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Chair

The Honourable Kevin Sorenson

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• (0845)

[English]

The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)): I call the meeting to order.

Good morning, everyone. Welcome to the Standing Committee on Public Accounts. This is meeting number 80, on Thursday, November 23, 2017.

I would remind everyone this morning that we are televised, so please take your telephones and put them on vibrate or mute or something. It helps, especially when the mikes are on, so please do that.

Today we are having a briefing on the Fall 2017 Report of the Auditor General of Canada.

As our witnesses today, we have Mr. Michael Ferguson, our Auditor General of Canada. He is accompanied by his principals, Jean Goulet, Martin Dompierre, Casey Thomas, and Carol McCalla.

I would invite the Auditor General of Canada to make his comments before we go into the usual first and second rounds of questioning from our committee members.

Welcome again. Good morning, and the floor is yours, sir.

[Translation]

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General): Mr. Chair, I am pleased to be here to present the findings of six performance audits and two special examinations that were tabled in the House of Commons on Tuesday.

When I look at these audits together, I find that once again, I am struck by the fact that departments do not consider the results of their programs and services from the point of view of the citizens they serve. I find myself delivering this message audit after audit, and year after year, because we still see that departments are focused on their own activities, and not on the citizen's perspective. The audits we have delivered this week are no exception, as you will see.

Let's start with our audit of the Phoenix pay system. Here, we looked at what Public Services and Procurement Canada and selected departments and agencies were doing to fix problems with the system, and eventually have a system that takes less effort to pay government employees, not more.

[English]

We found that a year and a half after the federal government launched the Phoenix pay system, over 150,000 public servants were still waiting for a pay request to be processed. The value of outstanding pay errors, including employees who were paid too little and those who were paid too much, was about half a billion dollars at the end of June 2017.

We found that Public Services and Procurement Canada has been largely reacting to problems since Phoenix was launched. In our view, it will take years to fix the pay system, and it will cost much more than the \$540 million the government has so far identified that it will spend.

In a similar situation in Queensland, Australia, it took seven years and \$1.2 billion to fix most of the pay problems.

[Translation]

Next, I will turn to our audit of how the Canada Revenue Agency's call centres handle inquiries from taxpayers.

Overall, we found that the customer service results that the Canada Revenue Agency reports make its call centre service look better than it really is.

For example, the agency says that 90% of callers are able to connect with either its self-service system or a call centre agent. While this is technically true, it only reflects part of the caller's experience. The agency's reported rate does not reflect that, on average, a taxpayer has to call about four times in a week just to get through to the agency.

[English]

We found that the Canada Revenue Agency's numbers didn't account for the 29 million calls it blocked in a year, more than half its total call volume. Those calls either get a busy signal, a message to visit the agency's website, or a message to call back later. Overall, we found that only 36% of calls were able to connect.

Based on our tests and those done by others, we found that the Canada Revenue Agency gave taxpayers wrong answers to their questions almost 30% of the time. This is significantly higher than the roughly 6.5% error rate estimated by the agency.

• (0850)

[Translation]

Let's go now to an audit that looked at Immigration, Refugees and Citizenship Canada's \$257-million initiative to help Syrian refugees settle in Canada.

Overall, we found that the settlement needs of more than 80% of Syrian refugees were assessed.

[*English*]

However, the audit identified two main concerns. First, Immigration, Refugees and Citizenship Canada delayed the transfer of \$51 million to its service providers by at least three months, which caused some service reductions.

Second, the department didn't collect all the information it needed to monitor whether Syrian refugees were integrating into Canada. For example, it didn't know what proportion of school-aged Syrian children were enrolled in school.

[*Translation*]

In another audit, we looked at Health Canada's programs to help Inuit and first nations people improve their oral health.

Overall, we found that Health Canada spends more than \$200 million a year on medically necessary dental services for Inuit and first nations people. Even though the department knows that the oral health of Inuit and first nations people is significantly worse than that of the rest of Canadians, it does not know how much of a difference its dental benefit program makes.

[*English*]

Health Canada does know that its \$5-million children's oral health initiative, which is focused on prevention, improved the oral health of some first nations and Inuit children. However, the department's data shows that fewer children are now enrolled and fewer services are provided under the initiative than in previous years. Health Canada does not know why this is the case, making it difficult to address the situation.

In our audit of Correctional Service of Canada, we found that CSC's programs and services did not meet the rehabilitation needs of women offenders, especially those with mental illness.

The tool that CSC uses to assign women offenders to security levels and correctional programs was designed to assess men, not women. As a result, some women offenders were held at a higher security level than necessary and were assigned to programs that CSC could not deliver before the majority of offenders were first eligible for parole.

A delayed release means that women offenders do not have a gradual re-entry into the community, and it also costs more to keep them in a correctional facility.

[*Translation*]

We found that Correctional Service Canada's mental health teams were not fully staffed to provide the mental health services that women offenders need. We also found that CSC placed in segregation cells women offenders who were at risk of harming themselves or committing suicide. It is not appropriate to keep women offenders with serious mental health issues in segregation cells, where they do not get the clinical support they need.

In another audit, we focused on whether the Royal Military College of Canada educates and trains officer cadets at a reasonable

cost to take on leadership roles in the Canadian Armed Forces. The Royal Military College of Canada is a federally funded university.

We found that the quality of the college's academic programs is good, but it spends about twice as much per student as other universities. National Defence was unable to show how the military officers trained at the college were more effective in their jobs than those who came into the Canadian Armed Forces through other entry plans.

● (0855)

[*English*]

We also found that the Royal Military College of Canada did not provide officer cadets with adequate training in leadership and in the proper conduct expected of future officers. While the college took action when serious incidents of misconduct were reported, the number of incidents involving senior officer cadets showed that the college had not prepared them to serve as role models for their peers.

In our opinion, the academic environment at the college does not consistently support the teaching of military conduct and ethical behaviour. The college must re-establish its focus as a military training institution so that it can produce the leaders that the Canadian Armed Forces requires.

[*Translation*]

Our fall reports to Parliament also include copies of the special examination reports that we delivered to Atomic Energy of Canada Limited and the National Capital Commission since the release of our spring reports.

Overall, we found that Atomic Energy of Canada Limited had in place systems and practices it needed to successfully implement its government-owned, contractor-operated business model. The corporation now needs to turn its attention to measuring whether this new model is efficient and effective.

[*English*]

Our examination of the National Capital Commission found that more than one-quarter of the NCC's assets, some of which are of historical value, were in fair, poor, or critical condition. The commission's resources, as authorized in its approved corporate plan, are not sufficient to restore and maintain these assets. The NCC has committed to finalizing an analysis of the resources it needs and developing options to address the situation.

I was hoping to be able to talk about something other than results for citizens. I keep delivering the same message, which is that the government doesn't understand its results from the citizen's perspective. It's possible that our message of citizen-centric service delivery has been heard at the individual program level; however, we see no signs of it being picked up government-wide.

[*Translation*]

As we begin new audits, we find the same absence of focus on fully understanding what Canadians are getting from government programs—whether it is answers to their tax questions, mental health support for women offenders, improved oral health for Inuit and first nations, or the extent of the problems the government has in paying its employees.

[English]

It appears that our message is not being heard at a whole-of-government level, and that concerns me. Government is supposed to be about service to citizens. Getting there requires a concerted effort across government to understand and measure the citizen experience, not just one program at a time, but across all programs and services.

[Translation]

Thank you, Mr. Chair.

[English]

I am now ready to take your questions.

The Chair: Thank you very much, Mr. Ferguson, for your audit and for your words this morning.

We'll now move into the first round of questioning, a seven-minute round, beginning with Monsieur Massé.

[Translation]

Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.): Thank you, Mr. Chair.

Mr. Ferguson, I'd like to thank you and your team for all your hard work every single day. Your reports are fact-based and objective, with a clear view to ensuring that public funds are properly spent and well managed.

For the most part, I'm going to focus on your Phoenix pay system report. It's a report that worries me, as do the others. I want to say that my thoughts are with all the public servants affected by the Phoenix pay problems. My thoughts are with all the people working in Miramichi, Matane, Ottawa, and elsewhere who are working tirelessly in an effort to fix all these problems.

I have no doubt that, like me, my fellow members of Parliament receive emails and calls from public servants experiencing tremendous difficulty because of this problem. They are in our thoughts.

To put things in context, I would point out that the previous system was 40 years old. In 2010, in fact, your predecessor had this to say in one of his 2010 reports. I'm going to read the quote in English, because that's the version I have:

[English]

A breakdown would have had wide and severe consequences. At worst, the government could no longer conduct its business and deliver service to Canadians.

[Translation]

It was therefore clear that it was time for a new system.

