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Chair

Mr. David Christopherson

Standing Committee on Public Accounts

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• (1530)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I now declare this 58th meeting of the Standing Committee on Public Accounts in order.

Colleagues, we are here today pursuant to Standing Order 81(4), main estimates 2015-16, vote 1 under Auditor General. It was referred to us on Tuesday, February 24 of this year.

The three components of what we'll be dealing with today from the Auditor General's office are his 2013-14 departmental performance report, the 2015-16 report on plans and priorities, and the 2015-16 main estimates. Within those main estimates is the budget for the Office of the Auditor General. As this Auditor General knows, at some point during all of this we do ask flat out, publicly, if the Office of the Auditor General has sufficient funds to carry out their mandated responsibilities. I expect that to happen in due course.

That sets it up. It's fairly straightforward. We've done this every year. Unless there are any interventions, I think we're ready to go. We'll begin by asking our Auditor General to read his opening statement.

Mr. Ferguson, you have the floor, sir.

[Translation]

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): Thank you.

Mr. Chair, we are pleased to be here and would like to thank you for this opportunity to discuss our 2013-2014 performance report and our 2015-2016 report on plans and priorities.

With me today is Sylvain Ricard, Assistant Auditor General of Corporate Services and Chief Financial Officer, Lucie Cardinal our Comptroller, and Kimberly Leblanc, Director of Human Resources Services.

Our financial audits, performance audits, special examinations of crown corporations, and the work of the Commissioner of the Environment and Sustainable Development serve Parliament by supporting its oversight of government spending and performance.

In the 2013-2014 fiscal year, the period covered by our most recent performance report, we completed 100 financial audits, 2 special examinations, and 29 performance audits, and we began work on the audit of senators' expenses.

[English]

All of our audits are conducted in accordance with Canadian auditing standards and Canadian standards on quality control. We subject our audits and system of quality control to internal practice reviews and monitoring, and to periodic external reviews to provide assurance that you can rely on the quality of our work.

In the 2013-14 fiscal year, we used \$84.3 million of the \$88.3 million of parliamentary appropriations available to us. We had a budget of 576 full-time equivalent employees and employed the equivalent of 573 full-time employees.

[Translation]

With these resources, we completed all planned audit work except for one performance audit, on workforce adjustment measures, which was cancelled. In addition, we completed a previously unplanned performance audit, a follow-up on child and family services in Nunavut.

Our 2013-2014 performance report contains a number of indicators of the impact of our work and measures of our operational performance. The tables containing our targets and actual performance results are attached to this statement as appendix A.

• (1535)

[English]

We followed up on 10 performance audit recommendations and found that entities had made satisfactory progress in implementing five of them, or 50%, which is below our target of 75%. In our 2013-14 performance report, we noted that 21% of our performance audits were reviewed by parliamentary committees, compared with 30% in the 2012-13 fiscal year and 48% in the 2011-12 fiscal year. Recently a hearing about one additional audit is taking place, bringing the result for 2013-14 to 24%.

Although our measures of organizational performance remain generally positive, we did not meet our on budget targets for performance audits and special examinations. Our results for performance audits were significantly affected by three audits with relatively small budgets. The one special examination that was over budget had a more decentralized operational management than anticipated, leading to increased audit effort.

[Translation]

Our practice reviews serve as a key quality control in our audit methodology. In all cases, these reviews found the audit reports we issued to be appropriate and supported by proper evidence. However, our reviews also identified a need to improve the documentation of the nature and extent of oversight by senior auditors in some of our files.

Looking forward, we are always seeking opportunities to improve our products and operations. In the 2015-2016 fiscal year, we will continue activities to maximize the value of our audits and will seek further efficiencies in our audit processes. We will focus most of our improvement efforts on the following three priorities.

[English]

First, we will implement new senior management roles and responsibilities for our audits. This implementation will lead to more streamlined decision-making and ensure that decision-making can occur at the most appropriate level in the organization. We will also be completing a review of the office's governance framework to allow us to implement one better suited to support the new roles and responsibilities and our operational needs.

Second, in support of the new roles and responsibilities, we will be updating our professional development and official languages plans. Updating our professional development plan will ensure that we provide our staff with the training and development opportunities they need to meet their new responsibilities. Updating our official languages plan will ensure that we support our staff in their efforts to maintain or meet the language requirements of their positions.

[Translation]

Third, to ensure that decision making is occurring at the most appropriate level in the organization, we must empower our employees to make decisions about their work. We have surveyed our employees to assess their level of empowerment, and we will be developing actions to respond to their feedback.

[English]

Having completed the review of our strategic plan and objectives, we are well into our review of the related performance indicators that we will use to manage the office and to report to you on our performance. Many of the indicators remain unchanged, although we have added some important new ones in the areas of our independence, financial management, audit selection, internal service standards, and development and management of our people. Tables containing our renewed performance measures have been attached to this statement as appendix B.

For the 2015-16 fiscal year we are requesting parliamentary appropriations of \$78.3 million in our main estimates. Our planned number of full-time equivalent employees is 557. With these resources, we expect to complete more than 95 financial audits, 21 performance audits, and five special examinations and to report on our audit of senators' expenses.

● (1540)

[Translation]

In conclusion, Mr. Chair, my staff and I look forward to providing you with valuable assurance, information, and advice in the coming year. We thank you for your ongoing support of our work.

Thank you, Mr. Chair. We would be pleased to answer your questions.

Thank you.

[English]

The Chair: Very good. Thank you, Mr. Auditor General. Proof positive that in a democracy all is transparent and accountable, here you are today. In your role, usually you're helping to hold others accountable and making sure they are transparent, and today is the day we look at the Office of the Auditor General in that same light. Thank you very much for your presentation.

We will begin the rotation in the usual fashion, kicking things off with Mr. Albas.

You have the floor, sir.

Mr. Dan Albas (Okanagan—Coquihalla, CPC): Thank you, Mr. Chair.

Thank you, Auditor General, and your staff. I appreciate all the work you do for Canadians.

In regard to your budget, Auditor General, you said in your opening statement that you are asking for \$78.3 million through this vote. Where would the majority of that money be going in your organization?

Mr. Michael Ferguson: There are different ways to break down how our budget is allocated. About half of our total effort goes toward performance audits and the other half goes towards our financial statement audits.

Within that, we have an organization, or a group, called our professional practices group that supports both our financial and performance audit groups. There are different ways of looking at it. You can look at it from the point of view that about 50% of our effort goes toward performance audits and 50% of our efforts goes toward financial audits, or you can break out some of the administrative and methodology support for the office as well. Overall, I think it is about 50-50 in terms of the two main products that we're known for.

