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Chair: Mr. Kelly McCauley



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• (1740)

[English]

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

Welcome to our century meeting, meeting number 100, of the House of Commons Standing Committee on Government Operations and Estimates.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, October 17, 2022, the committee is meeting on the study of the ArriveCAN application.

I remind you, please, to not put your earpieces next to the microphones as this causes feedback and potential injury.

It's 5:40 p.m. I think we have the full two hours of resources, so we're going to get going.

Welcome back, Ombudsman Jeglic. It's wonderful to have you. You are a friend of OGGO and it's wonderful to have you with us.

Mr. Mersereau, welcome to OGGO for the first time.

The floor is yours, sir.

Mr. Alexander Jeglic (Procurement Ombudsman, Office of the Procurement Ombudsman): Perfect. Thank you very much.

I'd like to begin by acknowledging that the land on which we gather is the traditional unceded territory of the Algonquin Anishinabe people.

Thank you, Chair and members of the committee, for inviting me here today.

I appreciate the opportunity to appear before this committee to shed light on my findings in my office's recent report on the procurement practices of federal departments pertaining to contracts associated with ArriveCAN.

My name is Alex Jeglic. I've been the procurement ombud for just under six years.

[Translation]

I thank the clerk and the committee for inviting me to appear as a witness on the ArrivCAN file.

[English]

With me today is Derek Mersereau, the team lead for the ArriveCAN report and acting director of inquiries, quality assurance and risk management.

[Translation]

The Office of the Procurement Ombud is independent from other federal organizations, including Public Services and Procurement Canada.

Here are the specifics of our mandate.

First, we review complaints from Canadian suppliers about the award of federal contracts below \$33,400 for goods and below \$133,800 for services.

Second, we review complaints respecting the administration of a contract, regardless of dollar value.

[English]

Third is to review the procurement practices of federal departments to assess their fairness, openness and transparency, and consistency with laws, policies and guidelines, which is why we're here today.

On November 14, 2022, the House of Commons Standing Committee on Government Operations and Estimates adopted a motion recommending the conduct of a review by my office to assess whether contracts awarded by departments in relation to the ArriveCAN application were issued in a fair, open and transparent manner and whether contracts awarded on a non-competitive basis were issued in compliance with the Financial Administration Act, its regulations and applicable policies and procedures.

Once my office was able to establish reasonable grounds as per our regulatory requirements, the review was launched in January 2023. As per our legislated deadline, my office completed the review of ArriveCAN contracts on January 12, 2024. The report was published online on OPO's website, our office's website, on January 29, 2024.

My office completed a review of 41 competitive and non-competitive procurement processes and resulting contracts, contract amendments and task authorizations or service orders under which work was performed for the creation, implementation and maintenance of ArriveCAN. The review does not include subcontracts as these are beyond the legal authorities of the ombud.

CBSA, the Canada Border Services Agency, was the client department for all 42 contracts. These contracts were established for CBSA by Public Services and Procurement Canada, by Shared Services Canada and by CBSA under its own contracting authority.

Regarding competitive procurement practices leading to the award of contracts, all 23 solicitations reviewed were issued under a PSPC supply arrangement. Overall, solicitation documents were clear and contained information potential bidders required to prepare a responsive bid. For the most part, solicitations, solicitation amendments and responses to questions from potential bidders were appropriately communicated and bids were evaluated and contracts awarded in accordance with solicitation documents. However, mandatory criteria used in one solicitation leading to the award of a \$24-million contract were overly restrictive and favoured an existing CBSA supplier.

My office also identified issues relating to the achievement of best value in many procurements. For 10 of the 23 competitive procurements reviewed, the use of overly restrictive median bands in the financial evaluation of bids stifled price competition and resulted in the rejection of some otherwise high-quality bids.

In roughly 76% of applicable contracts, resources proposed in the winning bid did not perform any work on the contract. This is also known as....

- (1745)

Mr. Derek Mersereau (Acting Director, Inquiries, Quality Assurance & Risk Management, Office of the Procurement Ombudsman): Bait and switch.

Mr. Alexander Jeglic: When TAs were issued under these contracts, the supplier offered up other resources but not the individuals who had been proposed in order to win the contract. Files for non-competitive contracts included written justification for awarding the contract through a sole-source process on the exceptions to competition provided by the government contracts regulations.

Insufficient records maintained by Shared Services Canada raised questions as to whether certain service orders under the GC Cloud Framework Agreement followed appropriate procurement practices. There was no documented procurement strategy for work associated with ArriveCAN. Multiple service orders issued to one supplier were treated as separate, unrelated requirements despite the fact that all were associated with ArriveCAN.

A majority of the files reviewed were for professional services contracts through which work was authorized for ArriveCAN under a TA. Overall, the documentation of TAs used for ArriveCAN was complete and for the most part was properly authorized. However, 20 TAs of the 143 reviewed did not include the specific tasks, including descriptions of the activities to be performed.

Resources authorized to work on a contract with TAs must be assessed by the business owner before a TA is issued to ensure that the individual meets criteria for the resource category, as specified in the contract. There were no assessments for more than 30 resources who were named on ArriveCAN-related TAs.

As the client department, CBSA was responsible for the proactive publication, or public disclosure, of contract information on the

Open Government website for the contracts reviewed. Information was not proactively published for 17 of 41 contracts reviewed. That's 41%. This result runs counter to broader government commitments to transparency and strengthened accountability within the public sector.

As discussed throughout our report, we found practices for awarding competitive and non-competitive contracts, for issuing TAs and service orders, and for proactive publication of contract information that were inconsistent with government policy and that threatened the fairness, openness and transparency of government procurement. I have made 13 recommendations to address the issues identified with procurement practices associated with the ArriveCAN application.

[Translation]

Thank you for your attention.

[English]

I would also like to thank this committee for shining the light on these important procurement issues. It is from a commitment to fair, open and transparent public purchasing that we must improve Canada's procurement system. Systemic reviews and audits are imperative to the proper functioning of the Government of Canada's purchasing powers and the work of committees, such as OGGO, that play an important role in holding both the government and businesses accountable.

[Translation]

My office remains available to collaborate with committee members.

[English]

I would be pleased to answer your questions.

Thank you.

The Chair: Thank you very much.

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

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

I join my colleagues in welcoming you here today. Thank you so much for joining us.

I also want to thank you for the work you've done in this report. Even though we asked for it, I know that you took some time and further confirmed that it was work that was very necessary. As you can well imagine, the procurement processes are very complex, but I think what your report did was confirm for many of us around this table that there was misconduct in regard to some of the processes, or the not following of processes, as we understood it. I think your report has confirmed our suspicions in that regard.

I will follow up later around the task authorizations, because I think that's a very important issue, but I first want to point out what you mentioned on page 18 of your report. You mentioned in point 61 what I think is a very bizarre issue. It's that there is no written record of GC Strategies being contacted to submit a bid for their initial ArriveCAN contract. You say in your report, "The only record of communication between the Crown and the supplier prior to signing of the Contract was an email from the supplier with quoted rates for various IT professional resource categories."

I guess what I'm wondering is this: Can you tell us whether this means GC Strategies was directly contacted in an unofficial manner to submit a bid for ArriveCAN?

• (1750)

Mr. Alexander Jeglic: I'd be speculating if I wanted to answer your question directly. However, we did note that it is unusual that there was no correspondence on file. One thing we've noted in this and many other practice reviews is the lack of documentation. It sounds administrative in nature, but it is the bedrock of demonstrating many of the tenets of public procurement. How can you be fair, open and transparent if you cannot demonstrate any of those aspects?

Again, documentation is something that you'll hear from me very many times this evening, but it's a legitimate concern, not only in ArriveCAN but in public procurement in general.

Mrs. Kelly Block: Thank you very much.

At this point, you would say it's very irregular, the amount of non-documentation that there was on this file.

Mr. Alexander Jeglic: I'll also add one additional characteristic.

Typically, when contracts are directed, as the one you're pointing out, there is, as we mention in the report, less transparency around the process due to the nature of the directed process. It is, however, highly unusual to receive a proposal without any request to receive one, unless it's an unsolicited proposal, which this didn't seem to be.

Derek.

Mr. Derek Mersereau: I'll just add that the contract you're referring to is actually the second of the three non-competitive contracts issued to GC Strategies. They would have been in CBSA doing work under an existing separate contract, at which point there was some discussion that occurred between officials at CBSA and GC Strategies that wasn't reflected in the documentation in the file.

Mrs. Kelly Block: I'm sure you've been following the developments in this committee over the last number of months, but something that we have failed to get an answer on is who actually chose GC Strategies. We've, I think, been misled and perhaps even lied to when it comes to the individuals knowing who, in fact, chose GC Strategies.

Were you ever given any indication by CBSA as to who made contact with GC Strategies and asked them to submit a bid?

Mr. Alexander Jeglic: Again, thank you for the question.

We have no additional information as to what's been discussed at this committee previously on that issue. That's unfortunately why

we had to disclose the information in the manner that we did in the report.

Mrs. Kelly Block: I have one last question. I'm not sure if I have any more time than that.

Did you find any record highlighting that Deloitte was not being considered, or had been bumped or put on a time out when looking for a company to undertake this work?

• (1755)

Mr. Derek Mersereau: Deloitte really didn't show up in much of the documentation.

In respect of the competitive contract that GC Strategies won as the only bidder, Deloitte had indicated they were interested in bidding, but then chose not to submit the bid. With respect to that solicitation, that's where we point to overly restrictive mandatory criteria.

There was no indication of Deloitte being in a penalty box or anything like that, as we heard at the committee.

Mrs. Kelly Block: Thank you.

With the very few seconds I have left, have you contemplated any of the Botler allegations as part of your findings here?

Mr. Alexander Jeglic: As with everyone, we were obviously an interested party watching all of the OGGO committee hearings. We did listen to the allegations being made and obviously took it into account in the sense that we understood them. However, they weren't incorporated directly into the report, no.

Mrs. Kelly Block: Thank you very much.

The Chair: Thanks very much.

We have Mr. Sousa, please.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you for being here today.

I very much appreciate the report. It's extremely helpful in terms of what you've produced as an ombudsman, what you've reviewed and what this committee has been trying to ascertain.

