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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Kelly McCauley





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• (1105)

[English]

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

Welcome to meeting number 128 of the House of Commons Standing Committee on Government Operations and Estimates.

As always, we have reminders on avoiding feedback that hurts our interpreters: Keep your earpieces away from your microphones at all times.

We welcome our Auditor General.

AG Hogan, welcome back to OGGO, the only committee that matters—not Public Accounts.

We have you for a five-minute opening statement. Go ahead, please.

**Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General):** Mr. Chair, thank you for this opportunity to discuss our report on professional services contracts, which was tabled in Parliament last week.

I want to begin by acknowledging that we are gathered on the traditional unceded territory of the Algonquin Anishinabe people.

Joining me today are Nicholas Swales, the principal who was responsible for the audit; Steven Mariani, the director who led the audit team; and Andrew Hayes, deputy auditor general.

This audit looked at whether federal contracts awarded to McKinsey & Company between 2011 and 2023 complied with applicable policies and provided Canadians with value for money spent.

These contracts spanned 20 federal organizations, including 10 Crown corporations. The total value of contracts awarded to McKinsey & Company during the period totalled \$209 million, of which about \$200 million was spent.

We found that the organizations awarding the contracts showed a frequent disregard for federal contracting and procurement policies and guidance. We also found that each organization's own practices often did not demonstrate value for money.

The extent of non-compliance and risks to value for money varied across organizations. For example, in 10 of the 28 contracts that were awarded through a competitive process, the bid evaluations did not include enough information to support the selection of McKinsey & Company as the winning bidder.

[Translation]

When it came to non-competitive contracts, organizations often issued these without documenting the required justification for doing so. About 70% of the 97 contracts we looked at were awarded to McKinsey & Company as non-competitive contracts, and their value was approximately \$118 million.

We also sampled and reviewed 33 contracts to assess value for money and found that almost half of the contracts lacked an explanation of what need or gap the contract was intended to address. In 15% of contracts, there was no clear statement of what the contract would deliver, and in 18% of contracts there was no confirmation that the government had received all expected deliverables.

As the central purchasing and contracting agent and subject matter expert for the Government of Canada, Public Services and Procurement Canada did not challenge federal organizations when awarding some contracts on their behalf. The department did not challenge the organization requesting the contracts about whether the procurement strategy used was appropriate when multiple contracts were awarded to McKinsey & Company for a similar purpose and within a short period of time.

Our single recommendation focused on the need for federal organizations to proactively address conflicts of interest in the procurement process. All other aspects of our findings were covered in recommendations recently made by other organizations, such as the Office of the Procurement Ombud and internal audit functions.

[English]

While this audit focused on contracts awarded to McKinsey & Company, it highlights basic requirements and good practices that all federal organizations should follow when procuring professional services on behalf of the Government of Canada.

Federal contracting and procurement policies exist to ensure fairness, transparency and value for Canadians, but they only work if they are followed. The remedy isn't necessarily about creating new processes or rules, but rather about understanding how these processes and rules are applied and why, often, they are not.

[Translation]

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

Thank you.

[English]

**The Chair:** Thank you, Ms. Hogan.

We'll start with Mrs. Kusie for six minutes.

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

Thank you, Madam Auditor General, for being here today along with your team. Thank you, again, for this report, which sheds even more light on, and, I believe, confirms even further, the thoughts and ideas we had around contracting in the public service, both in terms of adherence to the rules, as well as favouritism towards McKinsey.

Madam Auditor General, last week, I asked you to inform the public accounts committee of the dates the three Canada Infrastructure Bank contracts were signed with McKinsey.

Do you have those dates with you today?

• (1110)

**Ms. Karen Hogan:** I'm going to turn to Nicholas, and he can provide that to you.

**Mr. Nicholas Swales (Principal, Office of the Auditor General):** We do. The dates are January 25, 2018; March 30, 2018; and May 19, 2020.

**Mrs. Stephanie Kusie:** That's very interesting. Thank you.

Madam Auditor General, Mr. Dominic Barton chaired the Canadian Minister of Finance's economic advisory council, which started in 2016. Shortly afterwards, interestingly coinciding with these dates, we see a 2,500% increase from 2016 to 2023 in contracts awarded to McKinsey.

In your opinion, is it a conflict of interest to have the global head of a company also chairing an economic advisory committee that helps determine the direction of a government?

**Ms. Karen Hogan:** That's a difficult question for me to answer. I'm not sure in what capacity he was providing advice as the chair of that committee or what his requirements were. I, unfortunately, can't offer up an opinion on that.

**Mrs. Stephanie Kusie:** Thank you.

I'll return to a theme I mentioned in my opening comment: favouritism in contracting.

McKinsey received two contracts with IRCC for close to \$25 million. It's these contracts and the economic advisory council, chaired by Mr. Dominic Barton, that led to the infamous immigration target of half a million that this government is now walking back from.

How dangerous is it for a company to chair an advisory council that sets policy in an effort to help its own interests?

**Ms. Karen Hogan:** Again, I'm sorry. I don't know much about what that committee was doing, so it would be inappropriate for me to provide thoughts or opinions on it.

**Mrs. Stephanie Kusie:** Thank you.

There were four instances in the competitive procurement process where your office found that the procurement strategy was changed after departments learned McKinsey could not bid under the original circumstances. Unfortunately, to no one's surprise, McKinsey won the bid under new criteria.

Can a department call it a competitive process when they are changing their requirements to cater to one specific company—in this case, McKinsey & Company?

**Ms. Karen Hogan:** In the case of the four contracts that you're referring to, there were two where there was a change in strategy. While the federal government is able to change its procurement approaches as it goes about, I would have expected to see a justification on file as to why they made such a switch, and then, because two contracts were awarded in a non-competitive way, clear documentation as to why McKinsey would have been the only bidder or what exception was being used from the procurement rules to award a contract non-competitively. As we mentioned, more than half of the contracts that we looked at that were awarded non-competitively did not have a good justification on file.

**Mrs. Stephanie Kusie:** Thank you for that.

I'll refer to your previous work on the "arrive scam", as well, since GC Strategies was allowed to sit at the table and negotiate the terms of its own contract. Can you confirm—although I am hearing it in the response you gave to my last question—that this is happening frequently across departments?

**Ms. Karen Hogan:** I want to draw a distinction between what we saw with ArriveCAN and what we're seeing here. With regard to ArriveCAN, we clearly saw that GC Strategies was involved in setting the selection criteria. We did not see that in the McKinsey contracts. At times, we saw, when there were competitive bids run, that the selection criteria weren't always used, but not that McKinsey had been involved in setting the selection criteria. They're very different situations.

**Mrs. Stephanie Kusie:** Given that, in your opinion, what specifically needs to be changed? What changes need to be made to ensure Canada's procurement processes are truly competitive?

**Ms. Karen Hogan:** When it comes to competitive contracts, what we found is that often, about more than one-third of the time, the bid evaluation didn't have selection criteria that were clearly outlined, or when there were selection criteria they weren't used. It's clear in the rules that you need to set out these criteria, and then you need to have a good evaluation grid and a committee put together. Again, to make this competitive process fair and transparent, the existing rules should have been applied.

• (1115)

**Mrs. Stephanie Kusie:** I end my time there, Mr. Chair. Thank you very much.

Thank you very much, Madam Auditor General, again, for the report and for being here with us today.

**The Chair:** Thanks, Mrs. Kusie.

It's to Mr. Jowhari, please, for six minutes.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Mr. Chair.

Madam Hogan, welcome back to you and your team. Thank you for the great work that you continue to do.

I want to go back. My understanding is that you looked at a period from January 1, 2011, to February 7, 2023. From a procedural point of view, it looks like a lot of procedures were not being followed. Was this consistent during this period? Were there any periods that stood out more, not just because of the number but from the procedural changes?

**Ms. Karen Hogan:** No, our conclusion was that there was frequent disregard for the rules across nine departments and agencies and 10 Crown corporations spread out over the 12-year period. There isn't one year that sticks out more than others except near the end, when the national master standing offer was used for almost 19 contracts. In our view, the justification for using that was not well-documented. There was a slight spike there, but there was still a lack of following the rules across the whole 12-year period.

**Mr. Majid Jowhari:** There was a lack of following the rules throughout the whole 12 years. Now also, when you looked at the differences among departments, agencies and Crown corporations, did you see any differences among departments, agencies and Crown corporations, as far as following the procedures and making sure everything is well-documented is concerned?

**Ms. Karen Hogan:** I mean, it's a tough one. There are 97 contracts, and I can tell you that almost each contract has a unique story with it. When we looked at how frequently rules were not being followed, it didn't matter whether it was a Crown, a department or agency. It's important to note that the Crown corporations have their own rules and they don't usually follow the Treasury Board rules, but there was still a frequent disregard for not following them. Again, the most frequent being, really, not documenting why a non-competitive process was used.

**Mr. Majid Jowhari:** Thank you. That is a very important point: Crown corporations have their own policies, procedures and systems. They're not following TBS, as the department and agencies do, and there was still this common disregard, not only across the years but even among the Crown corporations as well as the departments and agencies.

I want to go back to where you nearly closed.... You made recommendations—and thank you for the recommendations you made. You pointed us back to a number of previous recommendations. You basically said, “Just go and do it.”

These are the newer recommendations. You made two, which keep a very clear focus on what we and the government should do. Now, in looking at your nearly closing statement, you said, “The

remedy isn't necessarily about creating new processes or rules but rather about understanding how these processes and rules are applied and why, often, they are not.” Can you expand on that one?

**Ms. Karen Hogan:** I think that, over time, whenever there's an audit done, whether it be by an internal audit department, the comptroller general's, the procurement ombudsman's or my office, the tendency is to add more rules. I think here the case is not that there were rules missing—except for conflict of interest, which is why we issued one there—but that the rules just need to be followed. I think it's important for the federal government to sit back and try to assess why this is happening. What is it about the procurement rules that are driving the behaviour that we're seeing?

There could be many reasons for that. Is it that the rules are so complex that, in order to speed up the procurement process, people are working around the rules? Is it that there are so many rules that they don't know them all and are accidentally not applying them? Is there some other behaviour that is driving what we're seeing? It's clear that the rules are there to ensure fairness, transparency, accountability and delivering value for money. It's just that they're not being followed.

• (1120)

**Mr. Majid Jowhari:** Thank you. That was a great coverage.

In your opinion, do you think those rules—because I'm sure you've looked at them—are complicated? You're clearly saying, let's not add more rules to them, which we really support because we are doing a study, and my colleagues are going to follow up on that. Do you think our rules are complicated?

**Ms. Karen Hogan:** I think there are a lot of rules, and at times they can be complicated. There was a recent announcement by the Treasury Board about adding certain certifications around procurement processes, and I appreciate that additional layer that was added. It wasn't about adding a rule but about reminding people to certify that they had done certain things in the rules.

I would tell you there is some confusion if we look at the national master standing offer. I think most organizations believed that, because they had to use the standing offer, they could just pull off of it. What's clear is that it is just an offer of goods and services; it isn't a contract. When you create a contract that is done in a non-competitive way, the rules kick in that say you should justify why, and often that justification was lacking. I think it was that folks didn't necessarily understand what the rules were there. I think it's a bit of both: there are a lot, they're complex, and they're not always easy to follow.

**Mr. Majid Jowhari:** Thank you.

**The Chair:** Thank you, Mr. Jowhari.

Ms. Vignola, please go ahead.

[Translation]

**The Vice-Chair (Mrs. Julie Vignola (Beauport—Limoulou, BQ)):** Thank you very much, Mr. Chair.

Ms. Hogan, gentlemen, welcome. Thank you for being with us.

McKinsey is a small player in Canada. On the other hand, it's a big player internationally. The firm has the power to influence, and it's capable of pulling a lot of strings.

Among the 340,000 public servants, do you think there are many who are former McKinsey employees, at all levels?

**Ms. Karen Hogan:** That's a question I can't answer. I haven't done a survey to find out how many public servants previously worked at McKinsey.

**The Vice-Chair (Mrs. Julie Vignola):** Who would be able to determine this? Would it be the Conflict of Interest and Ethics Commissioner?

**Ms. Karen Hogan:** I don't know who could determine that. Treasury Board could probably figure it out.

I refer you to one of our findings. That's why declaring conflicts of interest is important during a procurement process.

**The Vice-Chair (Mrs. Julie Vignola):** I imagine these declarations are made once a year, as is the case for MPs, but not necessarily at the time a contract is awarded.