Mr. Dan Albas: Great. Thank you.

In your opening comments on page 3, on paragraph 12, you talk about some implementations to changes to senior management roles. Could you please go into a little more depth as to what changes that you've implemented and what that might mean?

Mr. Michael Ferguson: Certainly. This is really about a few things. It's about looking at ways to be more efficient. It's about looking at.... As I've said, one of our strategic priorities is about empowerment and making sure that the decision-making authority within the organization is done at the level of people with the skill and the experience to make those decisions.

We are moving to a model where we expect the principals—the group in our office that are referred to as principals—to be responsible for delivering the audits. The assistant auditors general will now be much more responsible for strategic initiatives.

When I first joined the office, I'm not exactly sure how many people we had in our executive group. I'm going to say 16. Our goal is to move that to nine, to make our assistant auditors general more strategy-oriented about what the office should be doing and how we provide value, and to make it the responsibility of the principals to deliver the product that we deliver.

It's very much about trying to align all of those roles and responsibilities where they should be within the organization.

Mr. Dan Albas: Good.

On paragraph 13, you also speak about training and development, and also official language training. Could touch upon that and what that will mean for the organization?

Mr. Michael Ferguson: To do our work, we've identified in our strategic planning exercise that we need to have a skilled, engaged, and bilingual workforce. We are putting a lot of emphasis on making sure that we do those things. In order for us to deliver on our mandate, we need to make sure that our people have the competencies that they need both in terms of their professional practice and in terms of their linguistic competencies.

We have under way right now in the office an exercise of determining where we feel training gaps might be, whether it be for the auditors or for the people that support the auditors, so that we can then fill in any of those gaps that we identify.

Similarly we are in the process right now of updating our official languages strategy because we feel there's more that we need to do in order to support our staff to both maintain or obtain their language skill level. It's one of our focuses for the upcoming year.

• (1545)

Mr. Dan Albas: How much time do I have, Mr. Chair?

The Chair: Ten seconds.

Mr. Dan Albas: Thank you. I appreciate it. I'm sure many other good questions will come up. Thank you.

The Chair: I appreciate it too. Thank you, Mr. Albas.

Over now to Monsieur Giguère. You have the floor, sir.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you, Mr. Chair.

Mr. Ferguson, it is interesting to note that you have been able to considerably reduce your budget in order to comply with government directives. I am wondering about a problem the two of us have

previously discussed, mainly, Canada Post and the Conference Board report on its future.

I spoke to you about a special examination, since according to information provided by the Parliamentary Budget Officer and the Library of Parliament, the Conference Board report contained some serious inaccuracies. I had asked you to investigate that situation. You replied that it would not be possible to do so before 2016.

Is it true that because of budget cuts, you have lost your freedom to conduct immediate investigations of urgent issues?

[*English*]

Mr. Michael Ferguson: Fundamentally, in terms of the audits we've done, we always plan out three years' worth of audits. Certainly when budgets are tighter, it means we have less flexibility, but we have always planned out three years. The result is that we've always tried to make sure all of our staff are assigned to audits that are coming up. In that process, we have to let the entities we are auditing know that we are going to do an audit on them.

We've never really had a lot of flexibility in terms of being able to change those plans midstream. Certainly when budgets are tighter, there is less flexibility, but we've always been in a process of trying to plan out. We've never made a practice of changing things a lot midstream. We want to make sure our auditors know what they're working on and they can do that preplanning. We also need to inform the organizations we're auditing that we will be coming in and doing an audit on them so that they can be prepared to receive our auditors when they come on site.

[*Translation*]

Mr. Alain Giguère: It's excellent in that respect, but organizations such as the Senate and Canada Post might require more freedom and flexibility from you. However, as you have indicated, you have lost part of your flexibility.

Regardless of the nature of the file that is submitted to you, would it not be beneficial to have greater flexibility so that you are able to react quickly to a major problem with an immediate effect on government management?

[*English*]

Mr. Michael Ferguson: I think having a budget with flexibility, a budget where we could have more flexibility to respond, would obviously be ideal. Remember, though, the flexibility would have to be not only on our part; the flexibility would have to exist within the organizations that we would be doing audits of. If there were an immediate need to do an audit on something, again, the organization we were going to do that audit on would have to be prepared and ready to have our auditors come in and do that. Being ready for an audit takes some preparation, takes some time and planning, on the part of the entity being audited as well.

Certainly having a larger budget would give us more flexibility and let us cover a wider range of topics, always remembering that we're never totally in control of exactly when we do an audit. It does take some planning, both on our part and on the part of the organization we are auditing.

• (1550)

The Chair: Mr. Giguère, you're in the same boat as Mr. Albas. You have 10 seconds.

[Translation]

Mr. Alain Giguère: In the case of the Senate, you reacted quite quickly, almost at a moment's notice. As the saying goes, you were able to turn on a dime.

[English]

Mr. Michael Ferguson: That certainly is the case. There are situations where we are able to do that. In the case of the Senate audit, while it's a large audit in terms of time and transactions, it's a fairly simple audit in terms of what we are auditing. We are auditing expense claims, payments, these types of things. From that point of view, it's a simple audit. There's not the complexity that might be involved in bigger audits. It's just an audit that takes time and effort because of the number of transactions involved.

The Chair: Very good. Thank you. Time has expired.

Vice-Chair Carmichael, you have the floor, sir.

Mr. John Carmichael (Don Valley West, CPC): Thank you, Mr. Chair.

Auditor General, in your report, under “Planning Highlights by Product Line”, you have a section on strategic outcome and expected results. It opens with the following:

The long-term strategic outcome of the Office of the Auditor General is to contribute to better-managed government programs and better accountability to Parliament through legislative auditing.

We would all agree that you've accomplished that. Obviously, to continuously improve on that would be something that is at the root of everything you do each day.

In your short-term and medium-term objectives, though, I noticed the objectives for both the short term and long term speak to engaging “Parliament, territorial legislatures, and federal and territorial organizations in the audit process”. Then on the medium term, you talk about “holding governments to account”. I think for those of us who had the privilege of attending last summer's conference on auditing and the procedures across the country, we work toward that with our colleagues provincially and territorially. I think that works very significantly to help benefit us in our jobs.

In the medium term you talk to ensuring “that the public is well informed about our work”. I wonder if you wouldn't mind talking to us a little about that and how you might hope to make that a reality. How do you intend to make that happen?

Mr. Michael Ferguson: Sorry, I'm just trying to find—

Mr. John Carmichael: It's on page 11.

