



COVID-19 PANDEMIC

REPORT 6

Canada Emergency Response Benefit

Independent Auditor's Report

2021

Reports of the Auditor General
of Canada to the
Parliament of Canada



Office of the
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Cat. No. FA1-27/2021-1-6E-PDF

ISBN 978-0-660-37826-8

ISSN 2561-343X

Cover and title page photos: WAYHOME studio/Shutterstock.com

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Introduction

Background

Responding to a pandemic

6.1 On 18 March 2020, as part of its wide-ranging economic response to the **coronavirus disease (COVID-19)** pandemic, the federal government announced 2 new benefits to provide income support for workers. The Emergency Care Benefit would support workers who were unable to work because of COVID-19–related health concerns for themselves or others they care for. It would give benefits to workers, including the self-employed, who did not have access to paid sick leave or Employment Insurance sickness benefits. The Emergency Support Benefit would support workers who were facing unemployment and were not eligible for Employment Insurance. In the week after this announcement, to make it easier and more accessible for applicants, these benefits were replaced with what would become the Canada Emergency Response Benefit.

6.2 The purpose of the Canada Emergency Response Benefit was to support workers who lost income as a result of the COVID-19 pandemic. It was intended to

- help affected workers meet their financial obligations
- allow workers to stay home to help stop further spread of the virus
- reduce the disease’s toll on individuals and the health care system

Eligibility criteria were defined for the benefit (Exhibit 6.1).

Coronavirus disease (COVID-19)—The disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

Exhibit 6.1—Eligibility criteria for the Canada Emergency Response Benefit¹

To be eligible for the Canada Emergency Response Benefit, applicants had to meet the following criteria at the time of applying:

- reside in Canada
- be at least 15 years of age
- earned a minimum of \$5,000 before taxes in the 12 months leading up to the application or in 2019 from one of the following sources:
 - employment income
 - self-employment income
 - federal and provincial benefit payments related to maternity or parental leave
- did not quit their jobs voluntarily
- are affected by the COVID-19 pandemic in one of the following ways:
 - had work hours reduced because of the pandemic and do not expect to earn more than \$1,000 before deductions over a period of at least 14 consecutive days during the 4-week period for which they applied for the benefit
 - stopped working because of the pandemic for at least 14 consecutive days within the 4-week period for which they applied for the benefit
 - are unable to work because of the pandemic, including because they need to take care of a dependent
 - received Employment Insurance regular or fishing benefits for at least 1 week since 29 December 2019 and had exhausted those benefits

¹ This exhibit is intended to summarize eligibility information provided to potential applicants by Employment and Social Development Canada and the Canada Revenue Agency.

Source: Employment and Social Development Canada and the Canada Revenue Agency

6.3 Although the Canada Emergency Response Benefit is generally referred to as 1 benefit, there were 2 benefits with slightly different eligibility criteria. Applicants could apply for either benefit:

- Applicants eligible for Employment Insurance benefits should apply for the Employment Insurance Emergency Response Benefit. This benefit fell under the *Employment Insurance Act*.
- Applicants not eligible for Employment Insurance benefits should apply for the non-Employment Insurance Emergency Response Benefit. This benefit fell under the *Canada Emergency Response Benefit Act*.

To make it easier, we will refer to the 2 benefits as the “Canada Emergency Response Benefit” or the “benefit” unless there is a need to distinguish between them.

6.4 Initially, the benefit paid \$500 per week for 16 weeks to eligible recipients. The benefit was extended twice. On 26 June 2020, the benefit

was extended by 8 weeks. This was followed by an additional 4-week extension on 28 August 2020. In total, the benefit provided support for a maximum of 28 weeks. Support under the benefit ended on 3 October 2020. However, individuals could apply retroactively for the benefit up to 2 December 2020.

6.5 The most recent figure reported by the government on Canada Emergency Response Benefit payments was about \$74 billion as of 4 October 2020.

