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# Standing Committee on Public Accounts

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Chair: Mr. Dean Allison





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• (1110)

[English]

**The Chair (Mr. Dean Allison (Niagara West, CPC)):** I call this meeting to order. I want to welcome everyone to meeting number five of the House of Commons Standing Committee on Public Accounts. Pursuant to the order of reference of Monday, April 20, 2020, the committee is meeting to study the certificate of nomination of a permanent Auditor General of Canada, tabled in the House on Wednesday, May 13, 2020.

I remind you that all comments by members and the witness should be addressed through the chair. Before speaking, please wait until I recognize you by name. When you are ready to speak, you can either click on the microphone icon to activate your mike or you can hold down the space bar while you are speaking. I think you all know by know that when you release the bar your mike will mute itself, just like a walkie-talkie. It's preferable that you activate the microphone by clicking on the icon.

When speaking, please speak slowly and clearly. I'd also like to explain some guidelines regarding the interpretation channels to use during the video conference meeting. If you are speaking in English, please use the English channel. If you're speaking in French, please use the French channel. As you are speaking, if you plan to alternate from one language to the other, you will need to also switch the interpretation channel to the language you are speaking. You may also allow for a short pause when switching languages as I think that would be very helpful for the interpreters.

Before we get started, would everyone click on the screen in the top right-hand corner and ensure you're on gallery view. With this view, you'll be able to see in the grid everybody who is on the call, and you'll be able to see one another. I think most of you have probably already done that.

At the end of the meeting, we're going to take about 10 minutes to discuss the recommendation to the House.

I just want to mention, Ms. Hogan, that it's great to have you here today. This is probably a unique time in history. I believe you'd be the 13th permanent Auditor General in the country—now, that's according to Wikipedia, and I didn't get my analysts to verify that for me—and actually only the 16th person to sit in the role. This is a pretty significant meeting in terms of that, given the fact that we only see Auditors General come every 10 years.

This is a pretty significant meeting. I'm going to turn it over to you, Ms. Hogan. I want to welcome you. You will have your remarks, and then we'll have a chance to go around the room and ask

some questions back and forth, just like we would in committee. We have until one o'clock. We'll move forward from here.

Welcome, Ms. Hogan. The floor is yours.

**Ms. Karen Hogan (Nominee for the Position of Auditor General of Canada, As an Individual):** Thank you very much, Mr. Chair. Good morning to you and to all the committee members.

I am very honoured to stand before you today as the nominee selected to become Canada's next Auditor General.

The role of the Auditor General is integral to the accountability portion of our democratic system of government. The Auditor General provides Parliament and the three territorial legislatures with independent, objective, credible information, advice and assurance regarding the stewardship of public funds. In other words, elected officials can rely on the Auditor General to bring them independent information that they can draw from to ask public servants important questions about how the organizations they lead are spending public funds. Canadians across the country look to the Auditor General as the voice they can rely on to cut to the heart of matters.

[Translation]

Having appeared before this committee on a number of occasions, I am appreciative of its great work and would like to recognize its legacy. The fabric of the relationship between the Auditor General and the Standing Committee on Public Accounts speaks directly to the depth of accountability in our federal system. It is also built on trust and confidence. I believe these flow out of ethics, integrity and independence. These values are the anchor points of my own value system, in addition to being central to the work of the Auditor General's office. If I am appointed Auditor General, I will strive to continue in the distinguished tradition that has been established by past auditors general and work to the best of my abilities to serve this committee in fulfilling its mandate.

I was born in Montreal, and that's where I began my career. I have been a chartered professional accountant for more than 25 years. My career has been almost evenly split between the private and public sectors. Most significantly, I have been with the office of the Auditor General for 14 years. I joined the OAG when Sheila Fraser was sitting in the Auditor General's chair. I want to especially acknowledge the work of the previous Auditor General, the late Michael Ferguson, and the stewardship of the current interim Auditor General, Sylvain Ricard, who honoured Mike's legacy by guiding the OAG along the path he defined.

• (1115)

[English]

Mike Ferguson was a devoted public servant, who simply wanted the public service to do service well. I look at the incredible impact that he and Sheila Fraser had on the public service and the country. Both were outstanding, inspiring leaders, and I was fortunate to learn from each of them. They were leaders who did not fear change, but rather recognized its strength and necessity and therefore welcomed it. It is a fine tradition that extends over a century and a half for the office of the Auditor General of Canada. It is one that I eagerly hope to continue to shape and transform with my own leadership. I am humbled to think that I might be given the opportunity to serve my fellow Canadians as Auditor General of Canada. I commit to upholding the same standards and tradition of excellence set by these outstanding public servants.

I was attracted to the OAG because of its leaders, its people and its work. I firmly believe in the importance of the institution and in the value of its work. That work touches virtually every area of government programs, services and spending and, as a result, most if not all the groups that make up this great country of ours. In the past, our office has focused on issues that matter to parliamentarians and Canadians, whether economic, environmental or social. For example, we looked at Phoenix, defence spending and the economic action plan. Some concerns cut so deep that we audit them repeatedly, such as indigenous issues and climate change.

If I am appointed Auditor General, I would focus on issues of national importance that are facing us right now, such as the government's infrastructure investments and COVID-19 and also on issues of regional impact, such as fisheries and the oil and gas sector. The audits I would choose to do would focus on supporting the work of the public accounts committee and all MPs.

[Translation]

I led government-wide performance audits for several years before shifting mostly to financial audit work. For almost seven years, I was responsible for the overall audit of the consolidated financial statements of the Government of Canada. Leading the country's largest financial audit allowed me to work closely with senior officials in Crown corporations, departments and agencies as we focused on sensitive and complex audit issues.

Having been fortunate through my career to experience the audit relationship both as the auditor and as the person responsible for preparing financial statements, I believe I was uniquely positioned to understand the challenges these entities faced. Though we did not always necessarily agree—for example on the government's approach to estimating its long-term liabilities—I believe my analysis was fair and sound. Following several years of discussions with senior public servants, changes ultimately came that I believe enhance public transparency and accountability on pension obligations.

Having spent the last 14 years with the OAG, first as a director, then a principal and most recently as Assistant Auditor General, I have been and continue to be inspired by the people who work in our office. They are caring, creative, skilled, incredibly intelligent and professional, and always focused on upholding high standards while contributing to a well-managed and accountable government.

It has been my privilege to work alongside these individuals and to have played a part in shaping the strategic direction of the office and leading organizational change. It would be an even greater honour to now have the opportunity to continue this work of guiding the organization to become an even better version of itself.

• (1120)

[English]

If I am appointed to the position of Auditor General, I will focus on achieving success in two key respects. As deputy head and accounting officer for the OAG, success to me will mean leading the organization of approximately 575 people with empathy and compassion, being concerned about their well-being, mental health and professional growth, while inspiring and empowering them to be dedicated to deliver on the mission and vision of the office. Success will also mean modernizing how the office does its work so it is positioned to keep pace with significant shifts in the auditing world and in the government landscape, such as digital transformation.

As Auditor General who supports Parliament, success to me will mean keeping the trust of Canadians, parliamentarians and the public servants whom we audit and supporting Parliament in being well informed and engaged so we can all work together for better outcomes and a better Canada.

[Translation]

Finally, I would like to take a moment to recognize the efforts of so many front-line workers and thank them for their dedication to Canadians during this global crisis.

I also want to recognize the work of countless public servants and their continued devotion to supporting the country through these trying times.

[English]

That concludes my opening remarks. I'd be very pleased to take any questions from the committee members about my candidacy.

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

We're now going to have our first round, which typically is six minutes. The lineup was sent to Angela ahead of time, so we have that.

We're going to start with Mr. Kelly for six minutes, then go to Mr. Blois, Mr. Blanchette-Joncas and Mr. Green, in that order. I'm going to time you on my trusty iPhone, and I'll break in as we get down to a minute just to let you know that your time is almost up. Of course, if you have an iPhone or any other phone and you want to time yourself, by all means you can do that as well.

Mr. Kelly, the floor is yours for six minutes.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** Before I begin my questions, I would like to once again recognize the legacy of Michael Ferguson and recall his enormous contribution to his office and his service to Canadians. His motto was “Do service well”, and our committee chose that as its motto for the legacy report that we prepared in the last Parliament.

I would like to thank Sylvain Ricard for his work as interim Auditor General for the past year and a half. He's done great work during his limited time in that role. It's difficult to be an interim officeholder, but he did so with courage and professionalism, and ensured that Michael Ferguson's legacy continued.

With that, congratulations to you, Ms. Hogan, on your nomination as Auditor General. You've been with the office for many years. You have served during the tenure of different governments, different Auditors General.