Mr. Michael Ferguson: The question, again, was...?

Mr. John Carmichael: In the medium term, you talk about ensuring “that the public is well informed about our work”. How do you, in your capacity, intend to make that happen?

Mr. Michael Ferguson: In terms of making sure people are well informed about our work, that's all about us having strategies to make sure our reports are accessible.

I think you will have seen that we have started to make some changes in our performance audit reports, for example. We have a document that we call “Audit at a Glance”, which is to help people understand the audits. Also, the format of those reports has changed. We are focusing more on what we found in the performance audits and trying to make that clearer to the reader. We have an exercise under way now to improve our Internet site so that people can have better access to the information we're providing.

I think it's all about trying to make the audits more accessible and trying to make them information dense, so you get to the main messages in the audit very quickly.

We also have a new product that we're working on. We haven't finished it yet and it's not something we're ready to roll out. We're looking at a report that helps people understand the work we do on financial statement audits because it's not something that people know us for.

As I said to the opening question, about 50% of our work is doing financial statement audits and the other 50% is doing performance audits. Of course, everybody knows us for the performance audits because we have hearings on them and they get that type of attention. The other half of the effort in the office is all around the audits we do on financial statements, whether it be of the Government of Canada, or of various crown corporations and agencies.

We don't have a way yet of communicating to Parliament exactly.... Other than an opinion on a set of financial statements, we don't have a way of communicating results of that practice as a whole. We're trying to come up with a way of doing that, so that we can better inform Parliament about that 50% of our effort.

• (1555)

Mr. John Carmichael: Mr. Chair, what's my time?

The Chair: Ten seconds again.

Mr. John Carmichael: Thank you. I'll be back.

The Chair: Thank you.

There we go, following the Albas standard.

Moving along, Mr. Allen, you have the floor, sir.

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair.

Thank you, Mr. Ferguson, for being with us today.

In your opening remarks, bullet 8 is about your performance report, which is not really auditing, in a sense, your department, it seems, but somewhat auditing this committee. Albeit welcome, the difficulty I have with it isn't the fact that it's factual; it's the fact that it is factual. It shows that in 2011-12 we actually looked at 48% of the audits you brought before us. Then of course a year later it dropped to 30%, and a year later it dropped to 24%. The trend line is not necessarily going upward, it's actually going downward—at least the performance is, shall I say, and it is a performance report.

I don't know, sir, if you want to comment on that or not, or on how you would...not necessarily on us specifically as the group, because it would be unfair to ask you to do that. I guess the question I have is with regard to the standard you set in other areas. In the bullet above, you talked about recommendations. You looked at 10 of them and only five of them were completed. You said that was only half, but you had a target of 75%.

Do you have an internal target of a certain number of reports you'd like to see this committee actually study? You're not asking us, and I'm not asking you to tell us, about which ones you think we should do, albeit I think we've tried to do that from time to time. But internally does the department say it would be nice if the committee got to...?

I know that you would like us to look at them all. I think that would be obvious. They're that important, but time constraints don't let us do them all. Do you have an internal number as a target that you would like to see us work towards?

Mr. Michael Ferguson: I'm just double-checking exactly how we have stated that in our report. We'll find that for sure, to see what exactly we've stated on that in terms of a target.

Fundamentally, we have noticed that it has gone, as you said, from 48% to 30% to 24%. The target percentage of performance audits to be studied by parliamentary committees is 65%. Again, we know that this is not something we are totally in control of, so we present the audits.

As I go back further, just looking at the schedule I have in front of me—this is not something that was given to the committee—in 2008-09, it was at 57%; in 2009-10, 68%; in 2010-11, 62%; and then 48%, 30%, and 24%. As well, we had established a target I think a few years ago, when it was back in that 50% to 60% range, and we established it at 65%.

So it's concerning, I guess, for us, trying to understand this. Does it mean that we are producing reports that are of less interest to parliamentary committees? Does it mean that we are producing more reports than the committees can handle? It raises a number of questions like that, and I think that's simply the reason why we put that in our opening statement, just to remind the committee of the percentage of reports that are getting a hearing. The committee can take that as information for its own deliberation.

• (1600)

Mr. Malcolm Allen: I appreciate the standard, or at least what you'd like us to see as that, which is an internal performance number of 65%. It seems to me we're striking out at less than half over the last couple of years. If you were actually doing a performance rating of us, you wouldn't give us a very good grade on that, it seems. It might be followed with a recommendation that would say something like...

Again, sir, I recognize that you're not going to do this, and nor would you dare to, but I can quite happily say that I think the recommendation would be, "You ought to do more." I think the committee ought to say what the departments usually always say to you, sir, which is, "Agreed. We ought to do more."

Even at 48% we were below the standard. I do remember being at 60%, because I was here then, albeit filling in for my friend, the

chair, who was down at the other end at one point in time. I've been here the entire time. I think we need to find a way to get to the standard, it seems, which is 65%. I thank you for bringing that to our attention as a committee.

We're probably at 10 seconds or less.

The Chair: Let's call it done.

We'll go back over to Mr. Hayes.

You have the floor, sir.

Mr. Bryan Hayes (Sault Ste. Marie, CPC): Thank you, Mr. Chair.

Mr. Auditor General, because we as a committee might not study one of your reports, does that make it and the hard work of your staff any less valid?

Mr. Michael Ferguson: We present the report to the departments, present the recommendations to the departments, and get the response of departments as well as their action plan. Of course all of that happens. Our job, however, is to report to Parliament, so we do present the reports to Parliament. Obviously when I present reports, such as for example, the recent spring report, there's a hearing and there's an opportunity there for the committee to ask questions about every one of the audits that has been put in place. But that's not the same as the opportunity to have a full hearing on a report, and to include departmental representation at the hearing.

There is still a lot of value, obviously, in the audits that we do, even without a hearing, but I think we maximize the value of those audits by fulfilling that part of our role, which is to report to Parliament and to help Parliament understand, through committees, the significance of what we have found, and to give Parliament the opportunity to hear the perspective of the departments we have audited with regard to those audits. So I think there's more value from the audits when we have a hearing.

Mr. Bryan Hayes: As a committee and as parliamentarians, we rely on your absolute objectivity and non-partisanship. I notice that within your planning and priorities, one of your strategic objectives is in fact to be independent, objective, and non-partisan. That being said, when Mr. Giguère questioned you today, he actually, I understand, asked you to conduct an audit, which I think would be on the Wheat Board, and you informed him that you wouldn't even be able to do that until 2016.