The recommendations are all very reasonable and actionable. I think the appendix of your report, on page 31, references the various departments that are in fact implementing or in the process of implementing some of those very recommendations they saw and you have rightly put forward.

Your findings point to concerns with regard to a lapsing of the processes for handling IT services contracts. There is no allegation, however, of corruption, as far as I can tell from what I've read, and there's certainly no suggestion that there was political interference. Some are working hard, I think, to misconstrue one of your findings—namely that, in 76% of the contracts examined, resources were part of the original bid and then ultimately they used different suppliers, or there were swaps, as you cited in your opening statement.

Some may try to say that means that people paid under those contracts didn't actually do the work, when, in fact, I think that's categorically false, because only people who carry out the work were actually paid. I just want to get clarity on this finding, on where those resources of 76% of contracts were between the time of the contract award and then the task authorization—that lapse.

I have three questions in particular, and I'm hoping I have time.

One, this is allowed under the rules for certain cases; however, the issue you seem to have brought forward, obviously, is that it's maybe happening too frequently. Is that correct?

Mr. Alexander Jeglic: Yes, I would indicate that 76% is much too frequently.

Mr. Charles Sousa: Did you find any evidence that the resources or the subcontractors were paid for work that was never performed?

Mr. Alexander Jeglic: No. There is certainly some reporting happening outside of this committee, which I think I would like to clarify, hopefully, in an answer that I provide. Perhaps, if you'll allow me, I can clarify.

Mr. Charles Sousa: Absolutely.

Mr. Alexander Jeglic: As we mentioned in our opening statement, this concept around procurement circles is typically called “bait and switch”. It's a known occurrence. However, there is a significant problem with it, and that problem is as follows.

When you're bidding...and here, the selection methodology was 70:30, indicating that it was 70% technical and 30% price, meaning that the technical component is incredibly important, and the technical component is built up predominantly by the resources. When they are bidding, they provide for resources that ultimately are going to receive the highest technical score possible, so they might be awarded a contract based on technical resources that never perform any work.

Then, unfortunately, in the way the process worked in these instances, the resources that were provided did not have to meet the same merit criteria that the original resources did. Therefore, it would have a significant impact on fairness. While it's not the issue that's being reported outside of this committee, it's still a very significant and concerning finding.

Mr. Charles Sousa: As a result, PSPC is tightening the rules as you've recommended. To be clear, on the previous rules you examined, when the substitution was made, the incoming resource had to have the same or similar qualifications as the ones originally listed. Is that correct?

Mr. Alexander Jeglic: Not exactly.

Mr. Charles Sousa: How do you mean?

Mr. Alexander Jeglic: What ended up happening was that the resources that were listed in the bid submission were never actually captured into the contract, so the provision that applies to the exchange or replacement didn't actually have that same merit criteria—

• (1800)

Mr. Charles Sousa: What controls were actually put in place to do that swap?

Mr. Alexander Jeglic: That's a fair question. That's a question that we also asked ourselves. There seemed to be just a general lack of control around this swapping exercise. Again, I don't want to raise too many alarms, but it is a significant alarm in terms of, particularly in this instance, how the criteria were applied for other bidders.

Mr. Charles Sousa: Then the work was applied or the contract was awarded within the context of the TA. Is that correct?

Mr. Alexander Jeglic: Yes. Again, I'll try to explain this as basically as I can, because I know that not everyone is a procurement expert.

Essentially, the resources that are submitted in the proposal should be carried forward into the contract and ultimately form part of subsequent TAs. Unfortunately, what happened was that, in the solicitation documents, the resources that were evaluated were never actually captured in the contract. Therefore, when the TA was submitted, it was the supplier themselves that could ultimately replace that resource. As opposed to having to meet the criteria that they met with the original resources bid, they were just required to meet the minimum: the mandatory criteria plus the rated criteria minimums.

Again, I know this is a bit difficult to understand, but it is a significant—

Mr. Charles Sousa: Did you see any nefarious activity happening here?

Mr. Alexander Jeglic: I wouldn't describe it as “nefarious”, but I would say that the frequency was concerning.

Mr. Charles Sousa: Was it as a result of the period of time during COVID?

Mr. Alexander Jeglic: Again, I don't want to downplay the fact that this was during the pandemic, and obviously it was a very different time. I know we're now outside the pandemic, so it's very easy to have a retrospective lens and apply it in that way. I will say, though, that number is still exceptionally high, even in that circumstance.

Mr. Charles Sousa: Thank you.

The Chair: Thank you, gentlemen.

Mrs. Vignola, go ahead, please, for six minutes.

[Translation]

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

Thank you for being with us, Mr. Jeglic and Mr. Mersereau.

You told us about the process, including the technical aspect, and you said that 76% of the resources did not end up doing the work and were swapped.

Were they replaced by equivalent individuals? It is possible to know if they were replaced by equivalent individuals?

[English]

Mr. Alexander Jeglic: We can't say definitively in all instances the status of the replacements, but I think, Derek, perhaps you can answer this better. I would say in many instances that they were not equivalent.

Mr. Derek Mersereau: For the most part, they.... Well, everyone who worked on the contracts met the minimum requirements that were set. When they have criteria associated with the individuals for the resources who do the work, they have to meet all the mandatory criteria—the “must pass”. As well, with the point-rated criteria, there's a minimum score. Everyone who.... We saw records of there being evaluations. There was some missing documentation, but everyone who was evaluated met the minimum standards.

What happens in these situations is that the individuals who are put forward to win the contract are essentially the best resources possible. Then, later on, on the ones who are bid, you could still have some good-quality resources, but they're not the absolute best because there's no longer that competitive nature.

[Translation]

Mrs. Julie Vignola: In this case, that happened 76% of the time. Is it common for so many of the professionals proposed in the bid to end up not performing any work on the contract?

You know those ads on the internet that are just clickbait? I get the sense here that those professionals were being used as clickbait to get contracts worth hundreds of thousands of dollars or even millions of dollars.

Does that happen a lot with procurement contracts, or was it unique to the ArriveCAN situation?

[English]

Mr. Alexander Jeglic: I'll answer this again as directly as possible.

Because we have not reviewed this specific issue more broadly, I would be speculating.

However, it is an issue that we've heard about. I would say it happens. I can't say that 76% is higher than normal, but it is an issue. I am very happy the committee has raised this, because I think this is an issue that needs to be rectified. As the previous member mentioned, it has been brought to the attention of the department and they've been seized by this. I anticipate a very positive reaction.

• (1805)

Mr. Derek Mersereau: If I could just add....

In response to the report on PSPC procurement, they said this was an existing concern they already had. Essentially, the results of this study were validating their concerns. They're going to promote not using criteria associated with individuals if they're not going to be named in the contract. That would take away the incentive to put forward high-quality individuals who are never then given the opportunity to work on the contract.

[Translation]

Mrs. Julie Vignola: Has Public Services and Procurement Canada, SPAC, or the Canada Border Services Agency, CBSA, ever cancelled a contract with a company because it replaced most of

the experts that were the reason its bid was selected, on the grounds that it required but did not obtain truth and transparency?

[English]

Mr. Alexander Jeglic: Again, I don't want to speculate, so I can't directly answer.

However, I would say this is something that I'm sure causes a great deal of frustration within the departments as well.

[Translation]

Mrs. Julie Vignola: Thank you.

I'll ask a question that might be easier to answer.

Do you think it's reasonable for the federal government of a bilingual country to require all employees working on such a contract to understand English? That could have a negative impact on anyone whose company can do programming but whose employees speak French, whether that company is in Quebec or elsewhere.

[English]

Mr. Alexander Jeglic: That's a very good question.

From a technical standpoint, I've heard many IT professionals speaking about the lack of resources. I don't want to speculate on why that was done. I'm not an IT expert, but I think that, in a bilingual country, it would be important to also include French resources.

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: You have 30 seconds.

[Translation]

Mrs. Julie Vignola: I'll use them.

Do you think it's normal for a two-person company to get an \$11-million contract even though it didn't complete the documents properly and its employees turn out not to be the ones that were expected, among other things?

How can that kind of thing be avoided?

[English]

Mr. Alexander Jeglic: What I will say is this: I think what the committee hearings have done is exemplify the complexity associated with federal procurement. You have organizations that exist to help suppliers bid on contracts. That is a practice, ultimately, that costs the taxpayer money and comes with a consequence.

I know that wasn't directly your question, but I will say that I think shining a light on this issue will perhaps cause government officials to act differently when considering strategies for how to procure goods and services.

The Chair: Thank you very much.

Mr. Bachrach.

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

Thank you to both of our witnesses for being here.

I want to extend our gratitude for your work and your report. It was my colleague Gord Johns who brought forward the original motion to study this matter, and I want to thank our colleagues around the table for supporting that. I think this should be an issue of great concern to all Canadians. The revelations you highlighted in your report point to a lot of concerns.

I'm new to this study. I wasn't privy to all the testimony about ArriveCAN prior to this, so I thought I would start at the 10,000-foot level and ask you this: After having looked at this procurement process, how concerned should Canadians be about the way ArriveCAN was procured, in your opinion?

Mr. Alexander Jeglic: Thank you for the question.

I think how I answered a previous question about the emergency context is an important umbrella to remember. ArriveCAN was put together during a very difficult time in Canada's history and the world's history. That being said, there are certainly best practices in emergency procurement, and many of those were not followed.

The best example I can give—I know I said I'm going to talk about this very often, and I will—is documentation. Yes, decisions were required in a very brief amount of time, but that does not mean that documentation should not exist on those decisions. It's very difficult to determine that something was done fairly—and therefore, it raises suspicions as to whether it was not done fairly—when documentation doesn't exist. One of the biggest issues that I found with all of the ArriveCAN documentation we reviewed was the sheer lack of documentation in many instances.

That being said, one excellent practice that we saw was... In emergency procurement, one of the best practices that one can do is to go to existing suppliers that are known commodities and that have been qualified, as opposed to going to new suppliers that you have no pre-existing history with. That's because they've already been vetted, so it removes some of the concerns associated with emergency procurement.