Is that correct?

**Ms. Karen Hogan:** That is why I recommended that a conflict of interest declaration be required at the time of a procurement.

**The Vice-Chair (Mrs. Julie Vignola):** Thank you.

There were several things that shocked me when I read your report, which is excellent. I congratulate you, and the members of your team, on your work.

I note that in about 45% of the cases you studied—these are not all contracts, but a sample—people did not know what they wanted, or whether it was necessary, or whether they received what they wanted, or whether they achieved their objectives. It's scary.

I wonder about the sustainability of these contracts in terms of the transfer of skills into our public service, as well as the duration over time and the value, or added value, of these contracts.

Are you asking yourself the same questions?

**Ms. Karen Hogan:** Yes, I do from time to time.

I think it really depends on the purpose of the contract. For example, in this case, we're talking about contracts that were for benchmarking, or to support a transformation. Sometimes it was to obtain professional advice. So it's difficult to assess. It's not like creating an application, as this type of work is very tangible.

In the case we're talking about, it was often a case of getting expert advice. In such cases, it's sometimes difficult to know whether the deliverables have actually been received.

In my opinion, there are some basic elements that should have been respected. A good way to start would be to ask yourself what the need is that you're trying to fill. Almost half of the contracts we looked at didn't have the documentation related to this question.

There should be an assessment or estimate of costs in advance to ensure that the budget is available. In 91% of the contracts we evaluated, this assessment or estimate did not exist. These are basic elements. At the end of the day, we found that for almost 20% of the

contracts we evaluated, we had no way of knowing whether the deliverables had actually been received. As a result, I have a lot of questions. I think the problem starts right at the beginning.

**The Vice-Chair (Mrs. Julie Vignola):** So there's a problem right from the start of the process.

In one of my other lives, I was coordinator of the Stratégie d'intervention Agir autrement for underprivileged neighbourhoods. Within this framework, there was no question of launching a project if there was no assurance of sustainability. We didn't want to have to constantly put money back into the project to be able to maintain a resource.

What you're telling me is that, right from the start, we don't know what we want. What's more, in the deliverables, we're not sure, we don't have proof that we've analyzed the resources and offered this sustainability to our public servants.

Did we also forget, before turning to outside resources, to analyze the resources available internally and target the people who were capable of changing ways of doing things in order to bring added value?

● (1125)

**Ms. Karen Hogan:** At the beginning of the process, there's the needs analysis. What is the contract intended to achieve? If this information is missing, we're already starting a little late.

In the public service, contracting is often about helping the government to change, to transform itself. Having opinions from outside the public service is essential. It's human nature to always want to do things the same way. That's why we sometimes need to turn to someone from the outside.

That said, I would still expect there to be a report, something to demonstrate the value added by the contract.

**The Vice-Chair (Mrs. Julie Vignola):** I remember hearing someone here once ridiculing a newly appointed public servant who had ideas and whose ideas had been used. Having a fresh set of eyes can be helpful in better identifying what could be improved internally. This seems to be not only underutilized, but also somewhat ridiculed. The assumption is that if someone is in an entry-level position, they can't think.

In your opinion, should this mentality change? Would staff occupying the highest hierarchical levels ever need to go and sit in the cafeteria with a new employee?

**Ms. Karen Hogan:** My own office went through a transformation to get staff to work more efficiently. At first, I noticed some resistance to change. To bring another point of view, I then hired a few people from outside the office who came from the public service. As soon as there was openness to another point of view, we came up with a lot of great ideas. So I guess there are a lot of people in the public service who have good ideas for transforming government.

[English]

**The Chair:** Thank you very much. That is your time.

Mr. Bachrach, please, go ahead, sir.

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

Thank you, Ms. Hogan, for being back with the committee to share your work.

There are some disturbing findings, for sure. I think the questions my colleagues have already asked start to get at the nub of what we're trying to figure out as a committee.

In my view, there are two theses here. One is that the government is tight with McKinsey and is showing favouritism towards one vendor. The other is that there's a perception within the public service that the rules are overly restrictive, and in order to get things done, they have to break the rules.

I'm wondering which of those, in your view, is more likely to be the dominant contributing factor in what we're seeing.

**Ms. Karen Hogan:** In some of our findings, we found there were six contracts that seemed to be designed to suit McKinsey & Company, whether it was organizations waiting for them to have their own national master standing offer so that they could use them for benchmarking services when there were other existing standing offers with benchmarking services, or just changing their procurement strategy, as we talked about earlier on.

We saw that in six contracts, but what's more concerning to me is the frequent disregard for the rules. When we looked at a sample, in probably more than half, there was more than one rule that wasn't followed. It isn't that we just highlighted it when it was one rule.

This just points to both things working. There might sometimes be a tendency to look for a vendor, but there is clearly a tendency to not apply all of the rules, and we need to figure out why that is happening in the public service.

**Mr. Taylor Bachrach:** Would you expect to see the same pattern if your investigation were broadened to include other vendors?

• (1130)

**Ms. Karen Hogan:** Based on the findings here, because there were only six contracts that appeared to suit McKinsey, I have no reason to believe that this is unique to McKinsey & Company. I would expect to see similar behaviours for other professional services and other contracts in general.

When you add on the layer that we found issues with the rules being followed in nine out of 10 departments and agencies, and in eight out of 10 Crown corporations, that is a wide range, so it can't just be limited to McKinsey.

**Mr. Taylor Bachrach:** I'm curious. In the course of your work, did you speak with the people in charge of these procurements, and did you ask them why they seemed to be flagrantly breaking the rules that govern their work?

Did they provide an explanation?

**Ms. Karen Hogan:** We typically review files and then speak to individuals. On the degree to which we communicated, I'll have to turn to Nick and see how much he engaged, but we would have engaged with every single one of the 20 organizations.

**Mr. Taylor Bachrach:** Did you ask them why?

**Mr. Nicholas Swales:** We certainly spoke to the organizations, bearing in mind the time frame for the contracts.

In most cases, the individuals responsible were not in that role anymore. But Ms. Hogan made a comment earlier, particularly around the NMSO, that there was a lot of confusion about how the rules were supposed to be applied in that case. That came through in the conversations we had.

**Mr. Taylor Bachrach:** The people in charge of procurement were confused as to the rules they were required to follow?

**Mr. Nicholas Swales:** That's right.

**Mr. Taylor Bachrach:** If the committee wanted to understand the motivations or the reasons behind what seems like flagrant breaking of the rules, whom would we talk to?

**Ms. Karen Hogan:** Whom would you talk to in each of the organizations, or just in general?

**Mr. Taylor Bachrach:** Yes, we can bring anyone before committee and ask them what they were thinking when they broke all of the rules to give work to McKinsey. Sometimes it can be hard to figure out who that is.

**Ms. Karen Hogan:** I think it depends where you're going. I would tell you that deputy heads and heads of Crown corporations should be able to answer questions about all procurement within their organization, even though they were not the ones actually signing the contracts. It would be either CFOs, individuals in procurement groups...there are many layers. It depends on what you're looking for and we need to recognize, as Nick mentioned, that this was over a 12-year period. People move around a lot in the public service. If you're looking for the specific individual, you just might not find them.

**Mr. Taylor Bachrach:** Would one way to test this thesis be to simply expand this work slightly to include a broader sample of vendors and look at whether the same patterns occur?

**Ms. Karen Hogan:** I think that would be one choice.

What I would also think is a good option is that.... We've also encouraged all departments and agencies and Crowns to improve their compliance and quality control around procurements. I think it's time to give the public service a chance to recognize and refresh all of the rules, and then go back and look, because, as I said, I have no reason to believe my results would be any different if I expanded this.

**Mr. Taylor Bachrach:** How about accountability? What's at stake here is value for money. This is Canadians' money. It's being spent poorly. There's one company that's enriching itself to the tune of millions and millions of dollars. There are individuals who make a decision to break the rules, and whether they know the rules exist or not, there's still some culpability there. How do we ensure that people are held accountable? Where does accountability ultimately fall in this place?

**Ms. Karen Hogan:** I think—

**The Chair:** You have about five seconds for an answer.

**Ms. Karen Hogan:** I've said it before. I think, ultimately, accountability rests with the deputy head or the head of a Crown corporation to make sure that all of their contracting provides value for money.

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

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

Mrs. Block, please.

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

Welcome back to our committee, Ms. Hogan, and welcome to your departmental officials.

In your audit, you found multiple instances of favouritism being shown to McKinsey. In one instance, the Business Development Bank of Canada gave a contract to McKinsey, despite McKinsey's not being the highest-scoring bid. They also gave two sole-source contracts without documenting their justification, which my colleague mentioned in her intervention. The Canada Border Services Agency had three contracts missing bid evaluation documents, and Innovation, Science and Economic Development Canada had two such contracts.

As my colleagues around the table have been pointing out this morning, we see repeated abuses of the procurement system, with seemingly no checks and balances in place from the government—and, it would appear, no concern or push-back as well.

If the exception becomes the rule, then I believe this becomes the culture and we have a huge problem within the government. How is this allowed to happen with no consequences for those who are failing to follow the rules?

• (1135)

**Ms. Karen Hogan:** I do agree that when 70% of the contracts awarded were done so in a non-competitive way it raises concern. Competition should be the default. Competition ensures that you hopefully get a better price for taxpayers. That doesn't always mean that it is the lowest bidder. There could be business reasons for why you might choose a different bidder, but again, I would expect that kind of a judgment call is well supported and documented.

I think, often, that's what we're missing here. The rules aren't being followed, and then there is no demonstration for what business decision drove that. I would really like to see everyone across the federal government have more rigour in their procurement processes. This isn't a big burden that we're asking. It is about just being transparent and being able to answer to Canadians 10 or 12 years down the line why a decision was made. It starts with understand-

ing the rules, and then documenting all of the judgment calls that are made along the way.

**Mrs. Kelly Block:** I want to confirm what I believe I heard you say in regard to accountability: that there needs to be accountability within a department. Regardless of whether a department head, a deputy minister, an assistant deputy minister or any one of those individuals was involved in procurement, they need to be held accountable for decisions that are made within their department and when rules are not being followed. Is that what I heard you say?

**Ms. Karen Hogan:** I believe that Andrew is going to want to jump in here, but I think I would start off by saying that legislation makes it clear that the deputy head is the accounting officer of an organization. While you might delegate those powers to others in the organization for day-to-day to happen—because, for example, I couldn't review every single contract that my office issues—you still have to make sure that people are properly trained and they understand the rules and there are good compliance and overview.

I don't know, Andrew, if you want to add something.

**Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General):** The only thing I would add is that we stressed in our ArriveCAN report the importance of delegated decision-makers understanding and being accountable for the decisions they make to spend public money.

As much as the deputy head is the responsible person to answer and be accountable here at committee and before Parliament, there is an accountability all the way through the organization that should be enforced.

**Mrs. Kelly Block:** I'm not sure how much time I have, but I would ask, does being moved out of a position sever the responsibility that you might have held when you were in that position and making decisions?

**Ms. Karen Hogan:** I mean, my view is not: I would expect, however, that you left a really good file behind to demonstrate the judgment calls and the decisions you made.

You know, people's memories are going to fail, so it's important to make sure you document something when you're going through it.

**The Chair:** Thanks very much.

Mr. Kusmierczyk.

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

Thank you so much, Ms. Hogan, to you and your team and the entire Auditor General team for your incredibly important work that you're bringing forward for Canadians and for this committee. Thank you so much. All of us are seeking stronger and better accountability.

Here's what I wanted to ask you. There were 97 contracts that you looked at in 10 departments and also 10 arm's-length Crown agencies. There is a variation in terms of the degree of non-compliance you found. Are there departments that scored better or scored well or even had a clean bill of health in your review? If there are, what does that tell you about some of the challenges we're facing here if some departments actually did okay?



**Ms. Karen Hogan:** I'm going to ask Nick or Steven to pull out the one. As I mentioned, there were nine out of 10 departments and agencies that did not follow the rules when it came to procurement, so we'll get you the name of the one. Even there, we have to recognize that at times they did, right? I think that's what speaks to the need to refresh and remind everyone of the rules.

I would expect that it's not just training, but that there would then be monitoring, oversight and compliance that happen after the fact. An individual might do only one contract every couple of years, and you can't be expected to remember all of the rules, so I think it's important to do that refresh.

Nick, do you have the name? I tried to speak long enough so you could....