I've asked about this before, but I really need to understand the criteria you choose for determining an audit. How transparent are those criteria? Is there a weighting scale? Are these criteria in writing somewhere so that we as parliamentarians can really clearly understand what it is you look at and how you weight it, and again have a better sense of the non-partisanship? Because to us as parliamentarians, non-partisanship is imperative.

•(1605)

Mr. Michael Ferguson: The work that the member asked us to do was relative to Canada Post, and our response was that we have a special examination of Canada Post scheduled, as per normal. We will be able to start that work some time later in 2016, so it fit within our normal process. We are required under the Financial Administration Act to do a special examination of the crown corporations once every 10 years, so that would fit within our schedule. We had a scheduled special examination of Canada Post in the works. I just want to make sure you understand what that whole conversation was about.

In terms of how we select audits, we do what we refer to as a strategic audit planning process. During that process we have a lot of conversations with departments and organizations, and we try to identify the risks that those organizations face and assess those risks to determine if there is something we should audit, relative to those risks, and bring to the attention of Parliament.

We will from time to time, as mentioned in the previous conversation about flexibility, react or try to react if there is a particular topic we feel needs to be audited and needs to be audited quickly. The problem with that is that we can't drop everything we are doing. We always have work under way, work that we have to finish. It takes some time to prepare an audit. The other thing is that for us to do a performance audit or a special exam from start to finish usually takes about 18 months. So if people are looking for a particular issue to be looked at right now to try to get to that fulsome understanding within a short period of time, we're not geared up to do that.

We will react from time to time, but we will react within our normal process for selecting and conducting audits. When we select something, even if we've decided to put it on our schedule, we still have to do the planning, execution, and reporting on it, and that whole process will usually take us 18 months.

Mr. Bryan Hayes: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Hayes.

Now over to the second vice-chair, Madam Jones, you have the floor, ma'am.

Ms. Yvonne Jones (Labrador, Lib.): Thank you, Mr. Chair. Thank you, Auditor General, for your presentation.

My question is regarding the number of performance audits that are being conducted each year. We're seeing that the number of audits is going down each year. It's going to go down again this year. I'd like to ask why that is.

Mr. Michael Ferguson: There are a few reasons for that. The first one is that for the coming year 2015-16 we have five special exams scheduled, whereas in the other year, when we were reporting on 2013-14, we had two special exams.

Special examinations are things that we are required to do under the Financial Administration Act. We're required to do them of crown corporations at least once every 10 years. We have a schedule of when we are doing those special exams and sometimes we have to do more of them in a given year. When we have to do that, it means we have to do fewer performance audits.

Again, remember that all of our financial audits and all of our special examinations are legislated. We are required to do them. We're required to do them, in the case of the financial audits every year, and in the case of the special examinations over that 10-year rotation period. When they fit into our schedule, we have to do them. That can have an impact on the number of performance audits we do.

The other thing that is affecting the performance audits is the audit of the senators' expenses. That work has ended up taking more than we originally anticipated it would. It has had a bit of an impact as well.

By the time you put those things together, we were at 21. If you add another three in for special exams, that's 24. The Senate—it depends on how many you want to say that is—has two or three, which gets me to 26 or 27, as opposed to the 29 the year before. I think that is probably an indication that we're always going to fall within that 27 to 30 range. We're now starting to fall down toward the lower part of that. It's showing that, in terms of the budget reductions, we're now right at that edge, where any other implication in terms of our budget would certainly cause us to fall below our normal production in terms of performance audits.

•(1610)

Ms. Yvonne Jones: Thank you for the explanation.

That brings me to my second question. What we have seen is a significant reduction in budget, but also a significant reduction in staffing. Between 2011 and 2016, the calculation we have here is a staff reduction of about 88 employees.

What impact has this had on the Office of the Auditor General? Will there be an impact going forward on the number of audits or the performance of the office, based on those reductions?

Mr. Michael Ferguson: I think one of the ways that the budget reduction and the staff reduction were achieved was—a couple of years ago, I don't remember the exact year that it happened—when we put forward for approval the right to have legislation amended to not require us to do some financial statement audits. I've forgotten the exact number, but it was probably 19 financial audits. That legislation was changed, meaning we did not have to continue to do those financial audits. In some cases they were small organizations that didn't really need a financial audit. In other cases they were organizations that had the wherewithal to get that audit from somewhere else, to pay for that audit, and to have an external firm come in and do that audit, so we reduced some of our financial audits.

The other thing that we did was make some fairly significant reductions in terms of some of our support services. I don't have all of the details of that, and many of those decisions were made before I joined the office, but we made some significant reductions also in our support services. We have recently been going through a process of rationalizing the senior management in the office. It was 16 people at the executive table a few years ago, but we're now going down to nine. Making sure that we have the right number of people in those senior management positions has been another part of our strategy. As I think I mentioned earlier, I believe right now we are right at the level and other reductions, or any other requirement for us to fund something from within, is going to start to have an impact on what we produce and start to bring us below our historical levels of production.

Ms. Yvonne Jones: Okay.

The Chair: Thank you.

I'm sorry, ma'am, time has expired.

Moving over now to Mr. Aspen.

You have the floor, sir.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you, Chair.

Welcome, Mr. Ferguson, and to your officials.

For the 2015-16 fiscal year, your office identified three strategic objectives as priority areas for improvement. Could you tell me how you determine which areas require improvement?

• (1615)

Mr. Michael Ferguson: Where I'll start—this is on page 6 on the report on plans and priorities for 2015-16.... We have there the list of all of our strategic objectives. In the office we went through a strategic planning exercise using a balanced scorecard approach. We looked at the office from the point of view of how our customers view us, the financial perspective of what we do, the internal perspective, and the learning and growth perspective. We looked at our organizations through various lenses. Through that exercise we identified a number of strategic objectives. I believe in total there are 12 strategic objectives.

Obviously we can't work on improving all 12 of those strategic objectives every year. We have to prioritize what it is we're going to work on in any given year and for 2015-16 we identified three priorities. That was really an exercise of getting input through the organization and having our executive group meet to determine where we felt we needed to make the most improvement. It was things like needing to reduce and make more efficient the senior management layers of the organization. We needed to make sure that we were letting people with the capability, skills, and experience to make the decision make those decisions. We needed to empower those people, so we needed to put a focus on how we govern and how we empower people. We also needed to put priority on making sure that our people were receiving the training they needed and were getting the support they needed to obtain or maintain the language skills they should have for their positions.

Mr. Jay Aspin: How do you plan on making progress in these particular areas?

