of my knowledge, the security requirements for subcontractors were verified by CBSA.

[*Translation*]

Mrs. Julie Vignola: Were any red flags raised with you by government officials who may have felt the need to revise the statement of work and procurement process? The reason they might have contacted you had to do with the possibility that the statement and process may have contained irregularities, leading to concerns about the GC Strategies, Dalian Enterprises and Coradix Technology Consulting contracts for the ArriveCAN application.

[*English*]

Mr. Michael Mills: I did not personally receive any complaints about anyone having concerns with the statements of work with respect to those contracts. I don't know if anyone else among our team received any complaints.

Ms. Angela Durigan: I did not.

[*Translation*]

Mrs. Julie Vignola: Did you check whether CVs had been altered to meet the requirements of contracts related to the ArriveCAN application, specifically in the case of GC Strategies, Dalian Enterprises and Coradix Technology Consulting?

[English]

Mr. Michael Mills: When the contracts or task authorizations are let, it is actually the responsibility of the department—the technical authority, CBSA—to verify that the resources put forward have the credentials required to carry out the work. In terms of reviewing the résumés and the qualifications of the subcontractors and their resources, that work would have been conducted by CBSA. You would have to ask the CBSA what work they did to validate and review.

[Translation]

Mrs. Julie Vignola: In terms of deliverables and delivery milestones, did you make sure those three companies followed the usual processes for supply contracts?

[English]

Mr. Michael Mills: Again, we're talking about the division of responsibility with respect to contracts. It is the responsibility of the contracting department, the CBSA, to verify the receipt of deliverables and make the payments based on the receipt and the acceptance of the deliverables under those contracts.

[Translation]

Mrs. Julie Vignola: Is it customary for one recruiting company to hire another recruiting company to hire resources for a contract?

[English]

Mr. Michael Mills: I don't know if it's typical to have multiple layers of recruitment companies, but in very complex IT projects, it is typical that there will be a number of subcontractors. Many of those subcontractors will actually be individuals, and those individuals will be incorporated individually. It may look like there are layers of subcontractors when the subcontracting entity is actually an individual in that contract as a corporation.

• (1605)

The Chair: Thank you, Mr. Mills.

Thank you, Mrs. Vignola.

Next we have Mr. Johns, please.

Mr. Gord Johns: Before I jump into my questioning, I want to ask you, Mr. Mills, what the typical threshold is of commissions on contracts. You have a contractor who can take 15%-30% commission; they can subcontract down to a subcontractor, and they can take 15%-30%. What is the limit on how far down the line you can go, and how much can the commissions actual be in total? What is the absolute total with all the ghost contractors, subcontractors, etc.? How much commission can be paid out?

Mr. Michael Mills: To begin, I would note that most of these instruments...The TBIPS is a competitive instrument, so when we put out a requirement, it is actually a requirement to compete for that among many firms. It is typical that we may have many respondents, and much of the selection and winning is based on the price of each of the resources at the different levels.

You may have a requirement that says we need a web developer, we need a security specialist, we need senior—

Mr. Gord Johns: I'm actually looking for an answer.

Is there a set maximum amount allowed to be paid in commissions through this chain of contractors, subcontractors, ghost contractors and everybody taking a cut? Is there a max cut that can be taken? That's all I'm asking.

Is there a threshold? Are there any regulations in there to make sure there's a set maximum amount that can only be paid out on a project?

Mr. Michael Mills: There is no set of regulations that bars it. These contracts are awarded under competition, so the prevailing market rates limit how much firms can ultimately charge.

Mr. Gord Johns: Well, it's no surprise why outsourcing has gone up fourfold under this government and double under the previous government. This is out of control.

Ms. Durigan, with regard to the task authorizations that GC Strategies provided to this committee last year, you signed for two task authorizations, 2022000080 and 2022016142, which were for a total of \$10.2 million. However, the prime contract that was issued was for an estimated cost of only \$2.35 million.

My first problem is that the task authorizations can't exceed the value of a prime contract, yet these tasks are more than four times the value of their contract. The second problem is that the contract they were issued under does not exist. GC Strategies didn't provide it to this committee, and it doesn't exist on the CanadaBuys database. There's no record of it existing.

How were task authorizations that were more than four times the value of their contract even permitted to be issued?

Ms. Angela Durigan: If I signed a task authorization, I would have verified it against the contract to ensure that it was issued under a specific awarded contract.

I would have to see the task authorizations you are referring to. If you presented those to me, I would be happy to come back with that information for you.

Mr. Gord Johns: Yes. If you could table that with the committee, and you're willing to, it would be appreciated.

I think I have the permission of the committee to ask the witness to produce those within three weeks.

The Chair: Yes. We're fine, Mr. Johns. Thanks.

Mr. Gord Johns: Great.

Second, does the prime contract cited in these task authorizations exist? If so, can you provide it to this committee and tell us why it isn't publicly disclosed?

Ms. Angela Durigan: If you provide me the task authorizations, I can certainly make that reference.

Mr. Gord Johns: I cited those numbers. I'm hoping you can table those numbers I cited. Is that agreed?

The Chair: Yes. The clerk will follow up with what you have cited in the blues and get it to Ms. Durigan.

Mr. Gord Johns: Can you also table Ritika Dutt's and Amir Morv's consent to be named in the task authorization? Can you table those documents?

Ms. Angela Durigan: I'm sorry. Can you repeat the question and reaffirm exactly what you're looking for?

Mr. Gord Johns: It's to table Ritika Dutt's and Amir Morv's consent to be named in the task authorization. It's the certification of personnel.

Mr. Michael Mills: Mr. Chair, with respect to the certification of personnel, whether they are actually requested is optional. In this case here, we would have to go back to the CBSA to see whether or not they actually requested those documents.

• (1610)

Mr. Gord Johns: I'd like permission from the committee to have those documents tabled with the committee.

Regarding indigenous set-asides, I previously told this committee how much I—

The Chair: May I interrupt for a second, Mr. Johns? I'll pause your time.

Is this a request from the committee for an order of production of documents, or a regular—

Mr. Gord Johns: Yes.

The Chair: Members, are we fine with that?

Some hon. members: Yes.

The Chair: Were you asking to have that from Ms. Durigan or from Mr. Mills, or just from—

Mr. Gord Johns: It's from Mr. Mills. He can make the request to CBSA and provide them to the committee.

The Chair: That's okay, Mr. Johns.

Mr. Gord Johns: I previously told this committee how much I value the procurement strategy for indigenous business—I think we all should—and how critical it is to have indigenous leadership and involvement in procurement. It's something New Democrats have been fighting hard for, especially in procurement opportunities that directly affect indigenous communities.

I want to make sure of what's happening with these set-asides, but from what I've heard, it doesn't seem like it is how it's supposed to be. PSPC's roles for the program are, rightly, set up to make sure that work doesn't simply get subcontracted to non-indigenous entities, but when I asked Dalian about how they subcontract indigenous set-aside contracts, I was appalled by their answers. They did not acknowledge the requirements for subcontractors to be indigenous.

In fact, Mr. Yeo said the rules allow them to “hire pretty much whoever we want”. He also told us that the indigenous set-aside requirements are audited on every joint venture Dalian and Coradix do. Is it true that this is being audited on every joint venture they do? Is it true that Indigenous Services Canada has audited the Botler work in particular, as Mr. Yeo claimed?

The Chair: We're out of time.

Is it a quick yes or no, Mr. Mills?

Mr. Michael Mills: It's a quick answer, Mr. Chair.

You'd have to direct that question to Indigenous Services Canada, which administers that program.

The Chair: Mr. Brock, you have five minutes, please.

Mr. Larry Brock (Brantford—Brant, CPC): Thank you, Chair.

Ms. Chan, does PSPC have its own legal department?

Ms. Anita Chan: Thank you for the question, Mr. Chair.

We consult with legal at Justice Canada.

Mr. Larry Brock: Okay. There's nothing internal.

Do you have a particular lawyer whom you deal with at the DOJ?

Ms. Anita Chan: Not that I am aware of.

Mr. Larry Brock: There is a reason I asked you that. I want to go through a thread of emails between you and Ritika Dutt.

She brought to your attention on May 10, 2023, a number of concerns: that Coradix and Dalian were using their names as resources without their knowledge and consent; that they received payments from the government under the TA; that during the bidding process, they falsely claimed that they had been in contact with Botler and sought their input; that an ATIP from CBSA confirmed that there was no affixation of status of personnel on file; that they, in fact, filed legal notice to the contractor to produce the document, and they failed to comply; and that they sought your help to compel the contractor to produce the document.