**Voices:** Oh, oh!

• (1140)

**Mr. Nicholas Swales:** Yes, I got that. Natural Resources Canada was the organization, the federal department agency, where we found that they had followed the rules.

I think the other thing to bear in mind is the number of contracts. You know that in some cases there were more, which increases your risk of missing a rule.

**Mr. Irek Kusmierczyk:** Gotcha. I did want to ask a question. Inside your report, you talked about the “chains of non-competitive contracts”. Can you explain what that means, and what are the risks specifically with these chains of contracts?

**Ms. Karen Hogan:** I just want to be clear that this is a word that we used to describe it. We didn't know a better way to describe what we were seeing. It isn't a term that's commonly used.

For me, it shows that if you issue the first contract in a competitive way and then issue subsequent contracts in a non-competitive way, you're limiting competition. As I said, the default of competition to drive better value for money is important.

More concerning is the chain of contracts where the first contract is a small contract that called on an exception under the contracting rules—if it's under a certain dollar threshold, there was no need for competition, as it wouldn't provide better value for money—but then used a subsequent exception for the follow-on contracts that were of a larger dollar value, in the millions of dollars. That starts to question whether or not they thought at the beginning what the need was that they needed to fill.

It comes down to that fundamental starting question. It constantly asks if you are then more dependent or creating a dependency on a vendor if you're issuing multiple non-competitive contracts. How are you ensuring best value for money if none of them are being competed?

I think it brings in so many rules when we see the chains, which just raised a lot of concerns for us.

**Mr. Irek Kusmierczyk:** In any of the 97 contracts that you looked at, did you see any political interference, such as interference from elected officials or politicians?

**Ms. Karen Hogan:** No, we did not see political interference in the contracts that we looked at.

We did see that a minister was involved in one procurement because it was a non-competitive procurement above the threshold that the public service is allowed to issue on its own. In accordance with the rules, they went to the minister, the minister authorized it and then the government issued the contract as it normally would have through its regular processes.

**Mr. Irek Kusmierczyk:** Were politicians—elected officials—driving the decisions to offer these contracts to this vendor or any vendor that you saw? Were they the drivers of those decisions?

**Ms. Karen Hogan:** We did not see that there was a push from a political aspect to direct any contracts to McKinsey.

**Mr. Irek Kusmierczyk:** These decisions were made by public servants, public officials or bureaucrats, as they're often called. Is that correct?

**Ms. Karen Hogan:** That's correct. The decisions that we saw were made by public servants.

Even in the six contracts that appeared to be designed to suit McKinsey & Company, it was the public service that made those decisions.

**Mr. Irek Kusmierczyk:** Great. Thank you.

**The Chair:** Thank you, Mr. Kusmierczyk.

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

[*Translation*]

**Ms. Julie Vignola:** Thank you very much, Mr. Chair.

Ms. Hogan, I'd like to come back to the duty Public Services and Procurement Canada has to examine things critically.

This organization has the ability to ask questions about contracts. Does it have the power to call a contract into question?

Can it verify that all steps have been followed, and if not, require that this be the case before proceeding with the contract?

**Ms. Karen Hogan:** Public Services and Procurement Canada's responsibility is to challenge the tool used for procurement. We often found that it had not questioned the fact that many contracts were awarded in a short period of time.

However, we also need to take a step back. The ultimate decision rests with the department requesting the service, even if Public Services and Procurement Canada questions it.

On the other hand, when the value of a contract is below the threshold at which a competitive process must be launched, as is the case with the contract chains we've just discussed, Public Services and Procurement Canada is not informed. It may only be aware of the existence of the contract if the department informs it.

• (1145)

**Mrs. Julie Vignola:** So it's a power to question, but in the end it's not really binding, because the department has the final say.

Did I understand you correctly?

**Ms. Karen Hogan:** This is correct in the case where a contract has been awarded individually by another department.

**Mrs. Julie Vignola:** The notion of benchmarking was often brought up by saying, for example, that we couldn't have chosen anyone else because the chosen company specialized in this type of analysis.

After all, Canada is nearly 160 years old. Isn't it capable of having its own tools and using its international contacts to do comparative analyses and see where the best practices are?

**Ms. Karen Hogan:** Many private sector companies specialize in benchmarking.

I would expect the public service to have information. After all, Statistics Canada has been accumulating data for years.

That said, we often want to look outside the public service for information to find out what the private sector is doing and compare that with what's happening in the public sector.

**Mrs. Julie Vignola:** All right.

Thank you.

[English]

**The Chair:** Thank you.

Mr. Bachrach, go ahead, please.

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

I was going to ask a question similar to that of my colleague's around the role of PSPC. It seems possibly defensible that some people within specific departments might not be familiar with all the procurement rules, but you would think that the department that is solely responsible for procurement would know all the rules and would be able to challenge the departments if they saw those rules being flagrantly broken.

Is PSPC not living up to its purported reason for being? Like, this is the whole model that we have, and it doesn't seem to be working.

**Ms. Karen Hogan:** We did find in this audit that they could have done a better job at challenging many of the organizations, especially when multiple contracts appeared to be issued for similar work in a really short period of time, but there are things that they're not aware of. As I mentioned earlier, if a contract is issued below a dollar value threshold, only the department that issued that contract would be aware of it. There is no big central repository for all that information.

Let's look at the national master standing offer, for example. I believe the deputy minister was at the committee before testifying on how she didn't believe the call-ups required a documentation. I had a very lengthy conversation with her about it. The national master standing offer is just an offer. It's not the contract. When the contract happens, it should be required. I think following the procurement ombud's work, she actually changed the requirements and now is reminding every department that they should provide that justification.

So I think this is a learning opportunity, as certain tools are used more often, that rigour needs to be put into documenting decisions.

**Mr. Taylor Bachrach:** How many seconds do I have left, Mr. Chair?

**The Chair:** You have 35 seconds.

**Mr. Taylor Bachrach:** Okay.

Coming back to McKinsey, it seems like sometimes you end up with this bias in organizations toward vendors that are either the biggest or have the most high-profile reputation, because it's seen as the safest option. If something goes wrong, nobody can blame them for choosing such a reputable, high-profile firm as opposed to an upstart or one with less of a reputation or less of a profile.

Is that something you see in procurement decision-making? Is there a bias toward higher-profile firms because it's seen as being the safest choice?

**The Chair:** Please give a very brief answer.

**Ms. Karen Hogan:** I'm not sure I can say that we saw that in these 97 contracts. I think I would call into question the national master standing offers. They existed with other organizations as well for benchmarking services, so there were other companies at the disposal of departments. I would have expected that they would have documented why McKinsey over the other national master standing offer companies.

• (1150)

**The Chair:** Thanks very much.

Mr. Genuis, you have five minutes, please.

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

Auditor General, we're here looking at the government's cozy relationship with McKinsey. Thank you again for your excellent work exposing significant problems and the \$200 million in contracts that have gone to McKinsey under this government, most of which in some way or another did not adhere to the rules.

You have just mentioned the important role that PSPC, the government's contracting department, is supposed to play, and could have played, in challenging some of these procurements. In that light, I think it's interesting to note that the director of policy to the Minister of Public Services and Procurement, Mr. Boyan Gerasimov, had this critical role of director of policy in the public services and procurement minister's office during the critical period of the pandemic, from March 2020 until December 2021. He is McKinsey "alum". He served with McKinsey for more than five years as an engagement manager. He went from working with McKinsey into this Liberal government in an important senior staff role. His LinkedIn specifically cites work he did in relation to major defence equipment procurements.

So in this critical role in government procurement in the public services and procurement minister's office, under then minister Anita Anand, you have a former McKinsey employee. You've highlighted that the government's contracting department that he was working for could have provided a greater challenge function and didn't. We have also seen how the defence department in particular had a very close, extensive relationship with McKinsey. This is quite concerning to me. It underlines the close relationships that exist between McKinsey and this Liberal government.

I wonder if you could share a bit more about what role the minister's office did play, or could have played, in providing a challenge function around this extensive procurement relationship that emerged, and what conclusions we might be able to draw about the role that the director of policy in then minister Anand's office should have been playing, could have been playing and did play in relation to these procurements.

**Ms. Karen Hogan:** Typically I would not expect ministers to be involved at all in procurement decisions that are made by departments. When we looked at these 97 contracts, we did not see ministerial involvement except for one where it was required by the rules. I would expect that PSPC would do a better challenge function in some of these contracts, and, in other areas that we saw, they did do a good challenge function.

I think ultimately it boils down to making sure that everyone who's involved in the procurement process understands the rules and applies them in a way to ensure fairness, transparency and good value for money for Canadians.

**Mr. Garnett Genuis:** The function of the minister's office is to set a policy framework, and the director of policy plays a key role in that. You're saying that you wouldn't want to see them involved in micro-procurement decisions, but for them to have a function at all, presumably it's to set that policy framework that says how sharply they're going to exercise that challenge function or not—and there clearly were failures to challenge McKinsey procurement in cases where it should have been challenged by that department. Is that correct?

**Ms. Karen Hogan:** For sure; I think that PSPC should have done a better job at challenging some of the procurements that were brought to them for them to be able to issue contracts, but I would expect that that challenge function also exists in every department and agency, because not all contracts go through PSPC in order to be issued.

**Mr. Garnett Genuis:** Right, and I think there are problems in other places for sure, but it stuck out to me that this particular person, Boyan Gerasimov, was the director of policy to the minister of procurement in the middle of the pandemic and that he is a McKinsey alum.

Madam Auditor General, in the time I have left, I note in your report that 45% of the contracts examined lacked sufficient documentation to justify the need for a contract. So in almost half of the cases of these contracts, there wasn't even evidence or sufficient evidence that there was any reason for the contract to happen in the first place, which is quite staggering in light of \$200 million in contracts.

Is there anything more you can share about that 45% figure and what it reveals?

**Ms. Karen Hogan:** To me it reveals that, at the start, everyone should be taking a step back before they enter into a procurement process. You need to figure out if you are trying to fill a skills gap that doesn't exist in the public service, whether you need additional resources, or if you're just trying to get plurality of thought in trying to get something outside the public service to compare to.

Once you've justified that, you make an estimate for what you think you're willing to spend for that. Those are all requirements that are in the procurement policies that exist now. Then you go out and get a contract. I would expect that the default would be competitive unless there's a justification for its being non-competitive.

• (1155)

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

Mr. Bains, please, you have the floor.

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

Thank you, Madam Auditor General and your team, for this major undertaking.

We have had the opportunity in this and other committees to look at a number of contracts and the vast expanse of contracts out there and how they're looked at, how they're done. We've had the opportunity to go back as far as 20 years. Some witnesses have indicated that the procurement process hasn't really changed much.

Then there's also the issue of, I think, in some of your findings, where there's a lot of familiarity amongst contractors and subcontractors, and it may be something that has become practice, and the familiarity may be a reason why things are overlooked. It's something we've seen. You've mentioned that there's a frequent disregard of the rules applied, and some of it may be because of that.

You also talked about people moving around. The changing of roles is very frequent, and there can be gaps. Is the work being passed along to some other people who are just picking up a file, not knowing what processes have been gone through and how to verify those kinds of things? I'm looking at all of those challenges that can happen in such a huge department where these responsibilities occur.

With the question around PSPC suspending departments' and agencies' delegated authority for professional services contracts in November of last year while new procedures and training were put in place, I'm not sure if you have had a chance to evaluate these measures yet.

When do you believe we will get a sense of whether those are working, those new measures that have been put in place?

**Ms. Karen Hogan:** I think you raised other possibilities for why the behaviour we're seeing might be happening. I think that's why the public service needs to take a step back and figure out what it is about procurement rules that are driving the behaviours we're seeing.

Regarding changes brought about after the audit period, I have not had an opportunity to look at those. I believe removing the delegated authority of a department is one way to ensure that Public Services and Procurement Canada can play a bigger challenge function and a more important role in that department's procurement strategy.

I expect they would be able to comment on how quickly they will see improvements or changes with the new rules that are there. One rule I really appreciate is where someone in charge of a procurement has to certify that they've done certain key steps. For me, that's the great reminder needed regarding the existing rules and how they should be applied.

**Mr. Parm Bains:** Regarding the now-defunct national master standing offer mechanism, the government is working on a replacement for that. What are some of the characteristics you hope to see in there?