To directly answer your question, yes, I was concerned by the findings, and I think the recommendations reflect that concern. I believe the report is very factually accurate and devoid of any inflation.

● (1810)

Mr. Taylor Bachrach: The question was whether Canadians should be concerned, but I take it that, if you're concerned, Canadians should also be concerned, given your expertise in these areas.

I appreciate the emergency nature of the procurement, but some of the things you've highlighted seem like schemes that were developed. They didn't just all of a sudden arrive out of the blue when the pandemic hit. You talked about the bait and switch scheme, and you talked about these organizations that exist solely to help suppliers get through the government's contracting and procurement system.

Are these systemic issues that run throughout federal government procurement, or are these issues that you've highlighted today specific to the ArriveCAN procurement?

Mr. Alexander Jeglic: They're systemic for ArriveCAN. As I answered previously, I can't say they're systemic because we haven't done the review. For example, with reference to bait and switch, we've not looked at bait and switch across all government departments for me to answer that this is absolutely systemic across other departments and agencies.

That being said—

Mr. Taylor Bachrach: It's common enough that it has a catchy name.

What I'm asking is... Bait and switch can't be specific to ArriveCAN. This is something more systemic throughout procurement.

Mr. Alexander Jeglic: Absolutely, so I would agree with that characterization.

I have to be careful, obviously, because I should be only factual in nature. Where I've done a review, I can give you specific details and specific statistics. I can't give you statistics saying that this is higher than normal, but what I can say is that, even without a base-line figure, this number is very concerning.

Mr. Taylor Bachrach: I noted your discussion about the use of median bands to disqualify bids that were either very high or very low. You noted that the way the median bands were set up really favoured higher bids over lower ones.

By extension, can we infer that the government paid more for the ArriveCAN app than it otherwise could have?

Mr. Alexander Jeglic: Yes, I would agree with the characterization that the bands had a negative impact on the price paid, meaning higher prices than necessary were probably paid.

Again, I think one of the distinctions one can draw is that the traditional band is the median plus 30 and the median minus 20, meaning that prices within that range are acceptable. In this situation, it was done differently and there was no justification provided. That's why you saw the recommendation you did in this area.

Mr. Taylor Bachrach: Out of curiosity, what is the justification for an asymmetrical median band?

Mr. Alexander Jeglic: Again, I wish I could give you one. We were looking for one to better understand and none was provided.

Mr. Taylor Bachrach: This is a similar question, based on the issue with resource swapping whereby, let's say, less qualified resources end up working on the project. You thought you were getting the all-star lineup and instead you got the third-string.

What's the likelihood that, at the end of the day, the product the government procured was lower quality than one that might otherwise have been created, had these companies actually provided the resources they said they were going to at the initial stage?

The Chair: Give a very brief answer, please.

Mr. Alexander Jeglic: You've put your finger right on the issue around best value. In both the technical and the price component there were impediments to seeing the best outcome. I think you very nicely summarized the issue in both areas.

Mr. Taylor Bachrach: Mr. Chair, we overpaid and we got a product that wasn't as good as it should have been. I think that's the sum of the story.

The Chair: Thank you very much.

We have Mrs. Kusie, please, for five minutes.

• (1815)

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

Thank you to our witnesses for being here today.

I'm going to continue with this theme of bait and switch. Of course, for clarification, this is where a vendor provides a proposal with specific contractors, is awarded the contract and then, after being awarded the contract, uses other individuals not specified within the proposal that was submitted and that the contract was awarded on to complete the work.

As you pointed out in your report, in 76% of the contracts, the resources proposed to work on the contract did no actual work on the contract.

Do you see this as a form of fraud on behalf of the vendor that submitted the proposal?

Mr. Alexander Jeglic: Because this is actually a contemplated occurrence, it's the frequency that makes it so concerning. The replacement of individuals is something that's likely to happen, and as another committee member rightly pointed out, some of this was happening during the time of the pandemic.

That being said, the systematic nature of it and the frequency with which this was occurring was much higher. It's the systematic non-compliance that becomes troubling.

Mrs. Stephanie Kusie: Do you believe, after seeing this occurrence in 76% of the contracts that were awarded, that there should be a system in place to immediately suspend contracting with the company? We did see with this government that they had indicated they were suspending operations across the government with this vendor and then later seemed to withdraw that.

What are your thoughts on that, please?

Mr. Alexander Jeglic: My role is to make recommendations to the departments themselves. In terms of an outcome for a specific supplier, it wouldn't be appropriate for me to comment because, again, that wasn't the nature of this review.

Mrs. Stephanie Kusie: System-wide, having seen this in this specific case, would you make that recommendation?

Mr. Alexander Jeglic: I would not. I have not, so I can't say I would have.

Mrs. Stephanie Kusie: Okay.

This was alluded to earlier. There is now evidence that the chief information officer at the time, Minh Doan, who has appeared before this committee and who we are attempting to get back, deleted emails in regard to the procurement of this app. Although the reasoning behind it is not clear, he tried to explain publicly to the press, or I should say the press garnered information that he attempted to explain that it was in the transfer of files from his laptop to a new system.

Do you think that this deletion of information could have possibly led to the incomplete information record that we have at this time?

Mr. Alexander Jeglic: I can't speculate specifically on the issue that you presented, although I will say that it is highly problematic, the void of documentation. I wouldn't suggest that one individual deleted all of the records that we didn't receive. However, obviously if there was a true deletion, the impact would be very significant.

Mrs. Stephanie Kusie: Is there currently no system in place to ensure that all communications are automatically uploaded and saved? There's the saying that something on the Internet never goes away; it lives on forever. Is this not the same with the Government of Canada and our systems?

Mr. Alexander Jeglic: You'll see in the report that we do note a good practice around communications where there is an electronic database and there are other electronic databases referenced. However, this is a systemic issue.

The one reason why you didn't see a document retention-style recommendation coming from us out of this report is that we've actually done previous reviews of both of these departments and found documentation deficiencies. We've made that recommendation already, albeit we now have to follow up with those departments to ensure the documentation practices have, in fact, improved.

Mrs. Stephanie Kusie: That's a recommendation clearly that this government did not listen to and attempt to fix.

My last question is on GC Strategies, which won a \$25.3 million contract in May 2022. Is it correct that GC Strategies was the only one that could win the contract because the mandatory criteria required the winning bidder to have worked on three contracts the CBSA had previously sole-sourced to GC Strategies, and can this contract still be considered to be competitive when the criteria are so restrictive?

Mr. Alexander Jeglic: As we noted in the report, absolutely the criteria were identified to be very restrictive in nature, and as we mentioned in the report, it was highly unlikely that any other participant in the process could have been the successful bidder other than GC Strategies, because as we noted in the report, they heavily relied on the three sole-source contracts that they had provided to CBSA as justification for complying with the mandatories. When you look at the uniqueness of the mandatories, that's why we were able to say, on its face, that these mandatories were overly restrictive.

In terms of your second question, could we say that this was still competed? It was competed, however these mandatories made it very difficult for any other participant to participate in that process.

• (1820)

Mrs. Stephanie Kusie: Thank you to our witnesses, Chair.

The Chair: Thank you.

Go ahead, Mr. Jowhari, please.

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

Welcome, Mr. Jeglic. It's good to see you here. Thank you for the work you've done—over Christmas and the new year, it looks like—to be able to put this solid recommendation in. I think the way you characterized the report and the work you've done was a fair statement. It was factual and balanced, and it was about recommendations.

During the course of at least the last 10 or 20 minutes, there have been a lot of responses, and I want to get one thing clear to start. Was any money paid for any work that was not done? Put the whole bait and switch and all of those things aside. Was there any money paid to any contractor or any company for work that was not done?

Mr. Alexander Jeglic: Again, I can't speak to the payment. We did not look at whether payment was, in fact, made, so I cannot answer.

Mr. Majid Jowhari: Okay, that's no problem.

Are you aware of whether CBSA has accepted or rejected the recommendations you've made?

Mr. Alexander Jeglic: In the annex of the report, you'll see CBSA has, in fact, accepted the recommendations in the report and have been quite forthcoming in their action plan in terms of what they're going to do to implement change.

Mr. Majid Jowhari: My understanding, like yours, is that CBSA has already accepted all the recommendations, and a lot of the work on implementing those recommendations has already started.

Also, from the scope of the work that CBSA has done on the review of these contracts, do you know whether it was limited to any types of services or if the stop and review was for all contracts for all services?

Mr. Alexander Jeglic: Unfortunately, I'm also not clear on the question.

Mr. Majid Jowhari: The key thing is that CBSA not only stopped all the contracts for IT; it stopped all the contracts and put them under review. They've gone above and beyond.

Can you confirm that?

Mr. Alexander Jeglic: I cannot confirm that. I would suggest you ask CBSA directly.

Mr. Majid Jowhari: Let's go back to the concept of bait and switch. I come from a management consulting background. I'm very familiar with bait and switch, not that I've ever practised it or the organization I worked with practised it, but I want to bring a perspective that I'd like your feedback on.

Traditionally, when you look at a very valuable contract, naturally, you put your A team forward, and it is the A team that does the presentation. However, it's also understood that the A team is part of a very scarce set of resources, and, if the client takes longer than anticipated to make that decision, often both the consulting firm and the client are put in a position where, given the length of time it has taken to be able to come up with a final decision, those resources might not be available. I can tell you that on a number of projects I did the presentation. I was there, but I had to go to another client because the existing client was taking way too long.

I'm not in any way taking away from the great work you've done and the fact that this practice exists, but during your review process, did you look at any type of timeline that this happened in, or were you focused on the frequency of it?

Mr. Derek Mersereau: If I could respond, we did look at the timeline, but, more importantly, we saw zero evidence of any indication that there was a discussion around the changing of resources that weren't in the bid or an explanation of why someone might be available. We were looking for any evidence that would show that the name of the individual who was initially proposed was no longer available for whatever reason, but there was nothing. There were zero emails back and forth between the technical authority, the business owner at the CBSA, and the supplier themselves.

• (1825)

Mr. Majid Jowhari: Thank you very much.

I want to make sure that point is tabled and is also removed from the discussion, because that could provide an opportunity for companies to come back and say, "Look, it took too long, so we had to switch."