Roles and responsibilities

6.6 Employment and Social Development Canada's responsibilities for the Canada Emergency Response Benefit included policy development and program design, administration, and enforcement. The department engaged the Canada Revenue Agency to help administer the benefit.

6.7 The Canada Revenue Agency, through a delegation of authority granted by the Minister of Employment, Workforce Development and Disability Inclusion on 3 April 2020, was responsible for administering the non-Employment Insurance Emergency Response Benefit. This means that, for this benefit, the agency's responsibilities included

- accepting applications
- verifying and validating the applicant's eligibility
- processing applications and authorizing payments
- preventing the processing of non-eligible applications
- identifying and collecting erroneous payments

6.8 Employment and Social Development Canada had these same responsibilities for the Employment Insurance Emergency Response Benefit.

6.9 The Department of Finance Canada is responsible for providing advice and analysis to the Minister of Finance on the economic, fiscal, and social considerations related to proposed policy options.

Focus of the audit

6.10 This audit focused on whether Employment and Social Development Canada and the Department of Finance Canada provided analysis to support the initial design and subsequent adjustments to the Canada Emergency Response Benefit.

6.11 This audit also focused on whether Employment and Social Development Canada and the Canada Revenue Agency designed mechanisms so that the benefit would support eligible workers who

suffered a loss of income for reasons related to the COVID-19 pandemic, including limiting abuse of the benefit.

6.12 This audit is important because of the significant cost of the benefit and because of its intent to assist workers affected by the pandemic.

6.13 The implementation of post-payment verification mechanisms will be the subject of a future audit.

6.14 More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report (see pages 17–21).

Findings, Recommendations, and Responses

Overall message

6.15 From the outset of the COVID-19 pandemic, the government set out to quickly get the Canada Emergency Response Benefit to eligible workers. Working within a short time frame, Employment and Social Development Canada and the Department of Finance Canada supported the design of the benefit to deliver support to workers who lost income because of the COVID-19 pandemic.

6.16 With its quick rollout and subsequent adjustments in real time, the benefit was put in place to help support affected workers financially and allow them to stay home to avoid overwhelming the country's health care system. To get the benefit to workers quickly, Employment and Social Development Canada and the Canada Revenue Agency made decisions about the nature of pre-payment controls that would be introduced. The department and the agency made an early decision to focus on post-payment controls to simplify the process and expedite issuing benefit payments. The department and the agency introduced additional controls once the benefit was rolled out. The organizations have planned for post-payment verification work. Most of that work was expected to start in the 2021–22 fiscal year.

Designing an emergency response benefit

Context

6.17 The Canada Emergency Response Benefit was designed and implemented by Employment and Social Development Canada in a few weeks (Exhibit 6.2).

Exhibit 6.2—Timeline of key events in 2020 for the Canada Emergency Response Benefit¹

March	11	World Health Organization declares COVID-19 a pandemic
	15	Canada Emergency Response Benefit period begins
	18	Temporary measures to support workers announced
	25	<i>COVID-19 Emergency Response Act</i> comes into effect
	31	Benefit rate set at \$500 per week
April	6	Online applications opened
	8	First payments issued
	15	Expanded eligibility announced to allow benefit recipients to earn up to \$1,000 over a 4-week period, and expanded eligibility announced for the Employment Insurance Emergency Response Benefit to include seasonal workers and those whose Employment Insurance benefits had been exhausted ²
	23	Employment Insurance Emergency Response Benefit extended to self-employed fishers
June	26	Benefit extended to 24 weeks
August	28	Benefit extended to 28 weeks
October	3	Benefit period ends
December	2	Deadline to submit retroactive applications

¹ The dates in this exhibit reflect when decisions were made or announced and not necessarily when they came into force.

² This refers to Employment Insurance claimants who recently exhausted regular benefits and were unable to find work for reasons related to the COVID-19 pandemic.