**Ms. Karen Hogan:** I look back at what a national master standing offer is meant for. It's meant to provide a group of services that are commonly purchased in a certain format. I guess I would call it almost a vending machine. There are certain things you can get, and you decide how often you want an item or how many you want. I expect a national master standing offer list would be created through a competitive process instead of a non-competitive process.

While both are allowed under the existing rules, I always default to competition, which should bring about the best value for Canadians. When possible, that process should be run this way. I would like to see that.

I would then hope that PSPC ensures none of the call-ups against those national master standing offers include services outside of the ones allowed for under the offer.

**Mr. Parm Bains:** You indicated that you didn't see any political interference in these decisions and that the ultimate responsibility should lie with the deputy heads of each department.

How can government simplify the process to provide accountability and also streamline the process?

• (1200)

**Ms. Karen Hogan:** Andrew responded before, but I'll expand on the answer.

A deputy head is, through legislation, the accounting officer of an organization and ultimately accountable for all of the decisions made. This is delegated down through the organization. Everyone who has delegated authority has training about what it means. I think everyone needs to recognize that committing the government to a contract and signing off on the use of public funds come with accountability.

This has to be the culture throughout every organization—making sure there is a prudent use of public funds.

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

Mr. Brock, go ahead, please.

**Mr. Larry Brock (Brantford—Brant, CPC):** Thank you, Auditor General and team, for your attendance.

I'm going to preface my questions with a comment.

Since you released your three reports last week, I've heard from hundreds of Canadians who have expressed their profound disappointment in this NDP-Liberal government, which, over the course of almost nine years, has consistently demonstrated a lack of adherence to basic procurement rules. To your point in this particular audit, you focused on whether or not procurement—in this case, with McKinsey—provided value for money for Canadians.

In your overall message, you indicate quite clearly that "Federal contracting and procurement policies exist to ensure fairness, transparency, and value for Canadians—but they only work if they are followed." I'm hearing that the auditor is making recommendations and department heads and organizations are saying, "Yes, we'll agree to follow those recommendations." However, they already know what the rules are and they're not following them. Every audit that I have been privy to from your office consistently shows a pattern of disrespect for taxpayer monies.

The question to you is, how do you define "value for money" from an auditor's perspective?

**Ms. Karen Hogan:** That's not always a simple question to answer.

In this case, in paragraph 5.28, we listed elements that we were searching for to demonstrate value for money. I would have told you that value for money during the pandemic might have been evaluated in a slightly different way than it should be evaluated in the normal course of business.

However, we would have expected that departments clearly articulate the need for a contract, what the expected deliverables were, whether all the deliverables were provided, and whether or not the ultimate intent of that contract—the outcome—was achieved. For more than half, we could not see one or more of those being demonstrated.

**Mr. Larry Brock:** The Government of Canada has published on its website that it must adhere to four fundamental principles of financial management: value for money, accountability, transparency and risk management. The Government of Canada previously defined "value for money" as follows: "Public funds are managed with prudence and probity, assets are safeguarded and resources are used effectively, efficiently and economically to achieve departmental and governmental objectives. It's a very specific definition.

I know that you indicated last week—and you've indicated this numerous times—that your mandate is also to refer criminality, should you suspect criminality, to the appropriate authorities. I believe you indicated, when a question was put to you, whether you discovered any element of criminality.... I want to confirm a couple of things. Your threshold for referrals is based on suspicion, and suspicion only. Is that correct?

**Ms. Karen Hogan:** It is very rare that we would refer something to the RCMP or to law enforcement before our work is made public, but we're always happy to talk to the RCMP once it's out there. We have not made a referral in this case.

**Mr. Larry Brock:** Okay. Do you agree that the Government of Canada holds its position as a trustee over public funds?

• (1205)

**Ms. Karen Hogan:** Do I agree that it holds its position?

**Mr. Larry Brock:** It performs the role of a trustee over public funds. Do you agree with that statement?

**Ms. Karen Hogan:** I agree that it should be using public funds in a way that brings the best value to Canadians, absolutely.

**Mr. Larry Brock:** Okay. You don't agree that they hold a trust relationship with Canadians?

**Ms. Karen Hogan:** Well, absolutely. Every individual should trust their government.

**Mr. Larry Brock:** Sure.

This brings me to a potential criminal charge of breach of trust under section 336 of the Criminal Code, a straight indictable offence punishable by a maximum of 14 years. The elements are there such that, potentially, someone who made the decision to favour McKinsey in a broad range of departments and Crown corporations could be held liable for the actions they took.

Did you direct your mind at all to the potential that there should be a breach-of-trust investigation by appropriate law enforcement?

**The Chair:** Please provide a very brief answer.

**Mr. Andrew Hayes:** Given the origin of this audit, we were looking for whether or not there was direction or political interference. We did not see it in this audit. If there had been a concern around improper use of public funds in a way that could have been criminal, we would have referred it to the RCMP.

**Mr. Larry Brock:** Do you agree with the delegation of authority, though?

**The Chair:** I'm afraid that is your time, Mr. Brock.

Mr. Kusmierczyk.

**Mr. Irek Kusmierczyk:** Thank you, Mr. Chair.

Along the same lines of what my colleague has stated, we are absolutely always concerned about making sure that public funds are used appropriately, which is why we were so disappointed that the Conservative Party was using tens of millions—if not hundreds of millions—of dollars of public funds for political events, to pay for the travel of themselves and their spouses to political caucuses, which everyone knows is absolutely wrong. I just wanted to get that on the record.

Ms. Hogan, we know how important the independence of your office is to do your work. We know that it's important. This allows your work to move forward unimpeded. Last week, the Conservatives put forward a motion requiring your office to produce documents in your possession. How does ordering your office to do this impact your ability to fulfill your mandate and conduct your audits?

**Ms. Karen Hogan:** Mr. Chair, I believe the member is referring to the motion in the House that is, I think, being voted on later on today.

In my view, including my office in that motion was unnecessary. I made it clear last week that I would co-operate with the RCMP if they felt it necessary to come to my office and ask for information. We have a well-established procedure that has worked effectively in the past, which includes their providing me with a production order should they want to have access to my files. I believe the motion does impede my independence, in that I don't need to go through the law clerk. I have a proven track record that I am co-operative with and supportive of parliamentarians, and that I would co-operate very swiftly with the RCMP if the need arose.

**Mr. Irek Kusmierczyk:** I very much appreciate your response.

Madam Auditor General, I just want to say that all of us here on this side of the table so appreciate your work. We trust the work you do. It's very important. I wanted to thank you for your time here today at committee. We are listening very attentively to what you are bringing forward here.

Unfortunately, my Conservative colleague across the way is tweeting on social media as we speak and while you are giving your testimony here, which I think shows you just how seriously—or unseriously—they're taking your testimony today.

Madam Auditor General, you mentioned the fact that you looked at 97 contracts. You only found one contract where there was any ministerial involvement, and that's simply because the value of the contract exceeded a certain threshold.

What percentage of the contracts you looked at had zero ministerial or political involvement?

**Ms. Karen Hogan:** If it's one out of 97, I'm not a calculator, but I'm going to say that almost 99% of those contracts did not involve ministerial interference.

• (1210)

**Mr. Irek Kusmierczyk:** That is, 99% that did not have any ministerial involvement. I really do appreciate your providing that information for us. I do hope that information makes it to my Conservative colleague's social media platform, because that is important information to know.

You talked about what is driving the behaviour of public officials and public servants. Why do some public officials keep going back to the same well, or a certain company or a certain contract?

**Ms. Karen Hogan:** That's a difficult question to answer.

I think we saw, in some of the contracts we reviewed, that they felt that once one contract had been issued, McKinsey would then have knowledge of the business, which then justified their being more efficient and effective in future contracts. But I think that could be said about any vendor. That's why I do believe that the first requirement to determine exactly what you're hoping to accomplish with a procurement process is that it is well thought through and well documented. Then you pick the most appropriate tool that is available—and sometimes they are competitive and sometimes they are not—to accomplish that outcome.

**Mr. Irek Kusmierczyk:** You mentioned the fact that the Department of Natural Resources was one of the departments with a clean bill of health. Are you able to tell us what they did well? In your report, you talked about what the other departments did not do so well. Do we know what Natural Resources Canada did well?

**Ms. Karen Hogan:** I'm going to give a really quick answer and see if Nick wants to add anything, but I would say they followed the rules well.

**The Chair:** That was my answer, Madam AG.

Mr. Swales, do you have a brief response?

**Mr. Nicholas Swales:** I have nothing specific to add beyond that. That was what they did.

**The Chair:** We'll go to Mrs. Vignola.

[*Translation*]

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

Ms. Hogan, I'd like to come back to two aspects you mentioned earlier. You said that we sometimes need people from the private sector to do a good comparative analysis. However, many of the 340,000 federal public servants come from the private sector. Why aren't we using their expertise?

You also said that government has a great opportunity to learn. But this isn't your first report on procurement issues, and others have submitted some as well. Moreover, Canada's contracting history goes back a long way.

Why, over the years and decades, has Canada failed to resolve recurring problems concerning procurement, such as those related to the justification of decisions leading to the awarding of a contract?

It amazes me that, after all these years and given all this experience, the government is still at the point where it doesn't justify its decisions.

Could you explain this to us?

**Ms. Karen Hogan:** I, too, am a bit puzzled by this. In my opinion, these are basic rules, and they should be followed in contracting.

As for not using the expertise that exists in the public service, I think this is a pertinent question and the answer varies from one department or agency to another. Some follow the rules well, others not so well. Examining just 97 contracts probably doesn't give a good picture of the situation with regard to all of the decisions made by the government.

There are many rules, and staff turnover is such that there should always be training. At my office, training is given to anyone who has to draw up a contract if they don't do it every day.

In fact, I encourage government departments and agencies to do so too. You have to be on top of the rules, and you have to follow them every day.

**Mrs. Julie Vignola:** Thank you.

[*English*]

**The Chair:** Thanks very much.

Mr. Bachrach, go ahead, please.

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

Ms. Hogan, in the four of the 28 contracts in which the process appeared to be designed and implemented to favour McKinsey, I'm wondering if your office could provide the committee with some direction as to whom we might call before the committee to ask about the reasons for those decisions.

• (1215)

**Ms. Karen Hogan:** I guess we could give you the names of the departments that were involved in those and then....

**Mr. Taylor Bachrach:** It requires a bit of forensic work on our part to figure out which individuals were actually involved. I think getting to the bottom of the motivation is really a key step in order to fix it.

Are all four of them McKinsey alum? Do any of the four of them actually understand the rules that they were supposed to be following?

These are all questions that are probably relevant to trying to plug the hole in the ship.

Is that information that your office can provide?

**Ms. Karen Hogan:** Mr. Chair, we can provide the departments involved in those four contracts and the dates of those four contracts.

One of my previous comments was that there are 97 here and there are probably 97 unique differences. That's something to bear in mind as you go through this. Every contract has some uniqueness or some story around it.

**Mr. Taylor Bachrach:** You made a comment about having a checklist, essentially, and having each individual who's responsible for the procurement process go through a checklist and make an attestation that they followed all the required steps.

It seems like such a simple fix. I find it a bit bewildering that these individuals, some of whom are paid hundreds of thousands of dollars to ensure that the public gets value for money and that all the rules are followed, need a checklist to make sure they didn't skip any steps. It seems like they're not even aware the steps exist.

If the fix is so simple as a checklist, why wasn't this done years ago?

**Ms. Karen Hogan:** The comment I made is one that was actually just implemented, I believe, by Treasury Board. It was an announcement that those were some of the strengths brought to the procurement process.

I think that reflects on the complexity of all the rules that exist. It's not just Treasury Board policies. There are trade agreements. There are so many things that need to be factored into a procurement process that it does require, at times, a bit of an *aide-mémoire*, especially if it's not something that you do every day.

That's why I would encourage every organization to make sure they involve their own procurement branch in addition to Public Services and Procurement Canada, if needed.

[Translation]

**The Vice-Chair (Mrs. Julie Vignola):** Thank you very much, Ms. Hogan.

Ms. Kusie, you now have the floor for five minutes.

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

[English]

I'm going to go back to the national master standing offers.

A national master standing offer was granted to McKinsey in 2021 in a non-competitive process. This was not properly justified and ended up costing a total of \$42.4 million. The call-ups issued under the unjustified offer were also unjustified.

How does the justification process need to be reformed to ensure competitive processes are honoured?

