



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 107

**PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT**

Wednesday, February 28, 2024

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Chair: Mr. Kelly McCauley



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Wednesday, February 28, 2024

• (1820)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** Thank you, everyone, for your patience.

We welcome Ms. Reza from PSPC.

I understand you have a five-minute opening statement. Please, go ahead.

**Ms. Arianne Reza (Deputy Minister, Department of Public Works and Government Services):** Thank you very much.

[Translation]

Before we begin, I would like to acknowledge that we are meeting on the unceded territory of the Anishinabe Algonquin nation.

As deputy minister of Public Services and Procurement Canada, PSPC, I am pleased to be here to discuss the Auditor General's report on the development of the ArriveCAN application, as well as the findings of the procurement ombudsman on the same topic.

I'm joined today by my colleagues: Dominic Laporte, assistant deputy minister, procurement branch; Catherine Poulin, assistant deputy minister, departmental oversight branch; and Ron Cormier, director general, business and technology solutions sector.

Public Services and Procurement Canada is the government's central purchasing agent, ensuring departments and agencies have the goods and services necessary to deliver on their various mandates.

In this role, among other things, my department establishes and administers central procurement tools, such as standing offers and supply arrangements. Client departments and agencies can then access these tools directly for their procurements.

In the case of ArriveCAN, PSPC provided procurement support to the Canada Border Services Agency to procure professional services that were used for many purposes, including to develop the application.

[English]

As this committee has heard, the procurement ombud found that certain practices related to the procurement of professional services were inconsistent with government policy and the government's commitment to fairness, openness and transparency. Eight recommendations from that report were addressed to PSPC. The Auditor General's report makes one recommendation that implicates PSPC, namely, that PSPC and the CBSA should ensure that tasks and de-

liverables are clearly defined in contracts and related task authorizations.

Mr. Chair, we are committed—and I need to underscore that word “committed”—to ensuring that the lessons learned from the reports of the ombud and of the Auditor General are turned into concrete actions to make certain that the deficiencies uncovered do not occur again. We have taken many steps. We have already introduced several new control measures that begin to address these recommendations.

In November 2023, PSPC temporarily suspended all delegated authorities to the departments and agencies, including those of CBSA, to authorize professional services-based task authorizations. Later in December, PSPC provided direction to its procurement officers to ensure that task authorizations include a focus on clear tasks and deliverables. Now, federal departments must formally agree to a set of terms and conditions to obtain access to select professional services methods of supply.

Key changes also include the use of new contract provisions to increase costing and subcontractor transparency and to provide important clarifications on the roles of departments when using these instruments. The intent is to improve consistency in practices. Our department is also updating its guidance to aid other departments in procuring effectively and responsibly when using PSPC procurement instruments under their own authority.

[Translation]

We recognize that there is a real and immediate need to strengthen specific areas of our procurement processes related to professional services.

We will continue to build upon the actions I've outlined today, to improve the Government of Canada's procurement process and practices.

[English]

Thank you, Mr. Chair.

**The Chair:** Thank you very much.

I appreciate your coming back to OGGO once again.

We'll start with Mrs. Block for six minutes, please.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you very much, Mr. Chair.

Thank you to our witnesses for joining us today. We do look forward to being able to put some questions to you and to getting some answers.

Today, we learned from the media that your department withheld information from the minister on the overspending of ArriveCAN. My questions are being directed to Ms. Reza. It would appear that you did not brief the minister on ArriveCAN or on the scandal surrounding ArriveCAN.

Why was this left out of his briefing document?

● (1825)

**Ms. Arianne Reza:** Thank you very much for the question.

I believe that in July 2023, when the briefing material was put together, there was an extensive list of immediate topics that were coming forward, including some defence procurement, some health and safety around bridges and the McKinsey reports. There were many different pieces ongoing.

At that time, the AG and the OPO were starting to do their review, and it was in flight. It was considered perhaps in the first tranche and not the immediate. It became much more hot, once again, as the months progressed, and the minister was briefed accordingly.

**Mrs. Kelly Block:** You left out a pretty pertinent issue that I believe any one of us as parliamentarians, were we in the minister's shoes, would have wanted to hear about.

When did the minister ask for a briefing on ArriveCAN? Just give the date.

**Ms. Arianne Reza:** We'll have to come back with a precise date. Over the fall of 2023, with the allegations of Botler, the various elements of the spending around ArriveCAN and the audits that were being done by the AG and the procurement ombudsman, more information was made available and more briefings were scheduled to his minister's office as well.

**Mrs. Kelly Block:** When did you inform the minister of the cost overruns of ArriveCAN?

**Ms. Arianne Reza:** Thank you for the question.

We'll have to come back with a precise breakdown of timing. Again, the cost overruns and the budget of ArriveCAN are the CBSA's purview. We really looked at providing the background on the procurement vehicles that PSPC put in place for CBSA.

**Mrs. Kelly Block:** While you've said that this fell under CBSA's purview, you provide oversight to every single department across government for procurement.