Source: Based on information from the *COVID-19 Emergency Response Act*, interim orders amending the *Employment Insurance Act*, regulations on income support payments, and announcements from the federal government and the World Health Organization

The organizations considered and analyzed key areas in the initial design and ongoing adjustment of the Canada Emergency Response Benefit

What we found

6.18 We found that, despite extraordinarily challenging circumstances, an emergency benefit to support workers who lost income as a result of the COVID-19 pandemic was designed quickly. Despite not having the usual time required to perform the analysis for the design of a new benefit, Employment and Social Development Canada and the Department of Finance Canada considered key areas in the design of the Canada Emergency Response Benefit. They also conducted preliminary

analyses on the cost of the benefit. In addition, Employment and Social Development Canada conducted analysis in other key areas.

6.19 We also found that after the initial design of the benefit was finalized, Employment and Social Development Canada and the Department of Finance Canada performed analysis in key areas. This analysis was used to inform changes to the benefit and respond to the evolving crisis.

6.20 The analysis supporting this finding discusses the following topics:

- Rapid design of the benefit
- Benefit expanded and modified over time

Why this finding matters

6.21 This finding matters because of the importance of this benefit and its significant cost. These factors underscore that it needed to be well designed and to be adjusted over time as circumstances changed.

Context

6.22 To deliver this simplified emergency benefit, a new law and changes to an existing law were needed. On 25 March 2020, the *COVID-19 Emergency Response Act* came into force. This act

- created the Canada Emergency Response Benefit by enacting the *Canada Emergency Response Benefit Act*
- provided the authority to the Minister of Employment, Workforce Development and Disability Inclusion to issue interim orders to amend the *Employment Insurance Act*

6.23 On 31 March 2020, the Minister issued the Interim Order Amending the *Employment Insurance Act* to include the Employment Insurance Emergency Response Benefit.

6.24 As the Canada Emergency Response Benefit was delivered, it was changed through interim orders amending the *Employment Insurance Act* and regulatory changes to the *Canada Emergency Response Benefit Act*.

Recommendations

6.25 We made no recommendations in this area of examination.

Analysis to support this finding

Rapid design of the benefit

6.26 The unprecedented nature of the global pandemic in mid-March 2020 meant that developing policy, conducting economic analysis, drafting legislation, preparing communications products, and

ultimately putting the Canada Emergency Response Benefit in place occurred very quickly. Turnaround time for key steps was often a few hours or overnight. Employment and Social Development Canada and Canada Revenue Agency officials informed us that this stood in stark contrast to the usual policy and program development process, which can take place over many months. Despite this, we found that Employment and Social Development Canada considered many key areas in the benefit's initial design. The department also conducted analysis in some key areas.

6.27 We found that the department considered social, economic, and health and safety information to inform decisions about the benefit's design. This included key areas such as the benefit's parameters and structure and its impact on different recipient groups, economic sectors, and the labour supply. The department also considered aspects of the Employment Insurance sickness benefit for health care workers who were affected by the severe acute respiratory syndrome (SARS) virus in 2003.

6.28 We also found that, when designing the benefit, the department considered what was needed to meet the government objective of getting the benefit to eligible workers as quickly as possible. This included

- providing a flat-rate payment, rather than one based on a sliding income scale
- having minimal and clear eligibility criteria (applicants to provide an attestation but no supporting documentation)
- using the Social Insurance Number (SIN) as the primary way to validate an applicant's identity
- confirming eligibility through post-payment measures

6.29 We found that the department also analyzed existing Employment Insurance statistics to determine the average amount paid to claimants and the percentage of claimants receiving the maximum benefit rate. The data showed that in the 2018–19 fiscal year, the average amount paid to claimants was about \$470 per week, and approximately 50% of claimants received the maximum benefit of \$573 per week. We also found that the department conducted preliminary analysis on the cost of the benefit. Ultimately, the weekly Canada Emergency Response Benefit payment was set at \$500 on 31 March 2020.