Seven years later, here we are, trying to understand the extent of the system and its problems. We can all agree that the system is far from simple. With more than 300,000 public-sector employees, just over 100 departments, and 105 collective agreements to manage, the federal public service pay system has to process nine million transactions a year, which total some \$20 billion annually. There is no question, then, as to the system's importance.

The Government of Canada chose the PeopleSoft system produced by IBM. My question is very simple.

Let's say we could wave a magic wand and resolve all of the 494,000 outstanding pay requests today. Given your analyses, reports, and discussions with public servants, do you think it is possible to make the system work? Is it possible to perform transactions? Could pay transactions function properly if all the outstanding pay requests were to disappear today?

● (0900)

Mr. Michael Ferguson: That's actually not the case. There are obviously a lot of problems. As you mentioned, we can do a broad review of all the problems, but the fact remains that every person affected is dealing with very specific problems.

Of course, there are all the outstanding problems, but the system is not capable of processing all the pay requests properly, even today. As we indicated in our audit, the number of outstanding requests continued to grow for months, until the end of our audit period in June 2017.

Despite the many months the system has been in place and all the work that has been done in an effort to resolve the problems, the pay system is not capable of processing a variety of pay requests properly.

Mr. Rémi Massé: In paragraph 1.54 of the report, you state that:

...the Department restricted user access to the system when it was calculating pay. Therefore, pay advisors could not access parts of Phoenix for about 5 working days out of every pay cycle of 10 working days.

I'd like you to comment on that. I gather that the department wanted to hire hundreds of new staff to handle the problems and use all kinds of workarounds to deal with the system's flaws and shortcomings.

I'd like you to clarify things. Is that still the case? Is it still impossible for pay advisors to access the system 50% of the time?

[English]

The Chair: Go ahead, Mr. Goulet.

[Translation]

Mr. Jean Goulet (Principal, Office of the Auditor General): Thank you for your question.

The information contained in the report refers to the state of affairs on June 30, 2017. The department informed us that the situation was improving, but, as I'm sure you can appreciate, we weren't able to verify whether that was in fact the case.

You mentioned the use of workarounds to solve the problem. To deal with the issue, the department devised an approach whereby employees would enter the information in Excel spreadsheets during those five days. Once the applicable part of the pay system came back online, the information would be uploaded to the system server. This process, however, also caused its share of errors. The situation seems to have improved, but we weren't able to verify that.

[English]

The Chair: Be very brief, please, Mr. Massé.

[Translation]

Mr. Rémi Massé: I'm not sure whether I can ask you this, Mr. Ferguson, but what is the solution? How should we go about fixing the problem?

● (0905)

Mr. Michael Ferguson: Fixing all the problems is extremely tough. I think it's important to follow certain steps. Establishing a sound governance structure to ensure plans are followed is the first step. Having a comprehensive plan containing all the projects needed to resolve the problems is also key. Focusing initially on the function responsible for ensuring employees are paid correctly and on time is another important step. Incorporating mechanisms to make the system effective and efficient would then be advisable.

I think those are also steps that have to be taken on a broader level.

[English]

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

[Translation]

Mr. Deltell, you may go ahead for seven minutes.

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you, Mr. Chair. I want to applaud you on your French skills, which continue to improve. On that front, we have in you, Mr. Ferguson, someone who is leading by example. I want to say thank you and bravo.

Ladies and gentlemen, welcome to your House of Commons.

I want to begin by echoing what my fellow member Mr. Massé said earlier about the Phoenix pay problems. Our thoughts are, first and foremost, with the tens of thousands of Canadian workers who, regrettably, are waiting to be paid correctly. Like all of our ridings, mine is home to employees of the federal public service, albeit fewer than provincial government employees—which I'm sure you can appreciate since I am from the Quebec City area. Two weeks ago, when I was eating breakfast at a restaurant in Val-Bélair, I met a woman who, with tears in her eyes, shared her ordeal with me. Those are the people we are thinking about today. I imagine you and your team also had those people in mind as you were writing this report.

Mr. Chair, in the first few paragraphs of his report, Mr. Ferguson clearly references the fact that the previous pay system was 40 years old and in need of replacement, and that it has taken seven years to get to this point.

Obviously, launching a new system like this doesn't happen without raising a few red flags. That is why, under the previous government, decision-makers decided to put the implementation of the system on hold, not once, but twice in 2015, because it wasn't adequately ready.

History being what it is, on February 24, 2016, the current government chose to pull the trigger on Phoenix, initiating the trail of devastation we are now all too familiar with. It was relaunched in April, and, even though everything seemed to be going fine, it turned out to be a disaster.

Mr. Ferguson, in paragraph 1.86 of your report, you make a rather scathing observation, and I quote:

We found that for the first 16 months after the pay problems started to surface, there was no comprehensive governance and oversight of efforts to respond.... Public Services and Procurement Canada did not work with departments....[T] here was no governance structure to define which committees and working groups were needed and what their roles and responsibilities should be to provide clear direction or to coordinate their work.

In a nutshell, they buried their head in the sand. They did not deal with the problem and opted to work in isolation instead of hand in hand with other departments.

How do you explain such a lax approach, Mr. Ferguson?

Mr. Michael Ferguson: Once again, it is difficult for me to explain why it happened, but those are our audit findings.

Public Services and Procurement Canada initially felt that there were issues concerning 82,000 employees and that it would resolve those issues in October 2016.

The department did not know that the issues were more serious than it originally thought. It took time for the department and the Treasury Board Secretariat to realize that a governance structure would have to be implemented. It was only at the end of our audit period that those two organizations started to implement the necessary structure. It's very important to have this kind of a structure and to have the department, the secretariat and the departments directly affected by these issues at the same table, in order to figure out a way to resolve the issues.

● (0910)

[English]

Mr. Gérard Deltell: Well, that's the main issue, Mr. Chair.

For 16 full months, we have had no coordination. Everybody tried to fix it without speaking to each other. In a case like this, we need leadership. In this case, we need someone to call the shots. In this case, we need education from the top, not from the bottom. Unfortunately, this situation was not fixed, and it took 16 months to address this dramatic issue. That's a shame.

Mr. Chair, the Auditor General in article 1.87 talked about another situation. He talked about Queensland Health Group in Australia. In Australia, after only four months, the Australian people recognized the difficulty of that system and fixed it. How come?

Mr. Michael Ferguson: I'll start, and then I'll turn it over to Mr. Goulet to give you some more details.

The difference was that in Queensland, Australia, health authorities identified very quickly that they had a problem. They identified the size of the problem and that it was going to take serious efforts to fix it.

As we say in the report, they then worked on it for going on eight years, and it has taken them that period of time to get most of these problems under control.

I'll ask Mr. Goulet to provide more details.

Mr. Jean Goulet: Thank you very much.

The situation in Queensland was, fortunately for them, a little different, because it concerned only one department as opposed to 101 departments, so it was easier to establish a sole point of leadership within the department. What is really different in that particular case is that the leadership decided to go out to the public servants over there, to the health workers, and explain to them in a very regular fashion what was going on. They put forward a very structured plan to not only try to stabilize the situation but also to make sure very rapidly that the employees were paid on time and accurately.

That even meant that kiosks were established in the various hospitals so that employees could go to those kiosks and demonstrate that they were not being paid accurately, and a cheque could be written to those employees at that point.

There are some fundamental differences. The scope in Queensland was also not as big as what we're living with here, which probably made an understanding of what was going on easier. We're talking about 78,000 employees, one department, and 20,000 rules. Regardless, it still took all that time.

I want to also clarify that they stabilized the situation quite rapidly, but it took them seven years to get to the point, now, where they're achieving the efficiencies they originally intended.

The Chair: Thank you very much.

We're going to have to come back to that. Our time is up.

We'll now move to Mr. Christopherson for seven minutes, please.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you, Chair.

Thank you, Mr. Ferguson, and all your staff.

Where to begin?

For the first time ever, I've talked to a couple of colleagues and I think there's a lot of appetite for doing a hearing on every one of these. Number one, there are only six chapters. Number two, this committee is incredibly efficient when we want to be, and we get a lot of work done. Every one of these touches on not just a one-off but a significant aspect of government services to citizens. I hope, colleagues, that we can find our way clear to allow our schedule to hold a public hearing on each and every one of these chapters.

Chair, given that we're dealing with the macro report as well as the individual chapters, I'd like to spend a bit of my time talking about the macro message that our Auditor General is bringing today, with your permission.

Mr. Ferguson, you both opened your remarks and closed your remarks with the same thing. In terms of auditor-speak, it's pretty strong language. I just want to take a moment to underscore that and then pose a couple of questions about going forward.

Again, colleagues, we have an obligation. We're where the rubber hits the road here, and with all the good work that the Auditor General does, if we're not able to reflect change in government, all this is for nothing. It's really important that we get not only the micro right but also the macro right.