There are elements of criminality in that email. There is not only a potential breach of contract and regulations with respect to the TA, but we have elements of fraud and forgery.

Did you get the sense that there was a red flag in this? I'd like to know whether or not you passed this on to the DOJ for consultation. Answer yes or no.

Ms. Anita Chan: We passed along what we found, and we were in constant consultation throughout the course of this investigation.

Mr. Larry Brock: Did you consult the DOJ in relation to that email?

Ms. Anita Chan: Yes.

Mr. Larry Brock: You did.

Did you get a legal opinion?

Ms. Anita Chan: Yes.

Mr. Larry Brock: Okay.

Did the legal opinion—without getting into specifics—allow you to continue pursuing the documentation they requested, yes or no?

Ms. Anita Chan: Our first and foremost priority was to protect Canada and to investigate whether or not the alleged fraud from the prime contractor had occurred.

Mr. Larry Brock: Okay.

You sent an email to Julie Prud'Homme on May 26 requesting information on the contract with regard to the allegations. On May 26, you received a further email from Botler saying that they were never contracted by Coradix to provide any feedback on the TA, that they did not provide recommendations on any resources, and that the mandatory requirements tabled for herself, which were submitted with the TA, significantly inflated her work experience and were not reflective of her actual work experience. She did not agree or consent to be named on the TA or for the work to be implemented.

Again there's a spectre of criminality. Now we have the spectre of a forged résumé. That's another red flag.

Did you send that particular email to the DOJ for consultation?

• (1615)

Ms. Anita Chan: Yes, I did.

Mr. Larry Brock: Okay.

We already know what the evidence is. Kristian Firth has testified, and his illogical fantasy of simply making a mistake could have been believed if there had been just one modification to Ritika Dutt's résumé. However, if memory serves me correctly without my looking at the transcript, he attempted on at least five occasions, if not six, to deliberately manipulate the work experience so that when they input the data on the required forms, they would qualify for funding. That is not only forgery but also fraud.

My question to you is this: Why did you not shut this operation down immediately—among GC Strategies, Coradix and Dalian—against this spectre of criminality? It's obvious. Was it not obvious to you?

I'm not asking Mr. Mills. I'm asking Ms. Chan.

Ms. Anita Chan: Thank you for the question, Mr. Chair.

Again, our priority was to investigate the allegations made about Dalian or Coradix. When we asked Dalian to provide documentation that they received payment from CBSA, as we found out later, and that they were provided the resources from GC Strategies—

Mr. Larry Brock: I'm not talking about that.

You have a spectre now of fraudulent résumés. Did you go to GC Strategies or Coradix and say, "What is going on here? You are misleading the government. You are abusing taxpayer monies." Did you do that, Ms. Chan?

The Chair: Answer very briefly, please.

Ms. Anita Chan: I analyzed data, and from what we observed, Dalian and Coradix obtained those documents from GC Strategies. We found there was nothing out of the ordinary with the contractors.

The Chair: Thanks, Ms. Chan.

Mr. Sousa, go ahead for five minutes, please.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Ms. Durigan, Ms. Chan and Ms. Mansour, thank you for being here. I appreciate your being here. I understand this must be difficult at times.

I want to clarify something that was stated earlier.

It's my understanding that you agreed to come, but you also asked your colleagues to be here as well. Is that correct? Were they told...? Did they say they wanted to come, or did you ask them to be here? How did that come to be?

Go ahead, Ms. Durigan.

Ms. Angela Durigan: The five of us just came as representatives of PSPC, with all of our different expertise, if you will, and levels, so—

Mr. Charles Sousa: Do you feel comfortable with the other two being here? We only asked for the three of you. I want to make certain it's something you are not uncomfortable with. It was my understanding that you asked for some backup in case we got more complex.

Ms. Angela Durigan: No. We appreciate the support and have no issue with their being present with us.

Mr. Charles Sousa: That's great.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): I have a point of order, Chair.

With great respect for these witnesses, they are being put in a very strange position by Mr. Sousa's question, because these are the people they work for on a daily basis. I think he could focus on the issue at hand.

The Chair: Mr. Genuis, I'm going to say that it's Mr. Sousa's time and I'll let him ask his questions.

Mr. Charles Sousa: Ms. Chan, there's obviously now an investigation under way. Is this an investigation around ArriveCAN?

Ms. Anita Chan: Thank you for the question.

No, it's not.

Mr. Charles Sousa: There is, however, an internal review. There's also a review being done by the RCMP in regard to this particular issue with regard to Botler's allegations.

Have you been contacted by the RCMP?

Ms. Anita Chan: I have not.

Mr. Charles Sousa: Ms. Mansour, have you been contacted by the RCMP?

Ms. Silvana Mansour: Not yet.

Mr. Charles Sousa: Ms. Durigan, have you?

Ms. Angela Durigan: I have not.

Mr. Charles Sousa: Gentlemen, has anybody contacted you regarding this issue?

Mr. Michael Mills: No.

Mr. Levent Ozmutlu (Director General, Strategic Policy Sector, Department of Public Works and Government Services): No.

Mr. Charles Sousa: In regard to the contract, I'm not really sure who to ask, but Ms. Durigan, I'm going to go to you. I'm going to try to respectfully ask the three of you on these issues, and I do appreciate backup where necessary.

In a contract like the one that was just done in respect to the Botler issue, Coradix and Dalian received the contract. They were bidders and they won the deal. Thereafter, commissions, splits, who they hire, what they subcontract with are not subject to increased pricing, correct? It's based on what they were contracted to do. Is that correct?

• (1620)

Ms. Anita Chan: Correct.

They need to follow the pricing schedule that was listed on the contract.

Mr. Charles Sousa: When they say they received a cut or they received commissions, these are individuals that are corporations, so they're subcontracting themselves. They're working in regard to deliverables that are required.

Is that right, Ms. Durigan?

Ms. Angela Durigan: Yes.

We don't have any oversight on what commissions are or what the cuts are or how payment is made between prime contractors and subcontractors. Our calculations are based on the firm per diem rates that are in the contract.

Mr. Charles Sousa: Ms. Mansour, are these contracts inflated thereafter, or are they just what they are, and then whatever happens in the tail end in how they're going to share the pie is between individuals among themselves?

Is that correct to assume?

Ms. Silvana Mansour: This is a competitive contract, so the rate we got was on a competitive basis. We cannot inflate it after the fact. Once it's in the basis of payment, it remains. The per diem rates do not change.

Mr. Charles Sousa: Did Botler...? They mentioned that they had active engagement with the government, as they wouldn't be required in order to deliver. Were any of the three of you involved in ongoing contacts with the entrepreneurs?

Voices: No.

Mr. Charles Sousa: No.

For the benefit of the committee and those watching, Ms. Durigan, can you tell us about your training? What is it that you guys are trained to do?

Ms. Angela Durigan: We're subject matter experts. We're in procurement.

I have been working in procurement for over 20 years, with 30 years in the federal government. Most of those 20 years have been in IT professional services as my forte, if you will. I manage a team of procurement officers who provide acquisition services to other government departments for IT professional services.

Mr. Charles Sousa: Would you comment, Ms. Chan?

Ms. Anita Chan: I started my career in the government in the intern officer development program in June 2019. I went on various assignments, and then in August 2022 I returned to EL division under Angela Durigan.

Ms. Silvana Mansour: I've been with Public Services and the Government of Canada for 23 years, with 17 years in IT professional services and two years in goods.

Mr. Charles Sousa: That is amazing. I appreciate your technical expertise and subject matter knowledge.

The Chair: Thank you for that, Mr. Sousa.

We'll go to Ms. Vignola for two and a half minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you very much.

Mr. Mills, I'll come back to my previous question.

Why does a recruitment company that lands a contract have to subcontract it to another recruitment company, which will then recruit staff, whether they are individuals who form a company or any other company? Why hire the initial company in the first place if it can't do the job and muster the resources to fulfill the contract? I honestly can't understand that.

We saw it in the Botler AI case, but I'm also thinking of what happened with the ArriveCAN application and all the other situations where someone was able to subcontract to another recruitment company. I find this abhorrent. Why don't we go straight to the company with the required resources?

[*English*]

Mr. Michael Mills: Thank you, Mr. Chair, for the question.

In certain cases, as in this one, there are two types of task-based contracts—deliverables-based and individual-based.