6.30 Similarly, we found that the department analyzed Employment Insurance statistics to identify workers who would be ineligible under the existing Employment Insurance program. This analysis showed that millions of workers would be ineligible. Ineligible workers included, for example, individuals who

- were self-employed and did not contribute to Employment Insurance
- had to stay home to care for children when schools were closed

6.31 As part of its responsibility for providing advice and analysis on policy considerations, the Department of Finance Canada performs a challenge function with respect to funding proposals submitted by federal departments and agencies. We found that, despite not having the usual time required to perform its challenge function on the design of the new benefit, the Department of Finance Canada considered key areas in the initial design of the Canada Emergency Response Benefit. The Department of Finance Canada considered some of the same areas as Employment and Social Development Canada. Like Employment and Social Development Canada, it also conducted preliminary analysis on the benefit's cost. Finally, we found that once the initial design of the benefit was finalized, the Department of Finance Canada compared aspects of the Canada Emergency Response Benefit with similar benefits being delivered by other countries in response to the pandemic.

Benefit expanded and modified over time

6.32 We found that, although Employment and Social Development Canada was aware that the initial scope of the Canada Emergency Response Benefit excluded some individuals, it went ahead with the launch of the online application system on 6 April 2020. The department did this to issue the benefit as quickly as possible to Canadians who had stopped working because of the COVID-19 pandemic. The benefit did not support those who were not working because of the pandemic, such as

- seasonal workers
- individuals ready to work but unable to find jobs because of the pandemic
- people whose Employment Insurance claims were approaching the maximum benefit period

6.33 Similarly, we found that Employment and Social Development Canada was aware that the benefit's initial design could create a disincentive for some workers to continue working or seek employment. This was because it did not allow for any income to be earned while receiving the benefit.

6.34 We found that the department identified that adjusting eligibility criteria to allow workers to continue to earn some income and collect the benefit could create an incentive for some workers to continue working or return to the labour force. It also identified that allowing some income to be earned could help support some of the most financially vulnerable workers, such as employees and self-employed workers whose hours or volume of work, or both, had been significantly reduced because of the COVID-19 pandemic. We found that the department analyzed possible options before it expanded the benefit eligibility on 15 April 2020. This change both included more workers and encouraged people to keep working by allowing workers to earn up to \$1,000 a month while receiving the benefit.

6.35 We also found that, to identify possible adjustments, Employment and Social Development Canada monitored and analyzed the benefit after accepting applications and delivering the benefit. In late May 2020, the department analyzed benefit recipient and economic forecasting data. The analysis showed that the number of benefit recipients remained high because of the pandemic, and it estimated that millions of workers would continue to be ineligible for the regular Employment Insurance program and still be in need of financial support. On the basis of this analysis, the department developed options to continue to support workers affected by the pandemic. Ultimately, the Government of Canada extended the benefit twice. It was extended from 16 weeks to 24 weeks on 26 June 2020, and to 28 weeks on 28 August 2020.

6.36 We found that, as the benefit was being delivered, the Department of Finance Canada performed analysis to inform the Minister of Finance on proposed changes to the benefit in light of the evolving crisis and economic recovery. For example, the department's analysis included

- the impact on certain sectors and the labour supply, including current and projected labour market conditions
- the ongoing impact on the incentive to return to work
- the interaction between the Canada Emergency Response Benefit and the Canada Emergency Wage Subsidy

6.37 We also found that, as the benefit was being delivered, the Department of Finance Canada and Employment and Social Development Canada considered **gender-based analysis plus** to assess how Canadian workers were being supported by the benefit. The departments considered recipient data through different demographic profiles, such as age, occupation type, and gender. The Department of Finance Canada also considered the United Nations' Sustainable Development Goals and how they were related to the emergency nature of the benefit.