The Auditor General tells us that when he looks at these audits together, he finds that once again he's struck by the fact that departments do not consider the results of their programs and services from the point of view of the citizens they serve.

Again, we've now learned from our Auditor General that in his opinion what that means is that a lot of departments are getting very good at measuring how they move things inside. They do an A and B as part of their process and measure that, and then announce and pronounce whether they're doing really well or really badly, when the point is, at the end of the day, what services are Canadians receiving?

Again, the Auditor General is saying, and I go on, that he finds himself delivering this message audit after audit and year after year because they still see that departments are focused on their own activity and not on the citizen's perspective. I just gave an example of that. The audits they have delivered this week are no exception.

Again, the Auditor General ends by saying, "I was hoping that today, I would be able to talk about something other than results for citizens. I keep delivering the same message that the government doesn't understand its results from the citizen's perspective."

This is strong stuff coming from auditors.

He further says, "It's possible that our message of citizen-centric service delivery has been heard at the individual program level, however we see no signs of it being picked up government wide."

Interestingly, my experience normally is that it's the other way around. The top says, "Yes, we understand. We get that. We'll get on that." Then they leave, and it never seems to filter down to the departments. Now we see that sometimes some of the departments are getting it, but there's still no macro leadership.

I'll jump to the last, and then pose a question, Chair.

Again, continuing with the Auditor General, he says:

It appears that our message is not being heard at a whole-of-government level, and that concerns me. Government is supposed to be about service to citizens. Getting there requires a concerted effort across government to understand and measure the citizen experience, not just one program at a time, but across all programs and services.

Again, if we as a government—all of us, Parliament—are not meeting the needs of Canadians in the services that are delivered, then citizens have every right to believe that their tax money is just being wasted—and we're about eliminating waste.

I want to ask you this, Auditor General. I'm getting kind of old and don't know what the current terminology is—blue-skying, outside the box, whatever the new terms are. Obviously, what we're doing is not working. What can we do that's extraordinary? Are there any steps we can take to really push the limits of what we can do as a committee in working with you?

This can't continue. I've been here 14 years. I don't want to sit here for another 14 years having the Auditor General come in time after time and say the same damn thing, and nothing changes.

• (0915)

We are that agent of change. What can we do, Mr. Ferguson? Push us. Push the limits of what we can do. How can we help you turn government around so that it's meeting the needs of its citizens? How can we do that, sir?

Mr. Michael Ferguson: I'll talk about one thing that you have taken a step into, first of all, then perhaps something else as well.

This committee has now held a hearing with a department a second time, bringing them back about a year or a year and a half afterward to talk about an audit that had been done before. I think that sends a good message throughout the whole system, a message that this committee is serious about departments actually fixing the problems that we see. That's something that has already started, and I would encourage the committee to continue to do that. I think that's an important message for the system.

In terms of the message I delivered today, here is part of what I'm trying to get at. We will do an audit. We will identify some issues. We'll make recommendations. The department will say, "Yes, we will deal with those", and they may very well go back and deal with them, but we won't really know whether they have or how well they've done it until we come back and do a follow-up audit, but they may very well do that.

However, I guess what concerns me is.... I'll take the example of the call centre audit with the CRA. The message in that audit, the overall high-level message in that audit, is not very different from the message we delivered a few years ago about veterans trying to get access to mental health services. I guess what concerns me when I'm talking about the whole-of-government level is that it almost seems departments are only concerned about audits we do about them. They should also be looking at audits that we do about other departments and programs in order to figure out what they should be doing in their programs to get them to a good place, so that when I do come in here with an audit on their programs, I can say, "Yes, they're delivering this program and they seem to be trying to understand the program from the point of view of the citizen."

I think it's very important that departments learn from the audits of others. Perhaps one thing the committee could think about doing is some sort of overall summary report, perhaps, of some of the common issues that have come out from a number of different reports and things that departments should be learning from a number of audits. What are those common-theme things? Departments should be paying attention to those more.

Then if we come back with an audit that says they haven't done it, the committee will be in the position to say, "Look, we've even given you a bit of a road map for the types of things you should be learning from audits done on other departments."

Obviously, they're not doing that on their own, so they might need a little bit of help. Maybe that's a role the committee could play.

• (0920)

The Chair: Thank you very much. Those are good, solid suggestions.

We'll now move to Mr. Arya, please, for seven minutes.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Mr. Chair. Thank you, Mr. Ferguson, for being here along with your team.

There are thousands and thousands of hard-working public service employees whose pay is affected through no mistake of their own. It's absolutely unacceptable.

You pointed out that the cost to solve this problem is going to be more than \$540 million. This is a huge burden, a huge wastage of taxpayers' money. Who is responsible for this?

Mr. Michael Ferguson: The audit that we did on the Phoenix pay system did not look at all of the decision points along the way to put the system in place. The audit was about what the departments are doing now to resolve the issue.

We have a second audit under way right now that is going back and looking at the history that led up to the implementation of Phoenix, and we'll report on that in the spring.

Mr. Chandra Arya: Hopefully in that report you'll be able to identify who exactly is responsible for this mess we are in today.

Mr. Michael Ferguson: I think what we will be able to identify is what information was available along the way that needed to be considered and how it was considered in making the decision. I don't know at this point the extent to which we will be able to get down to more precision. We'll just have to wait and see as we complete that audit.

Mr. Chandra Arya: We have very bright, very well-qualified public service employees here. They are very talented. Did you find, in solving this problem, that senior management did actually involve and consult these employees?

Mr. Michael Ferguson: I would say that a lot of the departments and organizations had to try to problem-solve the issues that were specific to themselves. I think we probably did see a lot of creative brainpower brought to those issues, certainly at the individual department level, because they were dealing with the nuts and bolts of the issues. I think we saw a lot of them trying to find solutions, which was all good. It was in that vein of making sure that people are paid and paid on time.

All of those types of solutions may very well be things that are outside the system, things that later on need to be brought in more systematically so that they're actually part of the system.

Mr. Chandra Arya: One of the underlying things I see through all of this process is the role of outside consultants. Some consultant goes to a minister to sell him or her a solution and says, "You can consolidate everything. You can have huge savings." Then the process starts. Every step of the way, from conceptualization of the idea to implementing the idea, then solving the problems due to that implementation, then going back and saying that....

Through all of this process, it appears that the government was relying very exclusively on outside consultants instead of relying on public service employees. The difference is that the public service employees who are equally talented—probably more talented, more knowledgeable—don't have profit motive, unlike an outside consultant.

Do you think there was excessive reliance by the government on outside consultants?

• (0925)

Mr. Michael Ferguson: Looking at that wasn't the objective of the audit. We'll be down into a bit more of some of those questions in the second audit.

However, I think it's a good question for the department to answer. Under what circumstances did they decide that they needed help from outside consultants? I understand that we can't expect all expertise to be within the federal public service and that from time to time we need to bring in outside consultants. The departments also need to make sure they are considering all of that expertise and advice in the right way and that they're only getting it when they need it.

I can't tell you the specifics of when they decided to bring in outside consultants.

Mr. Chandra Arya: You said that we may not have internal expertise. I can understand that in terms of technology. However, when it comes to things like the design parameters, I think you mentioned that one of the design parameters was that every new employee who is hired has to be booked into the system the same day. If you talk with any HR expert in a big organization employing thousands and thousands of employees, that is not always going to be the case. That sort of design can only come from an IT guy, not from HR.

Anyway, going back, 1,200 pay advisers were eliminated in the process. The elimination started in early 2015 when the staff were hired at Miramichi. Do you think that eliminating these pay adviser positions, with an intention to show savings to try to balance the budget, contributed to the problem we have today?

Mr. Michael Ferguson: Certainly what I can say on that is that in order to deal with the problems, the government has had to hire back those pay advisers, and in fact more. What happened was they reduced the number of pay advisers in the departments by 1,200, but they added about 550, I believe, in the Miramichi pay centre. Since then, they have hired back a number of other pay advisers, which has taken it up above the original 1,200.

Mr. Chandra Arya: That's exactly my point.

The point was that the pay advisers were fired before the system could be stabilized, and that led to the problem we have today. Then we had to hire people back to take care of the problem.

Mr. Michael Ferguson: Certainly when you apply hindsight to it, you see that part of the solution has been to bring back even more pay advisers. In hindsight, that has been part of the solution.

Again, I can't tell you exactly what happened in terms of the decision to start making the change and the reduction, because we haven't looked at that yet. That wasn't part of this audit.

When you just apply hindsight to what they have done, if they had still had those pay advisers, then they would have had those people in place right away to help deal with the problem. They had to try to bring them back in order to deal with the problem, and in fact brought back even more.