I find it really hard to believe that in July of 2023, when the \$60 million cost of the app was already baked in, so to speak, you didn't think to bring this up to the minister. You can't even provide us with the date when he first asked for the briefing or when you advised him of this issue, knowing that you were coming to committee today and that we were going to be asking about ArriveCAN.

It's incredible to me that you didn't come prepared with more information about ArriveCAN and the involvement of your department, given what we heard from the Auditor General and the procurement ombudsman about the oversight that your department provides.

When did you brief the minister about GC Strategies? Again, we're talking about the two-person IT company that did no actual work on IT and got paid \$20 million for ArriveCAN. Was he briefed on that?

**Ms. Arianne Reza:** Thank you very much for the question.

As the fall moved into November and December, and as more and more allegations were coming to fruition, in terms of getting ready to come to OGGO, briefings under...took place in terms of GC Strategies and ArriveCAN with the minister.

**Mrs. Kelly Block:** Can you just repeat that last part?

**Ms. Arianne Reza:** Sure. In preparation of our committee appearance—I believe it was in November—ahead of that, discussions were taking place, as I noted earlier, in terms of ArriveCAN and briefing the minister's office in terms of GC Strategies on the contractual elements.

**Mrs. Kelly Block:** To be really clear, in July 2023, the minister is appointed. The price tag of \$60 million is pretty much already baked in. We knew it was at least \$54 million. We knew about GC Strategies because that had already been in the news. They had already been paid \$9 million on ArriveCAN at that point.

The minister didn't ask for a briefing and you didn't provide one until November...?

● (1830)

**Ms. Arianne Reza:** Again, the minister arrived in July. Many different materials were provided, including on procurement, on defence procurement, on McKinsey and on many different topics that were in decision-making time from the fall—September, October and November.

From the time that the minister appeared in front of OGGO to discuss it, briefings were taking place in terms of GC Strategies; our contracting vehicles; PSPC's involvements, roles and responsibilities with his office; and then, more frequently with the minister.

**Mrs. Kelly Block:** As the deputy minister, did you have a role in what went into the briefing binder for the new minister?

**Ms. Arianne Reza:** I wasn't a deputy minister at the time.

**The Chair:** That is your time.

We'll go to Mr. Jowhari, please.

Go ahead, sir.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Mr. Chair. I'll be sharing my time with MP Atwin.

Ms. Reza, in your opening statement you said that PSPC provided procurement support to the Canada Border Services Agency to procure professional services that were used for many purposes, including the development of the application.

Can you very quickly tell me what type of support your department provided?

**Ms. Arianne Reza:** Thank you very much for the question.

Very quickly, in the early days of the pandemic, in April and June 2020, the CBSA approached PSPC for assistance in terms of having IT specialist staff augmentation in-house to help them keep the border open across a variety of business lines. They noted low-value shipments, applications for travellers and, I think, cargo.

**Mr. Majid Jowhari:** Okay—

**Ms. Arianne Reza:** The first few contracts and the first approach were for staff augmentation.

**Mr. Majid Jowhari:** Very good. They were for staff augmentation.

It looks like that staff augmentation happened through GC Strategies. We all know by now it is a two-man shop, and it did not do any work.

However, my question for you is why the procurement processes are so cumbersome that we cannot have a process in place whereby the actual resources that will be doing the job, whose who were contracted by GC Strategies to come and do the job.... Why couldn't we reach out to them or they couldn't reach out to us to be able to do this job?

**Ms. Arianne Reza:** Thank you very much for the question.

Traditionally, staff augmentation works in a similar manner, whereby you bring in a temp agency and it takes on the burden of finding the resources. Given what we've seen in the various.... There are many shops that do this across the system, so there are about 635 IT firms that provide staff augmentation services. It is a competitive field. It is pre-qualified, and it is a tool that is constantly refreshed.

We're looking at other ways of doing that whereby we can have more direct access to resources, but in terms of efficiency and capacity, this has been the traditional method.

**Mr. Majid Jowhari:** Yes, but can it be as simple as PSPC starting up a very comprehensive database of all IT resources, qualifying them and having them ready at its fingertips, so that it can do the same job as the two-man shop that charged 15% to 30%?

What is stopping PSPC from being able to do that?

**Ms. Arianne Reza:** Thank you very much for the question.

I think this is something we can look at and take on to see whether or not we can fill this need, and whether there would be value for the client departments.

**Mr. Majid Jowhari:** The rest of my time goes to Mrs. Atwin.

**Mrs. Jenica Atwin (Fredericton, Lib.):** Thank you, Mr. Jowhari.

Thank you to our witnesses for being with us today.

I hope you're feeling better, Ms. Reza.

I'm going to focus a bit on some of the documentation issues that have really come to light.

Among the common themes between the reports from the Auditor General and the procurement ombud is that lack of documentation. There's no written justification for many decisions and a lack of specifics in task authorizations.

Considering that the Auditor General referred to this as some of the worst bookkeeping she'd ever seen, what is PSPC, as the contracting authority, doing to ensure that documentation is appropriately managed?