6.38 We found evidence that, to improve its delivery of the non-Employment Insurance Emergency Response Benefit, the Canada Revenue Agency monitored patterns of incoming applications to identify areas requiring additional pre-payment controls. We found that the Canada Revenue Agency identified and suggested changes

Gender-based analysis plus—"An analytical tool to support the development of responsive and inclusive initiatives, including policies, programs, legislation, and services, that are tailored to the different needs and experiences of various groups of people....The 'plus' highlights that all dimensions of diversity and their interactions must be considered as part of a rigorous and intersectional [gender-based analysis] plus, including age, disability, indigeneity, economic status, education, ethnicity, geographical location, gender, language, race, sex, and sexual orientation."

Source: Women and Gender Equality Canada

to Employment and Social Development Canada on the design of the non-Employment Insurance Emergency Response Benefit.

Quick delivery of the benefit influenced the approach to controls

What we found

6.39 We found that Employment and Social Development Canada and the Canada Revenue Agency focused on delivering the benefit quickly to help workers who had lost income as a result of the COVID-19 pandemic. Both organizations understood the risks of emphasizing quick delivery instead of their usual approaches to validating eligibility, which includes more controls.

6.40 We found that, once the benefit was rolled out, both the department and the agency introduced additional pre-payment controls to stop payments to ineligible applicants in order to limit potential abuse. We found, however, that given the information available to the Canada Revenue Agency, it could have introduced a control related to suspicious applications at the launch of the benefit.

6.41 We found that Employment and Social Development Canada and the Canada Revenue Agency planned to start most of the post-payment verification in the 2021–22 fiscal year.

6.42 The analysis supporting this finding discusses the following topics:

- Initial focus on expediting payments
- Some additional pre-payment controls introduced
- Most post-payment verification to begin in the 2021–22 fiscal year

Why this finding matters

6.43 This finding matters because a benefit with reduced pre-payment controls requires well-designed post-payment controls to ensure that only eligible applicants received financial support.

Context

6.44 From the outset of the pandemic, the government set out to get the benefit to eligible workers as quickly as possible. The government also emphasized the good faith of applicants.

6.45 With the direction to deliver the benefit quickly, Employment and Social Development Canada and the Canada Revenue Agency were responsible for determining the required applicant information. They were also responsible for determining the controls that would be put in place both before a payment was issued (pre-payment controls) and after (post-payment verification).

6.46 The volume of applications also had to be considered when assessing the feasibility of using existing processes. According to publicly available government data, more than 6 million Canada Emergency Response Benefit and other Employment Insurance applications were received between 15 March and 19 April 2020.

6.47 Although Employment and Social Development Canada was responsible for the benefit's design, the department and the Canada Revenue Agency collaborated to assess the risks and design controls to mitigate them. Each entity leveraged its own existing systems and processes. The department was responsible for designing and putting in place controls for the Employment Insurance Emergency Response Benefit. The agency was responsible for designing and putting in place controls for the non-Employment Insurance Emergency Response Benefit.

6.48 According to the International Public Sector Fraud Forum, the ability to implement pre-payment controls is limited in an emergency. Therefore, it is important that post-payment verification work be planned for and carried out to uphold the stewardship of public funds.

Recommendations

6.49 Our recommendations in this area of examination appear at paragraphs 6.64 and 6.65.

Analysis to support this finding

Initial focus on expediting payments

6.50 We found that, to deliver the benefit quickly, both Employment and Social Development Canada and the Canada Revenue Agency took the approach of relying on applicants' attestations to assess eligibility for the Canada Emergency Response Benefit. Applicants were to confirm that they did not quit their jobs voluntarily and that they had stopped working because of the COVID-19 pandemic. The use of attestations rather than documentation made the Canada Emergency Response Benefit application process different from that of non-emergency benefits. For example, applicants were not required to provide a record of employment to confirm details of their employment and the reason for their job loss, or a medical note. According to Employment and Social Development Canada, if the standard pre-payment measures that are used to validate Employment Insurance applicants' eligibility had been applied for this benefit, it would have taken months to process and issue payments.