**Ms. Karen Hogan:** I think one point to clarify here is that the national master standing offer was done in a non-competitive way. While Public Services and Procurement Canada provided a justification, we felt it was rather weak. Then the next step is where I think confusion existed: when there were 19 call-ups against the national master standing offer.

I think the organizations felt that they were using a procurement vehicle that was at their disposal and that they didn't need to justify why they were using that vehicle. However, when you realize that it is the first time a contract is being issued between the government and McKinsey, the non-competitive contracting rules kick in, and there should have been a well-documented rationale for that national master standing offer versus another.

**Mrs. Stephanie Kusie:** Why do you think some departments are capable of contracting according to government standards but Public Services and Procurement Canada, the body in charge of procurement, seems to struggle in this area?

**Ms. Karen Hogan:** Public Services and Procurement Canada issues many contracts. They were not involved in all 97 here, but we found that they could have done a better job of challenging. I think that's one of the big questions that the public service needs to ask itself: What is it about the rules that's causing this behaviour?

The rules, in my view, are rather clear. While there are many, they are rather clear.

• (1220)

**Mrs. Stephanie Kusie:** Clearly, it's the government.

Why was a minister's signature required for a \$5-million contract but not for any of the other massive contracts that were granted to McKinsey?

**Ms. Karen Hogan:** In the case where the minister was involved, the contract was being issued on a non-competitive basis. There's a certain threshold at which the public service can no longer authorize a non-competitive contract—I think it's \$4.5 million—which is why a minister needed to be involved. It was because it was non-competitive versus competitive.

**Mrs. Stephanie Kusie:** The justification provided was challenged by procurement officials before the minister signed off and agreed to the call-up.

Is it concerning that a minister personally signed a contract that her own officials challenged? Have you seen this elsewhere?

**Ms. Karen Hogan:** I'm going to see if Nicholas wants to add something here, but it's my understanding that the minister did not actually sign the contract. The minister just provided the authority to exceed the limit allowed by the public service.

He's nodding in agreement.

**Mrs. Stephanie Kusie:** I'll turn to contract chains now.

A practice you discovered is that a small, non-competitive contract would be granted to a department, as it fell below the threshold that requires a competitive process. Once this contract was awarded, departments would argue that future contracts had to be done through McKinsey as it had already begun the work.

How common is this practice across government departments?

**Ms. Karen Hogan:** I don't think I can answer how common it is across all the government departments. We saw, in this case, out of the 97 contracts, four chains. Those four chains involved 30 of the 97 contracts, but I'm not sure that this can be extrapolated across all government contracts.

**Mrs. Stephanie Kusie:** Should small contracts have rules about future contracting?

**Ms. Karen Hogan:** I think it then comes back down to what was supposed to be the bigger, broader procurement process. It comes back to that initial question of what the need was that they were trying to meet or the service that they were trying to get, and then figuring out the right procurement process. I believe that the way these chains were structured did not favour value for money and likely limited competition.

If you give Andrew a couple of seconds, he might like to add something.

**Mr. Andrew Hayes:** It doesn't make sense to us that a small-dollar-value contract would be the basis upon which you could exercise a future justification for a non-competitive contract—for example, that it's not in the public interest to compete for it when it's only been a minor, small amount of investment at that point in time.

**Mrs. Stephanie Kusie:** So, there's nothing in place currently that prevents these types of contracting chains.

**Mr. Andrew Hayes:** We would consider those kinds of justifications to be weak. They shouldn't be the reason for proceeding with a non-competitive contract in those cases. The rules are clear, but the application is where it falls down.

**Mrs. Stephanie Kusie:** Thank you.

**The Chair:** Thanks.

Mr. Sousa, please.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Mr. Chair.

Thank you for being here and providing your comments on the report, as well as on other reports.

I think it's important to state that this is not something new. This is not something that's unique. You've had a number of opportunities to review procurement, to review the status of some of the work that's being done across the board, not just with McKinsey. You've made some great recommendations thus far.

Has the government adopted the recommendations that you've made up to this point?

**Ms. Karen Hogan:** If you mean over the years that my office has done procurement audits, absolutely they have adopted them. In this case, I only issued one recommendation because I felt that the procurement ombud and the comptroller general, and the internal audit shops, who had done work from March 2023 until very recently, had addressed all of the other concerns. However, I just want to reiterate that I don't think it's about creating more rules; I think it's about understanding the existing rules and why they're not being applied.

**Mr. Charles Sousa:** What I'm getting at is that there is a great desire and concern by government and I believe, too, those civil servants—who have done an extraordinary job on many contracts beyond just the ones you've seen—to ensure that transparency and integrity and fairness is built into the system. Do you have any doubt that they're not co-operating or they would not like to see things improve?

**Ms. Karen Hogan:** I think throughout any audit that we have, and especially recently where we've looked at procurements, the public servants who are in the actual procurement groups across the federal public service take such pride in the work they do and the advice they try to give. I don't believe here that this was done in an intentional way, and that's why I say it's important for the public service to sit back and understand what's driving the behaviour we're seeing.

• (1225)

**Mr. Charles Sousa:** I think that is what I'm trying to reinforce. Obviously, there's a narrative here of some nefarious activity—people are taking favours, whatever that is. I want to make it certain that there was no criminality here. Did any three of you see any criminal activity? Were there issues of nefarious activity? Explain to me if you see any interference in the system.

**Ms. Karen Hogan:** We did not see anything that rose to the level that we felt we should raise concerns to the RCMP. However, I am

not law enforcement. They are welcome to read my report and come to talk to us about any of the examples that we provided.

**Mr. Charles Sousa:** This committee wants to make certain that there is no activity as such. We want to make certain that there is no coordinated effort. We want to make certain that every step is being taken to provide fairness and transparency to the system. The government's adopting recommendations and enacting some of the suggestions being made, and a pandemic happened, which also took things off the rails.

There's a lot of work and lots of issues. However, were there criminal activities? Were there any elected officials who were interfering?

With regard to the members on the opposite side, I know that even a leader of the opposition in the past stood to support one of his ministers who was charged or subject to a conflict of interest investigation during a procurement in.... I believe it was the minister representing Parry Sound—Muskoka at the time. We have to make certain that doesn't repeat. We want to make certain there is no suggestion of such.

**Mr. Garnett Genuis:** I have a point of order, Chair.

**The Chair:** I'll stop the clock. Go ahead, sir.

**Mr. Garnett Genuis:** It seems the member for gas plants is just making things up.

**An hon. member:** Oh, oh!

**The Chair:** First of all, before you continue, let's not use such stuff.

Continue, please.

**Mr. Charles Sousa:** Mr. Chair, I'm trying to ensure that there is integrity, transparency and fairness. I'm not looking at accusing anyone. I'm just making certain that people are operating effectively and that those proper steps are being taken.

**Ms. Karen Hogan:** I'm not sure what more I could offer than from my previous questions. We did not see ministerial interference in any of the contracts. The review of these 97 contracts did not raise concerns that we felt were of a nature that we should refer to the RCMP. This is a question of understanding the rigour that is needed around Government of Canada procurements to demonstrate value for money to Canadians.

**Mr. Charles Sousa:** How many contracts exist beyond just the McKinsey ones? What's the size and scope relative to what you've reviewed versus what actually happened?

**Ms. Karen Hogan:** I think it's important to highlight that we looked at just the professional services that would have fallen under the types of services that McKinsey could provide. We've included some graphs in our report that we thought would help give a sense of where the McKinsey contracts fit in the bigger, broader Government of Canada procurement of professional services.

Over the 12 years that we looked at, the government spent about \$68 billion on professional services, \$200 million or so of that was McKinsey, which represented 0.27% of what was spent on procurement.



That's why when we see that there was a frequent disregard of the rules for McKinsey, we don't believe that it's reasonable to assume it's limited to just them. It is likely that it's time to remind all public servants involved in procurement about what the rules are and why they're there, so they can be followed, and that documentation will exist to demonstrate that probity and prudent use of public funds was present.

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

Mrs. Block, go ahead, please.

**Mrs. Kelly Block:** Thank you, Chair.

To be really clear, this report was initiated by the revelation of the sudden sharp increase in the amount that McKinsey received in contracts once this Liberal government took power. I'll reiterate that from 2011 to 2015, McKinsey received \$8.6 million in contracts. From 2015 onwards, under this Liberal government, they received \$191 million, a much higher number than was previously reported. While I agree that it is perhaps a bellwether of what is happening across departments writ large when it comes to blatant disregard for the rules when it comes to contracting, we did see a very sharp increase in contracts to one individual company.

Prior to this audit, we found out there was a personal connection between McKinsey and the Liberals. In fact, it was Dominic Barton, the head of McKinsey, who was the brain behind the creation of the Canada Infrastructure Bank. You found in your audit that the Canada Infrastructure Bank gave two contracts to McKinsey with no evaluation criteria in the request for bids or in those evaluations.

Did the Canada Infrastructure Bank have any explanation for this?

• (1230)

**Ms. Karen Hogan:** I'm going to have to ask Nick if he can provide some additional details on that.

**Mr. Nicholas Swales:** The scenarios they were working with get a bit complicated. Sometimes RFPs contain provisions such that they don't necessarily have to follow very precisely the evaluation structure that they set up. That was the case with these ones in the competitive realm. Our concern was that this was not well documented.

**Mrs. Kelly Block:** Thank you very much.

You also raised some serious privacy and security concerns in your audit. You found that in one case, IRCC gave five contractors without the proper security clearances access to its network.

What sort of information would these contractors have had access to on IRCC's network? Would it have included sensitive personal information of Canadians?

Also, what other instances were there of contractors doing work or being given access to sensitive information without the proper security clearances?

Were there other departments?

**Ms. Karen Hogan:** When it came to the issue with Immigration, Refugee and Citizenship Canada, I actually spoke with the deputy minister myself. He assured me that the individuals in question didn't access anyone's personal information. I would have been

concerned around applications from individuals seeking either residency or work permits here in Canada.

When we looked at the security, we found that in the contracts that we sampled, there were 17 that required security clearances in order for the work to be done. We recognize that this is only in the contracts from the departments and agencies, because that's where the government security policy kicks in. We found that about 76% of them couldn't demonstrate to us that the individuals who were going to do the work had the required clearances before that work began. That is very concerning. It doesn't mean they didn't have a clearance, but it means that the individuals managing the procurement process did not have that on file and had not done that work, and that is a requirement. That is an important rule that really should have been followed.

**Mrs. Kelly Block:** Thank you very much.

**The Chair:** Mr. Bains, go ahead, please.

**Mr. Parm Bains:** Thank you, Mr. Chair.

I'm going to just go into your work with the Office of the Procurement Ombud.

In addition to the internal reviews by departments, agencies and some Crown corporations, your office and the Office of the Procurement Ombud each published reports on federal contracts awarded to McKinsey.

How did you work with the Procurement Ombud for this report?

**Ms. Karen Hogan:** I'm sorry, but I might see if Nick wants to add anything.

We did not work with the Procurement Ombud. We were aware of each other's reviews. We were both responding to requests for work. Mine was from a unanimous motion from the House of Commons, and his was from a different source. He looks at very specific compliance with procurement rules, and then we were able to bring in the Crowns. We were the first organization able to bring in the Crowns since no one else could look at the Crowns.

Our findings were very similar, and that's why we outlined some of the recommendations coming out of the Procurement Ombud as well as the internal audit shops. That's why we didn't repeat any recommendations. We felt that answers had already been provided.

Nick, I don't know if you want to expand at all on how you interacted with the Procurement Ombud.

**Mr. Nicholas Swales:** I would just add that we did talk to them frequently as they were drawing their conclusions, and they provided us with information about what they were seeing in individual contracts, which we then verified against the information we had to ensure that we had the same understanding of the situation.

• (1235)

**Mr. Parm Bains:** Then with the respective mandates ultimately, instead of differentiating things, they were able to find similarities. In your opinion, was it valuable to have two arm's-length offices report on the same topic? Why or why not?

**Ms. Karen Hogan:** What I would tell you is that you actually had many independent parties reporting on this. The comptroller general would have asked all of the internal audit shops to do work. Where we could, we relied on that work and used some of it.

Then you would have had the procurement ombuds, and then there was my office. I think the uniqueness I was able to bring was that I was the only organization that looked at determining whether value for money had been achieved, but then I am also the only one allowed to audit the Crown corporations, and I was able to bring them into the story. Up until then, it was just departments and agencies.