During this current time of crisis of funding for your office, what is your experience from your past service with different Auditors General under different governments? How does that inform you in how you're going to deal with the budget issue?

• (1125)

**Ms. Karen Hogan:** Obviously, having resource constraints puts a strain on our ability to deliver our mandate to the degree we would like. Individuals within our organization are so passionate and focused on delivering on that mandate and providing information to this committee and to all parliamentarians in order to hold the government to account.

One of the first things I will have to do is continue the work of Mr. Ferguson and Monsieur Ricard in the conversations in order to ensure that we have adequate funding, both in the short term and in the long term.

As you mentioned, for its legacy report, the previous public accounts committee studied our funding and made a recommendation. I fully agree that finding a long-term, sustainable, independent funding mechanism for our office is a great solution. I see this committee and Parliament playing a key oversight role in it as well. This would be one of my first priorities should I be appointed Auditor General.

**Mr. Pat Kelly:** So your priority would be to ensure that there's an independent funding mechanism, just so we get away from the idea of an officer of Parliament having to go cap in hand to the very government that he or she is going to audit and ask for his or her budget.

How important are these performance audits? Right now, this committee will have very little to do if performance audits have to be suspended. I think that these reports are incredibly important to Canadians. How important are performance audits?

**Ms. Karen Hogan:** I completely agree with you that performance audits are a key tool for this committee in order to deliver on its mandate and hold government to account for the use of public funds.

Prior to the pandemic, our office was prepared to table three performance audit reports, so we do have some that are ready to go. There were three Auditor General reports and the reserve report

from the interim commissioner of the environment and sustainable development, so there are four audit reports out there we are prepared to table as soon as we possibly can.

We as an organization will turn our attention to two very important matters, which are auditing investment in Canada and the government's COVID-19 spending. We will do our best, and I commit to getting information to Parliament as quickly as we can so we can begin to see if there were any lessons learned or changes we can make to better prepare ourselves and the government should we have to go through this again.

**Mr. Pat Kelly:** What about the other reports that were in progress and the ones that were suspended? It would be normal for the office to table eight or nine reports in the spring, not just three or four.

**Ms. Karen Hogan:** Unfortunately, with some of our resource constraints and the need to make sure that a significant portion of our auditors are focusing on our financial audit work and examinations, especially examinations in Crown corporations, which is something set in legislation, we've had to make the difficult decision to delay some audits. There is some work under way that we expected to table, I believe, in the fall of 2020, which will get delayed a little bit as we try to reorganize and focus our efforts on investing in Canada and COVID. So the work is coming, and we're doing the best we can.

**The Chair:** Pat, you have about 30 seconds left.

**Mr. Pat Kelly:** That's a good point about the additional work you have with the creation of new Crown corporations. The Canada Infrastructure Bank and Trans Mountain Corporation all have to undergo a financial audit, so there will be more work for your department.

If I have any time left, could you provide whatever comment you have on that, please?

• (1130)

**The Chair:** Please give us a quick response, Ms. Hogan.

**Ms. Karen Hogan:** Thank you, Mr. Chair.

As you mentioned, prior to COVID, our mandate was expanding with the creation of Crown corporations and the expansion of the work our office has to do on sustainable development in Crown corporations across so many departments. Yes, the recent creation of another Crown adds to that pressure. Financial audits are required annually, and we are committing to do those, as required through legislation.

**The Chair:** Thank you very much, Mr. Kelly.

Now we'll go to Mr. Blois.

Sir, the floor is yours for six minutes.

**Mr. Kody Blois (Kings—Hants, Lib.):** Thank you very much, Mr. Chair.

Ms. Hogan, congratulations on your nomination.

I would like to echo the remarks of my colleague Mr. Kelly in relation to Mr. Ferguson and his great work.

I've had the chance to review your CV and resumé. You have a very impressive body of work and background. You touched generally in your opening remarks on the broad themes of leading the organization and modernizing.

Could you drill down on some specific outcomes you might have in mind, given, hopefully, your new role here as Auditor General?

**Ms. Karen Hogan:** When I talk about modernizing the way we work, it touches so many aspects. I would like to see us modernize not only our internal processes in order to be more effective and efficient but also the way we approach audits. The auditing world is changing dramatically and exponentially with the disruptive technology and the use of IT technology. While we already do a great deal of work with respect to data analytics, there's definitely room for us to continue to challenge ourselves to do auditing better and more efficiently in order to add value for this committee and the government to see everyone change. I firmly believe that every organization should constantly want to challenge itself.

I would also like to see us look at the way we communicate to Canadians and the way our reports are used by them. Right now, a long-form technical report makes sense for the technical subject matter expert, but so many Canadians have learned very recently that there are different ways to digest information, and I'd love to see us explore those as well.

**Mr. Kody Blois:** Thank you very much. That will probably have some resonance for Mr. Green, who might ask questions in that regard as well.

How has COVID-19 impacted the ability of the office to do their actual work? Obviously, we know that COVID-19, as Mr. Kelly suggested and you made clear, will become a focus for the office. Has the work been able to continue for the employees? I think you mentioned that there are roughly 575 employees.

**Ms. Karen Hogan:** Like every organization and every department across the government, we are all taking some time to deal with our new normal, working remotely and connecting in different ways. While it has slowed down and absolutely caused some delays in our ability to get information, and the ability of the entities that we audit to provide us information, it is still moving along.

When it comes to the COVID-19 audit, as soon as we accepted taking on that body of work, we put together a steering committee at our executive level. I am part of that. We started right away talking about the scope of work and where we might like to go. We've already begun engaging with deputy ministers in order to make sure we have the quantum understood so that we can figure out the best way for us to divide the audits to make it easier to deliver, easier for Canadians to understand and easier for this committee and Parliament to work with.

[*Translation*]

**Mr. Kody Blois:** With more COVID-19 audits to conduct, will the office of the Auditor General of Canada ask for additional funding in the coming days over and above what has already been requested?

**Ms. Karen Hogan:** As you pointed out, the office has put in its request for budget 2020. Everyone's waiting to see what that budget looks like.

We recently reorganized our operations. It was a very difficult but necessary decision because we needed to make sure we could go ahead with COVID-19 audits. It's still a little too early to know if we're going to need more money, but as I said off the top, I'll be making sure that conversations happen about a mechanism to ensure long-term, predictable funding for the office.

• (1135)

**Mr. Kody Blois:** Thank you.

How has funding for the office of the Auditor General changed year to year since 2010?

**Ms. Karen Hogan:** You're asking me to think back and tell you if I know how our funding has changed over time. I'll admit I don't have all the details, but I know that it was our own decision to cut our budget a few years ago. When our mandate expanded, we decided to ask for additional funding. We got a little money in 2018. We asked again in 2019 but got no extra money. We asked again in 2020.

As I said, one of my priorities will be to ensure that we have adequate funding to do our job and provide the committee with the reports it needs to fulfill its mandate.

[*English*]

**Mr. Kody Blois:** Mr. Chair, I have just a few seconds left, and I'm wondering if Ms. Hogan could talk about rural broadband. I noticed in her remarks with the Senate that this was perhaps a priority focus. I come from a rural riding, Kings—Hants in Nova Scotia, where many of my constituents deal with this issue.

I don't know how much time I have left here. If Ms. Hogan could address that, perhaps not now but during future questions, I'd appreciate it.

**The Chair:** Thank you very much, Mr. Blois. You're over your time now.

Ms. Hogan, please keep that in mind. We can try to work that into a later round.

We'll move over to the Bloc.

Mr. Blanchette-Joncas, you have six minutes, sir.

[*Translation*]

**Mr. Maxime Blanchette-Joncas (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Thank you very much, Mr. Chair.

Congratulations on your nomination, Ms. Hogan. I read your resumé and, as my colleagues noted, I see that you have extensive and impressive professional experience. Some of your predecessors, such as Ms. Fraser and Mr. Desautels, have had an impact on recent political history.

The Office of the Auditor General operates resolutely at arm's length from the government, and that will never change. Under the circumstances, there is enormous pressure related to auditing government activities. Mr. Ricard, your acting predecessor, identified problems with your organization's funding, especially relating to IT equipment.

Have you already taken steps to enhance the means at your disposal?

**Ms. Karen Hogan:** Yes, absolutely. As I said, we got more permanent funding in 2018. We used part of that money to start working on our IT issues. That's not something we can let slide.

As you said, during his first appearance before this committee, Mr. Ricard mentioned that some of our systems were ancient. We've taken steps and are almost ready to transition to another system. That's important, and it's something that will always be top of mind. We need to keep adapting and make sure we're up to date, especially in light of the government's increasingly virtual interactions with Canadians.

**Mr. Maxime Blanchette-Joncas:** Thank you for that answer, Ms. Hogan.

You have the latitude to decide what to audit and how to do those audits.