Thank you very much.

The Chair: Thanks.

I'm very happy that you clarified right away that this wasn't your practice when you were a consultant.

We'll go to you, Mrs. Vignola, for two and a half minutes, please.

[*Translation*]

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

Mr. Jeglic, in your report, you wrote that many records of supplier search results were missing. I won't get into detail, but did that happen as much as you say it did? It says here that 14 files had no search results and that results were incomplete or absent for others.

Is that normal?

[English]

Mr. Alexander Jeglic: Mr. Chair, I can't say that it's normal, but it is something that we've seen with some level of frequency.

Again, I'll go back to my earlier statement about this. It's impossible to demonstrate fairness if you do not have records demonstrating how you evaluated all of the bids. When you lack the consensus evaluation of a specific bid or of all specific bids, I'm not sure how you would then argue that you've done things appropriately.

That has been our issue in writing this report. It's getting more and more difficult to not make negative inferences from the lack of documentation.

[Translation]

Mrs. Julie Vignola: I used to be a teacher, and I taught intellectual methodology. Given what you wrote in your report, if I had to mark a student who forgot things like that, their grade would be pretty poor.

How can we ensure that government employees are using a thorough and appropriate method for this work?

[English]

Mr. Alexander Jeglic: I think the answer is to provide evaluators with guidance. As you can appreciate, not every evaluator who's a participant in the process is experienced. Therefore, they require guidance in terms of what guiding lights should ultimately inform their work. Evaluators play an incredibly important role in the process.

Therefore, without that existing documentation and also without training as to how to perform evaluations, it's really not fair to the evaluators to just expect them to understand how to evaluate appropriately. That's something that I think we see across government. It's very inconsistent. Some departments do it much better than others.

[Translation]

Mrs. Julie Vignola: Thank you very much.

[English]

The Chair: Thank you very much.

Mr. Bachrach, you have two and a half minutes, please.

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

One of the contracts with GC Strategies identified in the report and valued at \$13.9 million was awarded under the national security exemption, requiring the company to have what's called "Designated Organization Screening...with approved Document Safeguarding at the level of Protected B." Now, I don't know what all of that means, but it sounds like it's a level of security clearance that's required for them to have the contract.

Now, in your report, you say that GC Strategies "did not meet [this] requirement when it was awarded the contract." Then, 14 months later, the requirements of the contract were changed, and all of a sudden GC Strategies did meet the requirements.

There were 14 months that went by where you had a contractor that didn't meet the security requirements of a contract. What kind

of documentation did they have access to during those 14 months? What level of risk did it place our country in, having a contractor that was not properly screened working on an IT project that, obviously, is an important one and involves all sorts of classified information? What's the level of risk there?

Mr. Alexander Jeglic: Again, I have to confess that I am also not a security expert, but I would suggest that it would seem that they would have access to documentation up to the protected B level.

That being said, Derek, I don't know if you saw any specific documentation on exactly what type of documentation they may have had access to.

Mr. Derek Mersereau: This may be one of the very few instances where you have GC Strategies as being just two individuals who never did any of the work. They weren't doing any of the IT work themselves. When they're operating the business out of their home.... We don't know specifically what documents—

• (1830)

Mr. Taylor Bachrach: There's no risk to security because they actually didn't do anything. Is that what I'm taking from your answer—that the safest contractor is one who doesn't do any of the actual work?

Voices: Oh, oh!

Mr. Derek Mersereau: Presumably, they would have been handling invoicing documents and that sort of thing, administratively. However, because they didn't do any of the work, they wouldn't have any—

Mr. Taylor Bachrach: They were processing the payments and putting them in their bank accounts, but they weren't actually accessing documents that were of a national security nature, if I can paraphrase.

Mr. Derek Mersereau: As I understand it, the two individuals who run GC Strategies are not IT experts.

The Chair: I'm sorry, but that is our time. Thanks very much.

Mr. Genuis, go ahead, please.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Chair. I'm so grateful that we have here today the watchdog responsible for government contracting.

Thank you for producing an excellent report on the ArriveCAN scandal. I'm a father of five children, and I've changed a lot of diapers over the years. None of them stink as much as the contracting system you're describing in this report.

I want to start with the issue of minimum prices. When Canadians are trying to buy things, they try to find the best price they can without compromising quality. Right now, so many Canadians are struggling and working overtime to hunt for those low prices.

Paragraphs 24 to 28 of your report describe a system for government purchasing that, incredibly, is intentionally designed to reward more costly bids and cut out lower bids. We have a procurement system that is designed to penalize the businesses that offer government lower prices. It's not by accident. It's how the system is designed. You say, "This methodology disincentivized bidders from proposing competitive rates."

To create a process that directly punishes suppliers for offering low prices suggests that the person designing the system is either completely insane, or is intentionally looking for opportunities to funnel as much money to a preferred supplier as possible.

Is there any possible justification for this system being designed this way?

Mr. Alexander Jeglic: It's a fair question. Perhaps, it was an attempt to address another known failing. There are examples where there are low bidders who bid so low that they can't actually perform the work, but they need to ultimately have an opportunity to provide government services so that they can build up their resume and ultimately have experiences in subsequent opportunities. They bid below profit margins.

As a result, what's happened to the government in many instances is that suppliers are not able to ultimately fulfill the services, because it's no longer profitable for them, or, alternatively, they decline the work. They are awarded the contract based on the price, but when it comes time to deliver on the work, they don't do the work, so there's a significant amount of time loss.

To address your question in terms of the price bands, though, I think what happened here is that there was a deviation in the price band. As a result of the deviation, a clause that should have affected the ability to justify a low price wasn't available.

Mr. Garnett Genuis: Can I just dig in on that? The system you're describing, though, is based on something in relation to median price. It's not based on any objective evaluation. In some cases you could say this is obviously a price that's suspiciously low for whatever reason. You can imagine if that happens.

However, if it's based on median price, and if I'm bidding, I have to worry—and it's within the narrow band that you described—that if I offer the best price, and it happens to be just a little bit lower than what everybody else is offering, I'm going to be penalized for being able to provide the best product at the lowest price.

I have to be increasing my price in order to ensure that I don't fall below. I have no awareness of what prices the other suppliers are putting in. That creates a system, since it's based on median price, in which everybody is going to be bidding higher than they would otherwise, because they're afraid of falling below. If you have five people bidding, and you want to make sure you're not too far below where everybody else is, you're going to bid higher. The basic economics tells us that everybody is then going to be driving up the price.

That's just going to exert significant continuous upward pressure on the price, given how this is designed. It seems so obviously crazy, and it seems like it's an excuse, not a reason. It seems there would be plenty of other ways of solving the problem that you suggest.

• (1835)

Mr. Alexander Jeglic: I won't disagree with your characterization, because, fundamentally, that's also how we saw this issue. To be fair, if the price support clause works effectively, it does allow low bidders to ultimately be accepted. What it requires them to do is to provide invoices on previous contracts to other clients, demonstrating that they've been able to fulfill the work at that lower price point. That price would then be accepted, but I would agree with your characterization that it's still risky.

Mr. Garnett Genuis: Who are the people who designed this crazy system? We've asked who made the decision to award the contract, but who was responsible for creating this system?

The Chair: Answer very briefly, please.

Mr. Alexander Jeglic: I have no direct knowledge as to who would have designed this median bands process.

Mr. Garnett Genuis: Which department?

Mr. Alexander Jeglic: Probably Public Services and Procurement Canada is likely the originator.

Mr. Garnett Genuis: Okay. Thank you.

The Chair: Thank you very much.

Mr. Kusmierczyk, go ahead, please.

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

Thank you very much, Mr. Jeglic, for being here today, and Mr. Mersereau as well.

As I understand it, this was a year-long analysis of ArriveCAN. Can you tell us how often you do these sorts of deep dives into one procurement project? I'm just curious.

Mr. Alexander Jeglic: Over the last five years, we've done 19 systemic reviews—now with this one, it's 20—to give you a sense.

We had a pretty static five-year program where we were looking at the top 17 departments in terms of value and volume and looking at three static lines of inquiry to be able to assess...to almost create baseline data. Now that we've created that baseline data, it's a really important launch pad for us to know where to look next.

ArriveCAN was a bit of an anomaly. It was brought to us by the committee, but ultimately we were able to find reasonable grounds to launch. As a result, we were able to do this review. There's another review also coming as a result of this committee's action on McKinsey.

Mr. Irek Kusmierczyk: You said 19 over the course of how much time?

Mr. Alexander Jeglic: It was five years.

Mr. Irek Kusmierczyk: It's over five years.

When you do those reviews, do you look at departments or management teams, for example, or do you look at specific procurements, where it's one file, one procurement? I'm just curious what you look at when you do these audits.

Mr. Alexander Jeglic: The way it was done during the last five years was that it was department by department. It was static lines of inquiry across 17 different departments.

Mr. Irek Kusmierczyk: Okay, gotcha.

This is kind of unique a little bit.

Mr. Alexander Jeglic: Absolutely.

We've done a few that I would describe as "ad hoc". They weren't part of our systemic plans.

That being said, our bandwidth is limited. Again, I don't want to make a plea to this committee, but I will say there's a lot of important work that needs to be done and I'm not sure that I have the resources to do that work.

Thankfully, for this work and the work of McKinsey, we were granted the funds to do so. However, in future years as we plan for new procurement practice reviews in other areas where we think we could be highly beneficial to the procurement landscape, I'm not sure that we have the resources to do so.

Mr. Irek Kusmierczyk: Thank you.

There are a lot of eyes on this particular issue. There's a lot of scrutiny on this issue. You have an Auditor General report. You have, obviously, the procurement ombudsman report that you submitted. CBSA is doing their internal audit. RCMP is investigating a related issue. Then, of course, you have the OGGO committee looking at this issue. There are a lot of eyes on this particular issue.

Can you talk a little bit about your experience working with CB-SA and PSPC, which are the subjects of this review—and Shared Services as well? Can you tell us a little bit about your experience over the last year? How forthcoming have they been in providing information and in making your work go more smoothly? Can you speak a little bit about your engagement with all of those government departments?

Mr. Alexander Jeglic: I'll let Derek answer the second part of this.