**Mr. Parm Bains:** You indicated there were three or many. Were there other offices involved?

**Ms. Karen Hogan:** The comptroller general reached out to all 10 departments and agencies that indicated they had contracts with McKinsey & Company and provided them with an audit program that the internal audit shop had to, at a minimum, carry out, in addition to whatever other work they may have wanted to do around the procurement process. Every department's internal audit shop is supposed to be independent of the organization and reports directly to the deputy head on what they find when they do audit work within the department or agency.

**Mr. Parm Bains:** Therefore, we can be assured that this process was quite thorough.

**Ms. Karen Hogan:** I can tell you for sure that our process was quite thorough. We did review some of the work of the internal audit shops and relied on some of their work. Some of the work was excellent, and we were able to use it and add to it where we needed to when it came to determining value for money.

**Mr. Parm Bains:** I'm going to point to just one area. Noting that the other reviews had provided recommendations with similar themes, which you support, your report makes a single recommendation "in the area of conflicts of interest that [you] believe was not addressed by previous recommendations."

In your view, why might reviews conducted internally or by the procurement ombud not include recommendations addressing conflict of interest?

**Ms. Karen Hogan:** Perhaps they weren't looking for it. However, in my view, given the renewed conversation about values, ethics and conflict of interest across the public service, I felt it was important to ensure that conflicts of interest were well managed, especially when I recognize the source of the motion that was passed in the House for me to do this work.

We felt there was an area where we saw some of the Crown corporations just doing a really good, proactive job at self-declaring on whether the processes were competitive or non-competitive when it came to conflicts of interest, whereas the public service was relying on the annual declaration.

I felt that was a gap and that it was important to close that gap, because making sure everyone involved in the procurement process has thought through whether they may be in a real or perceived position of conflict of interest was important to ensure the fairness of procurement processes.

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

Mrs. Vignola, please.

[*Translation*]

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

Ms. Hogan, you said that 45% of the contracts awarded to McKinsey were missing one or more justifications. Let's apply a proportionality lens. If memory serves, the Government of Canada awards about 400,000 contracts a year. So, 45% of 400,000 contracts represents 180,000 contracts that might not have justifications.

Can such an extrapolation be made from the sample used to examine contracts awarded to GC Strategies and others?

**Ms. Karen Hogan:** I'll just clarify the percentage issue.

We used a sample consisting of 33 contracts out of the 97 contracts in question. This was a sampling for statistical purposes.

Indeed, you could extrapolate from professional services contracts. That said, I think it is important to make it clear that comparisons should be made based on the same population.

So, 58% of contracts had one or more shortcomings. In 85% of cases, there was a missing explanation, namely why the contract had been awarded.

I know I'm talking a lot about percentages, but I think it's important to clarify things. More than half of the contracts had one or more issues, making it impossible for us to determine whether value had actually been received in relation to funds spent.

• (1240)

**Mrs. Julie Vignola:** Thank you.

There's something else that concerns me. Earlier we were talking about accountability. The same principle could provoke, in civil servants or high-ranking people, the fear of being rapped on the knuckles, or even engender a fear of change.

Does "threatening" staff, sometimes indirectly, with reprisals for every little mistake that might be made explain this fear regarding accountability?

**Ms. Karen Hogan:** That's an excellent question.

There are a lot of individuals who talk to our teams during audits. I admit that some of them are sometimes afraid of reprisals. From time to time, they are a little worried when they share information with us, but they know that we will really take their fears into account. I'm grateful for the commitment officials show when they come to talk to us during our audits.

That said, I think there are a number of reasons why the rules might not be followed. It's really up to each department, agency and Crown corporation to determine what the culture is within the organization and find out why the rules aren't being followed properly.

**Mrs. Julie Vignola:** Thank you.

[*English*]

**The Chair:** Thank you.

Mr. Bachrach, go ahead, please.

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

Ms. Hogan, one of the more troubling things included in your report is this piece about the use of Crown corporations as proxies.

You've noted that for one contract that was issued by the Canada Development Investment Corporation at the request of the Department of Finance, "the department's approach raises the perception that it used the Crown corporation as a proxy to avoid the public service's competitive procurement requirements."

What requirements might they have been trying to avoid?

**Ms. Karen Hogan:** This is one of those complex situations. As I said, there were 97 contracts with almost 97 different situations.

CDEV provides advice to the Department of Finance. That is one of their *raison d'être*. We found that the Department of Finance was very involved in a procurement process when they typically would not have been. They provided a statement of work. They were part of the evaluation committee. That perception is one that made it look like they were trying to avoid certain rules.

In the Crown's case, a competitive process would have just been to ask three different vendors for bids. In the federal department's case, this would have involved a much lengthier process of having the contract available for all Canadians to bid on and then doing an evaluation of all of those bids.

It's likely faster to only have to go to three vendors, then evaluate the bids received and issue the contract.

**Mr. Taylor Bachrach:** Given the perception that this was done to avoid a more rigorous procurement process and more rigorous rules, what can be done to prevent that from happening?

Assuming that the more rigorous process is in the public interest, I'm wondering if the steps the government has taken to strengthen procurement addressed this specific situation that you've raised here.

**Ms. Karen Hogan:** I can tell you that I spoke with both the head of CDEV and the deputy minister of finance about this situation specifically.

Some of our concerns were that the Department of Finance should have been further withdrawn. They didn't need to provide the statement of work and they didn't need to direct them to go get a contract to get advice.

They could have said, "We need advice on a certain topic; can you provide it to us?" and then left the Crown to determine the best way to get access to that.

That perception of being a little more involved is the one that we questioned here.

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

Mr. Genuis, you have five minutes, please.

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

Madam Auditor General, summarizing your report here on McKinsey contracting with this current NDP-Liberal government, your frustration seems to kind of exude through the pages in a few ways.

I note, for instance, that on the recommendation side, you basically said that many of the recommendations you've made on previous reports would have relevance to this report, so you're not going to repeat them. Fixing the problem is a simple matter of adhering to the rules. You noted that it's not complicated; there are rules in place and the rules are just not being followed.

It highlights the fact that pointing out the problems is one thing, but the government has to actually be serious about implementing the solutions.

It's frustrating for me to hear the discourse in response to your reports. It's always very deferential, publicly, from the government, saying that they listened and they thank the Auditor General for her work, etc. Then there is a failure to implement the basic solutions and we have a situation where you have a report coming back saying, essentially, that you don't need to repeat yourself; refer to previous reports for recommendations that would have addressed many of these problems.

What can be done to get at this core issue of governments paying lip service to recommendations you've made, but then not taking the implementation seriously?

• (1245)

**Ms. Karen Hogan:** I have a small point of clarification to make.

In this report, I wasn't referring to our previous recommendations but to those the procurement ombuds recently issued, as well as the internal audit departments and the comptroller general.

When it comes to following the recommendations we give and actually implementing them.... I wish I had the solution, because we often hear, "Yes, we agree", then don't see action. However, I have to say that, following ArriveCAN and throughout this audit, we saw that Treasury Board and Public Services and Procurement Canada were already making changes, so that's a positive.

What I'm hoping we'll see, going forward, is that it isn't just a "one and done"—that there is recognition that reminders about procurement rules should happen on a regular basis. That's why I believe every organization needs to make sure they have better monitoring or a better quality control system over all of this. While the rules may be confusing at times, they are very clear. It's how they're applied and documented that should be improved.

**Mr. Garnett Genuis:** Yes. It is frustrating, I think, for many Canadians that, after nine years of this government, the simple matter of having to follow the rules.... The rules aren't being followed, and improvement is characterized by saying, "Okay, well, we're going to work harder to follow the existing rules." We're not even talking about existing rules being inadequate. We're talking about a failure to adhere to the rules.

I am going to pass the time I have left over to Mrs. Kusie.

Thanks.

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

Thank you very much, Auditor General.

Again, given this damning report, Mr. Chair, I'm going to launch into a motion that I've submitted to the clerk.

[*Translation*]

This motion has been drafted in both official languages.

[*English*]

It's evident that more needs to be uncovered after this report, which determined there was frequent disregard for the rules of contracting. Again, we see the same players being complicit, with 70% of contracts—\$118 million—being non-competitive; four out of 28 contracts being designed to suit McKinsey; 10 out of 28 contracts not having enough documentation; 17 out of 20 departments failing to meet these requirements; 18 out of 19 contracts being off the national master standing offer list; 76% of contracts not having good enough justification; 13 out of 17 contractors not having the correct security clearance requirements; six out of 23 departments—that's 22%—not receiving all of the deliverables; and, as I said, only 29% of contracts being done through a competitive process.

In addition to this motion, which I'm putting forward, Mr. Chair, we see these incredible amounts. Immigration, Refugees and Citizenship Canada had close to \$25 million for two contracts. National Defence had almost \$26 million over 15 contracts. Public Services and Procurement had more than \$26 million over three contracts—I will say that my counterpart, the President of Treasury Board, has her fingerprints all over this, Mr. Chair. The Business Development Bank of Canada.... Crown corporations, which were just brought up, had 11 contracts for close to \$22 million. Canada Post, which we had here in this committee recently, had almost \$27 million over 14 contracts. The Public Sector Pension Investment Board had over \$14 million in over 18 contracts awarded. There was a single contract, Mr. Chair, awarded to Trans Mountain Corporation. As an Albertan, I'm not surprised by this at all.

With that, I will get into the wording of the contract. Mr. Chair, I will read it into the record in English.

• (1250)

**The Chair:** Can I interrupt before you do?

I think we will, because of the time, excuse our witnesses. I don't foresee our getting to the next round.

Thank you, as always, Mr. Hayes, AG Hogan, Mr. Swales and Mr. Mariani. It's always a pleasure to have you with us.

Thanks very much.

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

The motion reads:

That in relation to the committee's study of federal government consulting contracts awarded to McKinsey & Company, the committee invite to appear:

Dominic Barton, former Global Managing Partner of McKinsey

Bob Sternfels, current Global Managing Partner of McKinsey

Boyan Gerasimov, former Engagement Manager of McKinsey & former Director of Policy to the Minister of Public Services and Procurement Canada

The McKinsey Canada officials responsible for securing government contracts

The President of the Treasury Board and departmental officials

The Minister of Public Service and Procurement and departmental officials

Department of National Defence officials

Department of Immigration officials

Business Development Bank of Canada officials

Export Development Canada officials

Public Sector Pension Investment Board officials

Trans Mountain Corporation executives

Canada Infrastructure Bank officials.

As I said, Mr. Chair, we have just seen a damning report delivered by the Auditor General here this last week, and we must uncover more. Even she did not have the answers for us today. Even she said we need to have more information in an effort to both solve the incompetence and further explore the cozy relationship between the Liberal government and McKinsey.

We need to get to the bottom of this. With that, I am putting forward and moving this motion today, which calls these witnesses, in an effort to do that.

Mr. Chair, thank you very much.

**The Chair:** Thank you.

We'll start debate.

I have Mr. Kusmierczyk and then Mr. Genuis.

**Mr. Irek Kusmierczyk:** Thank you, Mr. Chair.

Everyone around this table takes this issue incredibly seriously. We asked the Auditor General to come here and to provide testimony today of her exceptional work. We're very grateful for the work that she and her team brought forward. This is obviously a serious issue.

We absolutely want to strengthen accountability for our public service and our public officials in their day-to-day work, to see compliance with procurement rules strengthened and to see improvements made to quality control in the work that our public servants do. We want to see, above all—which is something, again, a common theme we see.... Whether it's the Auditor General's or the procurement ombudsman's report, the thread that has connected all of those investigations and analyses is that we need to drastically improve documentation: "Documentation, documentation, documentation," is the thread and the theme that, really, is being repeated over and over throughout these analyses.

However, what we heard today loud and clear from the Auditor General is that 99% of the contracts that were studied had no political involvement whatsoever. There were 97 contracts that the Auditor General looked at. We asked the Auditor General point-blank, "Out of the 97 contracts, how many had political involvement?" The Auditor General clearly stated that there was only one out of 97 that had ministerial involvement, because the contract in that case met a certain threshold such that it was required. Ninety-nine per cent had no political involvement, which means no ministers, members of Parliament or elected officials were involved. This is an issue within the unelected public service and the public sector.

Again, compliance with procurement rules, improving quality control and documentation, these are the tasks eternal for the public service. This is an ongoing eternal task, not only for every public servant in Canada, but this is the challenge and struggle that every public service in the world faces.