Do you think that the pandemic situation and the government's many announcements could have a negative impact on some organizations' accounting practices?

**Ms. Karen Hogan:** As you said, it's very important for the office to remain independent so that it can always choose where to go, when to go there, and who it's going to audit. Independence is essential to our work.

I'm trying to remember your exact question. Would you mind repeating it, please?

• (1140)

**Mr. Maxime Blanchette-Joncas:** Do you think that the COVID-19 pandemic and the government's many announcements could cause the accounting practices within some government organizations to deteriorate?

**Ms. Karen Hogan:** Thank you.

I expect to see a change in accounting practices and controls. That's clear. Everyone is working remotely. In my opinion, what we are used to doing in person or on paper will be done electronically in some way. However, I don't expect all controls and accounting practices to disappear. Proper accountability and oversight is needed on everything that the departments do. There will therefore be changes, but this won't disappear.

**Mr. Maxime Blanchette-Joncas:** Thank you, Ms. Hogan.

Are there accounting practices that currently go against public interest or do not meet standards?

**Ms. Karen Hogan:** That's a huge question.

I imagine that it's always possible to improve accounting practices and controls. That is a very big part of the office's role.

As part of all of the audits I will do, I commit to considering everything that is done well, everything that is done not as well, and the changes to be made.

**Mr. Maxime Blanchette-Joncas:** I want to paraphrase Mr. Ferguson, who told the committee that he favoured a fair approach that sought to understand all of the challenges associated with each of the office's audits. He really insisted on making sure that the auditors' recommendations were achievable.

Can you speak to how you would maintain the office's effectiveness?

**Ms. Karen Hogan:** Thank you for your question.

As I said in my introductory remarks, as part of my duties, I've had the privilege to see both sides of auditing. Through this, I learned how important it is for the auditors' recommendations to be focused on improvement and results. It's not about creating a process just to create a process. I'll integrate this strategy into our own approaches and methods, as well as into the recommendations we will make to all departments. Results, and not the process, are what is important.

**Mr. Maxime Blanchette-Joncas:** Thank you.

The committee regularly deals with issues related to decisions made by the Auditor General that are not always followed up on by departments or organizations at the end of the audit. There are response times, and enforcement of these measures is often lacking.

Do you believe that more reluctance to enforce your recommendations would sit well in the near future?

**Ms. Karen Hogan:** I don't think that all departments like being audited. The recommendations add to their already massive workloads. That's why our recommendations will have to be well crafted.

I think that the Standing Committee on Public Accounts and our office play a very important role in ensuring that departments actually do follow through with our recommendations. Your committee can support our office by examining and studying our reports, and also by calling departmental witnesses to ensure that they'll take the desired action. We'll do that as well, as an office, but this committee plays a very important role in that.

**Mr. Maxime Blanchette-Joncas:** Thank you.

[English]

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

We're now going to move to our last questioner of the first round.

Mr. Green, sir, you have six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you very much, Mr. Chair.

Certainly this committee plays an integral role in the work throughout the House of Commons. I have the privilege of also being a member of the government operations committee, so I can definitely appreciate the historic nature of this and the importance of this particular proceeding.

Given the nature and context of this proceeding, Mr. Chair, my statements will probably be longer than my questions. In that regard, I'd like to begin by thanking our past interim Auditor General, Sylvain Ricard, for all of his work and for stepping into the role after the loss of Mr. Ferguson.

I certainly look forward to working with Ms. Hogan here in the months and years to come on our public accounts committee. As noted, her CV and work have already been well established in this committee for her significant contribution to our public service and future vision for the role of the office of the Auditor General.

Members of this committee may know that earlier this month in the media I called on the government to make sure that her office had all the resources it needed to do its job to help keep the government accountable to Canadians. Whether it was the former AG Michael Ferguson or Mr. Ricard, the AG has spoken very publicly for years that this office did not have the adequate resources it needed to do its work properly. The OAG has warned that this funding shortfall would leave it without the capacity, the personnel and the technology to maintain its level of performance audits and that it had already begun to cut back on the number of audits it conducted.

Now, as has been noted, on top of what they have been mandated to do, we have also added responsibilities such as oversight for projects like Trans Mountain and the Canada Infrastructure Bank without increasing its resources.

I know this was referenced earlier by Mr. Blois, but I'm going to continue down this line. Parliament once again has thrown more work at the OAG by asking it to examine the federal government's \$187-billion infrastructure plan, the audit on COVID-19 and warrants issued under the Financial Administration Act, which is an audit on Ottawa's pandemic emergency response. These are massive audits and they're going to take tremendous amounts of staffing to go through with all these details.

Mr. Chair, the House passed a motion on April 11 that called on the government to take such measures as necessary to ensure that the Auditor General has sufficient resources to conduct their work.

My predecessor, Mr. David Christopherson, as you know, was very vocal about the need to ensure proper funding for the Auditor General. We believe the AG should have the additional \$10.8 million in funding requested provided to their office immediately. This was last year, before the pandemic.

What would you consider are needs to be assured that your office has the sufficient resources it needs to do all its work?

• (1145)

**Ms. Karen Hogan:** When it comes to funding, that is probably one of the key areas that would help us ensure that we have all of the adequate resources to do our work, as you mentioned, the people, the capacity and the IT technology that we will need.

If appointed Auditor General, I would focus on continuing that discussion. While obtaining funding in the short term makes sense and is absolutely needed, in my view, working on a long-term, stable funding mechanism that has appropriate oversight by this committee or parliamentarians is crucial to ensuring the long-term predictable funding for the organization, given the role the office plays in accountability and transparency and in supporting the public accounts committee in holding the government to account.

**Mr. Matthew Green:** Based on your incredible CV, you're an incredible accountant. Given the scope of work you've planned out, I would suggest that you probably have a number attached to that in the order of magnitude that you would need in funding for the new work. What is that number?

**Ms. Karen Hogan:** Well, I absolutely love numbers. I haven't delved into that in great detail, to be very honest with you. Our focus has been on making the tough choices in order to redirect our resources to where they really matter and where we can absolutely have an impact. Right now, that's looking at investing in Canada and COVID-19 as well as ensuring that we continue to deliver on our annual audit and special examination mandates.

**Mr. Matthew Green:** You have certainly raised the important question of funding mechanisms. I'd like to reassert that ultimately, we need to find a funding mechanism for your office so that you don't have to come and beg for money and we don't have to be shy about talking about the kind of budget that will be required for the scope of your work. Essentially, we need to depoliticize it.

Would you care to comment on what the best possible funding mechanism for predictable, adequate funding might look like?

**Ms. Karen Hogan:** I agree with your statement that an independent funding mechanism is what's best for our office. Removing the need for us to turn to a department, currently the Department of Finance, that we audit brings in its challenges and makes it uniquely different, given the role that we play versus the role that other departments play.

In terms of the mechanism I would look for, there are so many options. There are other places we can look at in the world. This already exists in some of our provinces and in other countries, such as the U.K., I believe. We don't need to look too far for examples. I would be very happy to work with the government to develop something that makes sense for our office as well as for this committee, because someone should continue to hold auditors to account as well.

• (1150)

**Mr. Matthew Green:** I couldn't agree more. I certainly look forward to working with you, Ms. Hogan, and this committee on those precise things. Thank you for your time.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Green, for the line of questioning.



We'll move to our second round, which will be five minutes for questions and answers.

I'd like to welcome Luc Berthold today.

The floor is yours, sir. You have five minutes.

[*Translation*]

**Mr. Luc Berthold (Mégantic—L'Érable, CPC):** Thank you, Mr. Chair.

I want to congratulate Ms. Hogan on her appointment.

Ms. Hogan, you're coming in during a particularly difficult time, but I think it's necessary. We need an Auditor General for the long term. I wish you well in your term, if your appointment is confirmed. We'll be here to work with you.

I'd like to ask a quick question, out of sheer curiosity.

Did you apply for the position of Auditor General on your own, or were you asked to apply?

**Ms. Karen Hogan:** Since I work at the Office of the Auditor General of Canada, I was aware that the position was open. I applied through the Privy Council Office's website in January.

I spoke with a retired Assistant Auditor General, who encouraged me to apply. I also spoke to one of our Deputy Auditors General before applying.

**Mr. Luc Berthold:** When exactly were you informed that you had been selected?

**Ms. Karen Hogan:** I applied in January, and I was interviewed on February 19. I then provided references and went through psychometric testing. Privy councillors called me from time to time to ensure that I still wanted the position. Around the end of March, I was informed that the process had been temporarily halted because of the pandemic and the scope of the work to be done by Parliament in relation to the appointment process. On April 29, the minister called me and informed me that I had been selected and that the consultation process would begin.