I just wanted to say that we do follow a pretty standardized process when it comes to these reviews. Those departments that were subject to the review would have been provided preliminary observations, at which point they would have been given an opportunity to speak to any observations that we had seen based on a file-by-file analysis.

After receiving any additional documentation, corrections, etc., we would then go to that first draft. We would provide them a first draft of the report with a 20 working-day review period so they could analyze the text of the draft and they could provide, again, additional feedback and precision. Again, that's where we want to land—a factually accurate position—so, if there were additional documents that they could provide, which did happen in many instances, then we would take those into consideration prior to finalizing the report. Then there's a final 10-day review period.

There would have been interactions between us and the departments that were subjected to the review during those touchpoints.

Derek was the one who really managed the relationships, so I'll let him speak to how cordial or not those relationships were.

• (1840)

Mr. Derek Mersereau: Early in the process, Alexander wrote to the deputy heads of those departments, who identified a point of contact, usually a member of their senior management team. Then we held initial meetings with them—what we refer to as our "kick-off meetings". From there, we extended our document request to each of the departments.

I will say that we received good support from each of the three involved in this particular review. We had some back-and-forth, of course, because they provide initial documents. Oftentimes, we had questions about them. They were quite responsive in providing those responses. That was through the early stages.

Then, as the procurement ombudsman was just describing, as we got to the stages later in the review when we had results, we again had meetings with them if they had questions about the preliminary observations. They would provide the responses, which we considered as we were developing the draft report, which eventually led to the final report the committee received.

The Chair: Thank you very much.

It's over to you, Mrs. Block.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

I want to go back to my original question about the lack of documentation and bring that together with what my colleague raised in regard to the Globe and Mail article about Canada's chief technology officer.

With this finding paired together with the allegations published last week—that an IT specialist at CBSA is accusing a VP of erasing data—is it possible that data relating to the initial request for a bid may have been erased as well? Are you concerned at all that this is the case—that there is missing documentation? We now have these allegations of someone deliberately doing that.

Mr. Alexander Jeglic: Obviously, the allegations are very concerning, particularly from a procurement standpoint. You will have noticed in our annual report that one of the things we identify is not having the right to compel documentation. It's a particular frustration point for me. I have to admit that, when I watch these committee proceedings, I'm a bit envious of how you compel documentation.

I would describe the authorities we have as lesser than those of a Canadian citizen. If they make an access to information request, at least it's protected under the Access to Information Act and there are specific guidelines that need to be followed. With our request, there are no such guidelines, so we're acting on the goodwill of the parties to provide us with the documentation. Where there is a lack of documentation, I'm never 100% clear on whether it's the result of our inability to compel documentation or a purposeful exclusion. That's when I ask, "At what point do we start making negative inferences and stop just talking about documentation?"

Like I said, you'll hear "documentation" come up several times this evening, because it is one of the largest irritants I have, currently—not just with ArriveCAN but also in general—when it comes to performing the work we need to do.

Mrs. Kelly Block: Thank you very much.

I'm going back to 76% of the listed resources in successful bids doing no work on the ArriveCAN contracts.

I'm thinking this means that companies were winning bids based on the resources their subcontractors claimed they would provide if they won the contract. Then, when the time came to do the work, the companies that won switched their subcontractors.

I have questions in regard to that.

When these switches occurred, were there ever any reassessments of the capabilities of the new resources, or a renegotiation of the prices based on different resources? Is there any documentation on that? Was there ever a change in price when resources were substituted?

Mr. Alexander Jeglic: Thank you.

I'll let Derek answer this one.

• (1845)

Mr. Derek Mersereau: Thank you for the question.

There is a process set up through the task authorization process. Under these professional services contracts, as we stated earlier, no one was named in the contract. Anyone who was included in the bid wasn't named directly in the contract. They were only authorized to perform the work once they were added to a task authorization. Anyone who wasn't previously evaluated as part of the bid evaluation would have been evaluated at the time the task authorization was issued.

Whenever we saw documents, there were some missing. When those documents were on file, we were able to identify that, yes, the individuals who were put forward as replacements for those included in the bid met the minimum requirements for those positions.

There was no renegotiation of rates, to answer your other question.

Mrs. Kelly Block: With that answer, it is possible to conclude that, potentially, the vendors brought in resources that may not have cost them as much, and therefore received a greater profit on the project.

Mr. Derek Mersereau: That's a possibility. We don't have any information in that respect, though.

Mrs. Kelly Block: Thank you.

The Chair: You have 30 seconds left.

Mrs. Kelly Block: I'm done. Thank you.

The Chair: Great.

Mr. Bains, it's over to you, please.

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

Thank you to our guests for joining us today.

You know, I'm always surprised at how much I learn. I know that our chair calls this "the mighty OGGO". We learn a lot here about our systems and their many layers.

I want to go along the same line of questioning in order to understand this a little bit more. You talked about the practice of swapping that's commonly known around procurement. Obviously, it's systemic. Do you know how long this has been going on? Do you believe this has become a normalized practice, where certain people outside the departments are being relied upon to headhunt for them and find these things? Again, has it become a normalized practice?

Mr. Alexander Jeglic: I would not want to say that it's a normalized practice. I would say that it definitely occurs. I would agree with the characterization that it's systemic. As I said in my previous answer, I can't comment as to whether what we saw in ArriveCAN is better or worse than what we typically see. It is certainly filling my head with ideas in terms of a potential secondary review associated with this issue to be able to better answer these questions.

Again, I don't want to say it's normalized, because—

Mr. Parm Bains: Would that be a recommendation, moving forward, to actually look at this particular occurrence and review that specific practice? It brings me to my next question: How do we fix that?

Mr. Alexander Jeglic: As you heard in my opening comments, in order for me to launch a review, I need reasonable grounds to do so. This is a perfect gateway to create reasonable grounds, because now we've seen the issue. We've known about the issue. We were able to make recommendations to help remediate. With that being said, I do think it speaks to reasonable grounds.

The cautionary tale here is that I also have to tie this to part of my previous answer, which spoke to funding. In order to be able to pursue many systemic reviews, I think we'll require additional funding for the foreseeable future.

Mr. Parm Bains: On the issue of the bands and the median pricing, we were unable, I think, in previous questions, to determine how long that system has been in place. Did we come to that point from trial and error? Are you aware of how we reached this specific part?

Mr. Alexander Jeglic: I don't have the history. I'm not sure if Derek has any additional history.

This was our first vantage point of the bands. As I said in the previous answer, we had a similar reaction—that it didn't seem logical—and then I think the changes to the band structure weren't justified. As a result, some of the provisions that were meant to capture a price substantiation for lower weren't actually triggered because of the change.

Mr. Derek Mersereau: Perhaps I can just add that, in addition to that, PSPC informed us that in the past, when they've tried to use that clause as it exists currently, it's been ineffective at trying to determine whether or not the supplier was able to fulfill the contract with the lower rates they had provided. That led to our recommendation around correcting that clause so that they had a mechanism that would be effective in validating lower rates when they're lower than the median band rates proposed by the suppliers.

• (1850)

Mr. Parm Bains: Do you have any recommendations on how government practices could be more accessible to small and medium-sized Canadian entrepreneurs?

In a way, I think we see how that system could push others out. We were seeing some cracks in that, ultimately, for people who have valuable products and services that could help government innovate and find more efficiencies.

Mr. Alexander Jeglic: Absolutely. It gives me pleasure to be able to refer back to work that the committee has done. I know that at least two committee members were involved in the review in 2018. It was exactly that. It was work that was done as per recommendations made by this committee as to how to improve the procurement system to allow for greater participation of small and medium-sized businesses, women-owned businesses and indigenous businesses. One of my suggestions would be to ensure follow-up on those recommendations. I actually reviewed many of those recommendations last night in preparation for this. It might be an opportunity for the committee to revisit the recommendations made in 2018.

The Chair: That is our time, I'm afraid.

We have Mrs. Vignola, please, for two and half minutes.

[*Translation*]

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

I'm astounded that, during the pandemic, we were told it was important to have affordable PPE. The only supplies available came from China.

Now we're realizing that the mean and the median saddled us with the highest price, not the best one. During the pandemic, Canadian companies could have supplied that equipment, but it cost too much.

I love logic, but I'm not seeing a lot of it here.

I want to talk a bit more about criteria. In your report, you said that some of the criteria were too restrictive.

When overly restrictive criteria are used, is that basically a back-door way to award a contract without a meaningful tendering process? An RFP looks good, but if the criteria are too restrictive, it's all the same thing. It's six of one and half a dozen of the other.

[*English*]

Mr. Alexander Jeglic: Thank you for the question.

I would agree with the characterization that, when you do restrict the criteria in the way that they were, it makes it almost impossible, as we reflected in the report, for any other bidder to participate in the process. As a by-product, I would describe these criteria as so restrictive that the winning bidder was likely the only bidder who could participate.

[*Translation*]

Mrs. Julie Vignola: According to your report, the Canada Border Services Agency, CBSA, didn't proactively publish the contract information for 17 of the 41 contracts.

We received a table showing an overview of the contracts, which included 25 contract instruments. There's a difference between what you were able to get and what we got.

Did CBSA explain to you why certain contracts weren't published?

[*English*]

Mr. Alexander Jeglic: Derek, I'm not sure if you have an answer on proactive disclosure.

Mr. Derek Mersereau: We did not get an explanation as to why they weren't published—just that they weren't. It's not unique to CBSA. We've seen this in other departments and in some of the past reviews, which the procurement ombudsman was talking about, where there were issues with information that was available through proactive disclosure.

Actually, in this one in particular, the first time we tried to find these contracts we found almost nothing, and that's reflected in the report where we say the contract numbers themselves were wrong. We went back to the files and cross-referenced them with a database that we could download from. If you're an average Canadian and you're trying to get information off this system about contracts that were awarded, you'd be really hard-pressed to find any useful information, or very little anyway, from these contracts.

The Chair: I'm sorry, but thank you for that. I'll have to cut you off, because we're past her time.

Mr. Bachrach, please, go ahead for two and half minutes.