In the case of a deliverables-based contract, it is a requirement of the company to figure out how best to bring the resources to meet the requirement that the government puts forward. Sometimes in those cases, you have a recruitment company, as you call them, that has access to a wide variety of resources, but there may be some specific technical resource that they don't have relationships with. In this industry they may partner with another company which itself has access to other resources to bring those people in to deliver a deliverable such as this.

In most cases, at the beginning, if we're looking at the task base in terms of professionals, the professionals and the skill sets are identified, and we are picking firms that already have relationships, have subcontractors and employees who have those skill sets.

• (1625)

[*Translation*]

Mrs. Julie Vignola: In short, in the case of Botler AI, Dalian Entreprises and Coradix Technology Consulting, they didn't have the resources and they knew it, but GC Strategies had either found some or suggested some, all of which was a bit complex.

Ultimately, those companies went through GC Strategies, but they were still awarded the contract in the first place, even though they knew they didn't have the proper resources. That's quite a feat.

[*English*]

Mr. Michael Mills: Initially with Coradix and Dalian, it was for a wide range of IT services. Not all of the services under the contract were identified at the beginning, as I think testimony has shown before on this. There was a requirement to design something to aid the department in terms of their approach to addressing sexual harassment, and that's why they brought in GC Strategies and Botler.

The Chair: Thank you very much.

We have Mr. Johns, please.

Mr. Gord Johns: PSPC is also responsible for ensuring that contractors qualify for task authorization. Ms. Dutt and Mr. Morv each had seven years of relevant experience. They needed 10 years to qualify for the work, and fraudulent qualifications were submitted for them without their knowledge, which you heard about in previous testimony at this committee.

Have you figured out how this happened, who is responsible, and how we can make sure it doesn't happen again? Are you going to check GC Strategies' previous submissions to find out if this was done for other contracts?

Mr. Michael Mills: Thank you for the question.

I think it has been indicated before that there's an RCMP investigation. There's also an investigation within CBSA to look at this specific instance to see how this took place.

I will say we are very concerned and very interested in ensuring the integrity of the procurement system. We are looking at these instruments. We're looking at all of our professional services contracting mechanisms to see how we can ensure that they are above reproach, that they are effective and that they don't allow these kinds of things to happen in the future.

Mr. Gord Johns: I'll go back to the fact that I cited, which is that there's no limit on commissions, and you've confirmed that. We could see half of the contract going out to commissions.

Why is it that PSPC has not been able to hire or recruit a human resource recruitment specialist for IT and pay them a good wage? GC Strategies has made upwards of 15% to 30% on their over \$50 million in government contracts. Let's call it \$10 million. That was made between two people who aren't even specialists in IT.

This is a problem. Is PSPC looking at how they're going to change this model? I actually can see why they can't find anyone. It's because it's way better and more lucrative to be doing what GC Strategies is doing. This has to be fixed.

Mr. Michael Mills: Mr. Chair, I do take umbrage with the fact that there's no limit. As we mentioned before, this is a competitive environment. The ultimate IT experts, who are doing the work with the necessary experience and skills, will not work for zero. They actually demand a wage. It's a—

Mr. Gord Johns: But the recruitment specialists are the ones who are taking the cut. I'm not talking about the workers; they're being exploited, clearly. The subcontractors are being exploited by these recruitment companies.

Are you going to fix this recruitment process so it's in-house instead of using these headhunters who are milking the Canadian taxpayer?

The Chair: That is our time. Perhaps you can get back to us on Mr. Johns' next round.

We have Mr. Barrett, please.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): I'd like to start with Mr. Mills.

Were any contracting rules broken on the ArriveCAN app? Give me a yes or no.

Mr. Michael Mills: No.

Mr. Michael Barrett: Were the contracts given to GC Strategies good value? Give me a yes or no.

Mr. Michael Mills: Mr. Chair, I'm not in a position to assess the value for money of those contracts.

Mr. Michael Barrett: The Government of Canada briefed you for this committee. The documents on your website say the following:

...on the fees charged by GC Strategies for managing these contracts

The rates were reviewed by PSPC officials and were deemed fair and reasonable, based on knowledge of the commodity.

Do you or don't you agree with your department's briefing materials, as provided for you in advance of meetings here at the government operations committee for the House of Commons?

• (1630)

Mr. Michael Mills: Mr. Chair, I would agree that the fees charged were reasonable.

Mr. Michael Barrett: Thank you very much.

To be clear, PSPC thinks that it's fair value to pay GC Strategies, a two-person IT staffing company, \$11 million to use the advanced tools of LinkedIn direct message and Google searches for the ArriveCAN app. Do you think that's good value? It's a yes-or-no answer, sir.

Mr. Michael Mills: Mr. Chair, \$11 million went to pay for IT specialists as well as the people who worked for GC Strategies.

Mr. Michael Barrett: We're going to circle back to your briefing materials that said you believe it's good value, so we'll take that as a yes.

They got paid millions and millions of dollars for this boondoggle, and the position of PSPC is that this is good value. The previous member asking questions wondered why you wouldn't just hire someone to do this in-house. I have full confidence in the calibre of people working in Canada's public service, and they are able to use much more advanced tools than the ones the principals at this organization said they used to earn their millions off struggling taxpayers.

Did anyone from your department who worked on ArriveCAN receive bonuses? Give me a yes or no.

Mr. Michael Mills: Did they receive bonuses? Yes. During the period of this time, there would have been executives who received bonuses.

Mr. Michael Barrett: The government is of the position that this is fair value. It was \$11 million to a two-person staffing firm that did no work on this app, and we're to be told that the contracting system is fair.

A previous member said, "They can't inflate the price". Obviously, the price is inflated when there's the ability for ghost contractors and middlemen to make millions of dollars by subbing out the work and never doing a keystroke themselves.

The relationship between this Liberal government, senior government officials and insiders, consultants and lobbyists is.... It's incredibly frustrating for me, but the message I'm hearing from Canadians is that they find it disgusting.

We have Canadians who are struggling. Over the last eight years, rents have doubled. Mortgage payments are up by 151%. There are more than two million monthly users of food banks, and a third of those are children. Everything that has happened with the ArriveCAN app and the responses that we're getting that this is fair value for Canadians' money is why Canadians have lost faith in the head of government, the Prime Minister. This is why they are losing faith in their institutions.

I don't find it reasonable or credible that we hear, "It's fair value. There's no room for the contractors to bid up higher commissions." The project shouldn't have cost \$54 million when a couple of yoyos in a basement using Google are able to collect \$11 million.

If you need specialists on how to find some savings, I'm sure there are people who are a lot smarter than I am who can find ways other than that big red circle I just drew around the \$11 million.

I don't have any more questions.

The Chair: Thank you, Mr. Barrett.

Go ahead, Mr. Powlowski, please.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): I have a lot of questions.

I have to admit that I came into this book at chapter 12, so I'm still trying to figure this out.

There's been the allegation that the résumés of a couple of Botler employees were doctored to make them look better than they were, to make it appear that they had 10 years of experience when they didn't have that experience.

Am I right, Mr. Mills? You said that the departments, not PSPC, have the task of ensuring that subcontractors have the ability to do the tasks they're entrusted with. In this case, would CBSA be the one responsible for looking at the résumés, or would it be you?

• (1635)

Mr. Michael Mills: You're correct in the sense that it is the responsibility of the department, in this case CBSA, to determine what their needs are and the criteria they will evaluate against those needs and to set the grids. Then they actually undertake what we would call the technical evaluation of looking at the qualifications and experiences of those resources against their needs.

Mr. Marcus Powlowski: Am I right, or did I get you wrong when you said that PSPC enters into 10,000 different procurement agreements per year? Is that correct?

Mr. Michael Mills: Mr. Chair, we undertake 10,000 contractual items a year. A large part of that would be entering into new contracts. The rest would be things such as issuing task authorizations or amending existing contracts.

Mr. Marcus Powlowski: It would seem to me that it requires a lot of departmental time if they're going to assess the abilities of subcontractors to perform the tasks and do such things as look at the résumés of everybody who's subcontracting. Is that the case? How many people are employed in our government to do this kind of work in each department?

Mr. Michael Mills: Mr. Chair, I would say that it's not that simple.

Each department will provide departmental resources. In many cases there would be a project. There would be a team that's working on the project that would undertake the evaluation of those résumés and whatnot. It's not necessarily that they have a dedicated team to review résumés and do the technical authority; it's really on a case-by-case basis, based on which unit of the department is undertaking that project. In some cases their own internal procurement folks will assist them, but it varies from department to department.