**Mr. Luc Berthold:** Thank you very much, Ms. Hogan.

Your predecessor, Mr. Ricard, repeatedly criticized the lack of funding. You've also mentioned it.

He said that the Office of the Auditor General of Canada did not have the operational funding it needs to properly examine the government's \$250 billion worth of new expenditures.

Do you agree that the office needs about \$11 million to be effective?

**Ms. Karen Hogan:** I haven't had a chance to look at the data, but I'm sure that the figures are correct. What's more important in the short term is to have the funds required to conduct the three audits we need to do and to fulfill the other mandates required by law. We must also adopt a long-term vision to ensure that our system will be a bit more predictable with respect to our funding.

**Mr. Luc Berthold:** Ms. Hogan, speaking of those three audits, I moved the motion calling on the Office of the Auditor General to conduct an audit of the Liberals' infrastructure plan. Do you know whether this audit has begun?

**Ms. Karen Hogan:** As far as I know, yes, the audit has begun. As I mentioned, I'm part of a steering committee on COVID-19, but I did not participate in the planning phase for the investments. If I'm appointed Auditor General, one of my first tasks will be to get myself up to date with the help of the team.

**Mr. Luc Berthold:** Do you anticipate meeting the deadline set for the office when the House of Commons adopted this motion? Do you plan to submit a report by early 2021, at the latest? Do you think that will be possible?

• (1155)

**Ms. Karen Hogan:** Honestly, there could be some delays. This is not because we aren't working hard, but I mentioned earlier that working and auditing remotely is new for everyone: for us and for the departments. We occasionally encounter some difficulties. However, we are moving forward and we are pushing our team as hard as we can, because it's very important to get Parliament some information as quickly as possible. However, right now I can't guarantee that we'll meet the deadline.

**Mr. Luc Berthold:** I liked what you said in your opening remarks about how people rely on the Auditor General to cut to the heart of matters.

In a number of reports from the Parliamentary Budget Officer, he was critical of the Liberal government's management of and lack of transparency on infrastructure. However, the Auditor General did not take the initiative to conduct the audit we're talking about. The House of Commons had to ask him to conduct it.

In the future, how will you decide when to audit government actions? In addition, what relationship do you think the Parliamentary Budget Officer and the Auditor General should have?

[*English*]

**The Chair:** Ms. Hogan, you have about 30 seconds left.

**Ms. Karen Hogan:** All right. I'll do it quickly.

[*Translation*]

I don't know the Parliamentary Budget Officer, and I look forward to meeting him.

I'm relying on the existing rigorous process to establish the scope of the audits and to determine which topics we'll examine. I'm also committed to increase dialogue with parliamentarians, with this committee and with the deputy ministers. I think we need to look at everyone's concerns before choosing what to audit.

**Mr. Luc Berthold:** Thank you.

[English]

**The Chair:** Mr. Sorbara, the floor is yours, sir, for five minutes.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Mr. Chair.

Good morning to everyone. It's great to see so many of my colleagues doing well and making their way through this very unique and extraordinary time.

Congratulations, Ms. Hogan, on your appointment. It's very well deserved. I read through your biography, and as someone who sat on the user advisory committee of the Canadian Accounting Standards Board for about 10 years, I well understand the importance of financial statements, of ensuring their integrity and transparency, and of using them from a multiple-stakeholder standpoint.

I want to focus this morning on some of your remarks that you provided in your opening remarks. First of all—about the sixth paragraph in—you make a comment: “Having been fortunate [enough] through my career to experience the audit relationship both as the auditor and as the person responsible for preparing financial statements, I believe I was uniquely positioned to understand the challenges these entities faced.”

Can you quickly elaborate on that? I think that is a very nuanced point. It's very important to your job as the Auditor General in terms of the team that you'll manage going forward.

**Ms. Karen Hogan:** I do agree that it is a unique and privileged position to have seen both sides of that audit relationship and what it might bring.

What I've learned as someone being audited is that you need to honestly approach the audit relationship with the desire to learn. It's not personal. If the end game is to improve outcomes, transparency and accountability, working with your auditor is a great way to get there.

As an auditor, what I've learned to appreciate is that the folks whom we come in to audit have very busy lives at work, and we're adding to that work, so preparing, planning and agreeing with them well in advance is essential to the delivery of a good audit. But also, then, it drags to the results. The recommendations should be focused on results and not just adding process or change for the sake of changing.

**Mr. Francesco Sorbara:** I would absolutely agree with that.

One of the things is that when you have an audit done in the private sector, from whichever accounting firm, usually they'll give some language at the end when signing off on the audit; they don't provide a glowing recommendation. That would be great, I think, when the AG's reports are issued and where the government has done well, without giving them a pat on the back but at the same time recognizing the extraordinary efforts of our public officials, our public servants, in delivering programs.

For example, we put together the Canada emergency response benefit. It's being delivered to over eight million Canadians. Canadians can receive those funds in three days. When an audit takes place of such a program, where the AG is not seen as cheerleading—because we don't want that—we want to say, hey, the AG re-

ports that it's been a transparent and effective program. Is there room in the AG's work for that type of verbiage to be utilized?

• (1200)

**Ms. Karen Hogan:** If I'm appointed Auditor General, I would absolutely approach every audit with a balanced view. I believe that focusing on improvements is one of the main outcomes, but I also know that, as in everything I've done in the past, what I would do in the future would be to report the good, the bad and the ugly. We need to know what's out there. We need to know what's being done well and where things can improve.

**Mr. Francesco Sorbara:** Okay.

You commented about the two key areas or aspects you would focus on in your position as the Auditor General. In one of them, you spoke to the modernization of the office. In the government currently, we have a minister of digital transformation. We know that new technologies are being utilized across the world; here we are, in a virtual Zoom committee meeting.

I'd love to hear your thoughts on that, because change management is very difficult to do, and change management in a hierarchal organization is even more difficult to do, especially with so many stakeholders involved. I would love to hear your idea of what modernization may look like from a high-level standpoint. You've been in the organization for many years and have worked with some great Auditors General in the past, and I look forward to seeing you in that role, but if you can comment on that, it would be wonderful.

**Ms. Karen Hogan:** As you know, the auditing and accounting world is constantly changing. There are new standards issued that we constantly have to adapt to and help to ensure they're properly reflected in external reports.

I won't lie to you and say that there isn't change fatigue in every organization; however, it is definitely something that our organization is used to doing. We gear up for what is one of the largest changes every 10 years in welcoming a new leader who we know will bring some change to an organization. One of the luxuries is that if I'm appointed Auditor General, I know our organization and I know how it handles change and how we've lived through it in the past, and I'll hopefully be able to support our organization in doing that in whatever fashion it needs.

As you mentioned, digital transformation is something that everyone across the world is dealing with right now. I think we'll all learn as we go on that front.

**Mr. Francesco Sorbara:** Mr. Chair, how much time do I have left? I'll just continue....

Finally, my last comment would be that if you can take away something—

**The Vice-Chair (Mr. Lloyd Longfield (Guelph, Lib.)):** Actually, as vice-chair, if I can interrupt, it looks like we've lost our chair, and that was six minutes.

**Mr. Francesco Sorbara:** Was that six minutes, Lloyd?

**The Vice-Chair (Mr. Lloyd Longfield):** Yes, it was.

**Mr. Francesco Sorbara:** Thank you very much, Vice-Chair, for letting me know about that.

Congratulations, again, Ms. Hogan. I look forward to meeting you in person when it is safe to do so.

**The Vice-Chair (Mr. Lloyd Longfield):** We'll go on to the next speaker, from the Conservatives.

**Mr. Warren Steinley (Regina—Lewvan, CPC):** Thank you very much, Mr. Vice-Chair. I don't know where the chair has disappeared to, but these are the difficulties, as we were talking about, of technology with some of these committee meetings being done virtually.

Congratulations on your nomination, Ms. Hogan. I have a few questions. I'll focus on what's going to happen and what the process is when past audits have been postponed due to lack of funding and the pandemic experience. Is there a priority list for which of the audits that were postponed will be done first? Do you have an idea what order they would be prioritized in?

**Ms. Karen Hogan:** As I mentioned earlier, we have a few audits that are ready to go. Of the ones that have been postponed, some are well under way, so obviously we will prioritize completing those audits, the ones that should have been tabled, I believe, in the fall of 2020.

Going forward after that, who knows? It's difficult to speculate. A great deal of our attention and effort will be focused on investing in Canada and COVID-19. It's hard to predict how long that might take and when we might be done doing those audits. It's important that we give them the attention and the time needed so that we can learn from it.

• (1205)

**Mr. Warren Steinley (Regina—Lewvan, CPC):** Thank you very much for that.

One of my follow-up questions was very similar to Mr. Sorbara's. Your answer was pleasant to hear, that you will report the good, the bad and the ugly. I think that's very important for your office, to maintain that independence.

