

The Canadian Club of Montreal
October 16, 2006

Mesdames et messieurs, bonjour.

Thank you for your warm welcome. I'm honoured to be among the distinguished lecturers who have been invited to speak at the Canadian Club of Montreal since it was founded on October 6, 1905.

Quand j'ai reçu votre invitation, j'ai songé à l'histoire de mon bureau. Il s'appelait alors, en 1905, le Bureau de la vérification.

Lorsque le Cercle canadien de Montréal a été fondé, John Fraser venait d'être nommé vérificateur général du Canada. Il était le troisième vérificateur général et il est demeuré en fonction du 1^{er} août 1905 jusqu'à sa mort, le 28 février 1919.

Je me suis demandé ce qu'il aurait dit au sujet de son rôle comme vérificateur général s'il avait été invité à parler aux intellectuels de Montréal en 1905.

Our Office has a 100-year-old audit report that contains an exchange of correspondence between John Fraser and the Deputy Minister of Railways and Canals.

There was a lot of discussion about the fair and reasonable cost for building a mile of railway and whether the company building the road had overcharged for the work.

Of particular interest was his correspondence to the Deputy Minister on October 2, 1905, in which he explains his role as the Auditor General.

I'll read you the excerpt and ask you to keep in mind that this was penned at the turn of the twentieth century in a particular context.

The Auditor General's function, under existing subsidy legislation, appears to lie more in the direction of examining the nature of the evidence upon which the

chief engineer bases his valuation. The Auditor is to report to Parliament if he considers the chief engineer's system to be defective; and he (the Auditor) is then freed from farther responsibility, whether Parliament acts or not.

A bit of trivia: John Fraser was my grandfather's cousin.

Although many other things have changed since 1905, the Auditor General still reports to Parliament on the adequacy of systems and practices. And it is still up to Parliament to take action, or not.

Alors que le Parlement a pour fonction de tenir le gouvernement responsable de l'intendance des fonds publics, mon travail consiste à fournir aux parlementaires l'information factuelle et objective dont ils ont besoin pour s'acquitter de leur fonction.

Le poste de vérificateur général indépendant, en tant que mandataire au service du Parlement, a été établi grâce à la *Loi de la vérification* en 1878. En fait, il y avait un vérificateur général au moment de la Confédération. Mais il était aussi sous-ministre des Finances—petit conflit d'intérêt, n'est-ce-pas?

Role of the Auditor General

Ce retour dans le passé sert de contexte pour vous parler de mon rôle à titre de vérificatrice générale du Canada.

Mon rôle consiste à déterminer si le gouvernement gère bien les fonds, les programmes et les services publics. Mes observations et recommandations permettent ensuite au Parlement d'exiger du gouvernement qu'il rende des comptes sur la gestion des fonds publics.

Under the *Auditor General Act*, we have the mandate to look at whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and whether measures are in place to determine how effective they are. These audits, known as performance audits (des vérifications de gestion en

français), examine a diversity of areas, from the government's management of programs for First Nations to its collection of tax debts.

We also conduct financial audits that examine whether the government is keeping proper accounts and records, and whether its financial information is fairly presented and in accordance with its accounting policies.

With a staff of about 640 people and an annual operating budget of about 78 million dollars, we examine most areas of the federal government. This includes about 70 government departments and agencies, all Crown corporations except two, some 10 departmental corporations, and about 60 other entities.

As you know, we audit the Public Accounts of Canada, the government's summary financial statements. It is probably the largest financial audit in Canada. Besides the federal government, we audit the governments of the three Canadian territories, about 30 territorial agencies, and two United Nations agencies.

Grâce à l'élargissement de mon mandat en 2005, mon Bureau peut maintenant inclure les fondations établies par le gouvernement fédéral dans nos vérifications de gestion. Ces fondations sont des organismes non gouvernementaux, à qui le gouvernement confie des fonds publics considérables pour remplir des objectifs d'intérêt public. Génome Canada et la Fondation canadienne pour l'innovation en sont deux exemples.

In fact our first audit of a foundation is included in the Commissioner of the Environment and Sustainable Development's Report that was tabled on September 28. I'll say more about this foundation in a moment.

Let me now say a few words about how our Office maintains its independence from government.

Independence from government

La Loi sur le vérificateur général contient plusieurs mesures qui protègent notre indépendance. Par exemple, le vérificateur général est nommé pour un mandat fixe de

dix ans. Il demeure en fonction même si le gouvernement change. Comme ce mandat n'est pas renouvelable, le vérificateur général ne peut chercher ou être perçu comme cherchant à se gagner les faveurs du gouvernement pour être nommé de nouveau.

As the Auditor General, I have a broad mandate that allows me to decide what audits I will conduct during my term. While we do take the interests of parliamentarians into account, the final decision is up to me. This ensures that the choice of audit topics can't become a political weapon for one party to use to embarrass another.