The question before us is, what can we do? How do we help our public servants be the best they possibly can be and deliver the best service they possibly can? How do they maintain the rigour that is required of their work? How do they maintain the highest professionalism? That's the fundamental question. It's not a question of politics. It's a question of professionalism—public service professionalism. How do we help our public servants make sure they meet and exceed the highest level of public service professionalism? That's what this is about, and this is what this conversation is about.

Now, my experience working alongside public servants is that they are incredibly dedicated people...the highest professionalism. They are dedicated. They are professional. They take their work extremely seriously. They take the integrity of their work and their office extremely seriously. We saw that especially during the trying times of COVID and the pandemic. These are unheralded heroes who often worked behind the scenes, out of the limelight, for long hours and long weekends to help get this country through the pandemic and COVID. These are exceptional professionals, and the question before us is, again, how do we help them?

● (1255)

How do we help our public servants, our unelected public officials, maintain the highest vigour and rigour of the highest standards of professionalism? That's what this is about. This is what we heard the Auditor General say over and over: that there was no malfeasance. There was no type of untoward motivation, but there were gaps. There were gaps in the systems that do absolutely need to be addressed, because, again, we heard today as well that the

federal government procures billions—tens of billions—of dollars of goods and services every single year, hundreds of thousands of contracts...I think I heard it's 400,000 contracts every year.

It is important—it is critical—that we have the proper airtight systems in place to make sure that Canadians are getting the best value for money, that every dollar is spent wisely. At the same time, we need that proper documentation to be able to show our work, to be able to show the work of our public servants, I should say, so that when there are mistakes that are made, we can learn from them and also, so that we can—again—take the necessary lessons from them and learn best practices from them. That's absolutely important.

Value for money is absolutely critical, but we also know for sure that in those instances where someone does do something that's untoward, we can hold them accountable. We can hold them accountable, and that is something that is absolutely critical, but we heard loud and clear today from the Auditor General.... It couldn't be more clear. The Auditor General looked at 97 contracts within 10 departments and within 10 Crown agencies and found that, out of the 97 contracts, there was zero involvement from elected officials, zero involvement from ministers, from members of Parliament, from elected officials...except for one. Ninety-eight point nine per cent—99%—of contracts that they looked at had zero ministerial or political interference, so this was an issue...this is an issue that is within our public service, and we need to find out how we help our public service to be the best version of themselves that they possibly absolutely can be.

What we heard today, on top of all that—the Auditor General was absolutely clear—is that the rules already exist. The rules already exist. The framework of accountability and the framework of rules and systems already exist. This is what we heard, but what needs to change is that the departments need to make sure...the deputy ministers, the unelected officials, need to make sure the rules are being followed. We heard today that there are varying degrees of compliance with those rules. Some departments are better than others. We need to make sure. How do we follow the leaders and not the laggards? How do we make sure that the best practices are adhered to by every public official and every department?

We heard that Natural Resources is a department that had a clean sheet, a clean bill of health, from the Auditor General. What do they do that's different and that other departments and Crown agencies need to emulate to make sure they're doing the right things? This is important, but that change, that culture change, is the responsibility of the unelected public service, and bringing that to bear is absolutely important. It is something that is important to us as elected officials to make sure there is accountability in that system, but as the Auditor General said, the rules exist. The accountability framework exists. It's a matter of departments and Crown agencies following those rules, which is what is important.

• (1300)

In this conversation, we also learned about the complexity that public servants have to deal with and about the need to balance.... Again, it's not about creating more red tape. We're doing a red tape reduction study in this committee. It's not about creating more rules or more red tape. It is about balancing the need for accountability 100%, but balancing that with the need for efficiency to make sure that decisions can be made in a manner that is responsible and accountable but also efficient so that the work of government can continue and Canadians can receive the service they require.

That's where we should be taking this next step as a committee. We heard it loud and clear. The Auditor General pointed us in the right direction, which is the need to speak with officials, the need to for us to work with officials and with public servants to find out how we can help them do their work. That's something that is important.

We asked the Auditor General what was driving this behaviour. Why are unelected public servants taking these shortcuts—not providing the proper documentation, not providing the proper quality control and not following the proper procurement rules? The Auditor General stated that it's likely related to public servants either not understanding the rules fully—perhaps being overwhelmed by the complexity and the sheer number of all the rules—or, again, it's simply that those rules need to be reinforced, repeated and ingrained in the culture of those particular public servants.

That's what we heard in the testimony today. We had some great questions that were asked around the table. I'd be curious to find out how we can deploy technology, perhaps, to help the public service. I'm thinking of, for example, AI, which is able to deal with complex systems and complex situations to help public servants make sure that they're referring to a checklist of things, items that need to be conducted for every procurement, no matter how small or how large. We asked questions about why some public officials go back to the same well, go back to the same companies. What are some of the risks we open the door to when we have these chains of non-competitive contracts? That elevates, obviously, the risk element for those types of decisions.

It seems like sometimes public servants simply get into a rhythm—I don't know if that's even the word for it—or a habit. They go back to the same companies time and again. How do we challenge that? As the overseer of the procurement process, how does PSPC deploy its challenge function? This is something we also heard today.

We know that the departments are ultimately responsible. We know that the officials are ultimately responsible for making those decisions, and we know that public servants make those decisions within those departments, but how does PSPC utilize its challenge function to effectively put a brake on a particular procurement that it finds troubling and to basically say, “No, no, go back to the drawing board, IRCC” or “Go back to the drawing board, CBSA, you need to do this. You haven't fulfilled tasks A, B and C.” That's another question. How do we strengthen the oversight role of PSPC but do that without grinding the work of government to a standstill? I think that's the critical element here.

• (1305)

We're trying to balance the need for accountability, the need for having checks and balances, and the need for efficiency to not slow down the process of government, because, again, the decisions that are being made here impact Canadians, whether in terms of procuring PPE, procuring vaccines during COVID, procuring infrastructure investments to strengthen infrastructure, or making sure that benefits delivery modernization is moving forward so that Canadians and seniors can get their OAS paycheques and their GIS, so students can get their student loans, and so on and so forth. Canadians depend on a well-functioning government.

How do we balance that need for accountability with making sure that we're not adding unnecessary red tape? The Auditor General had an answer to that as well: We don't need new rules. What we need is for unelected officials, for public servants, to follow the rules that currently exist. That is something that is absolutely critical.

I'm looking at this motion that is here before us and I just had a chance now to really read through it. The member calls for folks that the Auditor General has already stated have absolutely nothing to do with the issue of these contracts, including Dominic Barton—my goodness. Everything the Auditor General, everything the Procurement Ombud and everything every other agency that has looked at this has said is that this is not about politics. This is not about partisanship. This is not about any type of friendships. This is simply about public servants, unelected public servants, not following the proper rules to the full extent. That is what this is about.

To call the President of the Treasury Board, a minister, and to call the minister of public services here when we have heard time and again today that 96 out of the 97 contracts had absolutely zero political involvement whatsoever—this is what we're talking about here.

I would rather that we as a committee take the next steps, be logical about this and avoid trying to create what I would say is a circus around this. We should do the work of this committee, and the next steps should be more focused and more surgical about what the next step in the work of this committee is. I think that's what's important here and that's what I'm interested in doing.

We absolutely want to strengthen the processes of our unelected public officials here. We absolutely want to strengthen compliance with procurement rules. We want to improve quality control. We want to improve documentation. That really is the gap. When you read all of the reports of the Procurement Ombud and the Auditor General, that is what they are saying, that we need to strengthen documentation, improve the culture of documentation and show our work. That is what we do. Again, this is something that needs to be improved.

This is what the Auditor General in her work and her team's work—which, again, we applaud, she has really done us a tremendous service here, raising this issue and shining a light on this issue—has pointed to as the issue, and as the road or the path to improving the accountability in our public service.

With that, I will yield the floor and happily circle back again to continue discussion on this important issue.

• (1310)

**The Chair:** Thanks.

I have Mr. Genuis and then Mr. Sousa and then Mrs. Vignola.

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

Just very briefly, Conservatives have put forward a reasonable motion to study the issue of McKinsey contracting with this NDP-Liberal government and to call relevant witnesses.

The Liberals are trying to prejudge what the conclusions of that discussion might be. I think we should hear from the witnesses. Some of these witnesses are people who are very close to this NDP-Liberal government, a former staffer who's also someone who worked for McKinsey, as well as Dominic Barton, someone who has been extensively involved with this government. I'm sure they can offer whatever defence there is to be offered.

The fact is we know that McKinsey and this NDP-Liberal government have a very close relationship. Contracts have spiked under this government over the last nine years. There's been massive growth in the amount of contracts that McKinsey has gotten and Liberals would have you believe that the government had nothing to do with this. Somehow, as soon as Justin Trudeau became Prime Minister, the non-partisan public servants were way more enthusiastic about McKinsey than they had been previously.

It was purely coincidental that this enthusiasm for McKinsey swept over the un-elected public service as soon as Liberals came into office. Meanwhile, Liberals were passive bystanders to the things that were happening in the departments that they were supposed to be running. I don't buy that, Mr. Chair, and I don't think you should buy it either.

In any event, let's hear from the witnesses and let's get to the bottom of what happened.

**The Chair:** Thank you.

Mr. Sousa.

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

I appreciate the concerns that all of us share in terms of trying to foster solutions, improvements and value for money in the work that's being done through procurement throughout the system.

Notwithstanding some members' childish name-calling of the activities involved, it's important that we take the proper steps to ensure corrections are taken. We've noted that there have been shortcomings in the system. It's been noted by the ombudsman and by the Auditor General on previous occasions, and recommendations have been made and adopted. We continue to move forward to find and foster those improvements.

The value-for-money audit is something that's concerning all of us. Certainly, the Auditor General explained that it wasn't just that she wasn't able to say that there was no value for money, but she wasn't able to assess the value for money. That's concerning, right? I mean, the idea is to ensure that there's a focus on the needs when we look for the procurement, that we have an understanding of the expected deliverables and then that the provided outcomes exist, so that ultimately there is an intent of proper achievements with respect to those contracts and that procurement to assess the value for

money. The Auditor General noted that in her comments. Some of the operations and contracts that have been fulfilled and some of them that are still ongoing have had a need, and there are issues as to why we require those partnerships.

Now, some around the table have also suggested that for the civil service maybe they should be hired as opposed to being contracted. In other words, hire more individuals into the system and increase our bureaucracy to do some of this work, but the Auditor General, in her comments, also noted that this wasn't feasible either. She made it very clear that there was no interference, elected officials' engagement or previous activities as had happened in the previous government. They haven't been reflected here, and that is important, because the rigour of the system must be maintained.

She also referenced that there was nothing unique in regard to McKinsey per se, because the situation had been addressed already. There were a number of concurrent engagements that were being reviewed, and I do like her recommendation for a standardized conflict of interest disclosure that would be broadly adopted across all departments to provide some uniformity in that regard, but there was no coordinated effort. There are reputable companies that have been involved in procuring contracts to the Government of Canada, as in this recent government, in the government of today, as well as in the past. McKinsey has been used by other levels of government throughout Canada and throughout the world.

The purpose here, then, is to ensure that proper procedures have taken place. I think that's what the Auditor General is recommending. The politicization of the situation is I think part of the motivation here and doing more YouTubes and so forth on the part of the opposition. They'll stream some of these activities as outcomes of today, but what we need to make sure of is that we provide greater integrity in the system and provide greater transparency in the system for the benefit of Canadians, not for trying to promote some partisanship or using cute phrases and so forth.

These are real issues, Mr. Chair. These are real issues that matter to Canadians and matter to the members of this committee and we want to make certain that we look at them in a holistic manner. We have reviewed.... The very individuals being asked to come before this committee have already appeared on many occasions. We've already been discussing the process of procurement. We've already adopted some of the measures that the ombudsman and others have suggested we take.

We have already made clear—and by those who are reviewing and investigating—that there's been no interference. There has been no criminality. There has been no persuasion of elected officials or ministers or otherwise, but there has been a shortage of skill sets. There has been a shortage of required training to do some of the work, and that is what has been reported.

The size and scope of some of the activities are also of concern, right? We have a lot of contracts. Well beyond what McKinsey has been reviewed for, we have many others. Those initiatives and those monitoring systems must be applied throughout the system. That's what I believe is more concerning to all of us: that those proper procedures do take place. We are trying to be proactive. I mean, we've been proactive by requesting some of the reviews and investigations.