Moving forward, I believe Canadians are going to want to see exactly how the COVID-19 pandemic was handled. The exact way the money rolled out is important, I think, having had questions from my constituents about the application process, especially around CEBA. Have you thought about this? Would you audit each program on its own, or would it be a full audit through all departments? Going forward, Canadians are really going to want to see how that money was rolled out and whether it was the most efficient and effective rollout of programs possible.

Have you had an idea or any thoughts around how you will start to audit the COVID-19 program response that the government has had?

**Ms. Karen Hogan:** As I mentioned, when we agreed to accept the mandate and take it on, we put together a steering committee. Right now, we are in the process of looking at the universe of absolutely everything that is out there and making sure that we focus

our efforts where it will matter the most, where it will generate the most value for this committee and for Canadians. We will be looking at preparedness, at actions during the pandemic and, almost most important, at lessons learned, so that we can adjust if needed should a situation like this occur again for our government and our country.

It's a little early to know where exactly we will go, but we're trying very hard to focus our audits in ways that make them easy for us to package and easy for Canadians and parliamentarians to use. Given that a lot of government now is very horizontal and there is shared responsibility across organizations, I would imagine that this will be taken into consideration as we decide exactly which programs to focus on.

**Mr. Warren Steinley:** That's great to hear. It's going to be a massive undertaking.

I think Mr. Green hit on a couple of points. I know you didn't want to put a number on it, but with your extensive background, would you have an idea of how much more...? Would there be a requirement to have more staff? Would there be some requirement to undertake, as you said, a universal look at how the COVID-19 programs were rolled out? Is there a number you'd place on how much extra funding...? Obviously, at the beginning, we never saw the pandemic being as large as it is. Would you have an idea of how much more capacity you would need to undertake the universal audit of the COVID-19 programs?

**Ms. Karen Hogan:** Any number I might put out there would honestly be a wild guess. As you mentioned, no one's ever done a pandemic before, and we're all learning as we go. Our current resource constraints will help us focus on some key areas. Obviously, any additional funding we might receive will give us the flexibility to carry out all our other legislatively required work, and then to expand, hopefully.

**Mr. Warren Steinley:** Thank you.

How much time do I have?

**The Vice-Chair (Mr. Lloyd Longfield):** That was it.

We'll turn it over to Ms. Yip, and I'll also turn the chair back to Mr. Allison.

Ms. Yip, you have five minutes.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Welcome back to the committee, Ms. Hogan, and congratulations on your nomination.

One key area that the late Mr. Ferguson strongly recommended that the government focus on was data collection. Proper data collection is important for government policy and important to see how well our programs are performing. With numerous government supports for COVID-19, data collection is now more important than ever. What is your view regarding data collection and big data analysis? Also, what will be the process for you and your office in collecting the proper data to audit?

• (1210)

**Ms. Karen Hogan:** You hit an important topic for any auditor—data. The quality of data matters so much to decision-making for leaders in organizations, as well as for assessment and evaluation by auditors. Obviously, we would love to see a greater focus across the entire government on a good, comprehensive collection of accurate data.

From a big-data standpoint, as I mentioned, the auditing world is evolving so much, and that is exactly one of those areas. The use of data analytics to figure out insightfully where to go to audit and where to focus your efforts is something that we do already, but I would love it, if I were appointed Auditor General, to see us do this more regularly so we could really target the most important areas within an organization.

**Ms. Jean Yip:** Canada has not seen a woman in the role of Auditor General in almost a decade. What unique perspective do you think you will bring to this role as a woman?

**Ms. Karen Hogan:** I still have to admit that it's a little scary to try to fill the shoes of Sheila Fraser, so I guarantee that you won't get Sheila Fraser, but you will get Karen Hogan, and Karen is someone who is known for telling it like it is. I will be honest and fair, and I will approach every conversation and every discussion with the incredible desire to listen and learn: learn about the business, learn about how you do business, and then focus on improving it, hopefully.

It's obviously a privilege and an honour as a woman to potentially be given such an important role. I hope it will serve as an example to my teenage daughter and to so many women out there that, honestly, female or male, we can all do a great job if we focus on what really matters and stay true to our values.

**Ms. Jean Yip:** Will you be applying the principles of the gender-based analysis plus regarding your plans for the administration of the OAG, as well as to any financial or performance audits?

**Ms. Karen Hogan:** Within our organization, we always respect hiring policies and practices, and best practices, absolutely. With any audit that we approach, when we establish the criteria that will be used to hold a department against, we will consider the need and how often we might need to look at gender-based initiatives.

**Ms. Jean Yip:** There's been some focus on the importance of diversity, whether it's regarding women, people of colour, or those who are physically challenged, in public service recruitment and retention. Do you have similar plans for the OAG?

**Ms. Karen Hogan:** I'm not sure that I know all of the details of what you're talking about, so I don't think I would have an educated response to give you a really valid response on it. I would want to look into that a little more and consider it.

**Ms. Jean Yip:** I'm going to share the remainder of my time with Greg Fergus.

**The Chair:** Greg, you've got about one minute left for a quick question.

[*Translation*]

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** I want to start by congratulating Ms. Hogan. As a Montrealer, I'm pleased to see a fellow Montrealer in such an important position.

Ms. Hogan, I want to echo what Ms. Yip said about how it's important for you to ensure representation among the auditors working in the office.

I'd like to ask you a question about the use of high tech.

Do you plan on using artificial intelligence to audit departments?

• (1215)

**Ms. Karen Hogan:** Thank you for your question.

Our organization is already very diverse, but that will certainly be an important aspect of all our future hiring processes.

As for information technologies, we definitely want to delve deeper into artificial intelligence. We use it a little, but there's been a shortage of resources and investment these last few years. Our organization has some shortfalls in that area that we need to focus on.

[*English*]

**The Chair:** Mr. Fergus, I want to echo what Mr. Blois was saying about technology. We've had a chance here to see that with rural broadband, as my connection dropped here for a little bit.

Mr. Longfield, thanks for jumping in for me. I'm tethered to my iPhone. I don't want to let the House of Commons know and be upset with the lack of security.

It's too late; they have heard, but I'm back on the call.

We are going to move now to Mr. Blanchette-Joncas, who is going to have a quick question of two and a half minutes.

[*Translation*]

**Mr. Maxime Blanchette-Joncas:** Thank you, Mr. Chair.

Ms. Hogan, the COVID-19 pandemic has caused a lot of upheaval.

To what extent do you think the current public health crisis will affect the office's operations, particularly with regard to audits that are already under way?

**Ms. Karen Hogan:** During this crisis, all of our employees are working remotely. From a technological standpoint, we have enough bandwidth and we haven't run into any problems in that respect.

However, as I was saying, it's hard to interact with organizations that we would like to audit, because the communications need to be protected and the office's policies need to be complied with. I expect that to delay our work. But it's giving everyone a chance to be creative and to come up with new and hopefully more efficient ways of doing things.

**Mr. Maxime Blanchette-Joncas:** Thank you, Ms. Hogan.

Speaking of delays, there's one file that's been dragging on for a long time and that should be considered very important. I'm talking about the Phoenix pay system. There have already been investigations.

Do you think it's crucial to have very strict oversight of all processes involving the system, including procurement, tendering and development, or other oversight that has never been done?

Even our own committee has tried prodding the various departments to give us the facts, but with no success so far.

**Ms. Karen Hogan:** As you know, I was involved in auditing the consolidated financial statements of the Government of Canada, and we spent a huge amount of time auditing Phoenix. It's vital for everyone to be paid on time and accurately. The same goes for all the other benefits that the government provides to Canadians.

What I learned during the audit of Phoenix is that the IT programs are incredibly broad in scope, and they're complex. You need independent oversight from start to finish.

If appointed Auditor General, I would like the office to be involved in more of the government's large-scale IT projects from the outset. If that's not possible, the departments need to make sure there's proper oversight and accountability and that decision-makers have complete and accurate information.

**Mr. Maxime Blanchette-Joncas:** Thank you.

We know there have been some major shortfalls—

• (1220)

[*English*]

**The Chair:** Thank you, Mr. Blanchette. That's all the time we have. We may catch you in another round.

We're going to go over to Mr. Green now for two and a half minutes.

**Mr. Matthew Green:** Thank you very much, Mr. Chair.

I want to set aside the incredible resumé and the extensive public service that Ms. Hogan has provided us and raise the concern that the NDP has raised in the past about the process for hiring officers of Parliament. I want to go on the record. Let's remember that officers of Parliament are independent and work on behalf of Parliament. They're hired by Parliament and accountable to all parliamentarians, and essentially they can be fired only by Parliament, but this is certainly not how it works.