I have the authority to ask the government for any information I need to do my work, and I have access to the premises of the departments, agencies, Crown corporations and foundations that we audit.

We can table up to four reports a year. These reports are submitted to Parliament through the Speaker of the House of Commons. Except for a requirement to provide an annual report before the end of December, I decide when to report. Finally, unlike federal departments and agencies, I can hire my own staff.

Toutes ces mesures contribuent à maintenir l'indépendance de mon Bureau par rapport au gouvernement du Canada. Et je peux affirmer que le gouvernement respecte mon indépendance.

Je reçois beaucoup de lettres de citoyens qui appuient ou critiquent les politiques du gouvernement. Cependant, remettre en question le bien-fondé des politiques du gouvernement ne fait pas partie de mon mandat.

Nous vérifions la mise en œuvre des politiques du gouvernement, mais nous ne remettons jamais en question le bien-fondé de ces politiques. Notre mandat consiste à examiner la façon dont le gouvernement met en œuvre les politiques.

For example, when we audited the federal government's progress in reducing greenhouse gas emissions and in meeting its Kyoto target, we did not comment on the merits of the government's decision to sign the Kyoto Protocol.

Professional standards

Because Parliament depends on us as a reliable and objective source of information, the quality of our work is particularly important. We ensure the quality of our audit work by following professional auditing standards.

Au Canada, ces normes sont établies par le Conseil des normes de vérification et de certification de l'Institut Canadien des Comptables Agréés. Nous considérons ces normes comme des exigences minimales pour tous nos travaux.

Toutes nos vérifications respectent ces normes professionnelles rigoureuses. Nous avons un personnel diversifié, composé de vérificateurs très compétents qui sont spécialisés dans des domaines comme la comptabilité, le génie, la statistique, l'environnement, les sciences sociales et la gestion.

Audit topics

Les activités du gouvernement sont très vastes. Choisir les sujets et les secteurs à vérifier est une tâche très difficile et complexe, car elle exige une connaissance solide du gouvernement et de ses fonctions.

Nous suivons une méthode stratégique qui tient compte du risque pour choisir les sujets de nos vérifications de gestion, et nous planifions nos vérifications plusieurs années à l'avance.

Contrairement à ce que certaines personnes croient, nous ne passons pas les ministères au peigne fin pour trouver des indices de gaspillage de fonds publics. Nous ne faisons pas nos travaux dans le but de confirmer des faiblesses que nous soupçonnons.

Nous suivons un processus de planification globale. Ce processus nous permet de déterminer les secteurs pour lesquels les organisations fédérales risquent le plus de ne pas atteindre leurs objectifs.

Nous effectuons une analyse approfondie des risques et des secteurs qui sont les plus importants et les plus pertinents pour le Parlement.

Exemples of high risk areas are those that cost taxpayers significant amounts of money and those that could threaten the health and safety of Canadians if something were to go wrong.

We may consider conducting an audit that has the potential to improve government management (such as financial management and control) or that is of great interest to parliamentarians and Canadians (such as national security). Because choosing topics well is essential to producing reports that are useful to Parliament, we put considerable effort into this process.

We do not audit topics that fall outside our mandate. These topics include all policy decisions, which are the prerogative of Parliament and government, and any areas under the exclusive jurisdiction of provincial or municipal governments. We must also consider practical issues, such as whether we have the financial and human resources necessary to conduct audits.

Now, you may wonder how we handle requests from parliamentarians to audit specific areas of interest. As an agent of Parliament, I pay particular attention to requests for audits from parliamentary committees, especially when the Committee's decision is unanimous.

For example, we received a request in May 2005 from the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness to audit the RCMP Forensic Laboratory Services and the status of DNA cases and service requests. We agreed to conduct this audit and will be reporting on our findings next spring.

CESD Report

Last month, the Commissioner of the Environment and Sustainable Development reported on the role of a foundation in the government's approach to climate change. As you know, Johanne G  linas is the Commissioner. She and her team are part of my

Office, auditing how well the federal government manages its environmental and sustainable development commitments.

On September 28, Johanne Gélinas reported on the government's progress in meeting its Kyoto Protocol commitments in reducing greenhouse gas emissions. In fact, instead of decreasing, greenhouse gas emissions in Canada have increased by twenty-seven per cent since 1990.

She also found that Canada is not ready to cope with the changes to our climate that are already becoming obvious. Canadians will have to be ready to face the spread of pests and diseases, more frequent droughts in the Prairies, and longer and more frequent heat waves and smog alerts. Unfortunately, this is where the efforts of the government were even more disappointing. The government has still not come up with an overall plan for adaptation.