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

I'd like to speak briefly to the longer-term picture here. We have CBSA and PSPC that have committed to a series of changes. Since it's PSPC, presumably those changes would affect procurement across government. There's a question of how we confirm that these changes are actually made and that they're sufficient and have the intended effect.

What are your recommendations in terms of ensuring that these issues get dealt with? Is there a need for a follow-up audit to confirm that the problems you've identified in your report have been properly addressed?

• (1855)

Mr. Alexander Jeglic: Thank you for the question.

In fact, yes, in all of our systemic reviews we do follow up two years after. You heard me explaining the process for the five-year review, where we reviewed the 17 largest departments in terms of value and volume. We're now in the process of following up on those. We issue a report card at the end evaluating whether in fact they were compliant with the recommendations. It is a pretty easy tool to see.

For ArriveCAN, again we don't anticipate doing anything different. Two years from the date of completion, we will follow up with all three departments and ensure that we are able to assess compliance to the recommendations.

Mr. Taylor Bachrach: You were just answering Mrs. Vignola's question around the proactive disclosure, proactive information sharing, and you said it was very difficult to find information on these contracts.

Is it your sense that there's a somewhat nefarious practice to prevent transparency, or is this just incompetence and people not following the rules, because it takes time, costs money, and they don't want to do it? What's going on here?

Mr. Alexander Jeglic: I do know that there is a resourcing issue. Again, we would not be alone in saying that the need for resources is real in the procurement community. I can't speak to proactive disclosure specifically.

I know Derek was leaning in so I imagine he has something a little bit more intelligent to say than what I am offering, but I—

Mr. Taylor Bachrach: We have 20 seconds and we'd better switch to him.

Mr. Derek Mersereau: I would like to think it's a resourcing issue and training and development as opposed to anything else.

Mr. Taylor Bachrach: Is that the department as opposed to on the part of the contractors?

Mr. Derek Mersereau: That's correct.

The Chair: Thanks very much.

Mr. Brock, please, go ahead.

Mr. Larry Brock (Brantford—Brant, CPC): Thank you, Chair.

Thank you, gentlemen. Thank you for your report, and thank you for your transparency on this extremely important issue.

I want to just circle back a little bit. There are a couple of comments you prefaced earlier today that we have to focus on: that this was during the pandemic and we had to move very quickly on this particular app.

However, you'd agree with me that, notwithstanding the pandemic, the spending on this app does not give the Justin Trudeau government licence to fleece the taxpayer. Would you agree with that comment?

You laugh. Right...? No prime minister should be doing that.

Mr. Alexander Jeglic: No comment.

Mr. Larry Brock: Let's deal with the elephant in the room. The elephant in the room is the expansion of outsourcing. Last year alone, \$14.6 billion was spent on federal outsourcing. This was 74% higher than when Justin Trudeau took government in 2015. He promised in 2015 to cut back on the use of external consultants, but here we have GC Strategies, a two-person basement firm that since 2017 has received \$46 million in taxpayer funds—and to your point—with zero IT experience. They are merely consultants.

This is despite the fact that Justin Trudeau, since the pandemic, has increased the federal public service by close to 40%. Instead of hiring his own people in their own departments to find the IT professionals, we have GC Strategies and the shoddy work that GC Strategies has done.

Would you agree with that concept?

Mr. Alexander Jeglic: I would agree.

Mr. Larry Brock: Right.

Is it correct that \$25.3 million on the ArriveCAN app went to GC Strategies?

Mr. Derek Mersereau: The \$25.3 million was the competitive contract. They were previously awarded three non-competitive contracts under which work was also performed for ArriveCAN.

Mr. Larry Brock: You said that you followed previous committee work. You know all the times that Kristian Firth has testified. You know that he is currently under RCMP investigation. Were you aware of that, sir?

• (1900)

Mr. Alexander Jeglic: I wasn't aware of the status of the RCMP investigation. I was aware that there were allegations that there were RCMP investigations.

Mr. Larry Brock: Were you aware that he openly admitted to doctoring the résumés of some of the clients he was working with to ensure that they would qualify for funding? Were you aware of that?

Mr. Alexander Jeglic: I did watch the testimony, yes.

Mr. Larry Brock: It's a form of fraud. It's a forgery.

My question to you, sir, given the information you learned, the information you had in 2022 and 2021 with GC Strategies, is this: In your opinion, was this indicative of a pattern of behaviour by GC Strategies in terms of its shoddy, incomplete work, receiving millions of dollars of taxpayer funds since 2017? Did you cross-reference on other governmental contracts on which GC Strategies successfully and miraculously won the bid?

Mr. Alexander Jeglic: We have to remain focused on the practices of the department, which were ultimately the subject of the review. There was no focus on a specific supplier.

Where there were specific suppliers mentioned in the report, it was for transparency purposes, so I don't want to give the perception that we were somehow reviewing GC Strategies. We were not.

Mr. Larry Brock: I get that, but did it pique your interest though, sir, in terms of everything you've heard by way of the irregularity by which GC Strategies operates its business?

Mr. Alexander Jeglic: Yes, absolutely.

Mr. Larry Brock: The other aspect I want to touch upon—and I have a half a minute—is that, with all the problems and irregularities that you pointed out in your report, could all of this be fixed by regulation?

Mr. Alexander Jeglic: I think the answer is more complex than the time likely allows.

I will say that a number of structural changes are required. The complexity of the procurement animal is so great that entities do exist only to help other firms comply with the set of regulations.

I've said this before, but I'll say it again: Even someone who has an incredible amount of experience in procurement still finds it incredibly difficult to navigate. I think you can talk to any player in the system, whether it be a buyer, a supplier or a subcontractor. I mean, we heard from subcontractors at this committee who expressed why they use individuals to bid on their behalf. It's because they don't want to participate in the process. As long as that mentality exists, it's very difficult to go directly to those individuals.

Derek, I'm not sure if you want to add.

The Chair: That is our time, I'm afraid.

Mr. Sousa, go ahead, please.

Mr. Charles Sousa: It's important to note that Kristian Firth was awarded many contracts by the former Conservative government as well.

I also want to make certain that we debunk something that's been noted, in that there have been payments made for work not done. Did you find that to be the case?

Mr. Alexander Jeglic: I apologize. I had a difficult time—

Mr. Charles Sousa: Were payments made for work that was not done?

Mr. Alexander Jeglic: I'll just reiterate that we did not look at the actual payments.

Mr. Charles Sousa: You don't have that reference. You don't know that to be the case.

Mr. Alexander Jeglic: That's right.

Mr. Charles Sousa: Okay.

Were the departments co-operating with respect to this review? Did they give you full co-operation? Did you find yourself lacking?

Mr. Alexander Jeglic: I would say that we had full co-operation from the departments.

Mr. Charles Sousa: You're a professional. You've done procurement in the past, from what I read.

Have you done something of this consequence or of this scope and size yourself?

Mr. Alexander Jeglic: Do you mean in terms of me being a purchaser?

Mr. Charles Sousa: I mean as a purchaser in a procurement process like ArriveCAN. Have you been involved in something of this consequence?

Mr. Alexander Jeglic: No.

Mr. Charles Sousa: In the circumstance that we had there, we had a global urgency. We had certainly a lot of moving parts. The death toll was rising. The concern around the country and the world was to find ways to protect Canadians.

Can you tell this committee that the process could have been done in-house?

Mr. Alexander Jeglic: With all due respect, Mr. Chair, I'm not sure that I can answer that, given that I have no IT expertise.

If you're talking about the procurement process specifically—

Mr. Charles Sousa: Yes.

Mr. Alexander Jeglic: Do I think the procurement process could have been done differently? Yes.

Mr. Charles Sousa: Could it have been done in-house at the time, given the circumstance? Could we have been the general contractor of this process?

Mr. Alexander Jeglic: That piece I cannot answer. I can't speak to the abilities of CBSA.

• (1905)

Mr. Charles Sousa: Given your understanding and the value of contractors and subcontractors, was the system that was taken appropriate, given the circumstances?

Mr. Alexander Jeglic: Again, I can only speak to the information that was provided to us. I don't have the same level of knowledge and awareness that CBSA did in terms of making its decisions at the time.

Mr. Charles Sousa: If you're not aware of the circumstances, the consequences, the scope or the vulnerability that was at stake, how can you assess the value of those contracts? Can you determine if this was appropriate or not?

The value is what we're trying to get at. How do we reconcile this?

Mr. Alexander Jeglic: Right.

You'll notice that there is a section of the report that deals specifically with value for money. It does speak to the bands questions that we were being asked. We kind of focused in this review on looking at value for money.

That's where the 76% comes in. Did we receive value in terms of the resources that we wanted to allocate? Also, when we were looking at the price component, did we receive the best pricing possible?

I think there were some structural elements here that didn't lead us to get the best result from a procurement standpoint.

Mr. Charles Sousa: What do you think the amount should have been? How do you know?

Because of the circumstances that we were under, this was an anomaly. You've admitted that this was a unique circumstance facing the government and facing all of us.

We had a challenge in trying to get the right people in a short period of time, so identified individuals were pre-approved and used for the circumstances. We don't have in-house talent to make it happen, so we had to go outside to get these contractors to assemble, react, perform and deliver a product that was used effectively and efficiently across Canada. It enabled us to protect border activity and border security. Contrary to what some may think, we saved lives as a result.

How do you assess that value?

Mr. Alexander Jeglic: I'm not sure we assess that value. What we did do was that we did notice that, in the procurements that were done by virtue of an exception under the government contract regulations for emergencies, those were exceptional circumstances. However, I'm not sure that you can import that same ideology to a competitive process that was arguably done outside of the pandemic.

Mr. Charles Sousa: Agreed...outside of the pandemic.

Can you refer to appendix A for a second?

Mr. Alexander Jeglic: Sure.

Mr. Charles Sousa: Can you comment on what you're seeing here?

The Chair: You'll have to be really brief.

Mr. Charles Sousa: It's on page 41.

Mr. Alexander Jeglic: Is this in terms of the "CBSA's Management Improvement Plan"?

Mr. Charles Sousa: Yes, and the "Procurement Improvement Plan" as well. Yes, it's those two.

The Chair: Mr. Sousa, I'm afraid that's our time. Perhaps Mr. Jowhari, who's up in the next round, can ask that, or Mr. Kusmierczyk.