Mr. Marcus Powlowski: Out of curiosity, given the size of the government, with the number of subcontracting agencies and the number of résumés that must go to the government, how can you prove anyone's résumé?

I've sent my résumé to enough places, but I don't know that anybody actually goes to the university and says, "Did Marcus Powlowski really get his MD or LL.B. from your university?"

How much real checking of résumés does the government do?

Mr. Michael Mills: How much they validate the information is a good question for the technical authorities. Their focus is really looking at the résumés and seeing if the years of work and types of experience are related to what's being requested. I'm not sure what other levels of investigation and verification they do across departments of whether they actually attended the university that's on the résumé.

What I can say is that through the procurement process and within contracts, in terms of the representations and warranties on the part of the prime contractors, it's for them to attest to the validity of the information in those résumés.

Mr. Marcus Powlowski: The prime contractor has the obligation to attest to it. Okay.

The second thing is that we've heard several members of the committee questioning what value, if any, companies like Dalian and Coradix provide for the charges and the government money they receive. I wonder if I could ask you about this, because I would have thought that you might question spending a lot of money on these sorts of intermediaries, but I would have thought that they performed some valuable tasks that take time.

The question was, why don't you deal with subcontractors directly? Do they not do a fair bit of the administrative things that are required in order to get something done for the government? Is that not the value that they add?

The Chair: Give a very brief answer, please.

Mr. Michael Mills: Mr. Chair, I'd say that they add a number of values. One is sourcing people with the required skills and putting together teams, and yes, they do manage a lot of the administrative tasks in terms of payroll and whatnot for those consultants, and in managing the legal relationships in between.

The Chair: Thanks, Mr. Mills.

It's Mr. Genuis, please, for five minutes.

Mr. Garnett Genuis: Thank you, Chair.

Thank you to our witnesses.

Ms. Durigan, I understand that you were the signing authority for ArriveCAN with GC Strategies. Is that correct?

Ms. Angela Durigan: Signing authority in what sense?

Mr. Garnett Genuis: You were the person who oversaw the contract from PSPC's side.

Ms. Angela Durigan: There were several contracts that I did work on, yes. I did have a certain delegation of authority, but I also received approval authority, depending on the value of the requirements. Depending on the value, there would be a level I would go to, whether an ADM, a senior director or a director.

Mr. Garnett Genuis: Okay.

Do you know who was responsible for making the decision to choose GC Strategies over Deloitte for the ArriveCAN contract?

• (1640)

Ms. Angela Durigan: For the initial ArriveCAN contract, it was CBSA that approached us with a procurement strategy for sole-sourcing. They presented GC Strategies to PSPC.

Mr. Garnett Genuis: Who was the person from CBSA who brought that to you?

Ms. Angela Durigan: I don't know who brought it to us directly from CBSA. We received a package from them, but I don't know who made the decision. I have no oversight on that.

Mr. Garnett Genuis: Okay.

This is a matter of dispute that has led various CBSA officials to accuse each other of lying about who actually made the decision.

Does anybody on the panel know this or have any information that will help us know who made that initial decision?

No? Okay.

To your knowledge, was Deloitte "in the penalty box"?

Ms. Angela Durigan: No, not to my knowledge.

Mr. Garnett Genuis: Okay.

Would you have signed contracts with Deloitte around the same time you were signing the contract for ArriveCAN?

Ms. Angela Durigan: I would have to go back and look at that time frame. I work on a lot of contracts.

Mr. Garnett Genuis: Okay, but—

Ms. Angela Durigan: I don't understand what the question is, or what the correlation is between whether or not I signed anything with Deloitte or GC Strategies.

Mr. Garnett Genuis: The context is that bids were put in by GC Strategies and Deloitte for ArriveCAN. The decision was made to go with GC Strategies on the basis that, allegedly, Deloitte was "in the penalty box", which means that contrary to the claims of Mr. Mills, this wasn't a competitive situation. Deloitte was allegedly excluded from consideration for reasons unknown, which meant GC Strategies was selected. I'm—

Mr. Majid Jowhari: I have a point of order, Mr. Chair.

The Chair: Wait one moment, Mr. Genuis.

Yes, sir, go ahead, if it's a point of order, please—a real one.

Mr. Majid Jowhari: Well, I know it's not a real one. I think it is for a clarification.

Mr. Garnett Genuis: Come on. He admits it's not a real point of order.

Just be quiet and let me do the question, Mr. Jowhari. It's pretty disgraceful.

The Chair: Can we all please stick to real points of order?

Go ahead, Mr. Genuis.

Mr. Garnett Genuis: Mr. Chair, can I get some clarity on the issue of the penalty box? As far as you know, nobody was in the penalty box. Signing contracts with Deloitte was fine and permitted during this time.

Can I talk to the people who do the frontline work?

Ms. Angela Durigan: I have no knowledge of Deloitte being in a penalty box.

Mr. Garnett Genuis: Okay.

Mr. Mills, very quickly, do you have any knowledge of Deloitte being in a penalty box?

Mr. Michael Mills: Mr. Chair, I do not have any knowledge of Deloitte being in a penalty box.

Mr. Garnett Genuis: Thank you very much.

Would you be able, Ms. Durigan, to provide us with detailed information—for the ArriveCAN contract specifically—on which companies got certain amounts of money? How much went to Coradix? How much went to Dalian? How much went to GC Strategies? How much went to other subcontractor entities?

Do you have all of that information?

Ms. Angela Durigan: I do not have that information.

Mr. Garnett Genuis: Does anybody in the government have that information?

Mr. Michael Mills: Mr. Chair, we would have the information of contract values that were awarded, but how much was expended—and some of the task authorizations—would have to come from CBSA.

Mr. Garnett Genuis: Okay.

We seem to have gotten the runaround, a bit. I hope there's agreement among the committee to request that information from both entities. How much money went to each entity? We can request the information from CBSA and PSPC, and whoever has it will give it to us. Is that agreeable?

The Chair: Could you be more specific for the clerk so that she can note it down?

Mr. Garnett Genuis: I'd like a breakdown of the \$54 million spent on ArriveCAN. How much went to each company? Who were the people receiving money as part of that contract?

The Chair: Wait one moment, please.

That's fine.

We need a deadline, please, Mr. Genuis. Is it the usual three weeks?

Mr. Garnett Genuis: Sure, that's fine.

The Chair: The clerk will follow up with the exact details.

Mr. Garnett Genuis: Thank you, Mr. Chair.

Fundamentally, your PSPC department is responsible for assessing value for money in the context of procurement. I understand that to be part of your responsibilities.

I've been able to find a list of apps that were developed under the Harper Conservative government. These apps are complex in na-

ture: the CRA Business Tax Reminders app, CBSA's eDeclaration app, the Canadian Armed Forces app, etc. All of these apps were developed, in most cases, for well under half a million dollars. In one case, it was closer to \$3 million.

This particular app was developed at costs that were dramatically out of proportion with the costs of other apps developed under the previous government. Doesn't this suggest that your department failed to do its job in terms of achieving value for money?

Ms. Durigan, did you want to intervene on that?

• (1645)

Ms. Angela Durigan: We don't have any visibility on that with respect to value for money. I work on individual contracts, and we do our due diligence with respect to competitive processes and—

Mr. Garnett Genuis: So who's looking at the value for—

The Chair: I'm afraid that's our time.

We have Mr. Kusmierczyk, please, for five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

I'll start off by saying thank you so very much, Ms. Durigan, Ms. Chan and Ms. Mansour, for the many years of service that you've provided to this government, to procurement and to IT. Thank you for taking the time to share some of your expertise here.

I have a question to Mr. Mills.

If PSPC came across evidence of CV embellishment of the kind we heard about, allegedly in order for companies to help them win bids, what are some of the steps and repercussions that PSPC would take?

Mr. Michael Mills: Under the code for procurement, suppliers are supposed to act honourably and ethically, and if we were to find out that they were not doing so and that they had misrepresented themselves, we could stop work on a contract. We could set aside a contract. If it was founded, we could terminate for default.

Mr. Irek Kusmierczyk: Is it possible that the vendor would also be banned, for example? If there is misconduct whereby the CV is embellished and whatnot, could that certain company be banned as well from future procurement?

Mr. Michael Mills: Yes, Mr. Chair, there are vendor performance measures under which we could suspend them from being able to do business with the Government of Canada for a period of time. In extreme cases, if there were criminal findings of fraud and the like, the integrity regime could come into play, and they would be barred for up to 10 years.