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

We'll now move to Mr. Nuttall, please. We're in the second round, so you have five minutes.

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): Thank you, sir.

Thank you to the Auditor General for providing these reports to us. Certainly there are some great educational opportunities for governments, and not just for this government but for governments across the country.

I'd like to start by picking up where Mr. Christopherson finished and then delve directly into the CRA audit.

The message that I think comes through both your message and when looking at each individual report is that when it comes to Phoenix, we're failing our own employees. When it comes to a number of the other items, such as the CRA, we're failing the citizens of Canada. A client-centric approach does not seem to be in the mentality or culture of the Government of Canada, on the whole.

When we look specifically at the CRA, we have a reporting issue concerning the way they were reporting to the Auditor General—whether it was apples to apples, in the sense of the number of people as compared with volumes of calls. We have an issue with blocked calls, as you said. We have an issue with the type of information that's being given out to clients, who are the taxpayers of Canada, and with whether or not it's accurate. As much as 30% of the information that's given to citizens is inaccurate.

These are very major issues at the CRA, and we've seen other major issues out of CRA recently that I know are not in the scope of the report. There's certainly a theme here, however, with regard to what's happening with the CRA, and there obviously needs to be major work completed.

Just to add insult to injury, when you think about what the CRA is and compare it with the private sector, if you were calling to try to figure out what your payment was or the parameters within which your payment needed to be made, in the private sector—and let's just use a telecom company, because they're large companies—it is not very difficult to find out from them what you owe them and why you owe it to them. It is very easy to do; it doesn't require eight phone calls. They know right away.

This brings me to the issue. I was thinking about this last night. We had the opportunity to speak with you about this on a couple of occasions. Is the issue within the CRA that the employees don't have the training to answer the questions and that there is therefore an avoidance of answering those questions and a nervousness about giving information to citizens, or is it just mismanagement and bureaucracy gone wild?

• (0930)

Mr. Michael Ferguson: The first thing I would like to say on that—and we identify it in the report—is that we made 250 calls anonymously to the call centres. For every single one of those calls, the agents were very attentive to the question we asked, they were very courteous, and they took their job very seriously. We didn't perceive any nervousness or anything else like that.

However, I think there obviously is a training issue. For 30% of the questions we asked, we got a wrong answer back, and our questions were of a general type. They were not specific questions about specific taxpayer issues; they were general questions.

The Canada Revenue Agency has a quality assurance mechanism in place whereby they try themselves to assess caller accuracy, which I believe they do for each person in their call centre every quarter. They try to track it, but they're not doing it in a way that actually gets to the accuracy. What they are doing isn't objective enough. They thus underestimate the level of errors and therefore only identified 3%, I believe it was, of their call centre agents as needing additional training, whereas based on our results, it looks as though more than that need training.

Mr. Alexander Nuttall: When you're looking at different departments for not irregularities but mistakes, you won't see a 30% number under normal circumstances. You're looking at a 5% or 6% contingency, whether it's monetary or otherwise. This is way out of the norm.

• (0935)

Mr. Michael Ferguson: Yes, 30% is certainly an unacceptable error rate. I guess I'm venturing a little bit more into my own opinion, but I would even venture to say that even if the error rate was the 6% or 7% the CRA assessed it to be, in this world that would be too high as well—but again, that's my opinion. Maybe CRA would differ with me on that. Certainly there's no question that a 30% error rate is too high.

The Chair: Mr. Ferguson, with regard to the 30% error rate in the calls, were you ever told that CRA officials didn't know the answer to the question?

[Translation]

Mr. Martin Dompierre (Principal, Office of the Auditor General): Thank you, Mr. Chair.

[English]

In some cases, we did get referred. I recall that they brought a question to a second tier because they were not able to provide the answer. At that point we said thank you and stopped the call. We considered that to be a right answer.

The Chair: Not knowing the answer was not part of the 30% but part of the 70%. Is that correct?

Mr. Martin Dompierre: Yes.

The Chair: Thank you very much.

Go ahead, Mrs. Shanahan.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you, Chair, and thank you very much again to the Auditor General and his team.

I know when you're choosing your audit schedule—and maybe you can talk to us a little bit about how you do that—there's a certain amount of priority but also a certain amount of randomness too, yet we're still able to see the themes overriding each set of reports. This is my fourth round, and I'm certainly noticing that.

When we're talking about these reports, we're really looking at the performance of the individual departments. We're looking at the value for taxpayers' money. I have a set of measures that I use. Of course, I'm looking at the cost of the programs, but I'm also looking at things like public security and citizen health, which has been a theme that you have referred to in the past as well as Auditor General.

We see that in the oral health programs for first nations, where we're looking at the health of our most vulnerable citizens. Another theme that is arising, and one that is quite surprising—because I do believe we've always had great pride in the quality of our public service and the services the government provides its citizens—is that quality now appears to be an issue. That is what I'm seeing.

Phoenix is a huge concern for us, and we're going to have the opportunity to delve deeply into that at a later date. When we're talking about the CRA call centres, it looks as though they're responding to your questions, but they really are not at all. Even when we do something urgent, do the best job in getting money out to the Syrian refugee settlement agencies, there was a problem getting the money on the ground. There is also the issue with our vulnerable populations, women offenders in correctional institutions, and a simple quality issue about how we're educating our future officers.

When you do these reviews, you're making recommendations. Are there any cases of the agencies or departments having difficulty with your recommendations? What was the kind of response you were getting? Can you talk to us a little bit about where you see future action plans going?

Mr. Michael Ferguson: Thank you, Mr. Chair.

Mr. Chair, I probably should have asked the member to do a summary of all the audits, because I think she just summarized the issues we see better than I did in the opening statement.

In the course of an audit, we have a lot of back-and-forth with the departments. I think maybe I will use the audit we did on first nations and Inuit oral health as an example. We had a lot of conversations with the department about what that program is and what it is supposed to do. I think there was a lot of emphasis within the program about paying for the services, and we felt there should be more emphasis on their overall objective of improving the oral health of the population. They needed to put more focus on those overall global outcomes, and not just on the day-to-day transaction processing.

That is an example of having a number of conversations back and forth with the department to try to get to the right place. A lot goes into those conversations and into making the recommendations. I think that's why you see, in just about all cases, that departments will agree with our recommendations.

However, to get them to have any real action plan that is going to solve the problems is the work that has to happen after the audit. This committee is very important in helping to ask questions of the department about their action plan and how you are going to know that action plan is implemented. We can only take it so far, and then we need the help of this committee to make sure those action plans are real, robust, and can realistically be put in place.

• (0940)

Mrs. Brenda Shanahan: Thank you, Auditor General.

The Chair: Thank you very much.

Your time is up. Now we'll go back to Mr. Nuttall.

Mr. Alexander Nuttall: Thank you, Mr. Chair.

I want to thank my colleague Mr. Deltell for allowing me to continue on this front.

When you look at the questions on the tables within the CRA report, you mention that a correct response is to refer to somebody else, as Mr. Dompierre did. I agree with that. The last thing we want as a government is the incorrect information going out. It is correct to say you don't know and that you'll get the right information or the right person to give you that information. I understand that completely.

What was the correct response rate on the first try? If my tax return were reassessed and I owed an amount, when should I expect collection action to begin if I'm objecting to a reassessment?

Mr. Michael Ferguson: I'll start, and then I'll ask Monsieur Dompierre to give the details.

Remember, as he said, that we would ask the question, and if the agent said she was going to have to pass you on to somebody else, we stopped the call at that point. We didn't go further to see whether or not we would get the right answer from the second individual. We assumed that we would, because we were going to be passed on to somebody who had more expertise.

In terms of the percentage of the 70% of correct answers, we awarded a correct answer because they referred us to somebody else. We didn't put that in the report, and I'm not sure if we have that information.

Mr. Martin Dompierre: We do have that information, but it's not with me right now. I could go back to see if we could provide you with that information.

Mr. Alexander Nuttall: If I can just follow up on these tables—and these are very self-explanatory—one has the question of “When will the interest begin to be charged on my 2015 initial assessment?” That question has a direct monetary impact on the person who is asking the question. The incorrect response rate was 84%, meaning 16% of the time the person gave the right answer—which was May 2—or referred to somebody else. Somebody was given a wrong answer 84% of the time, and that has a monetary impact on them.

What happens when the person starts being charged interest, let's say, prior to what he or she was told in a phone call? How do we know? You've taken these notes and put this into a report because it was an audit, but when Joe Blow or Joanne on the street calls and gets an answer and then gets charged prematurely, how do they fight this? How do they deal with the government?

Mr. Michael Ferguson: I'll answer, and I'll ask Mr. Dompierre to correct me if I go wrong on this.