Mrs. Kusie, you have five minutes, please.

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

I just want to make two very clear clarifications, not only for this committee, Mr. Chair, but for Canadians who are watching currently.

The first item is that GC Strategies was not even formed until 2015.

GC Strategies was not formed until 2015 and, therefore, it is impossible that the previous administration could have worked with GC Strategies. Therefore, it is in fact is not true that the previous government utilized GC Strategies, about which we are finding out a lot of very interesting information through testimony in this committee, as well as through the good work of Mr. Mersereau and Mr. Jeglic. That's the first clarification I want to make for this committee and for Canadians, Mr. Chair.

The second clarification I would like to make is that PHAC, the national organization that oversees the health of Canadians, actually publicly indicated that this horrific application that cost Canadians \$54 million did not save a single life. What it did was unfairly burden and imprison several Canadians as a result of terrible oversight and mismanagement from this government.

It's unfortunate as well, Mr. Chair, because we see this consistently in committee and in the House of Commons with accusations of the current government—even from the Prime Minister, we saw this again today—trying to lay the blame for the so many different problems that we face in this nation at this time on the previous government, when the current government has been in place for eight years.

To be clear, Mr. Chair, I would like to clarify—

• (1910)

Mr. Irek Kusmierczyk: I have a point of order, Mr. Chair. We've drifted so far from the issue at hand—

Mrs. Stephanie Kusie: The previous administration did not use—

The Chair: What is your point of order, please?

Mr. Irek Kusmierczyk: I just want to know what the relevancy is here. We're going on a tangent here.

The Chair: Mr. Kusmierczyk, you know that's not a point of order.

Mrs. Kusie, please continue.

Mrs. Stephanie Kusie: The relevancy, for Canadians who are watching, is that we are in this committee and government operations is seized consistently with getting the truth for Canadians. Again we see members of the government trying to confuse Canadians with misfacts and misinformation here today specifically regarding the application saving lives and the federal government under Prime Minister Harper using GC Strategies, which was simply not the case.

Now, Mr. Chair, with the remaining time that I have, I will continue on my questions.

In your report, you state that out of the 23 competitive contracts reviewed, you did not see instances where point-rated criteria unfairly restricted competition. We've now seen evidence that, in other contracts, GC Strategies manipulated their resources information in order to meet the point criteria. I think that's important, because it's consistent with the bait and switch conversation that we've had throughout this meeting here today.

Was this type of misconduct something that would have been covered within your view?

Mr. Derek Mersereau: With respect to GC Strategies, one of the larger... I'm sorry. I'm pausing here, because I was thinking more about the "matrix", as Kristian Firth called it at the committee here. It's the evaluation grid that they use for resources added through task authorizations.

I guess one of the most egregious things we saw with these was the practice of copying and pasting the criteria as experience for the individuals, with no additional information to show how they actually demonstrated that they met those requirements. I think I quote that this was through “16 of the 42” task authorizations on the GC Strategies contracts. That was rather troubling.

Mrs. Stephanie Kusie: Thank you. I believe that's called plagiarism in most institutions.

I'll continue on in that vein.

It's mentioned that security clearances were switched on a contract because the CBSA wanted to work with a specific resource that did not fulfill the proper security requirements. How often are departments able to simply lower security requirements to suit their own wants and needs over the security of all Canadians?

My other colleague mentioned the national security exception, but here I'm referring specifically to the security clearances that were switched—again, we're seeing the bait and switch—on a contract because the CBSA apparently wanted to work with a specific vendor.

Mr. Alexander Jeglic: I should say that this shouldn't happen. If the classification of security was accurate, then that shouldn't happen. If there was an error or an oversight, then I agree that it should be corrected. I'm not sure that I can definitively say, based on what we saw, which category I would put it in, but I would agree with the characterization that it should not happen.

The Chair: Thank you very much.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

Thank you, witnesses.

The Chair: Thanks.

Mr. Kusmierczyk, go ahead, please.

Mr. Irek Kusmierczyk: Thank you very much, Mr. Chair.

I would begin by stating that the ArriveCAN app was downloaded 60 million times in the year that it was in operation. It allowed commerce to continue, trade to continue, billions of dollars of trade across the Ambassador Bridge in my community—not only parts for machines or for cars but also medicine, which was absolutely important. We heard around this table about how, without the ArriveCAN app, trade and the exchange of vital goods would have ground to a halt across the Ambassador Bridge, so I want to take issue with the comment that was made by my counterpart across the way.

I have a simple question for you, Mr. Jeglic. Did you find corruption in your analysis?

Mr. Alexander Jeglic: What I can say is that we found systemic non-compliance.

Mr. Irek Kusmierczyk: Okay.

Did you find corruption?

Mr. Alexander Jeglic: No.

Mr. Irek Kusmierczyk: Did you find fraud?

Mr. Alexander Jeglic: No.

Mr. Irek Kusmierczyk: You found non-compliance. Is that correct?

• (1915)

Mr. Alexander Jeglic: What I will say is that I do want to paint the fulsome picture. First, we found issues with documentation. Like I said, we cannot identify an actual source of why there is so much documentation missing, but there is certainly a high level of missing documentation. Second, we had systemic non-compliance with contractual obligations. Third, I would just mention the public disclosures by whistle-blowers. However, again, that wasn't part of our review. I'm talking about what was being disclosed simultaneously while the review was happening by witnesses and others talking on this topic.

Mr. Irek Kusmierczyk: How many contracts do PSPC and the Government of Canada enter into every year? I'm just curious. Give me a ballpark figure

Mr. Alexander Jeglic: I think I heard one of the witnesses mention 10,000 transactions. I'm outside of my level of knowledge, but I believe a witness did mention that 10,000 was a figure.

Mr. Irek Kusmierczyk: You talked about the fact that procurement is a very complex creature, you could say. Is it fair to say that governments in Canada and around the world are always striving to evolve their procurement systems? There are always gaps that need to be filled. There are always issues with existing systems. There's always work that needs to be done to train workers, to make sure that they're compliant with the existing rules and also to fill gaps.

Is it fair to say Canada's system is no different from other procurement systems around the world on that score?

Mr. Alexander Jeglic: I would say that there are certainly jurisdictions where procurement continues to be a difficulty in terms of advancing objectives. I would describe that we've seen significant change in Canada over the last several years, but I also have to honestly say that, if you look at certain reports that were issued even a decade ago about some of the problems that we see in procurement, they would still apply today. To me, that's indicative that, yes, there is absolutely positive change being made, but again it's sometimes akin to changing the tires on a moving bus, for lack of a better expression. As a result...

I will say, however, that I do speak to procurement communities across all areas—so not just to suppliers but also to Canadian government buyers—and I don't want to give the impression that these individuals across the government did not do fantastic work during the pandemic. That being said, that's not what we're here for. We're here for the report specifically and what we saw specifically with ArriveCAN.

Mr. Irek Kusmierczyk: Again, I think you mentioned it today. Concerning the response that you got from the departments, did you get a sense that they were striving to improve their systems and that they wanted to work with you and improve the systems?

Mr. Alexander Jeglic: What I will say is that there was a previous mention of appendix A, which was the document—

Mr. Irek Kusmierczyk: Yes, please.

Mr. Alexander Jeglic: —that CBSA provided. I would say that it's obvious from that document that they're taking the recommendations very seriously, which, again from our perspective, is what we want to see. There's no point in undertaking these reviews if the recommendations aren't taken seriously. From public statements made and the annex that we were able to append, I would certainly say that it appears that they're taking the recommendations very seriously.

Mr. Irek Kusmierczyk: These protocols, these systems that exist, didn't just emerge last year, the year before or five years ago. I think you alluded to that. They've been around for a while. A lot of these systems date back 15 or 20 years to previous governments. Is it a fair assessment that some of the gaps, some of the shortcomings, can be traced back not just years but even decades? I mean this is a complex system—

The Chair: Give a very quick answer, please.

Mr. Alexander Jeglic: I would simply say that it's a very slow evolution.

The Chair: Thank you.

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

[*Translation*]

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

Mr. Jeglic, I'm sure that the ArriveCAN and McKinsey reviews took a good team and a lot of hard work.

In your opinion, is your mandate broad enough to enable you to do a thorough job of reviewing these kinds of contracts?

If not, what should be added to it?

[*English*]

Mr. Alexander Jeglic: I think I mentioned earlier the right to compel documentation. We don't currently have that, and I see that as a shortcoming because I think it's an example of an opportunity to improve our mandate. There are other examples that we've made, not necessarily specific to procurement practice reviews, which is the question you asked me, but there are certainly additional tools. Like I said, financially, we were given kind of sufficient funding to pursue McKinsey and ArriveCAN, absolutely, but as I mentioned before it's the funding going forward that we need in order to continue to pursue. We need the resources.

Again I'll just say that we have a fantastic team. Thank you for mentioning the diligence in the report. I know that they're very proud of the product. I appreciate the positive feedback that we received about the diligence of the report.

• (1920)

[*Translation*]

Mrs. Julie Vignola: I'll be brief. What I like about your report is that it's clear and uncompromising. You say what you need to say in a reasonable number of pages. It's not 3,000 pages long. That works for me, because I read them all.

Thank you for your work and your answers. I look forward to asking you more questions if the opportunity arises.

[*English*]

The Chair: Thank you, Mrs. Vignola, for turning back some time to us.

Mr. Bachrach, please, go ahead.

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

Again, thank you to both gentlemen for your time here this evening and your work on this important report.

The last issue I want to raise is this situation that you've documented whereby proponents are essentially taking the mandatory criteria in the procurement documents, copying it and then pasting it to reflect their own expertise and experience. I'm familiar with this in some hiring processes too, where there are certain keywords that the employer is looking for in the job interview, and as long as you say those keywords—it doesn't even matter what order they're in—they tick a box, and then the empirical score goes up and you have a greater chance of getting hired.

How did the empirical rating process that you looked into treat this blatant gaming of the system?

Mr. Alexander Jeglic: The document itself specifically says that one cannot demonstrate experience by simply restating, and it gives the example, yet that's exactly what was done and ultimately accepted.