Mr. Irek Kusmierczyk: Even it doesn't rise to the level of, let's say, fraud in the legal sense, for example, how long would something like CV embellishment or whatnot stay on the record for future bids? Is that something that PSPC would take into consideration?

I'm talking about the whole gamut of misdemeanours against an organization, everything from misdemeanours to fraud. Is there a track record? Does PSPC keep tabs on bad behaviour?

Mr. Michael Mills: I'll ask Levent to answer. He has a long career in procurement and may have better examples.

Mr. Levent Ozmutlu: Under the vendor performance corrective measures policy, we do keep track of terminations for default. In the case of a false certification, that certainly would be grounds to terminate a contract for default, and that would remain on the record for a period of time. Depending on the severity of the termination, that could also result in debarment, either on the first offence or for subsequent offences.

Mr. Irek Kusmierczyk: How severe is CV embellishment when someone is submitting to try to win a contract? How severe is that in the eyes of PSPC?

Mr. Levent Ozmutlu: It is a very severe occurrence. There's also a framework to assess the impact on the specific clients in the project and what that might cause in terms of damages to the Crown. From there, there's an assessment that is made to determine the ultimate outcome of the penalty.

Mr. Irek Kusmierczyk: So there is a framework and a process in place to determine how serious that misclassification or embellishment is.

Mr. Levent Ozmutlu: That's correct.

Mr. Irek Kusmierczyk: With respect to investigation of misconduct, for example, in this situation, would that be the responsibility of PSPC? Would it be the responsibility of the department—CBSA, in this case—to further investigate that misconduct? Who takes the reins on investigating misconduct?

• (1650)

Mr. Michael Mills: We in PSPC have a departmental oversight branch, and within its unit there is an investigative group that would look into it. They would typically coordinate with the client department and, based on the situation, decide who would be the lead and how they would collaborate.

Mr. Irek Kusmierczyk: Is that what's happening here with the investigation of Botler AI currently? Who's taking the lead on that? I understand that the CBSA is doing its own internal investigation. Is PSPC part of that investigation as well? Was PSPC part of that?

Mr. Michael Mills: To my understanding, Mr. Chair, our department has assisted them, but certainly it's the CBSA.

Mr. Irek Kusmierczyk: It's the CBSA that's taking the lead. Okay.

I have a question for you. In the procurement process, when the CBSA comes to you and wants to hire, for example, vendors, do they usually come to you with choices, such as “Here are the three horses we're looking at”, and then PSPC makes the final determination on which is the best one, or do they come to you with one and then PSPC simply investigates one, or do both things happen?

The Chair: That's our time, but maybe you can offer a very brief answer, Mr. Mills.

Mr. Michael Mills: In most cases, they come to us to use the TBIPS, which has a requirement to actually compete it to a number of firms already pre-qualified on that instrument.

The Chair: Thanks, Mr. Kusmierczyk.

We'll go to Ms. Vignola and then Mr. Johns. We'll combine the two-and-a-half-minute rounds for the next two rounds, so that it will be five minutes and five minutes, and then we'll be done for the day.

Go ahead, Ms. Vignola, please.

[*Translation*]

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

Mr. Ozmutlu, Coradix Technology Consulting and Dalian Enterprises were awarded two contracts for work on the ArriveCAN application, contracts that were set aside under the procurement strategy for indigenous businesses. However, only Mr. Yeo, the president and founder of Dalian Enterprises, is a member of the first nations. Mr. Yeo told us that some of his subcontractors were also members, but was unable to specify how many.

The purpose of the strategy is not only to give more control to first nations, but also to encourage their members to acquire specialization and expertise in fields that are useful to them and also useful to the Government of Canada, as well as to the overall economy.

If only one person in a company is first nations and that person is a contractor, does the contract automatically meet the objectives of the procurement strategy for indigenous business?

[*English*]

Mr. Levent Ozmutlu: Thank you very much for the question.

In the case of the procurement vehicle that we're talking about, which is the TBIPS supply arrangement, there are a number of indigenous firms that are qualified and are eligible to compete for business that is directed under that stream. That would determine the winner of that contract. In this case, it was Dalian and Coradix.

[*Translation*]

Mrs. Julie Vignola: That is a point I understood.

On the other hand, I'd like you to tell me whether having just one person from a first nation in a company, and that person happens to be the boss, is enough for the company, specifically Dalian Enterprises, to be awarded a contract.

[*English*]

Mr. Levent Ozmutlu: Thank you for the question.

The requirements under the PSIB program are administered by Indigenous Services Canada, which periodically audits the companies to ensure that they are in line with those requirements. As indicated earlier, there are some content requirements that must be met in order to meet that requirement.

[Translation]

Mrs. Julie Vignola: So I would say, using language that everyone understands, that the company must include more than one member of a first nation to meet the requirements of the strategy.

Did I understand correctly?

[English]

Mr. Levent Ozmutlu: Thank you for the question.

It's more about the value that's delivered as opposed to the number of employees, in this instance.

[Translation]

Mrs. Julie Vignola: How do you ensure that a company owned by a member of the first nations is not used as a front or a smoke-screen for another business, joining it simply to win contracts, without any real consideration for the objectives of the strategy, which is to empower first nations economically?

How can you ensure that such abuses are not occurring outright?

[English]

Mr. Levent Ozmutlu: Thank you for the question.

The pre-award audit that's conducted by Indigenous Services Canada would determine that they meet the requirements of the program, which would be to adhere to all of those rules. PSPC would award those contracts based on the fact that these companies are on the indigenous business directory, which is managed by Indigenous Services Canada.

• (1655)

[Translation]

Mrs. Julie Vignola: In other words, the fact that the requirements are met is all you need. If the company has a single first nations member, in this case a contractor, you need look no further. If a first nations person is involved, the requirements are met, regardless of whether that person actually plays a role, or is more of a front. The basic requirements are met, and that's good enough.

How can this be a way to generate economic value for first nations to achieve self-sufficiency?

[English]

Mr. Levent Ozmutlu: Thank you again for the question.

As indicated, Indigenous Services Canada is responsible for administering the program, and the PSPC procurement activity is in line with those policies. We do check to ensure that the companies with whom we contract are in fact on the indigenous business directory. That is our responsibility.

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thank you.

Mr. Johns is next, please.

Mr. Gord Johns: In these contracts, Dalian, Coradix and GC Strategies are taking care of the most basic core administrative aspects of contracting for the government. You've affirmed this.

How is it possible that the federal government, with all its resources, doesn't have the capacity to execute its own security clearances and take care of its own invoicing and payments? How are we going to fix this?

Mr. Mills, I think you could take it.

Mr. Michael Mills: Mr. Chair, the government does do projects by itself with its own staff. In other cases, they have time-limited projects for which it does not make business sense for them to directly engage resources within their departmental responsibilities to undertake the projects. We make these vehicles available on an optional basis to serve departments when they've decided on their own terms that it makes sense.

Mr. Gord Johns: You've seen that in this situation it's turned into a disaster. Are you going to fix it? Are you going to come forward with changes?

Mr. Michael Mills: Mr. Chair, as I mentioned before, based on what we're seeing here today, we are looking very seriously at all these instruments. We're looking at what improvements we need to make to the instruments and what improvements we need to make in terms of training, delegations and whatnot to make sure that they are administered effectively in the future.

Mr. Gord Johns: My colleague across the table, Mr. Sousa, stated that none of the work can be subject to price increases once it's assigned. It's just private companies negotiating over the slices of pie, and the government can't increase the task value once it's assigned.

That's clearly not true. We've seen task prices absolutely balloon after they are [Technical difficulty—Editor] Botler that when Dalian was brought in through a pass-through and demanded 15% for doing so, CBSA was pissed, is what he said, at the resulting price increase. That email is public.

I want to clarify all of this on the record because I find it very inaccurate and I want Canadians to hear the truth on this.

Mr. Michael Mills: Mr. Chair, as was mentioned earlier by some of our team members, when the contract is initially set up, there are rate guides within there, and in administering task authorizations subsequent to those contracts, they have to respect those limits.

Mr. Gord Johns: I'm going to go back to the fact that we don't know...there is no limit on how many people can take a cut of a contract.

Have you done an analysis on this, on the ArriveCAN app, on how much commission went out in the total value of the \$54 million spent on the ArriveCAN app?

Mr. Michael Mills: We have not undertaken that analysis.

Mr. Gord Johns: Would it be something that PSPC could do and then report back to the committee?

Mr. Michael Mills: We have set fixed limits for the resources. We see what the invoicing—

Mr. Gord Johns: I'm not asking—

Mr. Michael Mills: I do not have the information below what has been invoiced on the fixed rates to determine who got paid what. Those are internal business relationships between prime contractors and their subcontractors.

