

Public Accounts

in the Public Service of Canada in the interests of economy, efficiency and effectiveness. The third objective was to recommend to the office of the Auditor General how this new mandate should be exercised in the future.

● (1520)

The SPICE project was extremely thorough, extremely technical and extremely complex. By August, 1978 some 52 value for money audits had begun. One of the significant features of the SPICE methodological contribution was its emphasis upon value for money in the audit process. Part of SPICE was an examination of the planning process for capital acquisition projects.

At pages 42 and 43 of the same report, the audit conclusions read as follows:

Based on 13 SPICE audits completed to date, the capital acquisition process does not come up to a reasonable standard of "due regard for economy."

In his audit findings the Auditor General said:

Our examinations show that good practices that have emerged from many years of project management experience often were not followed in the planning and acquisition of capital assets.

There were many examples, and the committee studied a number of them. The most noticeable feature of the operation of capital acquisition projects was cost overruns on the very projects which were examined. On the ones that were examined, total costs had increased by 148 per cent over budget. Now, 148 per cent is a very significant increase because it is an increase of more than double. In other words, the original estimate of the costs of these projects which were examined was \$281.6 million. By the time they were finished, it had escalated to \$699.7 million, an increase of 148 per cent, or more than double the actual budgeted amounts.

Many projects take years to complete and cost overruns are commonplace, but they are not discovered until it is too late to do anything about them. The Standing Committee on Public Accounts has lamented this often. Hon. members on all sides know very well that by the time the committee examines some fault, particularly with cost overruns, the culprit, if we can call him that, has gone. I am referring to the responsible public official who helped or caused the overrun to occur. He is no longer in the job, perhaps he has been promoted to something grander, and it is impossible to find a culprit in many cases.

In 1979, during the Thirty-first Parliament, the Standing Committee on Public Accounts heard testimony on audits which were completed in 1977 and on projects which reached back into the early 1970s. Often capital acquisition projects carry on over a period of quite a few years. In fact, there is one here dealing with Fraser River flood protection which was originally approved in 1968, and when it was finally completed in 1978, ten years later, the costs had more than tripled from \$18 million to \$60 million.

Questions on what happened at the time of the failure of the system often went unanswered because the managers had moved on to different positions, other jobs, and the committee found that some decisions had been made without written record. When we are dealing with millions of taxpayers'

dollars, we must be particularly detailed in dealing with these expenditures, and authorizations must be meticulously obtained.

When the committee found that many decisions to expend money had been made without any written record, indeed it realized that it was a serious flaw. Major projects had been undertaken without complete information being available to those responsible for making decisions. Therefore, the committee made a number of recommendations in its first report, which was presented just over two years ago. I want to refer to those recommendations, particularly the ones which refer to the SPICE study, in the hope of improvement in government accountability to Parliament. Its first recommendation was that:

—a Special Committee of the House of Commons be established to review those ongoing projects which have projected cost overruns;—

I know the President of the Treasury Board is concerned about cost overruns. He keeps telling us that he is, but in the two years since this recommendation was made we have not seen the establishment of a special committee of the House of Commons to review ongoing projects with projected overruns. The projection of cost overruns comes at a time when, if the committee got hold of it, an estoppel could be made and the bleeding would be stopped.

The commitment to all capital projects underway at the time this recommendation was made was well in excess of \$10 billion. Evidence and testimony before the committee indicated that current projects suffered from significant weaknesses in management control and might have been subjected to substantial cost overruns. Well, we are awaiting that.

The second recommendation was that:

—the Auditor General use more often his power to make special reports so that your Committee is able more often to examine current issues;—

I should like to mention the frustrations of hon. members of the House who are called upon to examine matters that are very old and untimely. For one thing, the Auditor General might take many months to do his work. When he reports to the House, usually around November, some of his work in the report is a year old by the time it is tabled because it was completed immediately after the report of the previous year. Usually the audit is examining something which happened a year or so before the actual audit work. This was a very important matter. All of us were successful in having a change in the Auditor General Act; the Auditor General was able to report special items of concern to him to the House. It was determined by the committee that it could serve its intended role more appropriately if the Auditor General were to use more often his power to make special reports.

That recommendation was not directed to the government or to the President of the Treasury Board. It was directed to the Auditor General. I must inform the House that the Auditor General has never seen fit to use his special power of reporting special items to the House. I was told by the former Auditor General of one instance wherein he came very close to making a special report to the House. But the present Auditor General