**Ms. Arianne Reza:** We're doing several things. We have, of course, been looking over our own documentation practices and our record-keeping, because this is a very difficult situation. Procurement officers are very well trained. They do an excellent job. This was in a particular time and place when they didn't have access to their normal workstations with their computers, their files and the supply manual.

What we have under way now is an e-procurement system that will shift what is normally a very paper-based approach to procurement into an electronic repository. We're hoping this will provide an evidentiary trail. Even more so, PSPC is taking measures within its own procurement shop to be able to have a senior executive responsible for looking at procurement documentation and ensuring that there are training and tools available to the officers to make sure they're well trained.

• (1835)

**Mrs. Jenica Atwin:** Thank you.

Of course, another big concern is addressing cost overruns and the price tags. You mentioned some of the steps you've taken since November to address some of these issues. Can you elaborate more specifically on how this is going to address costs?

Starting with the fact that you've taken away the delegated authority for task authorizations from all departments and agencies, with new rules, agreements and training put into place, can you elaborate on that specifically and what it would mean with these new agreements now in place?

**Ms. Arianne Reza:** Thank you very much for the question.

Hopefully, it's really going to provide, from a procurement perspective, one of the key things we heard from the procurement ombudsman and the Auditor General, which was the quality of the documentation around the task authorization. We're hoping this will bring a lot more hygiene within the system to be clear on what is being requested and called up, as well as why there is a need.

That will hopefully provide more visibility in terms of accounting for various resources and services, and really, fundamentally, provide more support to the client departments, whose responsibility it is to account for the budgets and who have the authority to spend the money.

**The Chair:** You have 10 seconds left.

**Mrs. Jenica Atwin:** Thank you.

That's good for me.

**The Chair:** Mrs. Vignola, go ahead please.

[*Translation*]

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

I would like to give notice of the following motion. I'll read it very slowly.

That, given that:

- (i) the Auditor General has found that the ArriveCAN application has cost taxpayers at least \$60 million and that the Canada Border Services Agency's management of public funds with respect to the ArriveCAN application has been disastrous;
- (ii) the Canada Border Services Agency is currently working on implementing an official, digital system of record to apply international trade policies for commercial duties and taxes for importers and trade chain partners, known as the CBSA Assessment and Revenue Management (CARM), and that this new system will come into effect for everyone on May 13, 2024, despite a short trial period and limited testing;
- (iii) the government procurement website canadabuy.ca states that contracts awarded to Deloitte for the development of the CARM project have a minimum value of several hundred million dollars;

Pursuant to Standing Order 108(3)(c), the committee

- A. orders the Canada Border Services Agency to produce, in both official languages, unredacted copies of:
  - a) all signed contracts relating to the development and implementation of the CARM project since the beginning of 2018;
  - b) all CBSA communications relating to the 2018 Deloitte technical specifications;
  - c) all CBSA communications relating to CARM Release 2 testing since October 2023; provided the documents are submitted to the committee clerk no later than 15 days following the adoption of this motion; and
- B. once the documents have been received by the committee that it invite the President of the Canada Border Services Agency to testify at a 2-hour meeting to answer the committee's questions about the contract for the development and implementation of the CARM.

As I said, I am simply giving notice of this motion, which has to do with the Canada Border Services Agency. This is another appli-

cation that seems to be related to overspending and uncontrolled spending.

• (1840)

[*English*]

**The Chair:** Thank you.

Are you reading it into the record for future tabling?

[*Translation*]

**Mrs. Julie Vignola:** Yes.

[*English*]

**The Chair:** Wonderful.

You're at three minutes and 40 seconds, so you have two and a half minutes left.

[*Translation*]

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

Ms. Reza, we have learned in recent weeks that, despite the Canada Border Services Agency clearly and specifically asking questions about the ArriveCAN expenditures, tasks and contracts, the agency did whatever it wanted.

Does Public Services and Procurement Canada have ways to tighten the screws a little more and to force a department that awards contracts to actually follow the rules and policies surrounding the awarding of contracts?

**Ms. Arianne Reza:** Thank you very much for your question.

It's something we think about a lot because at the moment we are forced to take on a shared role.

As we heard earlier, Public Services and Procurement Canada, or PSPC, is responsible for the procurement process. However, if one of its client departments wants to use its own budget and justify awarding its own contracts, we have to find a balance.

In the case you brought to our attention, where there was a challenge, I want to add that the CBSA accepted a lot of our advice. They started by asking for a three-year contract. We said no because of the pandemic. We told the agency that it would be more reasonable to award a contract for three, four, five months or a year. We have negotiated with the agency a reduction in the per diem rate. In the end, it decided that it needed this tool.

As you just proposed, perhaps the Treasury Board and PSPC should be more involved in the final decision.