Mr. Gord Johns: The public has every right to know the answer to that question.

I agree with my colleague, Mr. Kusmierczyk, about the value and appreciation we have for the work that you've done and the commitment all of you have made to Canada. It's really hard to be in a committee setting and be pressing you like this, but people are struggling and they're not getting the answers they need.

I have to say that I've heard that it isn't good for the morale of public servants when they hear a company is taking a \$10-million slice of \$55 million in contracts when they're not even experts in that field.

Are you looking at fixing it to bring in-house the capacity to replace these subcontractors that don't have the expertise to do that work on behalf of Canadians in-house themselves? Are you looking at doing that?

• (1700)

Mr. Michael Mills: Again, Mr. Chair, each project, each IT arrangement, is done within the authorities of the department. Departments will determine what's the best way to actually deliver that and what resources they can have.

I will just say that some projects require very specific skill sets that a single department would not typically have, nor would it make sense for them to engage and employ those resources for a significant period of time.

Mr. Gord Johns: I have time for one last question.

Ms. Dutt sent an email, and two weeks before that email, CBSA was looking at helping to support their project and actually looking at assigning additional resources. She sends an email; the next day, her contract gets cut.

Do you not see that as a reprisal from the Government of Canada? The timing obviously looks like it is a reprisal. Is this common?

Mr. Michael Mills: Mr. Chair, I cannot comment on that. I have no knowledge about it.

The Chair: Okay.

Thanks, Mr. Johns.

We have Ms. Kusie, please.

Mrs. Stephanie Kusie: Thank you, Chair.

Ms. Chan, I'm looking at the email from Ritika Dutt on Friday, May 26, in which she states: "While work was done for the implementation of Botler's solution in the CBSA, we did not agree or

consent to be named on this TA or for the work to be implemented under this specific TA. Since our personal information has been used by Coradix to implement this Task Authorization, we are requesting that Coradix produce any documentation claiming to contain our consent to be named as resources in this TA. We also request documentation of alleged correspondence and feedback between Botler and Coradix during the implementation of this TA, including naming Patrick van Abbema as a resource based on "Botler's feedback".

I then look at your response, Ms. Chan, on Monday, June 5, 2023, in an email back to Ms. Dutt, which states, "In light of the facts presented to us, Canada has determined this matter is an issue between the three parties, yourself, the Contractor Dalian Enterprises and Coradix Technology Consulting in joint venture, and the third party GC Strategies. No further action is required on our part."

When you had that initial email from Ms. Dutt, whom did you consult with?

Ms. Anita Chan: Thank you for the question. I consulted with our legal adviser at Justice Canada.

Mrs. Stephanie Kusie: Okay. Did you consult with anyone else on your team? Did you consult with Ms. Durigan? Did you consult with Mr. Mills?

Ms. Anita Chan: Yes, absolutely.

Mrs. Stephanie Kusie: What was their recommendation at that time?

Ms. Anita Chan: It was to investigate the matter and bring it up to Dalian and Coradix.

Mrs. Stephanie Kusie: But who made the final decision that this wasn't the problem of CBSA, that you could resolve it yourself? Who made the final decision that you could simply say back to Botler, "We wash our hands of this. We consider the case closed from our part. You're going to have to work it out with the other individuals"? Who made that final decision?

Ms. Anita Chan: It was a collective decision.

Mrs. Stephanie Kusie: Who made the final decision? Ms. Chan, there must have been one person who said, "Do you know what? We're not going to deal with this. We're not going to get involved. This is the way it is in the Government of Canada. People get paid outlandish amounts. This is the way contracting is. We just sign the sections."

I was very fortunate to be with Global Affairs Canada for close to 15 years. I was a management consular officer there. I've been through procurement strategies. Certainly I'll admit that I haven't received the extent of training you have, but the outlines for what classifies as a sole proprietorship are very clear, and what it is when these conditions are not met when there is a contract you are drawing from with a preferred supplier.

It is astounding that these contracts were four times over the amount. The rules are very clear, very precise, but at the same time we have our own judgments as individuals and as teams as to where we go. This doesn't make sense. This is an outlandish amount. At some place, the buck has to stop. Somewhere, someone has to take responsibility.

Who made the final decision that it was not for you to decide, that your organization could wash their hands of it and you could just write that note to Ms. Dutt and say that Canada is not involved and they have to work it out with these other three shady companies?

• (1705)

Ms. Anita Chan: I will repeat myself that it was a collective decision that was based on the evidence we were provided by the contractors. It was also in consultation with a legal adviser. I came to that conclusion. I shared that conclusion with my supervisors—Ms. Mansour, Ms. Durigan. All three of us agreed. I executed it and I sent the email.

Mrs. Stephanie Kusie: Okay. You're taking personal responsibility for that.

I have some more news for the committee. In that June 5 email, it does say, "Canada has determined". Well, as outlined on the Government of Canada buyandsell.gc website, Canada is defined as "His Majesty the King in right of Canada as represented by"—wait for it—"the Minister of Public Works and Government Services", so Canada is someone. It is a minister, and they are ultimately responsible for what has happened here today, Mr. Chair.

Mr. Chair, with my remaining time, I would please just like to check in on the situation with Mr. Doan, who of course appeared before this committee previously. We had discussed, based upon the outcome of his initial appearance, that we would be interested in having a further conversation with him.

Where are we at, please, with his appearance?

The Chair: We have not set a date or sent a request or an invitation to him just yet.

Mrs. Stephanie Kusie: Will we be doing that?

The Chair: We'll send out an invitation, yes. For the other ones made the other day, I understand that we agreed there would be a summons for them, but for Mr. Doan it would be an invitation.

Mrs. Stephanie Kusie: Has he shown any reluctance to appear? If he has, I am ready to present a motion to summons him.

The Chair: We have not contacted him yet, but I worry about that, as we have seen a fair amount of reluctance for witnesses, period, to show up today. I'll be honest.

Mrs. Stephanie Kusie: I hope he's listening and he understands that he certainly can be summoned, as other individuals have been.

Thank you, Chair.

The Chair: It's over to Mr. Jowhari, please.

Mr. Majid Jowhari: Thank you, Mr. Chair.

Welcome to the committee. Right off the bat, did any of you three show any reluctance to come to this committee?

Ms. Angela Durigan: No, we did not.

Mr. Majid Jowhari: Thank you.

I'm going to follow up on the line of questioning my colleague MP Kusmierczyk started. I will start with Mr. Mills.

When the ArriveCAN requirement was submitted to PSPC, which is your department, were a number of firms identified, or did you guys go through the approved list you had? Did you run a...? What was the process?

Mr. Michael Mills: Thanks for the question.

My understanding is that with respect to the GC Strategies contract, CBSA approached the department and said they had a requirement to move quickly to build a technology solution to support their administration of the borders and to protect the health of Canadians from COVID-19. They had identified GC Strategies as a firm with the ability, the readiness and the capability to do it, and they had a sole-source justification for going forward with that firm.

Mr. Majid Jowhari: Okay. PSPC did not run any process, because it was identified as a sole source.

Mr. Michael Mills: This was April 2020. It was the eye of the storm of the pandemic and they needed to move urgently. They had identified this company and had a sole-source justification, which was in line with the emergency contracting authorities at the time.

Mr. Majid Jowhari: Out of the 10,000, let's say—and I'm hearing that number, so I'm referring to that—roughly how many of those contracts went through such a sole-source process?

Mr. Michael Mills: Mr. Chair, I'm sorry. I'm drawing a blank, but I believe on an annual basis, probably more than 80% are competitively awarded in terms of our contracts. We'd have to get back to you with the number.

Mr. Majid Jowhari: Please do.

I have another question, and anybody can answer it.

Does PSPC at any time look at the scope of the work or do you just say you understand what the ask is and go out and look for vendors? Do you look at the scope of the work and look at the type of resourcing needed?

• (1710)

Mr. Michael Mills: We look at the scope at a very high level, particularly with respect to these instruments, because we need to make sure that there are different streams within the TBIPS and we need to make sure that the scope of work aligns with the appropriate stream. Once contracts are bid and proposals and task authorizations are put forward, we make sure that the actual work is aligned with the stream that was initially awarded when we awarded the contract.

Mr. Majid Jowhari: The reason I'm asking and going down that path is that we've heard—now I'm talking about Botler AI—that in Botler's mind, it was doing a pilot and a proof of concept. In the mind of CBSA, it was doing a feasibility study. Those two are completely different things.