If we look at the current hiring process, it technically meets the law, in that the House must give final approval with a vote. However, it's ultimately the government that does the entire hiring process, only letting other leaders know what its intentions are. This means that the government ultimately chooses who our officers of Parliament will be. In the immediate case, we're certainly confident in the abilities of the candidate for Auditor General, but in the recent past, we have seen some botched appointments and attempts at partisan appointments, all of which could have been avoided with real, meaningful consultation with parliamentarians.

Other jurisdictions in Canada and within the Commonwealth select their officers of Parliament through a special or standing committee. They set the hiring criteria, review the resumé, conduct the interviews and submit a recommendation for nomination. This process recognizes the independence of Parliament and the need for a non-partisan process for selecting independent, non-partisan officers of Parliament.

We've already had an issue where the Auditor General must go hat in hand to the government departments it has to audit. We need to fix this, but we also need to have a serious conversation about the role or lack of role that Parliament has in selecting its own officers of Parliament, and not just leave it up to the government of the day.

Ms. Hogan, are you aware of any consultations that happened with other parties in Parliament about your selection process? Did you have any conversations with members of other parties in Parliament during this process?

**Ms. Karen Hogan:** As I mentioned previously, I applied for this position through the Governor in Council website. I was invited—

**Mr. Matthew Green:** I just want to note that I cannot hear her.

**Ms. Karen Hogan:** My microphone is unmuted. Can you hear me now, Mr. Green?

**Mr. Matthew Green:** I believe that your microphone is probably on French.

**Ms. Karen Hogan:** Sorry, I was on the floor feed. You're correct. There are a lot of buttons to push before I begin to speak. I unmuted and hadn't returned to the English feed.

I applied through the Governor in Council website and then was invited to an interview. The panel was made up of six individuals. I provided references. Then I was informed that I would pass to the next stage of this process, which was psychometric testing, and I went through all of that.

This is an important role, and when I applied for this position, I expected that the process would be a demanding one. After going through all of that, I felt that it was. It was demanding. I answered and interacted in any step of the process when I was asked to do so.

I only ever spoke with individuals from the Privy Council Office until I received a call from the minister informing me that I would be the candidate. He then let me know that the consultation process would take place. Unfortunately, I did not know the magnitude or what that would entail until I was informed that the certificate of nomination was being tabled in the House.

I can't really comment on the process, but I can comment on what I lived through, and that was my experience.

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

**Mr. Matthew Green:** I just want to go on the record and state that it's really not about your qualifications; you are very well qualified. It's about the principle of the process and how we select agents and officers of the House.

Thank you.

**The Chair:** Thank you very much, Mr. Green.

We're now going to move over to Mr. Uppal.

Sir, you have the floor for five minutes.

**Hon. Tim Uppal (Edmonton Mill Woods, CPC):** Thank you.

I would also like to congratulate you, Ms. Hogan, for being considered for this very important position.

In answering a number of questions today, you mentioned, several times, resource constraints. You said that you don't have the numbers right now of what you would need and what you would like for additional funding. Considering that you or at least your office has made requests for funding at least a few times and those requests were not fully agreed upon or provided, can you, with the current funding you have, do the fulsome audit of the COVID spending and the investing in Canada spending that you've been asked to do?

• (1225)

**Ms. Karen Hogan:** With the current funding that we have, we've unfortunately had to make the difficult decision to delay and defer audits in order to make sure that we can allocate the right amount of resources to deal with investing in Canada and COVID-19. The budget requests that we've put in over the last couple of years were obviously based on our assessment of our needs at that time, and needs evolve. As new mandates are added and as large audits like those two are put in front of us, those needs might also continue to evolve. That's why it's very difficult for me to tell you what that number might look like, but in order to take care of those two big audits, we will have to let other things go, absolutely.

**Hon. Tim Uppal:** Thank you.

Other audits that you would normally be doing are being delayed or possibly cancelled. Can you give us an idea of what types of audits or which ones you are not able to do at this time, because you have to put your current resources towards the COVID spending audits or the investing in Canada audits?

**Ms. Karen Hogan:** Unfortunately, I didn't bring a list of what we had on the horizon that we're delaying or forgoing, as you say. I do know there were a few—I don't think I have them all written down—that were under the Auditor General's umbrella and some under the commissioner of the environment and sustainable development's umbrella that will just be a little late, hopefully, because they are well under way.

When we look to the future, we have an excellent process to figure out what audits we might want to do, but it's just a little too early to tell you what those might be, given we're not sure how long it will take us to get through COVID-19 spending. We would imagine it will be more than one cycle or many audits, or it might take some time for us to get through that in the right fashion.

**Hon. Tim Uppal:** Thank you. It definitely underscores the need for additional funding for your office.

You had mentioned that you have about 575 people who work in that office. I would imagine right now most of them are working from home. We had also learned at a previous committee meeting that your office works on an older DOS system. How is that working with employees being at home? Is that working? Is this something you can continue with? Is that something you would hope to change very soon?

**Ms. Karen Hogan:** Every single one of our employees across the entire country is working remotely. We have four regional offices across the entire country, as well as individuals here in Ottawa, and everyone is working remotely. Luckily, we have VPN connections and great bandwidth in order for us to be able to do what we can do every day.

As you mentioned, at a previous meeting, Monsieur Ricard commented on a system that we had that uses F-function keys, very similar to a DOS system. I'm very happy to report that I think before the end of the month, we will have transitioned off of that system and will be in a different world. It doesn't mean that we've jumped over the incredible hurdle of all the IT work that we need to focus on, as well as other federal organizations. The pandemic is just making everyone more aware of our need and dependence on those very important tools to continue to deliver on our mandate and support your committee.

**Hon. Tim Uppal:** Thank you.

What steps could you take, or do you think you would take, to ensure that Canadians have a better understanding of what the Auditor General does and also the work that the Auditor General has been doing, possibly past audits that you've done or audits that are coming up, for them to kind of understand and also to be more aware of?

• (1230)

**Ms. Karen Hogan:** I believe that our past precedent of creating long-form audit reports that are very technical is excellent for technical subject matter experts to help refine service and program delivery to Canadians.

As I mentioned earlier, I would love to approach and explore a way to reach out to Canadians in different ways. Not everyone wants to read a long report. There is video we can do and infographics. There are so many ways that our communications can be adapted to Canadians and the way they digest information. I would really like to start exploring that going forward.

**The Chair:** Thank you very much, Ms. Hogan and Mr. Uppal.

We're now going to turn it over to Mr. Longfield.

Sir, the floor is your for five minutes.

**Mr. Lloyd Longfield:** Thanks, Mr. Chair, and thank you for this great discussion we're having this morning. I want to drill down on a couple of things.

You mentioned the order in council process, which is a standard process that's now being used by our government to make these types of decisions independently until they come to the point we are at today, where politicians are asking you questions.

The order in council process itself is something that has been expanded. Is that something you can comment on in terms of how the Auditor General's department would look at how government separates political from non-political decision-making?

**Ms. Karen Hogan:** Obviously for a legislative auditor and even more importantly, should I become Auditor General of Canada, it is not my role to comment on policy choices or decisions made by a government. I think we can all agree that some decisions are well received, some are not so well received and some are divisive.

It is a responsibility of the Auditor General to look at how departments comply with their policies and whether they report comprehensively on their decisions in an open and transparent manner.

**Mr. Lloyd Longfield:** Great. Thank you.

With regard to the audits that were scheduled for the fall—on the procurement of IT, the follow-up on rail safety, the national ship-building strategy and the Canada child benefit—it sounds today as though those are being delayed, then, since you are moving forward with audits on infrastructure and on COVID-19, the fisheries, and possibly oil and gas.

Am I reading that situation correctly?

**Ms. Karen Hogan:** Thank you for coming up with that list of four audits. I thought I had it at my fingertips, and unfortunately I didn't.

Those are the four that are currently under way, the four that were expected to be tabled in the fall of 2020, and that will be delayed, likely until sometime into 2021, so they will not stop. We all had to adjust for, obviously, physical distancing and letting all the departments settle in and get back up to speed, but those will not be pushed aside. They will simply be delayed and then we will not start other audits until we can make sure that we've properly re-

sourced the investing in Canada program and the COVID-19 spending audits.

**Mr. Lloyd Longfield:** Great. Thank you.

Those are departmental decisions, operational decisions. If I'm looking at the audit of COVID-19, some of what will come through will come through only at the end of this coming tax season. I'm thinking of some of the emergency benefits that will get sorted once we get the tax returns of the individuals who have applied for and received benefits to see whether they were getting other income at the same time as they were receiving this emergency funding.

In terms of timing and looking at when the effects will actually be able to be audited, is that also something you're considering in your department, working with CRA officials or with finance department officials? How does that work?