6.51 According to Employment and Social Development Canada, the use of attestations simplified the process for applicants. Furthermore, not having to provide documentation when applying allowed people to stay home, which followed public health advice.

6.52 We found that both Employment and Social Development Canada and the Canada Revenue Agency relied on automated pre-payment controls that were possible in their existing information technology systems to validate eligibility quickly. Before issuing benefit payments, both organizations had a control to confirm that the applicant had a valid Social Insurance Number. The department also had a control to confirm that the applicant was not deceased. The agency had a control to confirm that the applicant was not deceased, was at least 15 years of age, and was not in a federal correctional facility.

6.53 We found that, by using attestations and limiting the number of pre-payment controls to validate eligibility, Employment and Social Development Canada and the Canada Revenue Agency were aware that some payments would be issued to applicants who were not entitled to the benefit. This included potential cases of intentional misrepresentation. Accepting risks in order to expedite payments to those in need is consistent with best practices promoted by the International Public Sector Fraud Forum and its Principles of Fraud Control in Emergency Management.

Some additional pre-payment controls introduced

6.54 We found that, to prevent benefit payments from being issued to ineligible applicants, Employment and Social Development Canada and the Canada Revenue Agency introduced some additional pre-payment controls as the benefit was being delivered to limit potential abuse. Below are examples of pre-payment controls introduced by the department and the agency that were intended to help prevent access to multiple benefits and to identify suspicious applications.

6.55 Both the department and the agency understood that there was a risk that an individual could apply for both the Employment Insurance Emergency Response Benefit and the non-Employment Insurance Emergency Response Benefit. We found that Employment and Social Development Canada and the Canada Revenue Agency acted quickly to reduce the risk that workers would receive payments for both benefits. Information on applicants was shared between the department and the agency as of mid-April 2020, about a week after the benefits were launched. A control was introduced by the organizations to stop payments to an applicant when the applicant had already received the other benefit. However, some people applied for and received payments from both benefits before this control was introduced. According to the department and the agency, this represented approximately \$500 million in Canada Emergency Response Benefit payments. This represented less than 1% of the total amount in payments made for the benefit. In our view, given the significance of this figure, it will be critical that the organizations conduct rigorous post-payment verification work in this area.

6.56 We also found that when the Canada Revenue Agency launched the Canada Emergency Student Benefit, it designed controls to prevent an applicant from receiving payments from both that benefit and the Canada Emergency Response Benefit for the same period. The Canada Emergency Student Benefit provided financial support to post-secondary students and recent post-secondary and high school graduates who were unable to find work because of the COVID-19 pandemic.

6.57 We found that when applicants were blocked by the Canada Revenue Agency because of suspicious information on their applications, they were prompted to call the agency and provide the required documentation in order for their applications to proceed. The agency then reviewed the documentation provided by applicants to determine whether they satisfied the eligibility criteria. According to the agency, as of 20 December 2020, of the approximately 141,000 individuals who contacted the agency about their applications, only 11% were actually eligible for the non-Employment Insurance Emergency Response Benefit.

6.58 We found that Employment and Social Development Canada developed risk scenarios to identify and detect high-risk Employment Insurance Emergency Response Benefit applicants. Starting in mid-May, applications that matched these scenarios were reviewed and, where there were reasonable grounds to believe they were fraudulent, payments were stopped. According to limited information provided by the department, as of 30 November 2020, payments were stopped for more than 30,000 potentially fraudulent applications. This represented approximately \$42 million.

6.59 We found that, on 11 May 2020, the Canada Revenue Agency introduced an automated control to compare new applicants for the non-Employment Insurance Emergency Response Benefit with information it had already collected from other programs on high-risk indicators, such as suspicious individuals. When applications matched these indicators, the control was designed to block the applications from going forward. Given that this information predated the benefit, we would have expected this control to have been introduced at the launch of the benefit. Agency officials informed us that introducing this control earlier would have meant delaying the launch of the benefit.