[*English*]

**The Chair:** That is our time.

[*Translation*]

**Mrs. Julie Vignola:** I think that would be a good idea.

[English]

**The Chair:** Mr. Bachrach, go ahead please, sir.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair.

Ms. Reza, a July 2023 article in The Globe and Mail included a text message from you regarding the November 2022 appearance of the CBSA at this committee. I wasn't on the committee at the time, but they've published this text that you sent after that committee appearance. It said, "Alright. CBSA took a lot of questions. Members pushed a bit on GC Strategies but did not gain much ground. The bad news is that they ended by passing a resolution asking for OPO to investigate ArriveCan contracting".

Why was that bad news, given your government's commitment to transparency and given the fact that, in your opening statement, you said you welcomed the OPO's recommendations? I'm just unclear why it's bad news that this committee moved to ask for an investigation of the ArriveCAN contracting.

**Ms. Arianne Reza:** I have to say that I have often regretted my words. I'll say frankly, at heart, I'm an administrator. We had just been through the AG report for McKinsey, the OPO report for McKinsey, and every time there's a new request we have to pivot resources to support it. We have to make sure we have translation capacity to submit it to the House bilingually. We have to make sure we have ATIP people on standby.

I responded in the heat of the moment in terms of the workload as an administrator to make sure that we had the resources to support it. As the months progressed, the value is now much more evident, and again, it was really written from the fact that I was thinking about it as an administrative burden in the heat of the many other audits that were under way.

**Mr. Taylor Bachrach:** Fair enough. I guess I read something else into it. It sounds like you don't want the committee to get to the bottom of what happened, but I'll move on to the next question.

In your opening statement, you talked a little bit about the findings of the procurement ombudsperson, who found that certain practices related to the procurement of professional services were "inconsistent with government policy]" and "threatened" the government's commitment to fairness, openness and transparency."

You've accepted these findings from the OPO. Does that not indicate that your department failed to respect government policy? They were "inconsistent with government policy", and the department that was responsible was your department. Did the department fail to uphold government policy?

• (1845)

**Ms. Arianne Reza:** I think that when we looked at the OPO report, the procurement ombudsman's report, we agreed with the recommendations. In fact, when I looked at that statement in my opening remarks, I thought often about the poor consideration we gave of best value.

It's a little bit of a shared responsibility in procurement. You ask if it's 100% on one or the other. Both essential organizations—PSPC and the client department of CBSA—have shared some of the burden of this.

**Mr. Taylor Bachrach:** You spoke to accepting the recommendations. This is a finding, I believe, not a recommendation. Do you also accept the findings of the ombudsperson?

**Ms. Arianne Reza:** Absolutely. The findings are around the—

**Mr. Taylor Bachrach:** One of the findings is that the department's actions were inconsistent with government policy, and to me that seems like a fairly serious thing.

What I'm trying to get at is accountability. In your view, what accountability does the department have for not upholding the government's policy around their commitment to fairness, openness and transparency?

**Ms. Arianne Reza:** PSPC is accountable for the procurement process when it is the contracting authority, so we are accountable—

**Mr. Taylor Bachrach:** PSPC is not an amorphous entity. There are people in positions with responsibilities. Which people are accountable for the fact that PSPC did not uphold government policy?

**Ms. Arianne Reza:** I think it is across the contracting authority. It's hard to put it on one person. Is it the procurement officer? Is it working in...? There is a line of accountability, and we are looking at making sure that the practices around it become more consistent.

I see that you're frowning, but the procurement ombudsman's report focused on several things like inconsistent documentation, so we're taking accountability for that. As for the use of the price bands, which were designed to try to create a fair, open transparent procurement process for SMEs, we're taking accountability to see how we can change them.

The two other key recommendations that we feel are about accountability are around this issue of swapping out resources as well as the prescriptive procurement that was associated with GC Strategies in the competitive process.

**Mr. Taylor Bachrach:** To me, Ms. Reza, these seem like fairly egregious oversights, and my question was really about individual accountability.

Accountability, to me, means that, when government policy is so egregiously ignored, there should be individual accountability. It's not "we all share a piece of the puzzle, and everyone is to blame a little bit, but no one in particular". These are hierarchical organizations. That's why there are titles like assistant and associate and deputy and minister.

Where does the buck stop?

**The Chair:** Could we have a brief answer, please?

**Ms. Arianne Reza:** It is a construct of delegated authority—

**Mr. Taylor Bachrach:** The bucks didn't stop. They just kept going out.

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

Perhaps, Ms. Reza, you can get back to us in writing for Mr. Bachrach's question.

Mrs. Kusie, you have five minutes.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much, Mr. Chair.

First of all, Ms. Reza, my team just wants to verify that you're in the room by yourself. There was some concern around the table.

Okay. Thank you very much for verifying that.

I want to go back to this story in the press today, which is just absolutely breathtaking, that the ArriveCAN file was absent from the list of delicate files submitted to the minister. There were 10 files. It's astounding to me that, out of 10 files, ArriveCAN was not in that top 10.

What was in that was the national shipbuilding strategy, F-35 fighter jets, CP-140 Auroras, 16 P-8A Poseidons and the dental care program, yet somehow ArriveCAN, an issue that had been relevant for 10 months prior to the arrival of the minister, was excluded from this.