**Ms. Karen Hogan:** As would be the case for us with any audit, engaging with the deputy minister and officials within a department will be critical to making sure that we have a good understanding of the business, how it's running and how the programs and services are being delivered, so that we can do our testing at the appropriate time and to the right extent.

While I haven't been involved in any of those conversations with individual departments so far during the planning of these audits, I would trust that our auditors are doing as they normally would do, which is following due process and ensuring that our audit is properly planned and executed.

• (1235)

**Mr. Lloyd Longfield:** That's great, because there could be political pressure to say, "We need the audit now" but in reality, the timing might be more appropriate when all the information is in.

Also with regard to the performance audits, you've already said how COVID-19 is having an impact on your staff, so as you're doing performance audits against the targets the departments have had, is there now going to be an additional factor, since we have had to perform at a distance, using different ways and processes?

**Ms. Karen Hogan:** I think we all have to recognize that we've all had to adjust the way we work. That includes making modifications to typical processes and typical controls, so absolutely we would expect to see that happening, but we would not expect to see the absence or removal of all of those important steps in ensuring that funds were properly spent with proper authority, with due regard for the use of public funds.

No, I would expect to see change, and we will all consider that, but they need to still be there, those controls.

**Mr. Lloyd Longfield:** Great. Thank you.

**The Chair:** Thank you, Mr. Longfield. I appreciate that.

I'd like to ask a couple of quick questions, Ms. Hogan.

In your bio, you commented on some of the recommendations you've made. I know it's sort of one of those contentious issues that has been difficult because it's so big and large. Talk to us about some of the recommendations you made around Phoenix. Did you feel that you had some good responses from the government or the bureaucracy in looking at that?

**Ms. Karen Hogan:** Thank you.

I was the author of the Auditor General's observations, which would be published in the Public Accounts of Canada on an annual basis and are now published in our financial commentary report that supports this committee. We often found that when it came to processing pay there were numerous errors. It comes back partially to data quality. As mentioned earlier, any new system is only as good as the information that you put into that system.

Information needs to be accurate, and information needs to be entered in a timely fashion. We did make a few recommendations about the shared responsibility across the entire government to ensure that individuals are properly paid. It is truly that responsibility across all departments.

**The Chair:** Thank you.

I know that a lot has been talked about on budgets and stuff, and I know that it's almost unfair that you come in here trying to be confirmed as the new AG and hear, "What's your plan for the budget?"

Should you be confirmed, and as we move forward, I guess my question, which maybe a lot of the committee is wondering about, is this. You probably wouldn't have a problem putting together budgetary requirements, given the fact that's been mentioned by a number of members, which is that we have all the performance audits and then a number of audits that Parliament has asked for, and now, on top of that, we have this COVID response. Before now, we heard you guys were already short \$10 million or \$11 million. I'm hoping that in the coming days and weeks—because I think it has been alluded to by a number of members—you wouldn't be opposed to putting together a number again to say, "Listen, we were short \$10 million before, and with these huge responsibilities we have coming this year, we think we may need to look at that." Obviously, you'll need some time to reflect upon that.

I'm going to guess that maybe our committee would be able to have a meeting again later to bring you back when you've had a chance to look at what's going on in the department. I know you are familiar with it, but now, if you should get the role of the AG, you will have new responsibilities. It may be unfair that we've asked you questions about budgetary things, but at the same time, you've been well aware of them just by being in the department.

Would you be willing to come back to committee in the coming weeks and months to talk about the challenges you see with all the additional things that have been asked of you, including performance audits, as has been mentioned by a number of members here throughout this committee?

• (1240)

**Ms. Karen Hogan:** Thank you, Mr. Chair.

Should I be appointed Auditor General of Canada, I would be very happy to come and meet this committee any time you'd like to invite me, to respond about decisions I have made, talk about our office and talk about the work we do.

It is incredibly important for me to establish an excellent collaborative relationship with this committee, as together we play an important role in helping ensure that accountability and transparency are there and that the government is held to account. Any time you'd like to have me, I would love to be here, should you appoint me Auditor General.

**The Chair:** That's great. Given some of the questions, should you be confirmed in that role, I'm sure that a lot of members would love to have you back to talk about some of those things.

Mr. Fergus, I'm going to turn it over to you, sir, for five minutes.

[*Translation*]

**Mr. Greg Fergus:** Mr. Chair, thank you once again for giving me a chance to ask this outstanding candidate some questions.

Ms. Hogan, to follow up on my last questions, which were about IT, I'd like to give you an opportunity to tell us more about your thoughts on using artificial intelligence in auditing.

In your long career with the office of the Auditor General, have you heard of any other cases, either in Canada or internationally, where auditors general have used AI to conduct audits?

**Ms. Karen Hogan:** As you know, the auditing field is evolving incredibly quickly when it comes to technology. I've had many discussions with representatives of accounting firms and other auditor general offices across the country, and we share our best practices. In our office, we use data analysis quite often to do our audits. I know that's done around the world and in every other auditing field.

There are two important factors. Number one, you need to have the right data. Number two, our auditors need to have the necessary computer skills, and we need to have the necessary computing capacity. There's always room to improve those two aspects in our office with regard to any audit.

**Mr. Greg Fergus:** If I understand your answer correctly, your office doesn't have the technological resources it needs to do your audits efficiently. Is that correct?

**Ms. Karen Hogan:** Well, technology is used in all of our audits. All of our working papers are electronic, and we store most of our data electronically. In the years leading up to our request for more funding, we sometimes had to make rather difficult decisions: either invest in technology, or hire an auditor to add value to the government. We often opted to invest in hiring an auditor.



Now is the time to seek more balance and make a major investment in our technology. As I mentioned, part of the money we received in 2018 was used for this, but the work hasn't all been done yet. We need to keep that on the horizon, because, as you all know, technology is going to play a key role in the lives of all Canadians.

**Mr. Greg Fergus:** Mr. Chair, how much time do I have left?

[English]

**The Chair:** You have about two minutes left.

• (1245)

[Translation]

**Mr. Greg Fergus:** Okay.

When you were answering the questions from Mr. Blois and Mr. Sorbara, you mentioned the staff of the Auditor General's office. The office has 575 employees, if I'm not mistaken. I would imagine that under the current circumstances, it's very hard to continue your work from home. Again, this raises the idea of making use of IT.

You're in contact with the other auditor general offices in Canada and around the world. How is Canada doing? Are we doing better or worse than other auditor general offices?

**Ms. Karen Hogan:** I'll share my personal opinion, which isn't based on any criteria or facts that I can cite.

Our office is doing well, but there are certain challenges I'd like it to overcome so that we can continue to grow, build our skills and improve our work and our audits. That way, we could improve the products we deliver to the committee and the recommendations we make to the government. Technology is one area where all organizations should be striving to make improvements.

**Mr. Greg Fergus:** I have one last short question. Do you think you'll let your employees telework more from here on out?

**Ms. Karen Hogan:** Our employees already had the option of working remotely. What's different for us right now is that we can't visit organizations to do our audits. But we're seeing amazing results: our employees are engaged, and they're getting their work done in spite of constraints imposed by their personal lives.

As a leader, I've always felt that telework is a good thing to offer to employees. I'm going to make sure the office continues to offer that option if I'm appointed Auditor General.

**Mr. Greg Fergus:** Thank you very much.

[English]

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

Does anyone have any final questions? I know we're almost out of time. We have to suspend for a second to talk about this. We had a very fulsome discussion today. I thought it was a great discussion.

Ms. Hogan, we really appreciate your taking the time, and I think you'll probably get another invitation at some point in the not too distant future as well.

Can we suspend, then, if there are no additional questions for Ms. Hogan?

[Translation]

**Mr. Maxime Blanchette-Joncas:** I have one last question, Mr. Chair.

[English]

**The Chair:** Do you have a quick question? Go ahead, sir.

[Translation]

**Mr. Maxime Blanchette-Joncas:** Ms. Hogan, the current situation is unprecedented, and it comes with its own set of unique challenges. There have already been plenty of media reports about potential fraud in relation to the many financial aid measures offered in response to the COVID-19 pandemic. Are you planning to do a quick investigation into the implementation of these measures and the political decisions that guided them?

**Ms. Karen Hogan:** Thank you for your question. As I said earlier, it's important for Canadians to receive the money they're entitled to on time.

In any audit, we need to examine the risk of fraud. If we suspect or know that fraud has occurred, that increases the risk, which means we need to expand our sampling or the work we'll have to do.

I'm fully aware that many organizations have had to make decisions on the fly. When that happens, it raises the possibility of errors. When we audit the programs, we would expect to see a mechanism in place for detecting errors. If errors have indeed been made, we would expect to see a process for fixing them, including repaying the full amount that was paid out if necessary.