When your department was evaluating that contract, is it your understanding that the primary contractor deliverable was a pilot, or was it a proof of concept?

Mr. Michael Mills: Maybe I'll turn to my colleagues.

My understanding with that piece of work is that the key focus was the task authorization and whether it was aligned with Coradix's or Dalian's requirement to provide IT services.

Were the IT services on the task authorization aligned with the scope of IT services? I believe it was more of a study or a feasibility piece on the TA, as opposed to identifying Botler or identifying specifically piloting the implementation of AI technologies.

Mr. Majid Jowhari: You're saying it was a feasibility study rather than piloting.

Ms. Chan, can you add anything to that?

Ms. Anita Chan: I just want to mention that the original contracting authority that was responsible when that TA was issued was not us. What we have is on file. Basically for the scope of the contract, whenever we have a TA that comes to us for signing, we verify to make sure the scope of the TA aligns with the scope of the contract. This particular contract was for general informatics professional services in relation to feasibility and new technology aligning with CBSA's business and security systems.

AI was part of that—

The Chair: That's our time I'm afraid, Ms. Chan.

Go ahead, Mr. Brock, please.

Mr. Larry Brock: Thank you, Chair.

I have a couple of housekeeping matters.

To you, Mr. Mills, you referenced that a number of people within the PSPC received bonuses. Would you please table all the names of all employees at PSPC who received bonuses during the ArriveCAN creation implementation, during that period of time, please? Would you do that?

Mr. Michael Mills: Mr. Chair, I'll take that back to see what we can do in terms of presenting information about the compensation of public servants. I believe some of it's public, but I will take it back in terms of what—

Mr. Larry Brock: I'm specifically asking for the bonuses.

Mr. Michael Mills: The bonuses are part of the compensation package of public servants under our compensation arrangements. Yes, I'll take that back.

Mr. Larry Brock: You'll do that then, sir?

Mr. Michael Mills: I will endeavour to take it back. I'm not sure from a privacy perspective if I can make—

Mr. Larry Brock: They're public servants. There's no privacy issue here.

Would you further table the NDAs that should have been signed by the Botler company, the resources for TA 2021002043?

Mr. Michael Mills: Mr. Chair, I'll have to take that under advisement to see if we have them.

Mr. Larry Brock: All right. I'll take that for now.

Ms. Chan, going back to my line of questioning about all the consultations you had with the DOJ, during any of that period of time, did any memo, did any direction, did any telephone call or any email go to the actual minister, who at that point was Helena Jaczek? Did anything go to Minister Jaczek during that period of time?

Ms. Anita Chan: I do not have visibility on that, so not to my knowledge.

Mr. Larry Brock: My last line of questions can be answered by anybody.

The Globe and Mail on November 7 reported that on November 3 President Erin O'Gorman of the CBSA “asked PSPC, and they agreed, to temporarily suspend all CBSA contracts with GCStrategies, CORADIX Technology Consulting Ltd., and DALIAN Enterprises Inc.”

The suspension could last up to 180 days.

The article continued, “Although these allegations and investigations are not about ArriveCAN”, she said, “I recognize the ongoing audits and investigations may yield findings relevant to that procurement.”

All of Canada found out on October 4, 2023, through another Globe and Mail story that the RCMP was investigating GC Strategies as the sole-source contract with the CBSA and Botler based on the evidence heard regarding the offences of forgery and fraud that were under consideration, yet 20 days later, on October 24, PSPC invited GC Strategies to tender on a temporary help service request.

Why? You knew they were under RCMP investigation and you invited them to tender yet again. This is for—get this—computer support on a temporary basis. You were asking a two-person company that works out of their basement, that doesn't provide any service, that was under criminal investigation, to tender on this. Why?

• (1715)

Mr. Michael Mills: Mr. Chair, we currently have a number of supply arrangements and methods of supply to which GC Strategies is currently a member.

When a requirement comes in, under the rules, in some cases the contracting officer is required to go to every qualified supplier on those instruments and ask for a proposal.

In this case it would have been—

Mr. Larry Brock: That's regardless of whether or not they've received national attention for being under criminal investigation.

You knew full well they'd lied at committee. Mr. Firth has lied at committee. He'd committed the act of forgery and fraud with respect to changing résumés, yet your department thought it prudent to include him in a tendering process, knowing full well that he didn't have staff.

Why couldn't you simply reach out for temporary staff? Why couldn't you put in an advertisement on LinkedIn or an advertisement on the Internet asking for help? Why did you need a consultant to do your basic work? Why?

Mr. Michael Mills: Mr. Chair, these instruments have been put in competitively. Many firms have bid on these and have spent time to get on these arrangements. I'm not familiar with the full details, but I can imagine that a requirement came in for services under this instrument, and our procurement officers would have administered the instrument as per the rules.

As was mentioned before, GC Strategies is under investigation, but they are still members of these instruments.

The Chair: That's our time.

I understand that we're going to Mr. Powlowski, please.

Go ahead.

Mr. Marcus Powlowski: Mr. Johns brought up the fact that we're wasting a lot of Canadian taxpayers' dollars and that we have these cascades of contracts and subcontracts and subcontracts, and everybody takes a bit of a cut, and why don't we do something to address this?

Isn't what normally happens, what prevents this, the competitive process? If you have a lot of people taking a cut of the pie, you're not going to be able to provide or bid for a service at a reasonable price, so that keeps people in line and it keeps this kind of waste from occurring.

Is that normally not what happens? Was not the problem under COVID the fact that you had to get something out really quickly, so you couldn't go through that normal competitive process?

Mr. Michael Mills: As I tried to explain before, it's that these contracts are ultimately about IT professionals' doing work. Those IT professionals have very unique skills, very sought-after skills. In many cases, in the competitive process, these firms are very challenged to find available resources who will be able to come and do the work for the Government of Canada.

In those circumstances, there is a market rate for these sought-after resources that does place limits on what you can have for overhead. Ultimately, the fixed-rate per diem for the resource is competed, and those firms in turn have to offer compensation that is amenable to those scarce resources to attract them to make them want to come and do the work for the Government of Canada. In that environment, the competitive process does enter into and reduce the overhead and the profit in these industries.

• (1720)

Mr. Marcus Powlowski: You must have been involved in a lot of different procurement processes under COVID. I would have thought that there were a lot of single-source contracts awarded under COVID because of the time frames involved. Is there a concern that a lot of companies that we contracted with, because there was no competitive process because of the urgency, were allowed to charge inflated rates?

Mr. Michael Mills: Mr. Chair, it is true that in the early days of COVID there were not many suppliers for many commodities, so we did have to enter into sole-source contracts.

We do, as a course of action, have price verification when we do sole-source contracts.

Maybe I'll turn to Mr. Ozmutlu to explain the work that we do in sole-sourcing to validate pricing and to do price certification.

Mr. Levent Ozmutlu: For sole-source contracts, we seek price support to ensure that the prices that we're paying are in line with market rates. That could be looking for price certification from a vendor, essentially certifying that Canada is being provided the best price in line with other preferred customers. As well, we may ask for things like invoices and charges to other customers for similar quantity and quality of the goods and services.

Mr. Marcus Powlowski: Parm, do you want to go if we have any time left?

The Chair: You have a minute and a half, Mr. Bains.

Mr. Parm Bains: Yes, I have one question here, and this one is to Mr. Ozmutlu.

How could the contracting process be modified to provide the federal government with more oversight on subcontractors? What trade-offs would be required to achieve this outcome?

Mr. Levent Ozmutlu: I think that as a result of these proceedings and investigations, we will take stock of whatever findings there are to determine what improvements are possible. We may seek more visibility on subcontracts.

Currently we rely on the private sector to organize themselves in order to deliver the goods and services that are being sought. In fact, many of the private sector entities are appreciative of that approach. They want to be nimble and they want to make their own business arrangements in order to supply the goods and services, but if there's a requirement for more visibility in our contracts, we can certainly look at mechanisms to implement that.

The Chair: You have 15 seconds, Mr. Bains.

Mr. Parm Bains: Thank you for coming today and answering our questions.

The Chair: Thanks, Mr. Bains.

Mr. Genuis, you have five minutes. We'll then follow up with Mr. Sousa.

Mr. Garnett Genuis: Thank you, Mr. Chair.

To all the witnesses, was Minister Jaczek involved in any discussions? Did she receive any briefing notes or information or ask any questions regarding the ArriveCAN procurement?