Mr. Michael Ferguson: We have a process within the office whereby we're tracking these strategic objectives. We've identified a number of different initiatives under each of those strategic objectives that need to be put in place. For example, the third one is developing and maintaining a skilled, engaged, and bilingual workforce. We are in the process of finalizing our new official languages strategy. We have a gap analysis exercise under way to determine where there might be some gaps in the training that we offer to our staff.

We have a number of initiatives under way on each of these. We have an overall project management group that is following our progress on each of them, making sure that for each of the activities we lay out the date we expect to have it completed, follow whether we are on track to do that, and report that to the executive committee.

So we've identified the activities related to the strategies, and then we have essentially a project management approach to make sure that we're delivering on those activities.

Mr. Jay Aspin: It's essentially an ongoing process with follow-up and this type of thing.

Mr. Michael Ferguson: It's very much an ongoing process. As I said, overall we have 12 strategic areas. We have identified for 2015-16 that three of those will be priorities. I expect that as we move forward into additional years others of them will become our priorities as we make progress on the three that we have identified.

It's very much an exercise of identifying all of the activities we need to do under each of those priorities, and then making sure we're making progress on them.

The Chair: Time has expired and you're right on the button. Thank you.

Monsieur Giguère, you have the floor, sir.

[*Translation*]

Mr. Alain Giguère: Thank you, Mr. Chair.

First of all, I would like to reassure Mr. Hayes, who asked a very relevant question.

When I spoke with the Auditor General, it was not in a partisan fashion. I think that the Auditor General—and he can confirm this—can talk to any MPs who wishes to do so. In my case, I had a document that was published by the Conference Board of Canada and it was a faulty document. I therefore asked the most appropriate person to help me with this, and the Auditor General acted as he would have done for any other MP. I therefore do not think that I have overstepped my boundaries.

Mr. Ferguson, with respect to point 7, you mentioned that you carried out a follow-up concerning ten recommendations and that only five of them were implemented, when your objective was 75%. Were the recommendations that were adopted the most important ones, or did these people only adopt the easiest ones?

How do you explain this lack of follow through? When someone receives a recommendation from the Auditor General, it should be fully adopted. You set an objective of 75%, but the result was only 50%? Is that because of administrative incompetence among the individuals who need to follow these directives, or is it simply political sloppiness?

• (1620)

[English]

Mr. Michael Ferguson: I'll start by giving you the details of the recommendations, if that's helpful. For five recommendations, we deemed that the follow-up was unsatisfactory. We did a follow-up audit on two of these recommendations that had to do with internal controls over financial reporting. That was in our 2013 fall report, and it was following up on recommendations we had made in 2011, during the audit on internal controls over financial reporting. In two of our recommendations from that, we deemed that the activities of the organizations involved were not satisfactory.

The same report, the 2013 fall report, had a chapter on preventing illegal entry into Canada. In that, we followed up on a recommendation we had made in an audit in 2007, the follow-up to which we had deemed unsatisfactory. That was a recommendation to CBSA about improving the results of their monitoring of the lookouts they had put in place at the border.

Also in the 2013 fall report of the Commissioner of the Environment and Sustainable Development, there was a follow-up on two recommendations we had made in 2005 related to the ecological integrity of national parks. Again, these were all recommendations contained in audit reports that we had presented to Parliament. Sometimes we do a complete follow-up, so we look at all of the recommendations we have made in the past and we do a complete follow-up to say whether or not the progress was satisfactory. Sometimes we do an audit in a similar area, so we may pick one recommendation from the past.

We do those audits when we expect the organization has had enough time to carry out the actions they said they were going to. In this case, they had carried out only 50% of them, and we deemed that to be unsatisfactory and reported that assessment to Parliament.

[Translation]

Mr. Alain Giguère: Generally, when you make a recommendation, the representatives of a department will not say that they are not favourable to the recommendation and that they won't follow it. As we have observed in your reports, in general, recommendations are fully accepted. These are important recommendations, Mr. Chair, and individuals accept them fully. As a result, theoretically, these recommendations should also be fully implemented.

Mr. Ferguson, you say that you give them a reasonable amount of time to implement these changes. In that case, should there not be a sanction? Do you recommend that the individuals who have not met their commitments be called before the committee? How do we correct this situation?

• (1625)

[English]

Mr. Michael Ferguson: I think we probably established the target at 75% to recognize that occasionally it does take a few years to put

in place improvements to deal with some of the recommendations. That is why our target was not set at 100%. But certainly, given that we have taken that into consideration in setting the 75%, we do expect departments to meet that.

Departments do agree with our recommendations, but that's why it's important for us to do this type of follow-up work. It's easy for them to agree and it's easy for them to say they're going to do something, but then there has to be a way of making sure they're actually doing it.

When the committee is choosing which audits to have hearings on, it is very important to consider whether any follow-up audit we have done has shown that a department's progress in complying with the recommendations has been unsatisfactory.

The Chair: Mr. Falk, you have the floor now, sir.

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Auditor General and your officials, for attending here today.

In your opening statement at point number two, you indicated that you completed 29 performance audits in the year 2013-14. Can you also give me the number of performance audits you completed for years 2012-13 and 2011-12?

Mr. Michael Ferguson: I'm just trying to see if I have that information. I'm not exactly sure where I... I don't think I have that information with me right now in terms of the number of performance audits in each of those previous years. If anybody in the room finds it in the next few minutes, I'll give you the numbers. I can bring them back to the committee later on, if you would like.

Mr. Ted Falk: I'll just explain why I'm asking.

In point number eight you give us percentages of the performance audits provided in your reports for every year that were reviewed by a committee, but there is nothing to make it relative to anything in particular, whether the number of audits was consistent from year to year, or whether for some reason there was an anomaly and the percentages changed.

Mr. Michael Ferguson: Well again, I certainly could say that the number of performance audits that we have completed has been in that 25 to 30 range, and I think it has been there quite consistently within that range.

It's not like one year we do only three performance audits, and then in another year we do 40 of them. We're consistently in that 25 to 30 range.

Mr. Ted Falk: Okay, thank you. It would be nice to have that information, though, so that we can actually benchmark what the percentages are actually referring to.

Mr. Michael Ferguson: Sure, and we can get that total in terms of the number of audits. We'll go back a couple of years on that. Is that what you're asking for?

Mr. Ted Falk: Well, your point number eight suggested that the committees are doing progressively less work, and I'd just like to confirm that with the actual data.

Mr. Michael Ferguson: What I will provide, going back probably to 2010-2011—

Mr. Ted Falk: Your statement refers to 2011-12 and 2012-13.