**Mr. Maxime Blanchette-Joncas:** Thank you, Ms. Hogan.

• (1250)

[English]

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

**Mr. Kody Blois:** Mr. Chair, I'd be no more than about a minute if I could ask one final question.

**The Chair:** Go ahead.

**Mr. Kody Blois:** Ms. Hogan, thank you again for your time.

One question I had was about value-for-money audits. I understand that would sometimes be within the scope of your role.

When we go down that route of value-for-money audits, if we get to the point that the preliminary research suggests that these are actually good reports, are they ever made public? Do they become full audits that are put out, or if the initial work shows that a program is actually very good value for money, is that ever made public?

**Ms. Karen Hogan:** All our performance audits are value-for-money audits. The terminology evolves over the years, and I'm sure at some point it'll probably revert back to value-for-money auditing.

Whenever we begin to approach a subject matter, we spend the time needed in order to properly plan it and to ensure that we're going to end up with a report that will be useful to this committee, to parliamentarians and to the government. To my knowledge, I'm not aware of audits that we've started and not completed. I imagine that it is likely possible, but typically, we've done so much work through our process of planning and identifying audits that the ones we undertake are important because they touch areas that matter to Canadians. Whenever we start one, it is eventually made public to all of Parliament.

**Mr. Kody Blois:** I just have one final follow-up question, Mr. Chair.

I understand, of course, you do the work around planning these audits, performance or otherwise. Is it ever made public that, "We actually didn't go into this audit because this program is functioning very well"?

Are those examples of what becomes public?

**Ms. Karen Hogan:** I'm not sure whether that's ever been the case. In my personal opinion, that might be something we might consider doing. As I mentioned earlier, I approach every audit very openly. I intend, if I'm appointed Auditor General, to tell this committee and government about the good, the bad and the ugly that I might see, so at times, yes, I would envision that our reports will say that something is running well.

**Mr. Kody Blois:** Thank you.

**The Chair:** Warren, did you have a quick question?

**Mr. Warren Steinley:** Yes, thank you, Mr. Chair.

Just very quickly, you said repeatedly many of your potential employees, the 575 employees of the AG's office, have been working from home. I envision a new norm after COVID-19 where many businesses are not going to need as much office space or retail space. Lots of people are going to use this opportunity to cut overhead and have people working from home if they're comfortable and enjoy that. In any of your original thought process on how your office works, was that something you've considered, how many employees have enjoyed it or have learned that when working from home they can be just as productive or perhaps even more productive?

This might give you perhaps some more budget because you wouldn't have to pay for as much office space for those 575 employees in four different offices across the country.

**Ms. Karen Hogan:** I've been very fortunate to work with a very dedicated and engaged executive committee. Since we have all been practising physical distancing measures, we have been talking every single day about exactly those kinds of questions: What does returning to a new normal look like, what have we learned about ourselves as individuals and an organization, and how can we use that to return to an even better new normal going forward?

Everything you've talked about is something we're studying right now. As I would imagine, every federal organization and every

company, profit-oriented or not, across the country is likely having the exact same conversation.

**Mr. Warren Steinley:** That's great to hear. Thank you very much. I think there's a lot of opportunity to really cut some overhead for, like you said, many organizations, so I appreciate those comments.

**The Chair:** We need to suspend for a second so that Ms. Hogan can leave the meeting, and then we'll get back into committee after she leaves.

Thank you very much for your time today. Thank you for your frankness and your honest answers. We wish you a great day.

• (1255)

**Ms. Karen Hogan:** Thank you very much.

[Translation]

Have a wonderful afternoon.

[English]

Have a great day, everyone.

• (1305)

**The Chair:** Okay. I was hoping we could get in a couple of extra minutes because we were about 10 minutes late to start, but Angela has informed me that we have to be done by one o'clock. That's why we wrapped up some of the questions.

Greg, I know you had your hand up again. I apologize for that. We will try to get started on time next time, and that will leave a little bit more time.

My question is to everyone: Does the committee wish to report to the House that it has considered the certificate of nomination of Karen Hogan for the permanent position of Auditor General of Canada and reports its recommendation that she be confirmed by the House of Commons as Canada's 16th Auditor General?

Is there any discussion on this? We still have about five minutes. I see a thumbs-up from Mr. Longfield and Mr. Sorbara.

Mr. Green, did you want to comment?

**Mr. Matthew Green:** Yes. I want to go back on the record to confirm that this is already a *fait accompli*. In fact, this committee doesn't really have any kind of authority to stop this appointment. I just want to put that on the record.

Can I get a confirmation in the affirmative?

**The Chair:** I'm going to suggest that if we wanted to hold it up, anything's possible. As I said, at the end of the day, we do have a say in this. I don't know where it would go from here. I could ask one of the analysts if that were the case.

**Mr. Pat Kelly:** If I may, Mr. Chair, just on Mr. Green's point of wishing to be on the record, so to speak, there is no record right now. We are in camera. Isn't that correct?

**The Chair:** No. I believe we're still live.

**Mr. Pat Kelly:** Fair enough.

Mr. Green is correct, in that what passes for consultation is the government informing party leaders of a single candidate, and then the committee merely has the opportunity to weigh the qualifications of that single candidate.

I'm not sure I need to make a huge deal of it right now, but Mr. Green is absolutely correct.

**The Chair:** Okay. That's so noted as well.

Dillan, did you want to add anything quickly to that?

**Mr. Dillan Theckedath (Committee Analyst):** Chair, thank you very much, and good afternoon to the committee members.

I only wanted to confirm. We have been messaging the chair throughout the meeting with the limited means available to try to communicate the number. If there is a formal statement that the committee makes to the House, we will just confirm that number with you. We told you that if Ms. Hogan is appointed, she would be the 16th Auditor General. However, she would be the 13th permanently appointed Auditor General.

Maybe Angela can look into the specific technicalities of what that statement you read needs to say. We would be happy to provide the research we gave to you, if Angela needs it as well.

André and I were it looking up. We've contacted the OAG and were using the library's database throughout the meeting, to make sure that the statement you refer to the House, Chair, reflects the technical statement.

**The Chair:** Absolutely. I think it was the 13th permanent and maybe the 16th in total.

Are there any other comments?

Thank you very much, Mr. Green and Mr. Kelly. Your comments on this are duly noted in terms of the process.

Are we all in favour of confirming Ms. Hogan as our new Auditor General? I see a bunch of thumbs-up. Okay.

**The Clerk of the Committee (Ms. Angela Crandall):** Mr. Chair, I'm sorry to interrupt.

According to the motion that allows this committee to meet, any decision we take has to be via recorded decision. Therefore, if the committee's ready to vote now, I'll call the vote.

**The Chair:** That would be great. Thanks, Angela.

(Motion agreed to: yeas 10; nays 0)

**The Clerk:** Mr. Chair, the vote is unanimous.

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

We will report back to the House with that additional correction, if need be, on the numbers.

Are there any other thoughts or discussion right now?

I would suggest that once Ms. Hogan has been confirmed into the position, we look at possibly having another meeting to talk about her plans around financing and the thought process, and that we give her a little bit of time to think about what that may look like so that she can get back to us. We may ask her some more questions. There's a lot of information that's required of her and her department at this point in time.

Greg, did you have a comment or question?

**Mr. Greg Ferguson:** Yes, Mr. Chair.

I want to follow up on something Ms. Yip pointed out regarding GBA+, specifically asking what the plans were for the OAG to deal with diversity in its office. It's an issue that I will raise. I want to know if it's possible to just give Ms. Hogan a heads-up so that she can come prepared with an answer.

**The Chair:** I think that's great, Greg. If we bring her back and there's a list of things we're looking to her to answer, we could probably get her that list in advance so that she can come back with some answers.

I know we were peppering her with questions like she was actually Auditor General today and we were just going through the confirmation process. Once that happens, I feel she will probably be able to speak with more confidence on those issues, especially if we give her a heads-up.

Angela, I know we're close to time here. It's 1:02.

Dillan, did you have a quick closing comment?

**Mr. Dillan Theckedath:** Yes, Chair. I wanted to confirm something with the clerk and in my own notes before I spoke.

There was a previous question from one of the members. I just want to state that, per the process, the committee gets a referral for specific officers of Parliament. However, with regard to the specific finalization of the process for the Auditor General, it must be resolved by both the House and the Senate.

The Senate already passed its resolution by motion on Friday, so what remains in the process is that—just for the comprehensiveness of the answer to the committee—this committee will make a statement to the House. It must still be resolved by the House to make the appointment official.

**The Chair:** Thank you very much, Dillan, for that clarification.

Thank you very much, everyone. If there's no other discussion at this point in time, I will bring the meeting to a close.

Thanks, everybody. We look forward to getting together again.





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