If a person does not make their payment by the time it's due, then the CRA, in all likelihood, is going to charge them interest.

Then, I guess, if the person wants to take that up with the CRA, they will have to navigate the system again to get back in contact with CRA and try to say, “Well, wait a minute. You told me I had to pay it on this date, and I paid it on this date, and now you're charging me interest.” They would have to navigate that system all over again—one they perhaps had some frustration navigating in the first place—just to be able to get the original question answered. How that will end up being resolved, I don't know. It wasn't the point of the question, but it would put the individual back to having to try to take up their issue again with CRA.

• (0945)

Mr. Alexander Nuttall: I know this wasn't necessarily the direct focus of the report, but have we seen circumstances when incorrect information was given out by the federal government and the federal government then changed the amount they're saying is owed, based on the information they gave out originally, or did we just not get there?

Mr. Michael Ferguson: No, we couldn't get there because, again, we weren't asking taxpayer-specific questions. To get to that type of detail, we would have had to go through a taxpayer file. We just asked the questions in a general sense.

Mr. Alexander Nuttall: Thank you so much.

The Chair: Thank you, Mr. Nuttall. You have 10 seconds, but I'll take it.

Did you ever ask CRA, when you were given false information, if you could have that answer in writing? I've been told by constituents—and it's probably happened to us—that when you're on the phone after finally getting through, after being blocked so many times, when you get the information, all you have is really your word against somebody else's, because it's on the phone.

Would you ever ask if you could have that answer in an email or in writing?

Mr. Martin Dompierre: Mr. Chair, we did not make that sort of specific request. We were trying to keep the exchange anonymous as we were getting a right or wrong answer. If it was right, we were saying thank you; if not, we were cutting off the conversation at that point—

The Chair: I guess that would make sense. You wouldn't just say to send it to the Auditor General of Canada's email address. They might catch on.

Go ahead, Mr. Ferguson.

Mr. Michael Ferguson: Of course, as you can see, we documented all the answers we got as part of our audit procedures. We didn't go that step—as you say, that would have been a little odd—but we documented all the answers we received.

The Chair: All right. Thank you.

We'll now go back to Mr. Lefebvre. *Vous avez cinq minutes.*

Mr. Paul Lefebvre (Sudbury, Lib.): *Merci, monsieur le président.*

I'd like to continue on the concern raised by Mr. Christopherson with respect to the comments you started and finished your statement with, Mr. Ferguson. I'll cite them:

I find myself delivering this message audit after audit, and year after year because we still see that departments are focused on their own activities, and not on the citizen's perspective. The audits we have delivered this week are no exception, as you will see.

Mr. Christopherson asked you, with respect, what more we can do to try to improve or change the way the government provides the services. From what I'm seeing, most of the time our public service is focused on delivering a program on time and on budget—basically, to deliver it and get results—and the lens of the citizen is not something that is taken into account.

I'm wondering whether you think it's a good idea that we bring the Clerk of the Privy Council to this committee and have that discussion as to how we can change or add that lens, to ensure that it is provided by the Clerk of the Privy Council to all deputy ministers.

Mr. Michael Ferguson: I'll let the committee consider whether it should bring the clerk forward. What encourages me is certainly the committee's interest in trying to get the departments and the whole government machinery to understand the importance of this aspect.

This is just something that is coming to me right now, but perhaps some sort of a review of departmental performance reports could be done to look for any indicators in them that are dealing with services to citizens. In some of those you might see that at least on the surface some of them look good, but that some of the other ones weren't really telling very much about the service. You might want to do something like that.

I probably just created a whole bunch of work for your analysts.

● (0950)

Mr. Paul Lefebvre: That's great, that's fine, because I'm looking at the macro level right now. We're going to have the time to deal with all of your reports one by one, and we will go through all of them. I hope we do.

That brings me to my second question.

In my observations in the past few years of being here, every time there was a transformational program or they were trying to transform something—and we saw it with Shared Services, and now we're seeing it with Phoenix, which are large projects and we all recognize that—it's as if there's an incapacity or a serious difficulty in basically getting the result that is aimed for. It's a concern that program after program and transformation after transformation, we're either off budget, or we're not on time, or we're not getting the results, or it's not at all what we thought it was because of various reasons.

What internal changes should be brought forward? If we keep doing the same thing in the next project when we're trying to transform or change something that we've done in the past, from what I'm seeing, we'll just get the same results.

How can you advise our public service and the deputy ministers? When they have a new project to transform or change something, what can be added? What has to be done?

Mr. Michael Ferguson: I would suggest probably a couple of things.

One is that when there is the original acceptance of a project—if you're talking about a payroll system or about Shared Services, whatever you're talking about—the chances that the project sponsor will be able to come forward at the conception point of the idea and the acceptance of the project and give a precise number for how much that is going to cost, a precise date for when it is going to be delivered, and a precise number for the end impact in terms of whether there are going to be efficiencies are slight. I would say it would be extremely rare for somebody to be able to come in at the conception of these very complex projects and say this is going to cost x number of dollars, I'm going to deliver it on this date, and it's going to save you this amount of money.

Those things need to be updated during the course of the whole project, based on what is being learned through the course of the project. There will need to be some understanding that this is starting to look more complex than originally thought, so maybe it's going to cost more or maybe we need to delay it some more.

Those things will all have to be considered: “Maybe we can't do everything we thought we were going to be able to do in the first place, or maybe we can do this, but it's not going to provide all the efficiencies that we thought.”

Those things all need to be updated during the course of the project. I think what happens too often is that these projects get anchored on amounts that were established very early on. I think that's one part of understanding these types of projects.

I would say the other thing is to never underestimate the importance of a good governance structure on complex projects. It can't all be in the hands of the individuals or the team that is responsible for delivering the project. There needs to be some oversight by people who are not just the project deliverers. Then there needs to be some independent expertise that can advise the individuals charged with the oversight. That could be by internal audit or outside evaluators, but they should be reporting to the people with the oversight, not reporting to the people who are delivering the project.

I'm not saying that's what's happened in any of these cases. I'm saying that conceptually, those are the types of things I think are needed.

Mr. Paul Lefebvre: Correct me if I'm wrong, then. What you just suggested does not exist right now in the public service in the way that the governance structure is modelled.

Mr. Michael Ferguson: No, I'm not saying it doesn't exist; I'm saying that conceptually those are the types of things that need to be in place. We would have to look at it project by project to say whether it was managed this way or it was managed some other way.

• (0955)

The Chair: Thank you very much. We were two minutes over there.

We'll now go to Mr. Christopherson, please.

Mr. David Christopherson: Great. It's an excellent discussion. Thank you.

I saw this in the lobby. I sort of knew these things existed, but I really didn't.... This is from the Office of the Taxpayers' Ombudsman. It says, "Fairness—a right, not a privilege."

First off, is there any interaction between your office and the ombudsman's office? If so, what is that?

Mr. Martin Dompierre: We consult them. Basically, when we decide to do an audit, we consult them for information as we start an audit. That would be one—

Mr. David Christopherson: Are you able to tell us what sort of feedback you got from them initially when you touched base with them?

Mr. Martin Dompierre: I think they had raised the idea that there was some concern about the call centres. They do their own sort of complaints mechanism when they receive complaints from citizens about issues. I would say the call centres were in the top five in the list of concerns by citizens.

Mr. David Christopherson: Yes. Did they say what they were doing about it?

Mr. Martin Dompierre: They said that they react to these complaints, but that's—

Mr. David Christopherson: I can tell you what they did about it—nothing. It's right in their report.

I'm raising this because it's so timely. One of the things we do is not only look for results; we also take a look at the oversight. Was there proper oversight, and if not...?

Mr. Ferguson just alluded to some of that. I have to tell you that \$2.3 million of taxpayer money goes for this ombudsman who reports to the minister only.

It's an interesting read, colleagues. For instance, they say, "Our role is not to be an advocate for taxpayers", yet under the bold heading of "Who we serve", they say, "We serve taxpayers".

It's a very lovely brochure, by the way—very nice and glossy, with lots of big pictures. A lot of time was spent on this. It's a nice product.

Anyway, in this issue, buried on page 23, we see \$2.3 million, yet one of the biggest issues found in this study through the auditor was the inability of Canadians to even connect. If ever there was a disconnect, it's the inability to connect, so the biggest issue we're facing—and here's what this \$2.3 million got us on this file. Under "Connecting with the CRA through the general enquiries lines", we see:

Our Office has received numerous complaints from taxpayers and representatives in recent years, claiming it is very difficult to connect with the CRA's general enquiries telephone lines. A recurring complaint from taxpayers is they reach a busy signal, regardless of the time of day they call, forcing them to make multiple calls.

That's dead accurate. What did they do about it?