Mr. Michael Ferguson: Okay, so going back to 2011-12 and 2012-13, we'll provide the number of performance audits that we completed in those years—probably a list of them—and then also indicate on which of those performance audits there was a hearing.

Mr. Ted Falk: Thank you, and that would just give these percentages some relevancy.

Mr. Michael Ferguson: Sure.

Mr. Ted Falk: I have another question. In the past your office has participated in peer audits with other auditors general. You've conducted audits on them, and they've also conducted audits on you. Can you speak a little bit about your experience with that and how you fared?

Mr. Michael Ferguson: The norm on that in terms of somebody doing a peer review on us is that there is one done during the mandate of each auditor general. The last peer review on our office was done in 2010, which was before my mandate started. We expect to do one probably later on in my mandate—maybe in 2018-19, somewhere out there—and have one done on our office to keep within that requirement of once within every mandate.

In terms of our activity, we participated in 2013 on the peer review of the United States Government Accountability Office. That peer review was led by Norway, but we also participated in that.

The year before, in 2012, we participated in the peer review of the Comptroller and Auditor General of India. That one was led by Australia, but again, we had members on the team, because when a peer review is done, there is one national auditor general's office that is the lead on it, but then the team is put together of members from other offices in order to have that different view of practice. Every time we participate in that, it's very helpful to our auditors.

The last time—as I said, in 2010—that there was a peer review done on our office, it indicated that we had let our audit methodology perhaps get out of date. We hadn't been in a process of making sure that our audit methodology was being kept up to date. After that was done, there was a project put in place in the office to renew our audit methodology to make sure we brought it up to date, and now we have an ongoing process to prevent it from becoming outdated again. That was probably the biggest change we made on the basis of that peer review.

They're always very good exercises in terms of, when you're on the receiving end, helping you understand what you need to be improving on, and when you're participating in it, it helps you learn from the practices of other organizations and it gives you exposure to how they conduct audits.

• (1630)

The Chair: Thank you. That's time, Mr. Falk.

If I might though just to assist you, Mr. Falk, the last time we had the review, it was Australian-led. At the end of the day we actually held a hearing. The Auditor General was brought in the same way as we would bring in a department only the Australian auditors acted in

the capacity that Mr. Ferguson acts in for us, and suddenly he's on the dime.

As you would expect, any organization run by people is not perfect. It's an interesting exercise, and as the Auditor General mentioned, it also helps him understand what it's like on the other side and gives their people a sense of fairness going through as they are dealing with the government of the day, knowing that the same rules they apply to others are going to be turned around and applied to them.

Overall, it worked very well. It was a very interesting meeting, and if you were here at that time, you would have found it fascinating, the depths they went into when they analyzed other national auditors general.

Mr. Ted Falk: Thank you, Mr. Chair. I wasn't here for that time, but I will be here for the next one.

The Chair: I have no doubt of your determination to do that, but like all of us, we'll leave it to Canadians to decide who's going to be here the next time.

Mr. Woodworth, you have the floor.

Mr. Stephen Woodworth (Kitchener Centre, CPC): Thank you, Mr. Chair, and thank you to the Auditor General and your staff who are with you here today.

I believe the value you bring to the Government of Canada lies mainly in your ability to assess gaps in departmental performance, which you communicate to the departments, and which they hopefully will fill. Whatever happens in Parliament, I appreciate that bit of your work.

With respect to what happens in Parliament, have you ever conducted an audited survey to determine the number of members of Parliament who read your semi-annual reports?

Mr. Michael Ferguson: We do from time to time conduct surveys of parliamentarians. Usually, it is committee members as opposed to the full population of members.

• (1635)

Mr. Stephen Woodworth: With respect to the survey of the number of parliamentarians who read the reports of the public accounts committee?

Mr. Michael Ferguson: I never conducted a survey on that, no.

Mr. Stephen Woodworth: I'm going to just suggest and leave those thoughts with you.

If your intent is to engage with members of Parliament, that would be good information to have. I mean that quite seriously because I'm not sure how far into Parliament even what we do in this committee penetrates, so I leave that with you.

Can you tell me how many hearings or briefings you may have had with the Senate in 2013-14.

Mr. Michael Ferguson: I don't have the exact number of hearings that I was in front of the Senate alone.

In 2013-14 there were 14 hearings and briefings in front of the public accounts committee. There were nine in front of other House of Commons and Senate committees. I don't know exactly, of those nine, how many were in front of the Senate and how many were other House of Commons committees.

Mr. Stephen Woodworth: Does the Senate have a committee equivalent to the House of Commons public accounts committee by chance?

Mr. Michael Ferguson: I don't have the exact term, but it's the finance committee. I've forgotten the exact name of it.

Mr. Stephen Woodworth: While we all have different views about the Senate these days, most senators would like to participate fully in the work of Parliament. It may be that your efforts to engage with parliamentarians would benefit from thinking along those lines.

On page 18 of the performance report, 2013-14 estimates, the statement is made:

In the 2013-14 fiscal year, the number of times we appeared before the Standing Committee on Public Accounts remained consistent with the previous two years.

I know how cautiously you word these things, so could you explain to me what you mean when you say it "remained consistent with".

Mr. Michael Ferguson: That would just be, essentially, that the number of times we appeared before this committee, while it wasn't exactly the same, was sort of close enough to say that those hearings continued to be at the same level.

Mr. Stephen Woodworth: With respect to the public accounts committee, then, it's been at the same level for three years at least.

Mr. Michael Ferguson: In terms of the number of times we appeared, yes.

Mr. Stephen Woodworth: That's right. Thank you.

Can you tell me how many.... Actually, let me jump to something meaty here, if I may.

I noticed that in 2013-14, there were 29 performance audits done and one study, at a total cost of \$41.2 million, which I average to be about \$1.37 million each. Whereas it is planned in 2015-16 to do 21 performance audits at a total cost of \$38.2 million, which my calculation reveals to be \$1.819 million each. I further calculate that this represents about a 33% increase in the average cost per audit between those two years.

I wonder if you could tell me how or why that occurs. It seems rather large.

Mr. Michael Ferguson: I think the first thing is that I'd have to see all of the numbers.

But again, remember that in terms of the cost we put to our performance audits, it's not just the 29 and the 21; you also have to add in the special exams that we do. You have to add in the—

Mr. Stephen Woodworth: Can I interrupt? I'm pretty sure that I got those figures from a chart which separated the cost of the performance audits from the cost of special exams.

Am I wrong about that?

Mr. Michael Ferguson: I'm not sure; I don't have the numbers in front of me.

