Ottawa paid nearly $670,000 for KPMG's advice on cutting consultant costs

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Treasury Board President Anita Anand is currently leading a federal effort to save about $15-billion over five years from existing spending plans. She has promised to release the first wave of details this month.

ADRIAN WYLD/THE CANADIAN PRESS

The federal government hired KPMG consultants at a cost of hundreds of thousands of dollars for advice on how to save money on consultants, documents show.

New spending details tabled in Parliament show the department of Natural Resources, led by minister Jonathan Wilkinson, approved $669,650 for KPMG, a global professional services company, to provide managing consulting advice.

The department said this work involved developing "recommendations that could be considered as options to ensure that Canadians' tax dollars are being used efficiently and being invested in the priorities that matter most to them."

Treasury Board President Anita Anand is currently leading a federal effort to save about $15-billion over five years from existing spending plans. She has promised to release the first wave of details this month. The Natural Resources contract work was part of that department's contribution to the spending reduction effort.

The Globe and Mail has reported that federal spending on outsourcing has grown sharply from when the Liberals promised in 2015 to cut back on the use of external consultants. The government has since singled out spending on outsourcing and consultants as an area of focus to find cuts. All federal departments were given a target of Oct. 2 to submit their proposed cuts to Ms. Anand's department for review.

The savings targets were first outlined in the 2023 budget, which said "the government will focus on targeting these reductions on professional services, particularly management consulting."

The latest documents were tabled in response to a written question from NDP MP Gord Johns, who had asked all departments to provide details on any contracts with third-party management firms to assist in identifying spending cuts.

All other departments responded by saying they had not hired consultants as part of this exercise.

Mr. Johns said the spending on KPMG illustrates "how ridiculous and out of control and absurd it's getting" when it comes to federal outsourcing.

"It needs to stop," he said, adding that the money spent on consultants should be redirected to more pressing concerns. "The government is pushing austerity and they continue to waste money."

A document from Natural Resources shows the titles of reports provided by the KPMG consultants, but not the reports themselves. According to the titles, the consultants provided a final report on "IT cost optimization." That report included supporting documents on IT contractors, domain utilization, printer consolidation, software asset management and suggestions for reducing costs in each area.

The Globe asked Ms. Anand's office and Mr. Wilkinson's office for comment on the KPMG spending Friday. On Monday afternoon, a spokesperson for Natural Resources Canada sent an e-mail saying the department would not be able to respond to questions about the contract spending by the end of the day.
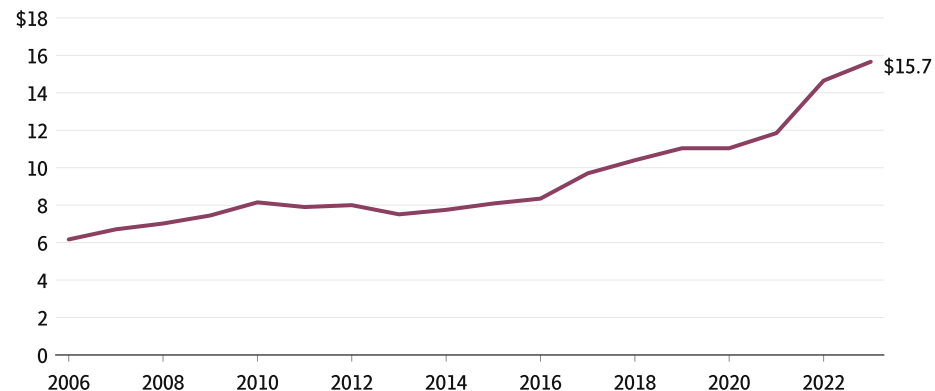
Mr. Johns is a member of the government operations committee, which has held extensive hearings into the growth of federal outsourcing.

Recently tabled figures for the 2022-23 fiscal year show federal spending on outsourcing has continued its upward trend. Ottawa spent $15.7-billion on professional and special services that year, a broad category that includes outsourcing spending in areas such as IT services and management consultants.

That is a nearly 88-per-cent increase over outsourcing levels in 2015-16, when Ottawa spent $8.35-billion. The Liberal Party promised in the 2015 federal election campaign to cut back on the use of external consultants.

Government spending on outside contracts
Total external expenses on professional and special services, by fiscal year, as of March 31, 2023, in billions of dollars

MAHIMA SINGH / THE GLOBE AND MAIL, SOURCE: ACCOUNTS OF CANADA, RECONCILIATION OF EXTERNAL EXPENDITURES

The government operations committee recently extended its study into how the cost of the ArriveCan app grew to exceed $54-million, partly because of extensive outsourcing contracts for IT services.

The extended hearings are focused on allegations of misconduct raised by Montreal software company Botler. While Botler did not work on ArriveCan, its complaints to the Canada Border Service Agency leadership involve three IT staffing companies that were among the top recipients of ArriveCan outsourcing work. The CBSA has referred Botler's allegations to the RCMP and the RCMP has said it is investigating.

On Tuesday, the government operations committee will focus on the interactions between private IT contractors and public servants who award contracts.

The committee will hear from two former CBSA contracting officials – Cameron MacDonald and Antonio Utano – whose names frequently appear on contracting documents related to ArriveCan and the Botler project.

Botler's allegations to the CBSA raised concerns over the connections between Mr. MacDonald and GCStrategies managing partner Kristian Firth, whose company received more than $11-million to work on the ArriveCan app, more than any other company.

Botler has said Mr. MacDonald urged them to work with GCStrategies, even though Botler expressed a preference to have a direct contracting relationship with the CBSA.

-With data analysis by Mahima Singh

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