Given the announcement of increased funding for telephone access and initiatives underway by the CRA, our Office is not opening an examination at this time,

—but it's okay, everybody—

...we are monitoring this issue.

There was \$2.3 million worth of monitoring, and it took the Auditor General to tell us that we have a problem.

Normally we don't go in this direction, but I'll be talking to colleagues about how we look at this. This whole office exists to help Canadians deal with these kinds of issues, and from what I can see, they failed. Part of our review, and maybe it's part of the prescription for solving it, is that we ask the minister—because this ombudsman reports to the minister—to change the mandate, review it, or do something.

I saw that it cost \$2.3 million to run this office and that on the biggest issue we're facing, that's all they had to say. The minister said, "It's okay, because we're increasing the budget," so the ombudsman said, "Oh, okay. Obviously it's no big problem. It will get solved." That's not how oversight is supposed to work.

To the taxpayers' ombudsman, we're coming.

I'll just leave it at that. It's more of a statement. It's a bit of a rant more than anything, but I was kind of frustrated. If there's room for a response, I would love it. If not, I'm happy to have my rant. Thank you.

The Chair: There's actually no room, but we did enjoy your rant.

Mr. David Christopherson: I aim to be entertaining, if not helpful.

•(1000)

The Chair: All right.

We'll now move to Mr. Deltell, please, for five minutes.

Mr. Gérard Deltell: Thank you, Mr. Chair.

I'll try to do my best after the fantastic performance by my colleague from the NDP.

[*Translation*]

Mr. Gérard Deltell: I would like to discuss Syrian refugees.

Your audit focused on the measures implemented and their results—on whether we were able to properly welcome refugees in large numbers in 2015, 2016 and recently. When we read your report, we see that your assessment measures are still pretty vague—and I am not blaming you for that. There are no specific indicators to help us determine whether it was a success or a failure. It is very difficult to measure the integration of immigrants or the success of their arrival.

Two things have to be considered: the overall situation and the situation in Quebec. Regarding the situation in Quebec, we understand that immigration is essentially the responsibility of that province because of an agreement concluded some 30 years ago between the two governments. We also understand that it is difficult for you to have access to that information.

What does the Canadian government have to do to be able to measure the quality of the welcome extended to immigrants in Canada more adequately?

Mr. Michael Ferguson: I would first like to specify that Immigration, Refugees and Citizenship Canada is responsible for determining to what extent Syrian refugees have managed to integrate into Canada. That is one of its responsibilities. We have noted that the existing measures were related only to the federal government's activities, such as determining whether refugees' needs have been assessed in order to be able to decide what services are necessary to their integration and whether they have begun to learn one of Canada's two official languages. In short, those activities pertain only to the federal government.

In order to understand how refugees are settling in Canada, it is also very important to know about provincial-level services.

For example, are the children of Syrian refugees enrolled in schools? Do they have access to the necessary health care services or other services under provincial jurisdiction?

The department determined that such measures were important, but it has not obtained the information needed to assess the integration of refugees at the provincial level. I think it would be very important for the department to have access to that kind of information in order to be able to fulfill its responsibilities, which involve a good understanding of refugees' integration into Canada.

[*English*]

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

Now we'll go back to Mr. Chen, please.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you very much. I want to start off by thanking the Auditor General and his team for their outstanding work and this set of reports.

I want to echo the concerns that have been expressed by my colleagues around the table, particularly Mr. Christopherson. He pointed to the Auditor General's opening statement in which he expressed the overall message that audit after audit, year after year, we still see that departments are focused on their own activities, not on the citizens' perspectives.

We've talked around the table today about the concerns of citizens, the experiences of citizens, the service to citizens. I want to start off by taking a moment to first deconstruct this terminology, because I believe it's very important that we are clear on who we serve. That, to me, is Canadians, in the most general, broadest, and most inclusive sense, whether we are talking about the oral health of first nations and Inuit children, or Syrian refugees who have now been welcomed to their new home, or indigenous women offenders who are not provided with culturally appropriate programs, or women offenders in general who are subjected to correctional programs designed for men, not women. To me, we need to be clear that we are talking about all Canadians and to understand who they are and be able to provide the types of services and programming that very clearly meet the needs of all Canadians.

With that said, I want to focus on the audit with respect to the Phoenix pay system.

Exhibit 1.2 on page 7 of the Auditor General's report shows a graph of the number of public servants with outstanding pay requests in 46 departments and agencies. This graph shows very clearly that over the course of two years, under the Miramichi pay centre, there were 15,000 public servants with outstanding pay requests. That number goes up to 35,000 in January 2016, when Phoenix was first adopted, and then we see an exponential increase in the number of outstanding pay requests, going up to the latest number, in June 2017, of 150,000.

If I were to take this graph at face value, I would understand it to be what it is described as—46 departments and agencies, the public services under those departments. However, reading the report tells me something a bit different. It points out that these outstanding pay requests were not capturing the information from all 46 departments over those two years, because some of them were not on board with those systems.

I'd like to hear the Auditor General's comment on what this means. To me, at face value, it means a significant and very worrisome increase in the number of cases. However, reading the report tells me that this increase can be attributed to departments that perhaps were not on the Miramichi pay system or the Phoenix pay system at certain points in time.

I'd like to hear the Auditor General's comments.

•(1005)

Mr. Michael Ferguson: I'll start trying to give you an explanation, and I'll ask Mr. Goulet for more details.

The graph is dealing with just the 46 departments, so it is dealing with the departments that were being served by the Miramichi pay centre. Certainly by the time all of the second wave was done, everything had been transferred, and everything that happened after that was happening in the new pay system, but of course there was a transition period in getting the 46 departments' pay requests all processed at the Miramichi pay centre. That would have happened over a period of time as their pay advisers were removed and the services were starting to be provided at the Miramichi pay centre.

I'm not sure, and maybe Mr. Goulet has the details, about exactly when those services started to move over to the pay centre, at what pace those 46 departments moved over, and by what time all of that was completed.

I'll ask Mr. Goulet to provide those details if he has them.

Mr. Jean Goulet: The move of employee files to Miramichi from the 46 departments occurred in three waves, starting in 2012 and going all the way up to the rollout of Phoenix. As you can see on the graph, with the employees going over to Miramichi, there's an increase in the number of employees with outstanding pay requests.

The initial intent of the department was that efficiencies would be generated with the centralization and this number would be coming down, but this was not the case. In the end, when Phoenix rolled out, the expectation of the department was that there would be a significant increase in efficiencies, which would compensate for the employees coming over to Miramichi and would also allow them to deal with the backlog that had accumulated from the wave of departments moving over to Miramichi. Obviously that did not materialize. Contrary to that, it actually spiked, because obviously Phoenix was not delivering the efficiencies that were promised.

• (1010)

The Chair: Thank you, Mr. Goulet and Mr. Chen.

We'll now go to Mr. Nuttall and then to Ms. Mendès.

Mr. Alexander Nuttall: Thank you, Mr. Chair.

I wanted to continue with the CRA audit. After determining a 30% inaccuracy rate in the information provided by persons working for the CRA, your report goes into the information that's provided by CRA in their auditing of their own activities, whether it's inaccuracy—their 6% rate versus your 30%—or the number of calls, because they don't include the blocked calls or calls that don't reach somebody in that process.

You recommend training. You recommend better services in tracking what's going on at the CRA. What do you recommend as a follow-up time period? To go from a 30% inaccuracy rate, what would be a good timeline for us to look at this and to ask for more information on changes that hopefully won't be needed?

Mr. Michael Ferguson: They need to resolve this very quickly. I would suggest pushing for short time frames. A 30% error rate on people coming forward with tax questions certainly is not appropriate.

They need to get their own internal quality assurance measurement. They need to get that to the point where it is accurate, so that they can track the error rate and they don't have to wait for us or somebody else to do it.

They've been doing that, but again, the process they use is not independent. For example, they will make anonymous calls to the agents as well, and ask questions similar to the ones we asked. The agents say that when they get that call, their call display shows that the call is coming from a test line, so they know this call is monitoring their performance. Again, a right answer is to say you don't know and you have to pass it on. If you know you're being monitored, you might be more likely to say you don't know and you're going to pass it on, or there might be other ways that the behaviour is being affected.

They need to have a better way of making sure they get an accurate picture of the error rate. They need to get additional training in place; then they need to be able to demonstrate very quickly that this error rate is starting to go in the right direction.

Mr. Alexander Nuttall: Where is the issue? In your opinion, is this a top-down issue at this point? Is this strictly a training issue, whether it's on the quality assurance side or the people who are facing the client?

Mr. Michael Ferguson: I see three parts to the issue. There are the people answering the questions, and they need to have the ability to answer the questions. Again, in the audit we pointed out that in some cases they have to go to a number of different screens themselves to try to find the answer. The people need the tools and training to be able to answer the question.