Even so, we also do performance audits in the territories. I believe the numbers we're talking about here in terms of performance audits have been the performance audits that we present to the public accounts committee.

The other thing is that we are also doing the audit of the Senate—senators' expenses—which is an audit that has taken quite a bit of time and effort.

• (1640)

Mr. Stephen Woodworth: Compare—

The Chair: I'm sorry, Mr. Woodworth, we're way over time.

Mr. Stephen Woodworth: Sorry.

The Chair: I was giving a little latitude, but I'm going to have to bring it to a close.

Mr. Stephen Woodworth: Thank you very much.

The Chair: We'll move along to Mr. Allen, who now has the floor.

Mr. Malcolm Allen: Thank you, Chair.

Mr. Ferguson, your budget numbers for 2013-14 show that you spent about \$4 million less than the allocation. Yet the appropriation for 2015-16 is \$78.3 million, which is actually \$10 million less than before; it's somewhere around 13% less of the total budget than before. Notwithstanding the fact that you actually only spent \$84 million, the allocation of \$78 million still makes it \$6 million less.

Is there a reason that you believe you can work inside of that budget allocation? Is it going to make things slightly more difficult, or do you think that the things that you planned out...?

You did say earlier that the department plans out a three-year window of things that it wants to do. Based on those appropriations, do you feel that the three-year window doesn't have to be adjusted, that you can actually go forward with what the plan that would be in place?

Mr. Michael Ferguson: The first thing I want to do, in response to that, is to make sure that we are looking at numbers that are comparable. The problem with all of these numbers is that there are adjustments and those types of things. I want to make sure that we're dealing with an apples-to-apples comparison.

For 2015-16 the main estimates amount is \$78.3 million, as you mentioned. The comparable number in 2013-14 in the main estimates was the \$84.3 million. That's the \$6 million reduction. If you compare the \$78 million to the \$88.3 million, that's not an apples-to-apples comparison. It would take a while to go through and make that...but the relevant number is the \$84.3 million to \$78.3 million.

I will also use this opportunity to address your question and what the chair indicated at the beginning of the meeting, which is the question about whether we have enough to do our mandate. I think it's important to remember what it is we are asked to do. We have a statutory responsibility to do financial audits. We have a statutory responsibility to do special exams. In both cases, it's not just that we have a statutory responsibility to do those, but the organizations that we have to do them on are identified in statute as well. When we're putting together our budget, we have to dedicate the first part of our budget towards those things. Everything else that is left over is what we have to put toward performance audits. We have a statutory responsibility to do performance audit, but there's nothing in that statutory mandate that says how many.

My answer to those types of questions is that we're now still at a level where we are able to produce within that historical range of the number of performance audits that we have produced. I think any reduction from here, and any requirement to absorb any additional costs, will start to get us below that traditional amount of performance audits. We can continue to do performance audits, as our mandate requires, but we're at the point where any reduction will cause us to produce fewer performance audits than we historically have.

Mr. Malcolm Allen: Thank you for the explanation. I appreciate, as I would have expected, the apples-to-apples comparison.

I still have a question in my head about this issue of the recommendations in the performance audits, where you looked at 10 and five were done. Is there any mechanism for your department to follow up with the five that aren't done?

I recognize that you don't have a mandate to insist things be done even though they've agreed as a department. I recognize you don't have that authority, but is there any way to ensure that things get done? One of the complaints we see, quite often, when reports come here, for those of us who have been here long enough, is that a report comes back from a similar department about a similar case with the same recommendation that we saw four years prior. Of course they agreed four years prior and now they're agreeing again.

Is there anything inside your organization or statute that allows you to do that, or report to Parliament, or to us in a way that says, "Okay, they've said they should do something."

Now we get a report mechanism as well. I'm not denying that, but is there anything that you see that could be helpful in that regard?

•(1645)

Mr. Michael Ferguson: In a lot of ways we, I'm going to say, tie ourselves up on that, because for us to come back and report, we have to go back and get an audit level of assurance. It means we have to go back and do an audit again.

One message that has been very helpful to us, coming from this committee, is the message to departments that you don't want to be coming back to the public accounts committee talking about recommendations you said you were going to fix. We have repeated the message to departments fairly often over the last couple of years, and reiterated from this committee, that it's expected they will follow up, they will meet their commitments, and they will bring forward action plans. Those things, being a very clear message from this

committee, are very helpful to us as we go about the work on follow-ups.

The Chair: That's time. Thank you.

We go over now to Mr. Carmichael. My notes say that you're going to be sharing your time with Mr. Woodworth, correct?

Mr. John Carmichael: That is my hope, Chair.

The Chair: Very well. You have the floor, and the sharing part is up to you. Go ahead.

Mr. John Carmichael: Indeed, I hope to.

Auditor General, I followed your explanation on so many issues this afternoon, and I understand the downsizing of the organization as rightsizing it, which is the way I relate from my past business experience.

I'm just curious, when you talked about the lead times that are required, clearly for crown corporations, for ministries, you need to have the time to prepare and get ready for that audit, and I think you stated 18 months was the timeline you work with that makes the greatest sense.

With regard to the Senate report, the Senate work you're doing now, what was your lead time on that? Was it in the same timeframe or was it more immediate?

Mr. Michael Ferguson: When I refer to the 18 months, I'm referring really from the point in time that we have decided we're going to do an audit and we start the actual planning of that audit, until the time we report on it. So as opposed to our planning going out where we're saying, okay, next year we're going to do an audit on this and in two years time, we'll do an audit on that. The 18 months is very much about how long it takes us to execute an audit from, okay, we have started, we're starting the planning, we go through the planning phase, we get to the execution phase, and then we get into the reporting phase.

In terms of the audit of senators' expenses that is under way right now, we originally were estimating that we would be operating under that similar timeframe. It has turned out, as I said last week, our plan is to provide that report to the Speaker of the Senate the first week of June. So that will have been about a two-year timeframe, a 24-month timeframe from the point in time we started until we deliver the report.

Mr. John Carmichael: I have a question for you. When I look at the budget of \$78.3 million for 2015-16, when do you actually bill the cost of an audit? It is billed on delivery of a report or is it amortized over the course of the life that you put into that exercise?

Mr. Michael Ferguson: Of course, for the audits that we do, our funding comes from the main estimates. Whenever we're reporting on how much it costs in terms of how much we spend on financial audits or how much we spend on performance audits, it's a cost accounting exercise as opposed to an invoicing exercise.