• (1315)

For those who have fallen short we've made corrective measures and some have had disciplinary measures. In this case with McKinsey, that wasn't evident to the Auditor General.

I believe it's important for us to move forward on those recommendations, to move forward on the issues that require us to operate the system better, but to go backwards and then determine some of the engagements and trying to hold people to account, they should always be held to account. Every minister is held to account. It's their role in regard to government operations.

Some ministers of the past in previous governments may not have been doing an effective job, but we need to ensure that we will always continue to do so and learn from the previous mistakes of the governments. However, we will take the steps necessary and I think we've identified those steps.

I'm now looking forward to moving in a positive manner to ensure that we have the proper skill sets, to ensure that we have the proper procedures in place, to ensure that we monitor them effectively, and to ensure that we have positive outcomes so that we can then properly assess that value for money.

Clearly, the Auditor General said there may have been, we just couldn't properly assess it. That, I think, is what's at the crux of the matter, to ensure that we do.

I'll pass it on at this point, Mr. Chair.

• (1320)

**The Chair:** Thank you, Mr. Sousa.

Mrs. Vignola, please.

[*Translation*]

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

You can't be against apple pie, which means wanting to get to the bottom of things, wanting to identify everything that's wrong and find viable, sustainable solutions.

Several of the people mentioned in the motion have already appeared before the committee. They have been asked very pointed questions, sometimes bordering on the aggressive. I'm not against the motion in terms of its substance, but I wonder whether we're going to manage to find anything other than what's already there in the tens of thousands of pages we have about the McKinsey firm, as well as in the Hansard minutes.

That being said, if committee members feel the need to meet with these people, because the issue makes them emotional and they believe it's important, we could do so. In my opinion, the problem with this motion is its wording and lack of precision. We're talking, for example, about public servants from National Defence and several agencies and departments.

Do we intend to meet with every public servant whose name appears on a contract? Is that the intention? How many public servants are assigned to a contract? How many contracts are there?

We're talking about 97 contracts. Do we really want to meet each and every public servant whose name appears on a contract to try to

find out where the problem is and see if these public servants are, at the end of the day, involved in any way, near or far, directly or indirectly, with the McKinsey firm?

The motion lacks precision. What do we want? What is the objective?

We should indeed avoid making the mistake that was made in awarding the contracts we're looking at, of not knowing exactly what we want. I understand that we want the truth. We want to find solutions. We want to get to the bottom of things. I understand all that, and it's essential.

Is this the right way to go, in such a broad, non-specific manner? Ultimately, it could even be detrimental. When you cast your net so widely and so imprecisely, you run a greater risk of getting lost in a maze of more or less relevant information. There's also the risk that public servants will fear being punished for having forgotten steps, even unconsciously, which could make them distrust the committee. Nobody wants that. We want the truth, but how do we want it? What consequences would we be prepared to face as a committee?

We need to respond to all of this. As I was saying, we certainly need to look at the contracts awarded to the McKinsey firm. It's absolutely aberrant and abnormal to see that justifications were missing from 58% of the contracts. I repeat, it's staggering. It's flabbergasting.

How, though, are we going to do this? Should we invite every single public servant working in the departments? There would be no end to it.

Here are my final questions. How many meetings will we need to schedule to meet them all? Should we meet the witnesses all at once or one by one? When would we find the time to do this? Are we going to exhaust our interpreters and technicians by forcing them to come during the summer, in July and August? Is this what we're looking for?

I'm convinced that no, that's not what we're looking for. At least, I'm not. I don't want to cause stress, burnout for this. I want to hear the truth, not destroy the people we work with and who work for us.

• (1325)

Yes, we need to study the McKinsey case, get to the bottom of it and find the truth. However, the motion needs to be improved and clarified. I suggest my colleagues seek consensus and clarify the motion so as to answer, at the very least, some of the many questions I've put forward in the last few minutes.

Thank you.

[*English*]

**The Chair:** Thanks, Mrs. Vignola.

Mr. Jowhari.

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



The statements that I'm about to make are my observations of the first hour I was here. I left for the second hour to attend one of our colleague's events, which we do jointly. It was with Matt Jeneroux for Father's Day on the Hill. By the way, happy Father's Day to everyone who's a father. Why am I saying that? I'm giving a caveat that I'm speaking about what I heard in the first hour.

As I left, I asked the Auditor General if she had seen this over the last 12 years of her study, over the span of the 12 years. It looks like the process inconsistencies or the process not being followed was true for 12 years in a very consistent way. Some of that 12 years were Conservative and some of them were Liberal. I don't think it has anything to do with whether it started in 2012, because the study started in 2012. If we had started in 2010, we would probably have seen that.

Then we looked at the departments, agencies and also Crown corporations. We saw that, despite the fact that Crown corporation are arm's-length organizations with two different processes and two different systems, the same inconsistency existed.

Then we asked what her conclusion was. One of the conclusions she had was that this is a very complicated process. It's lengthy and it's cumbersome. Also, despite the fact that the delegation of authority had been assigned to the deputy minister, they assign at the lower level and probably the lower level were not trained, especially when you look at the timing of when these contracts were being awarded.

Also, I recall there were instances that the department or the minister of the Crown corporation was waiting for this master service level agreement, which I believe gives them the flexibility to be able to get around some of these complexities.

The next logical question, had I been in the committee and I had a round, would have been that we saw the peak in 2021 and 2022, so what was happening during that time and why do we see an increasing trajectory of expenditure? If you look at it, and I'm not sure whether some of my colleagues pointed it out or not, this government inherited a set of services and a set of back-end technologies, etc., that really needed attention. It had a very progressive and aggressive agenda. For us to be able to do that, we had to make sure about what are the best practices around the world. McKinsey is one of those organizations. It's not the only organization, but one of those organizations.

When you look at the amount of money that's been spent.... And by no means am I trying to defend any management consulting or McKinsey. I just want to be very clear on that. When you look over the span of the \$200 million, the amount of money that we spent on McKinsey was about 0.27% of the total money that was spent on all external management consulting.

That's how I perceived what the Auditor General was saying—and I think she alluded to that as well—but this is not really about McKinsey and this is not really about favouritism, etc. It was a combination of processes not being followed, processes being too complicated and people probably.... If you look at some of those performance requirements—and I'm reaching really out there—if your performance and your bonuses depend on getting something done, and then you are handcuffed with a process that is lengthy

and complicated, you're going to find creative ways to be able to get your job done.

The whole concept of a master service level agreement could be one of those ways that you get creative around getting services. It could be that you use a master service level agreement, which is an umbrella, and then give people, the decision-makers, that flexibility to be able to put some of the services that they require under that.

• (1330)

Is that really what the master service agreement is designed for? I don't know. That's where we should be focusing.

Why am I building on that? Why am I referring to all of that? It's because I don't think the focus should be on McKinsey. McKinsey was about 0.27%. The focus should be on the processes that are very complicated, the training of individuals and understanding the delegation of authority, then putting in the measures, as the Auditor General suggested, to monitor that. That's where we should be focusing. If the focus on so-called McKinsey is going in that direction....

By the way, we're doing a red tape reduction study. Why can't this go into the red tape reduction study? We could say, "Hey, let's look at the master service agreement. Have there been any cases where the master service agreement has been used as a way to expedite the processing? Why don't we have expedited processing? Why do we have 600 small businesses such as GC Strategies that have somehow mastered the cumbersome process? Someone in a small start-up—one individual firm—is trying to get into developing and helping the government. It has to go to someone like GC Strategies." Those are the ones you should focus on.

I had an opportunity to quickly look at the list of suggested...that we have. Dominic Barton has already come and gone. He's been here. He made his statement. He was gone from Canada Infrastructure Bank.

By the way, Canada Infrastructure Bank had \$1.7 million. I understand if you want to have in, say, Trans Mountain Corporation with \$32 million. However, bringing in McKinsey, or bringing in Canada Infrastructure Bank for a \$1.7-million contract.... I don't know.

The current global McKinsey partner was here. I specifically asked him. I said, "Why, all of a sudden, is there an interest in the Government of Canada?" He said, "Well, we decided, as part of our strategy, to increase our footprint in Canada." If you look at their footprint compared with all others, it's not very much.

Okay. Then there is Boyan, the former engagement manager of McKinsey and former director of policy for the Minister of Public Services and Procurement Canada. Procurement was one of the departments. We don't need to bring this individual in. President of Treasury Board...estimated date. President of Public Services...estimated date. Department of National Defence and officials.... I mean, what are they going to tell us? They're going to say, "Yeah, well, you know what? We needed to get the job done. We were asked to follow the procedures. We found that the master service agreement was probably the best."

It's interesting that I didn't see in here the one organization that actually followed the process. I didn't see the only one out of 10 departments. They were very complimentary. I didn't see their name in here. Probably, if you're going to ask anybody to come here, it should be them. The Ministry of Natural Resources followed almost all of the procedures. Well, out of the five, they did four. Why aren't we inviting them? It's because they're going to say, "Well, we followed the procedure." There was no influence. The issue is that these departments didn't follow the procedure. Why not? It's not that they want to break the rules. It's because the procedure is probably, as the Auditor General said, very complicated. When it's complicated, you try to get creative. If there are opportunities within the framework being presented to you to be creative in order to get your job done, you'll do it.

We had the Public Sector Pension Investment Board. We asked them for documents. Are you going to invite them? They're not going to come and talk about any of these things because they're going to say it's national security.

Trans Mountain Corporation and Canada Infrastructure Bank.... I already talked about those.

As I said, why not ask the Ministry of Natural Resources, which could come here and say, "You know what? We understand this is the procedure. We understand there is a delegation of authority. This is how we document it, etc." Then we could say, "Well, why wasn't this followed in the others?"

• (1335)

This is what the Auditor General was trying to figure out as well, and this is the responsibility of the ministries, the deputy ministers and the officials.

I think I've made the point of what the focus of the study should be. It's on the process. It's on why it's not being followed, why some tools are being used as a way to get around the complexity and give them the flexibility to be able to do the job they do, and that's where we should focus.

Look, we have a study around red tape reduction. Probably this should be part of that as well.

On that note, Mr. Chair, I move to suspend the meeting.

**Mr. Garnett Genuis:** I don't think there's any such—

**The Chair:** You can't move to suspend. You can move to adjourn only, but not suspend.

**Mr. Majid Jowhari:** I didn't want to adjourn, because this is so wordy, but okay, I did my best.

**The Chair:** Does anyone else want to speak?

Mr. Bachrach.

**Mr. Taylor Bachrach:** It is an important debate, and I appreciate the vigour with which my Liberal colleagues are going at their line of defence. Noting the time, I wonder if there is a motion that would be in order that would simply allow us to pick this up at the next meeting.

**The Chair:** Well, we are running out of resources. Either we suspend, which means we basically punt the red tape study to Wednesday and continue this, or we adjourn; and then someone can bring a motion to bring this back in the next meeting.

**Mr. Taylor Bachrach:** Isn't there a motion that we can bring forward to simply pick this up next time?

**The Chair:** Well, that would be if we suspended.

**Mr. Taylor Bachrach:** However, we're not allowed to make a motion to suspend according to the clerk.

**The Chair:** No, I can suspend at the end.

**Mr. Majid Jowhari:** Can I move a motion to ask the chair to suspend the meeting?

**Mr. Taylor Bachrach:** We get different advice from the committee on whether a motion to suspend is in order.

**The Chair:** We can do either. If there's a general consensus that we'd like to continue this, we can avoid adjourning and then wait for someone just to move a motion to restart the debate.

**Mr. Taylor Bachrach:** I don't think it's accurate to we say we would like to. I think it's preferable that we continue it next time.

**Mr. Garnett Genuis:** Chair, our preference would be that we have a vote on this.

**The Chair:** Yes, I realize that.

**Mr. Charles Sousa:** I think the chair made a valid suggestion. Let's move forward with your suspension, and then have someone bring it forward at their discretion.

**The Chair:** Well, it would be adjourning.

**Mr. Charles Sousa:** Whatever you said just prior to that....

**The Chair:** Can we get to a vote on this right now?

**Mr. Charles Sousa:** I don't think we—

**The Chair:** No, it's a vote on this motion.

**Mr. Charles Sousa:** No, we're not voting.

**Mr. Garnett Genuis:** Chair, is there anyone on the speakers list?

**The Chair:** No, there's no one else on the speakers list.

We're basically out of resources, and that's what I was getting at, so I am going to adjourn.







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