Most post-payment verification to begin in the 2021–22 fiscal year

6.60 With the decision to rely on personal attestations, post-payment verification became very important. We found that, early on, Employment and Social Development Canada and the Canada Revenue Agency worked together to develop an approach to identifying risks and implementing related controls. This approach identified post-payment verification measures that would be carried out, but it did not identify when this work would be completed or the resources required to do so. Further, it identified that some post-payment verification work for the

Canada Emergency Response Benefit required income tax data, which would be available in spring 2021.

6.61 We found that Employment and Social Development Canada subsequently developed a 4-year post-payment verification plan. The plan was expected to start in the 2021–22 fiscal year. The plan

- prioritizes the types of cases that will be examined by the department
- identifies the number of cases that will be completed each year
- identifies the resources required to complete the reviews and investigations

6.62 At the time of our audit, the department was pursuing work related to post-payment verification and collection of ineligible payments under interim orders issued pursuant to the *Employment Insurance Act*. When these interim orders cease to apply in September 2021, the department will not be able to use its current process for the collection of ineligible payments from recipients.

6.63 We found that the Canada Revenue Agency also developed several post-payment verification plans that included verification work until March 2023. However, it was unclear to what extent the plans would address risks directly related to the non–Employment Insurance Emergency Response Benefit. This was because these plans were still in draft form and included several other emergency benefits in addition to the non–Employment Insurance Emergency Response Benefit.

6.64 **Recommendation.** Employment and Social Development Canada and the Canada Revenue Agency should finalize and implement their plans for the Canada Emergency Response Benefit post-payment verification work.

The department's response. *Agreed. Throughout the pandemic, Employment and Social Development Canada engaged in robust and proactive planning for post-payment integrity action on Employment Insurance Emergency Response Benefit claims. Following confirmation of funding in the Fall Economic Statement 2020, the department developed a comprehensive 4-year operational plan for post-payment integrity activities and has begun execution of cases of serious fraud.*

Integrity activities are underway and will continue as per the 4-year operational plan. The plan will be refined on a regular basis as the department gains experience and knowledge from its investigations and ensures that it remains responsive to the continued pandemic context while maintaining alignment with the Canada Revenue Agency.

The agency's response. *Agreed. The Canada Revenue Agency has been working in partnership with Employment and Social Development Canada to align post-payment compliance activities. The post-payment compliance plan has always been present but remains evergreen because of the shifting economic and public health landscape.*

The agency's verification work will be largely supported by data and systems that will become available during the upcoming tax-filing season. It is important that our risk assessments include 2020 tax data to calibrate our verifications using current data. This will help avoid unnecessary reviews of recipients that may in fact have been eligible to receive benefit payments or may have already completed voluntary repayments, or both. Post-compliance work will commence in September 2021 and is expected to continue until March 2023.

6.65 **Recommendation.** Employment and Social Development Canada and the Canada Revenue Agency should conduct a formal assessment of the delivery of the Canada Emergency Response Benefit in order to apply the findings to the design and delivery of future government emergency response and recovery benefits.

The department's response. *Agreed. The Canada Emergency Response Benefit was implemented to protect Canadians and the economy from the impact of the global COVID-19 pandemic, but the lessons learned could have broader application to future benefit program design and delivery.*

Employment and Social Development Canada agrees that a formal assessment of the delivery of the Canada Emergency Response Benefit will inform the design and development of future emergency response benefits.

The agency's response. *Agreed. The Canada Revenue Agency will conduct a formal assessment of the delivery of the Canada Emergency Response Benefit (from 15 March to 31 December 2020) to identify best practices and lessons learned and to determine whether functionality and processes can be reused in a future crisis.*

The findings from this exercise will be available by 31 December 2021 to assist government in the design and delivery of future government emergency response and recovery programs.

Conclusion

6.66 We concluded that, despite not having the usual time required to perform analysis for the design of a new benefit, Employment and Social Development Canada and the Department of Finance Canada considered and conducted analysis in key areas as part of the initial design and subsequent adjustments to the Canada Emergency Response Benefit.