What we do is we determine the number of hours we spend on a given audit and we multiply that by a rate. When you're doing that type of exercise, you can look at it from a number of points of view. You can look at it as the direct cost in terms of how much it costs us just in the time of the people who actually worked on that audit, or you can look at it from a fully loaded cost point of view, which is how much it cost for us to do that audit in terms of the people who actually worked on it but also in terms of the support staff we would allocate out to all of the audits.

What we do is we don't bill out for the audits. We track from a cost accounting exercise so that we can report in the financial statements essentially how much of our efforts go into doing performance audits versus financial audits using an allocation of budget methodology.

• (1650)

Mr. John Carmichael: Thank you.

Looking at the 2015-16 budget, that budget of \$78.3 million, is it going to give you the budget you need to get the job done and to continue to deliver it at the level you expect to deliver it?

Mr. Michael Ferguson: I think as I've said a couple of times, it puts us at a level where I think we can still continue to produce a number of performance audits that are within that historical range, albeit at the low end of that historical range. But as I think I've said again a number of times, our ability to absorb any other reductions or any other budget adjustments would put us below that historical range.

Mr. John Carmichael: Now can I share?

The Chair: Yes, but you have to explain to him why it's only 20 seconds.

Mr. Stephen Woodworth: I have a quick question. Is the Senate audit coming out of financial audits on your line budget here or out of performance audits?

Mr. Michael Ferguson: Essentially, I believe it comes out of both, because we are using both performance auditors and financial auditors on that exercise.

Mr. Stephen Woodworth: I'll have to stop there. I assume my 20 seconds are up, but if they're not—

Voices: Oh, oh!

Mr. Stephen Woodworth: —how much is the Senate audit taking out of your 2015-16 budget?

The Chair: There are no flies on you, are there?

Go ahead, Auditor General.

Mr. Michael Ferguson: As I've said a number of times, once we have presented that report we will put together the full cost estimate in terms of how much we spent on contractors, how much we put towards the direct cost of staff, fully loaded, and all of that. We'll make all of that information available on our website the moment we present that report.

Mr. Stephen Woodworth: Thank you.

The Chair: That's probably natural justice, if you will. The funny thing is that I was talking to Mr. Albas trying to save us a few minutes later on, and I blew it by not monitoring the time.

Colleagues, that now completes our usual rotation. I've done some quiet consultation and my sense is that the committee is satisfied that we have thoroughly drilled down here on what we need to do today. If I might, I have just a couple of closing remarks, then we will thank the Auditor General, and as agreed to previously, we will move into a business meeting to plan future work.

First, the Senate has been mentioned a couple of times. I don't want to get into it except to say that I would hope Canadians would reflect on the fact that your budget costs us almost \$80 million a year and the Senate costs us almost \$100 million. They should ask themselves which one is giving them real value for money.

Next, you mentioned the unsatisfactory implementation, and I'm glad you did. As the longest-serving member on this committee, that's the one that has always personally driven me the craziest to see in Auditor General reports, and in some cases multiple Auditor General reports, where there were previous audits done, the same thing said, "Yes, we agree with the Auditor General; wonderful recommendations, of course we're going to do it." But then it's not done, time after time after time.

If they aren't being treated as a priority by this committee, then quite frankly most of the work we're doing doesn't mean anything. That's where the real issue is. We're trying to change people's behaviour and what they consider to be priorities in the course of their work. If we're not standing on that...

I hearken back to former PC member John Williams, one of my predecessors and possibly one of the longest-serving chairs of this committee in the House of Commons. John Williams always said, and I adopted it when I became chair, that the second a deputy minister realizes they've been called in front of the public accounts committee to have a public hearing, it should ruin their entire week. To me, that speaks very clearly to the kind of work that's being done, to the issues that you deal with, and to how effective we can be, or not be, in assisting in making sure that we're getting the right kind of government we want. That's non-partisan. Whomever the government of the day is, that's the way we function.

On a serious matter now, for a number of years you've been mentioning that the targets for public hearings are not being met. While that isn't everything, it's a crucial part. I was glad to hear you explain the added benefit of having a public hearing on top of your reports. There is a figure of a 65% target in terms of the number of public hearings that we would hear on chapters. We met 24%. Either the 65% is unreasonable and there is something wrong with that, in which case, fine, let's look at it, or there is something wrong with the 24% part. But the fact that there is so much disparity points to a problem. Given the importance of the work of this committee, as the premier oversight committee of Parliament, I would just urge all colleagues and this committee to take this seriously and to do something about it so that a year from now we can have a different result.

The last thing I want to say is that from my experience in doing quite a number now of international election observation missions, in a parliamentary democracy the first thing that people need and see in terms of democracy is a free and fair election that reflects the political will of the people who are voting. That is the absolute priority. I've been in countries when there were elections where that wasn't the case. If you don't have that, you have nothing.

Once you achieve that in new and emerging democracies, my experience, Mr. Ferguson, is that the second thing that's needed, as a country is trying to become a fully modern, developed, accountable democracy, is the implementation and the institution of the office of the auditor general, with its independence absolutely ensured and vital funds provided for that work to be done.

● (1655)

The first thing they ask when these countries are trying to emerge into a democracy is whether they can get a fair election to elect the people who they want to give the power to. Once that's in place, the second most important thing, to make sure the money that taxpayers are paying isn't stolen, is to get an independent auditor general system in place matched up with a public accounts committee that works and makes sure there's enough money there.

I say that by way of underscoring the importance of the work you and your staff do. All of us say this because we hear it. It's so important. You do amazing work. In terms of your predecessor, there ought to be a monument built to her. You're well on your way to getting a monument right beside her. We do look to you and your office to provide that purity of democracy that we're so proud of and makes us one of the leading democracies. We can never thank you enough and support you enough. We'll hold you to account as we're

all held to account. The work that your office does—and you personally, sir, as a relatively new Auditor General—is impeccable. I want to tell you how proud we are as members of this committee in working with you and your staff. We want to reflect to you how much Canadian people appreciate and respect the work that your office does and its importance to our democracy.

Thank you so much for all that you do.

With that we we will wrap up and we will move into a business meeting.

I have to do a couple of quick votes to make us all legal.

AUDITOR GENERAL

Vote 1—Program expenditures.....\$68,269,099

(Vote 1 agreed to)

The Chair: Shall the chair report the main estimates, 2015-16, to the House?

Some hon. members: Agreed.

The Chair: That business is done.

Mr. Ferguson, you and your colleagues are free to go. Thank you, again, sir.

● (1700)

Mr. Michael Ferguson: Thank you.

The Chair: We will suspend for a moment while this committee goes in camera to conduct committee business.

[Proceedings continue in camera]

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