Regarding Sustainable Development Technology Canada, we found that the foundation has a satisfactory process for measuring and reporting the results of its climate change activities. However, it is too early to tell whether it has contributed to actual reductions in greenhouse gas emissions.

This foundation was established by the federal government in 2001 to help reduce greenhouse gas emissions through technological innovation. Sustainable Development Technology Canada has received 280 million dollars in federal funding dedicated to supporting and financing the development and demonstration of climate change technologies.

Let me now turn to a report that we call Status Report.

Status report

Once a year, we devote an entire report to following up on what action the government has taken in response to recommendations made in our past performance audits. These follow-up audits are published in our Status Report, which is tabled once a year usually in mid-February.

The Status Report is important because it tells parliamentarians and Canadians whether the government has made progress in addressing issues that we've identified.

I'll briefly discuss two follow-up audits that were included in the Status Report that was tabled last May.

One of these audits examined whether National Defence had made progress in addressing its recruiting and retention problems that we identified in an original audit in 2002. At that time, we found that the Canadian Forces needed to fill shortages in many military occupations. They were also having problems recruiting enough people to meet operational demands.

When we went back to do a follow-up audit in 2005, we found that the current recruiting system is not supporting the needs of the Canadian Forces. There is a shortage of about 2,400 trained members to meet the needs of the Canadian Forces to accomplish their military tasks.

We also found that although the Canadian Forces had recruited twenty thousand new members over a four-year period, the net increase was only about seven hundred once attrition is taken into account. Sixteen thousand members left the service or retired and three thousand recruits had not completed their training. Attrition through retirements and departures is expected to increase over the next ten years.

Another of our follow-up audits assessed the government's progress since 2002 in managing its leasing of office space. We found that the basic information that property managers need to select the most cost-effective accommodation options was still either inadequate or unavailable. We also found cases where the most cost-effective option could not be selected due to insufficient capital funding. This has resulted in added costs to taxpayers. In fact, the examples given in our report indicated possible savings of 100 million.

An important aspect in ensuring follow-up is the work of Parliamentary committees, in particular, the Public Accounts Committee.

Reporting to Parliament

Comme j'ai mentionné plus tôt, nous pouvons déposer au Parlement jusqu'à quatre rapports par année.

Une fois déposés, nos rapports de vérification sont renvoyés au Comité des comptes publics pour qu'il les étudie.

Étant donné que le Comité utilise beaucoup nos rapports pour ses travaux, je suis souvent appelée à comparaître devant celui-ci afin de répondre à des questions sur nos constatations et nos recommandations. Le Comité invite aussi des représentants des ministères que nous avons vérifiés pour répondre à nos constatations et nos recommandations.

The Public Accounts Committee then tables its own reports in the House of Commons. Many of these are based on our reports. It tabled two such reports in June based on the recommendations in our May Status Report.

In one of its reports, the Committee urged government to make better progress in implementing our recommendations on First Nations issues. One of our recommendations addressed serious health issues such as mould in houses on reserves.

In another, the Committee said that it intends to scrutinize Revenue Canada's response to our findings and recommendations to ensure that it takes action to modernize its collections system. We had recommended that Revenue Canada improve its management of tax debts. About 18 billion dollars is owed to the government by individuals and corporations.

In each of these reports, the Public Accounts Committee requested that the government table a comprehensive response to its recommendations.

Sans l'appui du Parlement, nous ne serions pas tout à fait aussi efficaces.

En tant que vérificateurs législatifs, nous devons être certains que les questions que nous soumettons à l'attention du Parlement sont non seulement importantes et pertinentes, mais qu'elles sont également communiquées avec clarté et avec le plus grand professionnalisme.

I am pleased that our reports continue to be the subject of parliamentary committee reports, and that our work contributes to better governance.

Conclusion

In essence, my mandate is to report what we found in our audits to parliamentarians so that they can hold the government to account. In my view, such openness reflects a healthy level of transparency in our system of government.

I feel privileged to carry on a long tradition that contributes to good governance and accountability on behalf of all Canadians. I believe that good governance not only strengthens accountability, it also builds credibility and public confidence in our democratic institutions.

J'espère avoir brossé un tableau précis de la manière dont nos rapports contribuent au bon fonctionnement du gouvernement.

In closing, I would like to congratulate the Canadian Club of Montreal for safeguarding its legacy for more than a hundred years.

History can reveal the essence of our work. It provides us with a perspective that cuts through the complexities of today's society.

Il y a des choses qui ne changent pas. Comme le dit si bien le dicton, « plus ça change, plus c'est pareil ». Je crois que, dans le cas de mon Bureau, nous avons sauvé les valeurs essentielles, celles de servir le Parlement et les contribuables.

Ce fut un grand plaisir pour moi de vous parler aujourd'hui de mon rôle.

Thank you for your attention and for your interest in the work that I do. Merci.