I understand, Ms. Reza, that you did not arrive in your position until November 2, 2023, as per your bio on the Internet, but previous to that you were, of course, the associate deputy minister. Did you not have a hand in preparing that briefing book? Certainly I think that, as the associate deputy minister...

May I ask who your predecessor was, please?

• (1850)

**Ms. Arianne Reza:** It was Paul Thompson.

**Mrs. Stephanie Kusie:** Did Mr. Thompson not work in tandem with you, or did you not work in tandem with Mr. Thompson to prepare this briefing binder, which left out this all-important issue?

**Ms. Arianne Reza:** Just to confirm, I am alone because I am sick at home.

In terms of my participation, I certainly participated in creating the briefing material. I was on vacation at the time. However, again I want to emphasize that this was to onboard Minister Duclos in a very large portfolio with very many different possibilities of files coming up in immediacy.

There was no intent not to bring that on in terms of ArriveCAN as immediate. It was under review by the Auditor General at the time.

**Mrs. Stephanie Kusie:** Yes, and for all of these reasons, it's still shocking to me that this was not included in a binder.

I had the very good fortune of being a public servant for close to 15 years. One of those years was in a ministerial office, and I can't fathom leaving out something that was an issue so big that it could potentially bring down the government, I would even dare say. I can't fathom that it would be excluded from such a binder.

When Minister Duclos arrived, did he ask any questions about ArriveCAN? Certainly he must have been interested in an immediate brief on such an important issue, an issue that has seized the Canadian press in recent months. Did he ask for an update on this, noting its absence from the briefing book of 10 issues?

**Ms. Arianne Reza:** Thank you very much for your question.

As I noted, over the course of the fall, the Botler allegations came out, the AG report and preparation for the OGGO committee. As we saw more on GC Strategies, more briefings occurred with the minister's office and with the minister.

**Mrs. Stephanie Kusie:** Can you expand, then, upon your conversations? Did he ever raise concern about this then \$54-million app, which we know now is a minimum of \$60 million, probably even more, because the documentation wasn't corrected? Did he ask for more specifics about it? Did he raise any concern about a two-person IT company? Did he ask for a full inventory of this two-person IT company? Can you recall anything he asked for specifically relative to this, since it was absent from the briefing book?

**Ms. Arianne Reza:** Thank you very much for your question.



As I've noted, when we came even in November or December to OGGO with the minister and we had a conversation about ArriveCAN, he had been briefed. He had shown an interest in understanding. He was very concerned about the probity of the contracting and the contracting authorities and the spend at GC Strategies, and what the department was doing in terms of lessons learned.

**Mrs. Stephanie Kusie:** Now, I certainly hope Minister Jaczek would have done a good job of briefing him relative to this briefing book. Certainly, as an incoming minister, I would have the expectation of my colleague providing me a briefing on the most important issue in procurement at the time.

Was it ever suggested to the minister to talk to cabinet colleagues or the Minister of Public Safety about what was going on with ArriveCAN, or anything like that?

**Ms. Arianne Reza:** Thank you very much.

I will have to defer to the minister on those discussions. We spent a lot of time, in PSPC, talking to the Public Health Agency and to CBSA to better understand the contracts.

**Mrs. Stephanie Kusie:** Did the minister ever brief the Prime Minister on ArriveCAN? After its being excluded from the briefing book, hopefully he recognized the importance of the issue, received some briefing somewhere, somehow, and then talked to the Prime Minister about it. Did this ever happen?

**Ms. Arianne Reza:** I have not spoken to the Prime Minister about this.

**Mrs. Stephanie Kusie:** Did the minister speak to the Prime Minister about ArriveCAN—

**Ms. Arianne Reza:** I'm sorry, but I don't—

**Mrs. Stephanie Kusie:** —as his issue, wanting to inform the Prime Minister of what is possibly the most important issue since the 2021 election?

**The Chair:** That is our time.

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

**The Chair:** We have Mr. Bains, please.

• (1855)

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair.

Thank you to our departmental witnesses from Public Works and Government Services for joining us.

I want to go back to the Auditor General's report.

I asked questions to the Auditor General. Who were the officials that needed to be reported to? Where does the information go? How far does it go? Are officials involved? She alluded to the fact that it goes up to the deputy. Being a deputy minister here, you're getting all this information.

At the same time, the Auditor General indicated there were several documents missing. Is there not a responsibility to identify the fact that there are missing documents? Again, my colleague across the way is framing similar questions. I wanted to know about... You said you're an administrator. As an administrator, you would be really keen on following the processes that are in place.

Are our administrators here failing to follow the processes, or are the processes not clear in this specific situation? Let's talk about this with ArriveCAN.

**Ms. Arianne Reza:** In procurement, we strive very hard on the processes, to follow them and to make sure they're replicable so we can ensure consistency. One of those goals is to minimize and prevent irregularities. Process cannot eliminate misconduct altogether. We can rely on it. We can make sure that it's clear and transparent and that there are guidelines and a framework around how to follow it, because the desire is that the outcome of following the process is open, fair and transparent.