Mr. Taylor Bachrach: In those cases, obviously there's a score associated with those responses, even though the responses, as you've indicated, weren't allowed at all. How did they end up scoring when they did that copy and paste exercise?

Mr. Derek Mersereau: I'll separate the two sides. In the process when they put forward resources for individuals as part of the bid to win the contract, there seems to be much more rigour around the evaluation of the assessment of those resources at that phase. Where the issues that we really identified come up is at the task authorization phase after they've already been awarded the contract. The way the system is designed, it's actually the vendor who completes the grid that's used to evaluate them. They actually provide the scores, which are then signed off by the department.

Mr. Taylor Bachrach: I've always found that I do the best on exams when I mark them myself. It's funny how that works. It's just astonishing.

I'll leave my questioning on that note, Mr. Chair, and thank our witnesses again for their time this evening.

The Chair: Thank you for turning over a few minutes of your time, Mr. Bachrach, and for the humour.

Mr. Genuis, go ahead, please, for five minutes.

Mr. Garnett Genuis: Thank you, Chair.

Thank you again to the witnesses. This really is some of the craziest stuff we've ever heard at this committee, and that's saying something because we've heard some pretty wild things at this committee.

I do want to say that you were asked questions by Mr. Kusmierczyk about corruption. Obviously, you're not prosecutors or police officers, but I think it's very clear that activities like doctoring résumés in order to get contracts would constitute fraud. It would constitute criminal activity, and it would definitely constitute corruption. It's interesting that Liberals want to weasel out of that. I won't press you on that point, because I understand it's not your area of expertise.

I want to ask about the so-called experience criteria. The way the system is structured as you describe it is that people who bid for many of these contracts have to have done work for the Government of Canada before. You might have a better product. You might have more experience working with other clients, other governments or other private sector clients, but if you don't have the direct experience of working for the federal government, then you get cut out on that basis. This means you have a system where you have to be an insider to get the work. The same insider contractors get recycled over and over again by virtue of the fact that the rules specifically require you to be an insider. This severely narrows the band of who can bid to specific existing insider companies.

How is this remotely defensible?

• (1925)

Mr. Alexander Jeglic: I think you're referring to the section that speaks to mandatory criteria—

Mr. Garnett Genuis: Exactly.

Mr. Alexander Jeglic: —and how it would be next to impossible for any other bidder to meet those criteria.

Again, it's a very disappointing outcome. When you run a competitive process, you're telling the universe that you want the best outcome and you want competition, yet you structure the mandatory criteria in a way that essentially eliminates the competitive aspect. To answer your question of does it make sense, it does not make sense.

Mr. Garnett Genuis: Hypothetically, you have a company based in the Maritimes that has done extensive IT work for the four provinces on the east coast, as well as, let's say, for some states in the northeast of the U.S. They see a contract for the federal government that seems like a good fit, but based on this criteria, even though they've done IT work for other governments, they can't bid at all just because they don't have that federal government experience.

This seems like a system designed to protect insiders and exclude outsiders so that those insiders can charge higher prices and continue to get the same jobs over and over again regardless of quality.

Mr. Alexander Jeglic: It's not a requirement in all solicitations that they would have previous government experience. That being said, it often is one of the characteristics that's used in the mandatory criteria to diminish the field of eligible options. When we see that, it often draws our attention by noting that it's a restrictive criteria, and then there has to be a justification. That's the other side. When you develop these mandatory criteria, you need to be able to justify why they're so essential to delivering on the ultimate outcome. In many instances, there might be justifiable reasons, but

when you couple everything together, it's impossible to meet all of those characteristics and still have an open and fair competition.

Mr. Garnett Genuis: Thank you.

The last thing you said, let's underline. If you take all of those pieces together, it's impossible to have a fair and open competition.

You put together this excellent report. I'm not as familiar with the processes of your office. I just want to understand this. Is there some process by which the government will be required to provide a written response to your recommendations?

Mr. Alexander Jeglic: The response to the recommendations is actually embedded in the report, and you'll see that. That's actually part of the process. I will say that we also do a follow-up. Two years from the date of the finalization of the report, we will commence the process of actually assessing compliance with the recommendations.

Mr. Garnett Genuis: You'll have a follow-up process to assess compliance.

Did the government accept all of your recommendations?

Mr. Alexander Jeglic: Yes, they did.

Mr. Garnett Genuis: They're saying they've accepted them. We'll have a chance to see whether they actually follow through on them later on.

If I can just circle back again quickly to the issue of the missing records, you have no way of knowing why those records are missing. It could be because somebody deleted those records. It could be because they were never submitted. It could be because conversations happened in an informal setting or over the phone, but should have happened in another way.

Your report highlights the fact that, as part of the ArriveCAN procurement, there seems to be a bizarre pattern of missing records. You don't know why that is, but you're underlining the fact that this is strange and unusual. Is that fair?

Mr. Alexander Jeglic: It is fair, but I will also say that what we have heard is that it's a very pandemic-specific issue. You went from an environment where almost all records were on paper to an environment where that was impossible. Everyone was working remotely. As a result, there were no record-keeping practices.

That being said, I think people understand that they still have an obligation to keep accurate records whether they're working remotely or in an office, taking them on physical paper.

While I have heard that explanation and I'm understanding of that explanation, it doesn't dilute the fact that you still have to have appropriate record-keeping safeguards to ensure that exactly what we've seen does not occur.

Mr. Garnett Genuis: There would have been emails. There would have been some kind of back-and-forth, surely—

The Chair: Thank you, gentlemen.

Mr. Jowhari will finish us off, please.

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

For those Canadians who are watching this today, I wanted to make sure that I clarified the statement that my colleague PS Charles Sousa made. I think the reference that PS Charles Sousa made was to Mr. Kristian Firth—going back to a previous government—having and receiving contracts, not GC Strategies.

Having said that, let's go back to.... One thing that you brought up, Mr. Jeglic, was the concept of best value, and you broke it down into two categories: one was technical, and the other was a financial or dollar value.

In your testimony, you talked about how there seems to be a rigorous process at the earliest stages of the evaluation, but somehow that process runs into a lot of systematic non-compliance when it comes to the task authorization, when, at that point, we are locking in the resources.

If that's the case, what skill set...? Which body verifies before the task authorization is done? Is it the department, or is it PSPC?

• (1930)

Mr. Alexander Jeglic: In this instance, you'll see in one of the recommendations that it was the CBSA that was confirming all of the task authorizations. However, I'll let Derek speak because I know this is something that he specifically looked at.

Mr. Derek Mersereau: At the task authorization stage, it is the client department—in these cases, it's the CBSA—and those are signed by a single individual, who accepts the evaluation grid that was submitted by the vendor.

Mr. Majid Jowhari: One of your recommendations, I assume, is that PSPC play a bigger and more prominent role during the task authorization and evaluation. If that evaluation is going to be based on technical and financial, what kind of skill set and what kind of resourcing do we have to complement PSPC to be able to do that technical assessment and be able to have that secondary eye on, “Okay. You're replacing this resource. Yes, I understand the circumstances,” or, “No, if you're replacing this resource, the prices should be adjusted as well”?

Can you comment on that?

Mr. Alexander Jeglic: You'll notice in the 12th recommendation that we say:

PSPC should retract the authority of CBSA to issue TAs for contracts awarded by PSPC until such time that CBSA has consistently demonstrated compliance with all requirements of the tasking process.

Now CBSA is incentivized to behave in accordance with the rules. It will not have that authority. That recommendation was also accepted. It provides an additional oversight. PSPC has a level of expertise that—

Mr. Majid Jowhari: Yes. I got that.

Does PSPC today have that level of expertise to be able to assess, at the time of task authorization, the technical as well as the value for money?

Mr. Alexander Jeglic: I wouldn't want to speak on behalf of PSPC by answering that question, but it's surely a question you can ask them.

Mr. Majid Jowhari: To follow up on that one, a lot of guidelines are developed by TBS. Did you take it one step further and see whether there were any TBS guidelines on that?

Mr. Alexander Jeglic: In the actual contract itself, there are instructions as to how this process is to unfold. I don't think there was any lack of clarity in terms of how the process should work.

I don't want to provide too much in terms of the emergency component of this, but that was a rationale provided to us as to why some of these things were happening. I don't think on this issue there was a lack of clarity.

Mr. Majid Jowhari: I don't want to trigger another one-year project, but in your experience so far, have you seen this, what you call, “systematic non-compliance” as it relates to this contract and this application anywhere else when it came to PSPC working with other departments as a secondary set of eyes when the task authorization was being drafted?

Mr. Alexander Jeglic: Because we haven't looked specifically at task authorizations, I don't have any specific dataset. The beauty of our five-year review was that it did give us static baseline data, so we can now know what the expectations are in the areas we've looked.

I did mention previously that this has given us pause as to whether this is something we should pursue in the future.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you, sir.

Gentlemen, thank you for staying late. I sincerely appreciate it.

Mr. Jeglic, I appreciate all your support of OGGO.

Mr. Mersereau, thank you for joining us.

I want to thank our clerks, our analysts and our support staff for sticking around late as well.

Before you go, I have a couple of quick questions for you. We talked about the bait and switch, and you were alluding to that perhaps being a larger problem. What would be required to launch a more formal study on this practice? Would it perhaps be a simple motion from this committee? Do you have the resources for it and do we have the need for it?

• (1935)

Mr. Alexander Jeglic: The resources are certainly an issue. A motion, as you've seen from this study, has helped us find reasonable grounds, and the work we've done in the actual review—

The Chair: Does this work on the bait and switch need to be done?

Mr. Alexander Jeglic: I'd like to come back to the committee. I believe the answer is yes, but I have just heard some sighs from the office because I think there was some exhilaration about finishing.

The Chair: Perhaps you could get back to us in writing. I'm sure if there was a need, then this committee could provide you with a motion.

With respect to your other comment about your difficulty in getting documents from other departments, I would encourage you, if you're getting stonewalled, to perhaps write to the chair of the mighty OGGO with some requirements. Perhaps this committee could assist you in ordering the production of such documents.

Thank you for your time. It was a wonderful meeting.

To everyone who has helped out and stayed late, I appreciate it very much.

We are adjourned.

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