The department is saying they need better technology to be able to respond to more calls, so they can explain that and explain to what extent that is part of the issue.

I think the other part is that they need to look at the front end as well. They need to look at their website. In their own survey, about 40% of the people who called on the individual lines, individuals looking for answers to their tax questions, said essentially that they couldn't find the answer to their tax question on the website. That was why they were calling. I think part of what they need to do is to be able to provide better, more easily accessible information on their website. That would help reduce the calls, and it would add more consistency to the responses as well.

• (1015)

Mr. Alexander Nuttall: With all that said, if your business is taxation and somebody asks you when the interest is going to be charged on taxes owing, this is basically almost as easy a question as you can get. It amazes me that we need a screen to do that. How is it that we don't have training in place to show these people? This is basic.

If somebody called me when I was a banker and asked, "Alex, when does the interest start accruing?", I knew the answer to that every single time—and it's different on every single deal—because I just know my business. How do our employees not know their business when it comes to everybody in the country having the same answer?

Mr. Michael Ferguson: Again, I think that's part of what is particularly concerning with our results. We were not asking very complex tax questions for which people had to get into a lot of detail in the Tax Act or anything. We were asking pretty general questions for which you would expect a high rate of right answers. I can't go any further, other than to say that we were obviously very concerned about the results that we were getting in these tests.

The Chair: Thank you very much.

We'll now go to Ms. Mendès.

[*Translation*]

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you very much, Mr. Chair.

Mr. Ferguson, I want to thank you and your entire team for joining us today.

I will pick up where Mr. Deltell left off and talk about the welcoming of Syrian refugees. I would like to inform you and all the members that the Quebec auditor general just presented her report today. It has a whole chapter on the welcoming of refugees and immigrants. I refer you to that report, which does not paint a glowing picture of the Government of Quebec's services in terms of the follow-up on welcoming and integration. Yet that is part of its responsibility. That is a major red flag, since the federal government cannot get the information needed to check the status of newcomers to Canada with regard to their integration and settlement.

That said, with Quebec being the exception, how are other provinces collecting the data that helps determine whether we are reaching our objectives in terms of welcoming, settlement and integration?

I already raised the issue concerning another topic. Client opinion surveys—in this case surveys of people receiving the services—are relatively easy to administer because we know where those individuals are, at least during the first two years. Would it be possible to recommend that the department make conducting surveys an ongoing practice to find out whether refugees have received health care services, education services or job search assistance? All that is part of the services provided. Could that possibility be considered and would it be desirable to collect that data?

Mr. Michael Ferguson: This audit helped us determine that it is important for the department to have access to that information in order to assess the integration of those refugees.

I think there are different ways to do that. We can reach an agreement with provincial governments to obtain that information, but the refugee survey you are talking about is also a possibility.

I think it would be important for the department to check whether it is possible to conduct such a survey of refugees.

Mrs. Alexandra Mendès: I want to come back to data collection, which you confirmed to be an ongoing problem within our departments.

Presuming that those surveys were conducted, would you be in a position to determine whether the department is currently capable of collecting data and assessing it?

•(1020)

Mr. Michael Ferguson: There are always aspects that are specific to the process of administering a survey, such as whether or not people want to participate. There are also issues of personal information and other similar elements. I think that, overall, it is a good idea, but the department has to explain, if possible, why it chose to conduct that type of a survey. I think this is a question for the department.

Mrs. Alexandra Mendès: It's not just a matter of conducting a survey, but of being able to really review the data afterwards and assess the results because, at the end of the day, that's often what such an audit yields.

Mr. Michael Ferguson: Of course.

Mrs. Alexandra Mendès: Once again, I want to come back to your main message. It is all very well to be able to assess strictly in terms of figures whether the service has been provided or not, but there is an inability to gather that kind of information from Canadians in terms of quality. It is often even impossible to prove that a government's primary mandate of serving its citizens is being respected.

I will stop here.

[*English*]

Did you want to continue?

The Chair: We can come back. We're back and forth now, so your time is pretty well up.

Now we'll move to Mr. Deltell, please.

Mr. Gérard Deltell: Mr. Chair, I will continue on the same page.

[*Translation*]

I want to talk about Syrians. In chapter 3.35, you provide an assessment on refugees sponsored by the government and those sponsored privately, to put it that way, and I quote:

The Department determined that Syrian refugees in the privately sponsored category had more knowledge of English or French than did Syrian refugees in the government-assisted category (82 percent of the privately sponsored refugees knew some English or French on arrival, compared with 16 percent of the government-assisted refugees).

At first glance, I would say that this is understood in a certain way, since privately sponsored individuals have already been identified by private entities. Does that explain such a marked discrepancy? After all, privately sponsored refugees are four times more likely to be able to speak one of Canada's official languages.

Mr. Michael Ferguson: Yes, that was more often the case for privately sponsored refugees because they had a relationship with those who were waiting for them in Canada. Perhaps they were family members or something similar. When a family member sponsors a refugee, that may explain why the refugee has some knowledge of either of Canada's official languages. Yes, there were differences concerning that category of individuals who were sponsored by the private sector.

[English]

Mr. Gérard Deltell: Based on that result, can we say that it's better to have more people through the private sector instead of through government sponsorship, because they know exactly where to go? People in Canada identify them, so it's easier for them to be integrated into this country than it is when they are being sponsored by the government.

Mr. Michael Ferguson: I can't say precisely which one is better or how much should be done under one avenue or another. That's something the department could explain. I think it comes down to starting out with identifying the capacity for private sector sponsors to sponsor refugees and whether that's sufficient. I think the department would have to explain to you how they manage that split between refugees that are sponsored privately and those that are sponsored by the government.

[Translation]

Mr. Gérard Deltell: That brings me to another question, Auditor General.

It is important to know whether Canada is welcoming more or less privately sponsored refugees or government-sponsored refugees. To my knowledge, in your report, aside from the language issue, there is no analysis on this issue—in other words, refugees' ability to work and children's ability to go to school. I know that, when it comes to Quebec, this is another kettle of fish, and that it may also come under provincial jurisdiction, but would it be a good idea to analyze privately sponsored refugees' integration compared with the integration of government-sponsored refugees?

• (1025)

Mr. Michael Ferguson: It is the department's responsibility to understand those refugees' integration. If people from the department have the data to conduct such an analysis, I believe that they could also conduct another more specific analysis on sub-populations. With that kind of data, it may be a good idea to assess the level of integration of different types of refugees.

Mr. Gérard Deltell: Based on the only element you analyzed specifically from that perspective, it is clear that more emphasis should be placed on private sponsorship than on government sponsorship in order to facilitate the integration of refugees. In fact, 82% of privately sponsored refugees have knowledge of one of the two official languages, compared with 16% in the case of government-sponsored refugees.

Mr. Michael Ferguson: This is another question for the department. As I mentioned, there are differences between privately sponsored refugees and government-sponsored refugees. Given those differences, it is the department's job to assess all those activities.

[English]

The Chair: Thank you, Mr. Deltell.

We'll move back to Madam Shanahan.

Mrs. Brenda Shanahan: Thank you very much, Chair.

Thank you, Auditor General, and your team.

I'd like to continue by moving on to some of the other reports. I think it's important in this initial meeting that we get a sense of

where the problems are and to what degree they're present. The two reports that concern me right now are numbers 4 and 5.

Concerning the oral health problems for first nations, you made the remark that—and data collection and measurement have been an overriding theme in our work—the department couldn't tell you why fewer children were being reached. There was some success in the prevention of problems with oral health in children, but there were fewer children enrolled in the program, fewer services were provided under the initiative than in previous years, and Health Canada does not know why. I'd like to hear your remarks on that, or remarks from a member of your team.

I'd like to go to report 5 as well. If there was ever a case for gender-based analysis plus, this is certainly the poster child for that policy tool, and I'd like to hear some remarks about how we can use GBA+ to better accomplish what we're putting money out to do.

Mr. Michael Ferguson: I'll ask Ms. Thomas to deal with the question about the children's oral health initiative.

In terms of gender-based analysis plus, we didn't look at that specifically in terms of the audit that we had on the women offenders, but after Ms. Thomas speaks, I'll ask Ms. McCalla to deal with some of the gender-specific issues that we found in that audit.

Ms. Casey Thomas (Principal, Office of the Auditor General): Great. Thank you, Mr. Chair.

With respect to the children's oral health initiative, the program is focused on prevention. There are two elements that are important to look at: the children who are being enrolled and the services that are being provided.