Mr. Michael Mills: Mr. Chair, I am not recalling briefings that I participated in. I'm not aware of any that Minister Jaczek was involved in.

Mr. Garnett Genuis: She's the minister responsible for procurement and this was a relatively high-profile project, surely. Did she ask any questions? Would it have been normal to let the minister know what was going on?

I'm getting long pauses here. It's a little [*Inaudible—Editor*].

Mr. Michael Mills: Mr. Chair, at the time, when a lot of these early procurements were going on for ArriveCAN, the focus, certainly in the early days of the pandemic, was on acquiring PPE. It was about getting vaccines, tests and testing services, and—

Mr. Garnett Genuis: Sir, I know a filibuster when I see one.

Was Minister Jaczek informed? Did she receive any briefing notes, to your knowledge?

It's a pretty simple question. Either she was kept completely in the dark and didn't ask any questions, or she was aware it was going on. Which is it?

Mr. Michael Mills: I believe she would have seen some products, such as a number of the contracts that would have been done under COVID authorities, but the initial contracts—

Mr. Garnett Genuis: Does this include ArriveCAN or not?

Mr. Michael Mills: —that were put in place with GC Strategies predate Minister Jaczek.

Mr. Garnett Genuis: Mr. Mills, can you answer the question?

Did Minister Jaczek ask any questions, ask for information or receive any information? Would that have been normal or expected?

• (1725)

Mr. Michael Mills: Mr. Chair, to my knowledge, I was not asked to provide any briefing on ArriveCAN to Minister Jaczek. Whether someone else in the department did, such as the deputy minister, I would not be aware.

Mr. Garnett Genuis: You didn't see any briefing notes go up. You didn't get any questions from her or receive any information at all. [*Inaudible—Editor*] profoundly incurious about this relatively important project of the Government of Canada.

Does that seem surprising to you?

Mr. Michael Mills: I'm sorry. I just don't recall. I'd have to go back and look at my records.

Mr. Garnett Genuis: Okay. Could you reply to that question in writing to this committee?

Mr. Michael Mills: Yes.

Mr. Garnett Genuis: Thank you.

I want to confirm this again: Is it your department's job to ensure that taxpayers get value for money? Is that part of your mandate?

Mr. Michael Mills: Mr. Chair, it is.... Part of our mandate is to—

Mr. Garnett Genuis: Excellent. Excellent. Great.

When you look at the fact that \$54 million was spent on this app and, as I outlined earlier, that various comparable apps prepared under the previous Conservative government were done for much lower costs—generally under half a million dollars, or, in one case, going up to \$3 million—you see that we are talking about orders of magnitude more money.

Did you look at this contract and say, “This isn't value for money”, or did you look at it and say, “Yes, it sounds fine” and stamp it?

Mr. Michael Mills: Mr. Chair, as was provided to this committee before, there were 46 different contracts used to produce the work related to ArriveCAN—

Mr. Garnett Genuis: Again, Mr. Mills, I'm sorry. Can you answer the question here?

Mr. Michael Mills: —but it's not a single contract for \$54 million to build the app. It's—

Mr. Garnett Genuis: Again, can we answer the question? The \$54 million obviously sums up the work that was done on ArriveCAN. The question wasn't for a regurgitation of process.

You looked at the various contracts. Did you say, “Yes, that's value for money. It looks good”, or did you do what your job is supposed to be and ask questions about this not achieving value for money?

Mr. Michael Mills: At the beginning of the endeavour to build the ArriveCAN app, we were not aware that there would be 46 contracts leveraged to undertake all the work necessary—internally to adjust systems, and to design and deploy the app on many platforms. That analysis was not done at the beginning, because we were not aware and—

Mr. Garnett Genuis: We established at the beginning that the minister was incurious about this and unengaged with the process. At any point, did anyone in your department or in her office or she herself say, “Hey, we have a job to do, which is to achieve value for money, not just put a rubber stamp on everything”? Did anyone at any point say, “This is not achieving value for money, guys”?

Mr. Michael Mills: Mr. Chair, I cannot speak for everyone in our department in terms of who was analyzing the overall value for money.

Mr. Garnett Genuis: Did anyone at any point—

The Chair: Thank you. I'm afraid that is our time.

Mr. Sousa, please go ahead.

Mr. Charles Sousa: Thank you, Mr. Chair. I'm going to be sharing my time with my colleague Mr. Kuzmierczyk.

I have a couple of very quick questions.

Do you think Phoenix was good value for money?

Mr. Michael Mills: I'm sorry, Mr. Chair. I cannot—

Mr. Charles Sousa: That's okay. I don't think any of us do either. That was obviously a big piece that I think went through badly.

The Botler contract was a fixed-rate contract. Is that correct? I think it was at \$350,000 or something like that.

Do you know, Ms. Chan?

Ms. Anita Chan: Thank you for the question.

You're speaking about the task authorization, which is not a contract.

Mr. Charles Sousa: Yes. It was not a contract, but it was—

Ms. Anita Chan: It was part of—

Mr. Charles Sousa: Was the prime contractor rate fixed?

Ms. Anita Chan: The per diem rates were fixed.

Mr. Charles Sousa: Okay.

Mr. Mills, how many contracts are you dealing with annually?

Mr. Michael Mills: We do 10,000 contractual activities a year.

Mr. Charles Sousa: How many of those contracts is the minister aware of?

Mr. Michael Mills: It's in the tens. Probably less than a hundred would require ministerial approval.

Mr. Charles Sousa: The minister normally would not be part of the decision-making process. Is that correct?

Mr. Michael Mills: That is correct. In the case of ArriveCAN, of the 31 contracts that we put in place, I believe only three actually required executive approval. The rest were within the actual—

• (1730)

Mr. Charles Sousa: This is a service contract being provided by IT professionals who are not available to us in the bureaucracy and in the public service. I'm very interested and curious as to why members opposite now want to inflate the bureaucracy with many more people and put them on the payroll when they want small government.

When you look at a contract.... With construction, for example, you have building contractors and the trades and the sub-trades. You have a project manager and a construction manager. None of them are employed by government, but you do provide a contract basis to enable them to work. Everyone's making cuts in between, including those who are working union-paid jobs to provide those services.

Is this similar in this case?

Mr. Michael Mills: Mr. Chair, I would say it's very parallel, in the sense that these IT projects generally are to build a system or a tool and then leave it behind. It would be very similar to engaging an architect and an engineering firm to design a building and then engaging a prime contractor to actually build that building.

Mr. Charles Sousa: It's over to you.

Mr. Irek Kusmierczyk: I want to thank my colleague, MP Sousa, for his excellent line of questioning here.

Mr. Mills, the Botler AI contract is a series of six contracts for deliverables of about \$70,000 apiece. You mentioned that PSPC looks after about 10,000 contracts per year. Where does a contract of \$70,000 rank in the grand scheme of things, relative to the number of contracts that you see? Is that a big project or a small project?

Mr. Michael Mills: That would be a relatively small project for us. We have multi-billion-dollar contracts, so this would be a very small task authorization.

Mr. Irek Kusmierczyk: Okay.

Ms. Durigan, you said you've been working in the public sector for close to 30 years.

Ms. Angela Durigan: That's right.

Mr. Irek Kusmierczyk: Have you come across a situation of, for example, a company inflating their bona fides on a CV, as we've heard with Botler AI and with GC Strategies? Have you come across misconduct like that?

Ms. Angela Durigan: Thank you for your question.

As was already outlined, normally at the point of resource evaluation, if you will, that is a client responsibility. At the TA stage and even at the RFP stage, the client is responsible for the technical evaluation.

Mr. Irek Kusmierczyk: In your 30-plus years of experience, have you come across misconduct when you were reviewing contracts? If you did, do you feel you have the training and the support from the department to be able to flag it and address it?

Ms. Angela Durigan: I've never come across an instance like this case, an instance of allegations being made that inflation of experience or résumés was done. I personally have never had a situation.

Mr. Irek Kusmierczyk: What about any other misconduct?

The Chair: That is our time, Mr. Kusmierczyk.

Witnesses, thanks for being with us.

Mr. Mills, I just want to follow up on a couple of things. My colleague Mr. Brock asked a question regarding the bonus. I assume that you will just write back to us with an answer. I think I know the response, but you will respond to us.

With regard to the NDA, will you just provide it? You mentioned that you weren't sure that you had it. Would you just simply provide it to us if you have it?

Mr. Michael Mills: We'll provide what we have.

The Chair: That's perfect. Thanks very much.

Thanks to everyone for being with us today. If there's nothing else, we are adjourned.

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