We've spoken a lot about missing documentation. I came to OGGO in the November or December timeline, and I said very clearly that I authorized two of the contracts to GC Strategies. There's documentation to support it. The AG herself referred to the challenge function we did at that time.

Again, it's making sure we have the documentation on file to be able to demonstrate we follow and enforce the rules and guidelines that are put in place by the system around procurement.

**Mr. Parm Bains:** Now I'm looking back. When did you notice that these processes weren't...? Where are the missing documents? Where were the processes not followed? Who didn't follow them?

If we listen to what the Auditor General said, each department is responsible for its own contracts. We can't have the Auditor General, of course, verifying if every department has done their work. I have been in this committee, the mighty OGGO, which the chair likes to say, for only a short time. We've done a number of different studies. We've looked at things like the Governor General's trip. I'm sure that the Governor General would be happy with a club sandwich and maybe an apple juice, but we had beef Wellington served.

Which administrators are making these decisions? That's what I'm trying to get to. These processes, are they in place? Are they being followed? How deep do we have to look at these processes? What other measures can we put in place to make sure that our administrators are following them?

**Ms. Arianne Reza:** I would say that it's a shared responsibility. Procurement has many steps to it: solicitation processes, procurement processes, evaluation, negotiation, contract approval and contract administration. Many of those responsibilities fall with the client departments who have a budget, a need and a priority to do something. They will, depending on the dollar value, come to PSPC for assistance with that procurement process. We provide guidance and, to a certain extent, where possible, oversight to ensure that it's fair, open and transparent.

It is through the many different delegated levels of authority, the many different contract authorities and the client responsibilities of managers signing off on the goods that they have received that you are able to start to see the whole landscape of that shared accountability.

**Mr. Parm Bains:** What are you or someone else in PSPC signing off on? What information is included?

**Ms. Arianne Reza:** I can give you an example of what I authorized for two contracts that are related to—

**The Chair:** I'm sorry; let me just interrupt.

You have only about 20 seconds. You can be brief or perhaps offer it in writing.

Please go ahead.

**Ms. Arianne Reza:** I can be very brief.

There's a contract authority form. For example, I authorized the contract to GC Strategies as and when needed for CBSA to have IT staff augmentation. They verified that the rates were competitive. It was pulled from a pre-qualified instrument. They were a vendor in good standing at that time.

- (1900)

**The Chair:** Thanks, Mr. Bains.

Mrs. Vignola, please, you have two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Ms. Reza, when warnings were given to CBSA in 2021, who was the minister of PSPC?

I just want a reminder.

**Ms. Arianne Reza:** Which fiscal year are you talking about?

**Mrs. Julie Vignola:** I'm talking about the period from 2019 to 2021.

**Ms. Arianne Reza:** During that time, I believe it was Anita Anand and Filomena Tassi.

**Mrs. Julie Vignola:** Were Minister Anand and Minister Tassi made aware of the cost overruns and warnings that PSPC had given to the CBSA about ArriveCAN?

**Ms. Arianne Reza:** No, but I would like to explain something very important that I have never had the opportunity to talk about.

At that time, in 2020 and 2021, there were no contracts for the ArriveCAN application.

Some contracts were awarded to enable the Canada Border Services Agency to obtain information technology services in all its priority sectors.

It would have been very difficult to talk about ArriveCAN contracts before announcing that the application was being developed.

**Mrs. Julie Vignola:** In short, the Canada Border Services Agency had access to information technology funds and could use them as it saw fit.

Is it possible, then, that ArriveCAN cost more because it is difficult to distinguish, among the amounts spent on information technology services, which ones were really used to develop ArriveCAN and which ones were used to buy computer equipment or update systems?

Did I understand the comment you just made correctly?

**Ms. Arianne Reza:** I think the nuance is obvious.

We started helping the Canada Border Services Agency during the pandemic. In April 2020, it told us that it needed additional internal resources to create the necessary technology to ensure that the services offered in its priority sectors were safe. The services covered included commercial cargo processing, the customs mail centre and those provided by border officers.

The first contracts that were awarded did not mention ArriveCAN.

As you may have noticed, the Auditor General of Canada said the same thing. She was unable to determine how much of the money spent on technology services was used for what purpose.

[*English*]

**The Chair:** Thank you, Ms. Reza. That's past your time.

Mr. Bachrach.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Ms. Reza, PSPC was initially opposed to the CBSA's use of a non-competitive contract for ArriveCAN. What happened after you provided that advice to them?

**Ms. Arianne Reza:** I actually think the Auditor General at PACP yesterday.... The deputy auditor general suggested that it would be helpful to share the email trail to be able to demonstrate.

Let's just walk through what it looked like. The CBSA approached the procurement authority and asked to have a sole-source contract or a non-competitive contract that was multi-year. The officer pushed back and said that it would not be within the frame of an emergency, the pandemic, so that was reduced to one year and the cost was substantially reduced.

The second thing was that the per diems were renegotiated downwards to be able to be more competitive and in line with what we saw in that category.