With respect to the children who are being enrolled, it does appear that enrolment is going down and that their targets are not being met. Similarly, the services that are being provided, such as sealants and fluoride treatments, seem to be decreasing as well. When we asked the department why this was the case, they felt that it was a data collection and analysis issue, and they were not able to provide us with any other reasons as to why these declines had occurred. They are working on a data strategy, but it hadn't been put in place at the time of our audit.

Mrs. Brenda Shanahan: Had there been a change in their data collection methods? Why would they not be able to explain the difference?

Ms. Casey Thomas: From our perspective, we looked at a specific period of time, and that had occurred over time. It didn't seem as if they had made any changes in how they were processing or how they were managing. They hadn't done the work themselves to assess why the declines had occurred.

• (1030)

Mrs. Brenda Shanahan: This is something we can question them on when they appear before us.

Thank you very much.

Ms. Carol McCalla (Principal, Office of the Auditor General): For our audit of women offenders, we looked to see how well the Correctional Service was meeting the unique needs of women offenders.

It's been 25 years since the government closed the Kingston Prison for Women, so we looked to see the extent to which the Correctional Service of Canada now provides programs and services that are responsive to the unique needs of women, as it's required to do in its legislation.

Primarily we found that they have not yet developed a security classification tool that's appropriate for women offenders as women enter the system. It still uses the security classification tool it developed 25 years ago for male offenders. As well, it uses this tool to determine rehabilitation needs, which is problematic, because the tool wasn't designed for this purpose. More problematic for us is that it has developed a tool to determine program needs that would be more appropriate for women offenders, but it hasn't yet put that into use.

We did see that it had developed correctional programs specifically for women offenders and for indigenous women offenders. The problem was that it was unable to deliver these programs to women before they were first eligible for parole. As a result, women offenders stayed in custody past their day parole eligibility dates and thus served more of their sentences in custody, rather than in the community setting that is much more effective for long-term successful reintegration.

In the Correctional Service, most of the women offenders are serving short-term sentences, which means they're eligible for parole within a year of entry, yet CSC is unable to deliver the programs by this time. We made recommendations that they improve the delivery of these correctional programs to the women offenders.

Finally, we looked at the delivery of mental health services, because a significant portion of women offenders have mental health issues. We found that treatment plans weren't being completed for women offenders in a timely manner. They weren't systematically tracking the delivery of mental health services to women offenders. There were significant shortfalls in the resources that they said they needed in terms of hospital beds in psychiatric hospitals and staff psychologists.

Finally, we looked at the number of women in segregation and the segregation of women with mental health issues, which we found problematic.

The Chair: Thank you. Thank you to all.

I have one question on that. I asked our analyst to pull up the definition of segregation. I know what segregation means, but the official correctional services definition of segregation says it is "the separation of an inmate to prevent association with other inmates, when specific legal requirements are met, other than pursuant to a disciplinary decision".

You make quite a finding. You found that CSC placed in segregation cells women offenders who were at risk of harming themselves or committing suicide, and then you make a statement that says it is not appropriate to keep women offenders with serious mental health issues in segregation cells. However, according to their definition, when specific legal requirements are met and if they're looking at suicide or hurting themselves, I guess I can understand why they may choose to protect those around them within the correctional system as well.

Then you say something that's quite problematic—not that you say it—which is that they do not get the clinical support.

I have no problem with protecting women or men from themselves or others by putting them in segregation, but why would that mean that they wouldn't get clinical support?

Mr. Michael Ferguson: Mr. Chair, it's because the system is not geared up to provide that support.

The problem is not necessarily that they have to find a way to help the women and protect them from harming themselves or from attempting suicide; they do need to find a way to do that, but they need to find a way to do it that is appropriate from a mental health point of view, as opposed to a correctional point of view.

They have been using the only tool available to them, or the main tool available to them, which is these cells on the segregation range, where they put these women. They don't have the same type of mental health support and clinical environment, perhaps, that a person being isolated in a mental health hospital would have, for example.

There are people who are not part of the correctional services, people who are in mental health institutions, who are also at risk of suicide or self-harm. They have to be put in an environment where they can be monitored to make sure they don't harm themselves, but they have all the other clinical support around them to try to help manage that issue, whereas in the correctional system they don't always have that. What they have is the one tool, which is to isolate the individual and put them in a segregation cell, but they don't always have all of the rest of the support that the person needs to get through that period of time when they are at risk of harming themselves or trying to commit suicide.

• (1035)

The Chair: That is a big problem. We understand that Correctional Service of Canada brings in people who are experts, but the majority of people are not psychologists or psychiatrists who can deal with these guys. They are very good correctional officers, but the thought that they can take them and lock them in isolation... It's almost like locking them up and throwing away the key.

Please tell me that's not what's happening. Can't they take them out of segregation and get them the mental health help they need?

Mr. Michael Ferguson: No, it's not to the extent that you just described. They are using the cells on their segregation range for women with serious mental health issues who are at risk of self-harm. Even in that environment, the individual will be outside the cell for, I believe, two hours a day, so they are not just locked in there; they do have the ability to be out.

Also, they try to restrict the number of days that the women are in those cells. They do monitor it from that point of view.

The fundamental problem is that more and more, the people they are dealing with are people who have these types of mental health issues, and this is a very serious problem in the whole correctional service, not just federally. It's a problem at the provincial level as well. These institutions are being asked to deal with people with serious mental health issues, but they are correctional facilities. They are facilities that are about keeping people away from the rest of the population for a certain period of time. They are being landed with a lot of these types of cases, and they don't always have the capacity to deal with them.

We've not yet done an audit on the whole mental health issue in correctional services. I think we need to put it on our list to look at. It is a very critical issue in the correctional service world.

The Chair: Thank you very much.

Mr. Christopherson, go ahead.

Mr. David Christopherson: Thank you, Chair.

Thank you for putting the focus on this. It's a key area, and I'd appreciate just a moment.

I have a bit of background in this area. When I was on regional council, I chaired a task force on "people with psychiatric disabilities", as the term then was. The whole issue was that we had people on the streets with mental health issues, and there was a revolving door when the police were asked to intervene.

Remember that it's a mental health issue. The police are asked to intervene, but they don't know what to do, so they'll often take them to the hospital. The hospital system may be able to stabilize them for a while, but then they're back on the street. If they have mental health issues, they're going to be acting out again. I don't know if that's the terminology, but there are going to be problems again. It was a revolving door.

Fast-forward a few years, and I find myself sitting at the cabinet table as the minister responsible for corrections provincially, and lo and behold, all the studies in front of me are showing the same thing.

As much as I made some attempt, I didn't change a darn thing. I'd like to say I did, but I didn't. Here we are now, pushing two and a half decades later, and we still have the same problem. Again it's that revolving door of people going from police involvement to the mental health system and ultimately ending up in the criminal justice system, and they shouldn't. They're not criminals. They have mental issues, but we don't have a system that allows us to deal with this situation.

Personally, I've seen this at the local level, the provincial level, and now at the federal level. The last thing you said, Auditor General, was about doing a massive overall look at this: Please. I implore you.

My experience is telling me that no matter how much good people are trying, we're not able to change it and we're not able to help the issue. More and more people are encountering mental health stresses. It's only going to get worse. We need a massive intervention in a way that can make a difference, and that's you and your office.

For what it's worth, I want to put as much support as I can behind you to take a look at this broader system. We need a major overhaul, and thank you, Chair, for putting a focus on this. It's a key issue no matter whom you talk to in society. We have a unique opportunity here to at least be part of changing that if we can.

Please, let's get on this, folks. Otherwise, it's just going to continue to be a revolving door, and we're not going to meet the needs of our citizens.

Thanks.

• (1040)

The Chair: Thank you very much.

I think what committee members are taking from today's meeting, where we've had a very good overview of the entire audit that has just been released by our Auditor General of Canada, is that a number of studies will be coming out of this audit. For Canadians who may be watching, we have the Phoenix pay problems, the call centres at CRA, settlement services for Syrian refugees, oral health programs for first nations and Inuit, preparing women offenders for release, the Royal Military College of Canada, the National Capital Commission, and Atomic Energy of Canada Limited. I think the will of the committee is...will we do a study on each one of these? What I'm hearing back is that we need to. We will be asking you more formally.

We can all tell stories from our constituencies on many of these chapters. I asked my staff in my constituency office, and typically, in a rural riding, about 65% to 70% of what we do in that constituency office is immigration. My staff person told me this fall that she has equal files the same size on Phoenix.

I have Drumheller penitentiary in my riding. Most are coming out of there. I applaud them for getting to the members. Each one of you has stories that you can tell about people being afraid make payments, and things like that.

Starting next week, this committee will look at the Phoenix problem more carefully, and from there on we will look at all these chapters.

You've helped us today. You've helped us with the audit. We look forward to your coming when we study these chapters.

Thank you very much.

The meeting is adjourned.

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