The third thing was that there was a pretty thorough challenge on the sole-source justification the CBSA provided, indicating that it had a compelling need for this. When the CBSA came back, we asked it to demonstrate the compelling need. We also shared it with our legal counsel to ensure that it really met that threshold.

In the end, it's their decision and their compelling argument was to keep the border open.

• (1905)

**Mr. Taylor Bachrach:** The ombudsman noted in his report that there was a gap in emails between the CBSA and PSPC. What happened to those emails? Why is there a gap?

**Ms. Arianne Reza:** I am unsure if that gap is related to this sole-source contract. I think it is related to another contract later on in 2021, if I read his report correctly. That being said, I've also asked for follow-up.

I would bring to the committee's attention that during April, May, June and onwards in 2020, all PSPC and government employees were working from home. We didn't actually have a VPN. We didn't have the network. There were rolling blackouts, so people didn't actually have access to their emails. We had to come on at certain times. I've wondered if that was part of the issue.

I've also wondered whether there are actual hard-copy files. In normal circumstances, there would be paper documentation in a file cabinet somewhere at PSPC, so we're looking at a different...and going back for it to see if we can find more of that information trail. We are doing that work as we speak.

**Mr. Taylor Bachrach:** Can I assume that those will be provided to the committee when they're located?

I can't imagine that they don't exist somewhere. Regardless of the situation, these things are out there somewhere. Could you table them with the committee when they're located?

**Ms. Arianne Reza:** We will table what we have now, because we think this will also be relevant in terms of seeing what the contract-approval documentation looks like, as well as the back-and-forth between the departments to have a sense of the roles and responsibilities. We will continue to add more as we go.

**Mr. Taylor Bachrach:** Thank you.

**The Chair:** That's wonderful. Thank you very much.

Now we have Mr. Genuis and then Mr. Sousa.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you very much, Mr. Chair.

I am fundamentally perplexed about the role that your department is supposed to be playing. If the decisions are ultimately made by the department—in this case, the CBSA—and if you provide a recommendation to not proceed with a procurement but the department does it anyway... If you are a minister, the minister who's supposed to be responsible for all this, and you are not being briefed on a core file...

I guess I'm just trying to understand what you do. What value are you adding, as a department, to the Government of Canada?

**Ms. Arianne Reza:** Thank you very much for the question.

Again, I'm going to go back to the fact that we focus on the procurement process. The client department has the responsibility to provide the value, to be able to judge whether or not they got value for money for the procurement. In this case, we heard from the AG very clearly that it was not something doable.

PSPC's remit is to ensure best value in the procurement process and to ensure that the tools are the right tools for the procurement that is being tendered. In this case, as you can see, it was not well able to provide that condition for best value, and we have to temper it by the pandemic and the various elements that were going on there.

**Mr. Garnett Genuis:** Thank you, ma'am.

I understood you to say that you're focused on the procurement process. Of course, there are academics and Ph.D. students who focus on the procurement process as well, insofar as they study how it works. Your job as a government department, I think, is not only to focus on the procurement process but also to exercise some power or impact over that process—that is, to actually shape decisions.

If you're not doing that, if things can go so far awry and you're not exercising power over those decisions, and you're not briefing the minister who is supposed to be responsible, then I guess I'll ask the question again. What value are you adding to the process? You're focusing on it, but what are you doing?

**Ms. Arianne Reza:** We're focusing on it to try to manage and mitigate risk, to ensure best value for Canadians, to drive down the cost to procurement and to seek efficiencies. There are shared responsibilities. If you come as a department and say, "We want to procure X or Y", we provide that overview of how best to procure that in a way that is efficient for Canadians.

• (1910)

**Mr. Garnett Genuis:** In the case of ArriveCAN, your recommendation was not followed, and you're not able to tell us who was responsible, either on your side or in the case of the other department. If, theoretically, you're supposed to exercise some shared responsibility, you didn't in this case. Is that right?

**Ms. Arianne Reza:** Thank you very much for the question.

The authority to enter into a contract for the Government of Canada rests with the contracting authority. In this case, it was PSPC. We actually have the documentation of who provided the authority to enter the contract and who signed the contracts. What has been very difficult is understanding the sole-source choice of GC Strategies and the compelling sole-source justification provided by CBSA. There is material on file and, again, it is a shared responsibility.

**Mr. Garnett Genuis:** However, they are the ones who made the decision. You're saying you don't know how or why they made the decision. Would you acknowledge, at least in this case, that your department did nothing or added no value? What's the minister supposed to be doing in the process?

**Ms. Arianne Reza:** Thank you very much.

I will not acknowledge that. I will describe, once again, what we've done. We ensured that the firm they chose was a firm that was eligible and that had been pre-qualified on a competitive tool that has evaluation criteria that is published. We ensured that the price—

**Mr. Garnett Genuis:** If GC Strategies could have been on that pre-qualified list, we clearly have a broken system. You ensured narrow compliance with their being on a list. You identified that they shouldn't be given the contract, and they were given the contract anyway. How many people work at the department, and what would you say to taxpayers who just don't understand the point of all this?

**The Chair:** Give a brief answer, please.

**Ms. Arianne Reza:** I would say that PSPC, during the pandemic, did \$20 billion of procurement on behalf of Canadians for PPE, for medical equipment and for procurement of vaccines. It kept many different departments up and running. We've had several clean audits from the Auditor General, and the value that was provided was on the procurement process.

**The Chair:** Thanks very much.

Next is Mr. Sousa, please, to wrap up today.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you very much, deputy, for being here, and to the assistant deputy ministers.

I'm sorry we haven't had a chance to really talk, but in this case, if time permits, we may.

Deputy, just to be clear, GC Strategies, at the time of the pandemic, was on a pre-approved list, meaning that they had already proven themselves in past occasions as an authorized supplier. Is that correct?

**Ms. Arianne Reza:** That is correct, and they were in good standing at the time.

**Mr. Charles Sousa:** Did the previous government...? I believe Pierre Poilievre also authorized GC Strategies in previous contracts. Is that correct...or the principals of GC Strategies?

**Ms. Arianne Reza:** Their existence predates 2015.

**Mr. Charles Sousa:** Then it was there prior, and they were on a list as a consequence at that period of time.

Can you explain to me how many contracts the government does on an annual basis?

**Ms. Arianne Reza:** How many contracts the government does?

**Mr. Charles Sousa:** Yes, how many submissions come before you?

**Ms. Arianne Reza:** I think there are approximately 100,000 transactions that are contracts, amendments and supply arrangements that the government does, valuing about \$34 billion. PSPC does the vast volume, but I think it's very important to underscore to this committee that we only do about 7% of the actual volume of contract documentation. There is broad—

**Mr. Charles Sousa:** Then there is work being done by PSPC, notwithstanding some of the comments made by my colleagues on

the other side. I just want to verify that you do quite a bit of advising and quite a bit of work.

In regard to that, there's been this confusion over the cost of ArriveCAN and rightly so, because the Auditor General has cited that they had a very difficult time trying to address what it entailed. Can you explain to me how this project would have only cost \$80,000?

**Ms. Arianne Reza:** My first explanation is that, here at PSPC, we did not contract for anything for \$80,000. We provided contracts for staff augmentation, so right off the bat in April, if we were signing a contract for \$2.5 million or \$2.35 million, that money, or that contract, was being used within CBSA to cross many different business lines.

As the Auditor General noted herself, in her report she estimated the cost as a subcost of the contracts that we put in place. We have no visibility on that.

**Mr. Charles Sousa:** There was also a lot of discussion after the ombudsman's report about this notion of "bait and switch". Can you explain to this committee how this process works and what that means?

**Ms. Arianne Reza:** I would note that often swaps occur, so when you are putting a bid together to respond to an RFP or some procurement vehicle that's being put in place by the government, you as a resource attest that you're available to do the work. Then the process takes a while, you've been offered another job and when it comes to the bid being awarded into a contract, that resource is no longer available. What then happens is that they have to provide a minimum mandatory requirement. If you need someone who is an astronaut, you have to provide someone who is an astronaut.

There are a lot of different dimensions to swapping out resources. Sometimes you get better resources; sometimes you get better value.

They have to have a minimum mandatory requirement. On those resources, we are now looking at whether we should have named resources or not. There may be more value in not having named resources and only named competencies. This is an area we're very interested in.

I would also note that the ombudsman noted that there was a 76% resource swap-out. That is relatively significant. It was during COVID. It was also the fact that GC Strategies provided close to 100 resources at CBSA, so there was a volume there, as well, of work that had to be done.

• (1915)

**Mr. Charles Sousa:** Can we talk about cost overruns? There's a notion that this app became something... It was \$80,000, which is not true. It was never suggested that it was \$80,000, but it's been blown up and expanded. Can you explain what has happened and how this accumulated over that period of time?

**Ms. Arianne Reza:** Again, these questions might be better for CBSA, but I would add very quickly that you have to imagine what an app at the border is going to require. It's built for the Public Health Agency. It has to link into all kinds of different health jurisdictions across Canada. It has to be bilingual. It has to be accessible. Cybersecurity has to be tested. It has to be built across many different layers.

All that infrastructure, all that cloud support and all the actual costs in terms of its release and rolling it out are probably where the costs are associated with it.

**Mr. Charles Sousa:** Thank you.

**The Chair:** Thank you very much, Ms. Reza. Thanks for joining us today. It's always a pleasure to have you at OGGO.

Mr. Laporte and Ms. Poulin, thank you for all your interventions today.

Before we go, Ms. Reza, you mentioned that you approved two of the GC Strategies' contracts. Would you be able to provide just a quick email with the details of those and whether they were sole-source or just regular ones?

**Ms. Arianne Reza:** I will. I authorized them, and I will do it.

**The Chair:** Perfect.

Thank you to our witnesses for sticking around late.

Colleagues and everyone else, thanks for sticking around late. Unless there's anything else, we will adjourn.

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