6.67 Further, given the crisis presented by the COVID-19 pandemic, Employment and Social Development Canada and the Canada Revenue Agency took the approach of relying on personal attestations and automated pre-payment controls so that the Canada Emergency Response Benefit would be issued quickly to eligible workers who lost income because of the COVID-19 pandemic. Once the benefit was launched, the department and the agency introduced additional pre-payment controls to limit potential abuse of the benefit. The need for post-payment verification increased given this approach. Employment and Social Development Canada and the Canada Revenue Agency developed plans to conduct post-payment work.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the Canada Emergency Response Benefit. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs, and to conclude on whether the design of the Canada Emergency Response Benefit complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to determine whether

- Employment and Social Development Canada and the Department of Finance Canada provided analysis to support the initial design and subsequent adjustments to the Canada Emergency Response Benefit
- Employment and Social Development Canada and the Canada Revenue Agency designed mechanisms so that the Canada Emergency Response Benefit would support eligible workers who suffered a loss of income for reasons related to COVID-19, including limiting abuse of the benefit

Scope and approach

The audit focused on the design of the Canada Emergency Response Benefit.

The audit examined the analysis carried out by Employment and Social Development Canada in the design of the Canada Emergency Response Benefit, as well as the analysis carried out by the Department of Finance Canada to support and contribute to its design. It examined the analysis related to the initial design of the Canada Emergency Response Benefit, as well as changes considered to the benefit in light of

- the interaction with other COVID-19 programs, as required
- the evolution of the broader health crisis and economic situation
- monitoring activities by Employment and Social Development Canada and the Canada Revenue Agency

The audit also examined the mechanisms designed and put in place by Employment and Social Development Canada and the Canada Revenue Agency to provide eligible recipients with the amount of money they were entitled to under the Canada Emergency Response Benefit, in coordination with other COVID-19 programs. This included

- controls to assess and validate eligibility
- controls to manage the Canada Emergency Response Benefit with other COVID-19 programs
- mechanisms to mitigate identified vulnerabilities, including cases of suspected fraud, or changes made to the Canada Emergency Response Benefit, or both

The audit did not assess the controls mentioned in this report. The implementation of post-payment verification mechanisms will be the subject of a future audit. The audit did not examine the collection or recovery work related to the benefit.

As part of this audit, our work conducted on the United Nations' Sustainable Development Goals was limited to reviewing documentation to determine whether the goals were considered as the benefit was being designed and delivered.

Criteria

Criteria	Sources
<p>We used the following criteria to determine whether</p> <ul style="list-style-type: none"> • Employment and Social Development Canada and the Department of Finance Canada provided analysis to support the initial design and subsequent adjustments to the Canada Emergency Response Benefit • Employment and Social Development Canada and the Canada Revenue Agency designed mechanisms so that the Canada Emergency Response Benefit would support eligible workers who suffered a loss of income for reasons related to COVID-19, including limiting abuse of the benefit 	
<p>Employment and Social Development Canada performs analysis that supports the design of the Canada Emergency Response Benefit and that considers efficiency and risk management.</p>	<ul style="list-style-type: none"> • <i>Canada Emergency Response Benefit Act</i> • Policy on Financial Management, Treasury Board • Management Accountability Framework, Treasury Board of Canada Secretariat • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Transforming our world: the 2030 Agenda for Sustainable Development, United Nations, 2015
<p>Employment and Social Development Canada and the Canada Revenue Agency design and put in place mechanisms for the Canada Emergency Response Benefit to provide eligible recipients with the amount of money they are entitled to, in coordination with other COVID-19 programs, and make necessary adjustments in a timely manner.</p>	<ul style="list-style-type: none"> • Policy on Financial Management, Treasury Board • Management Accountability Framework, Treasury Board of Canada Secretariat • <i>COVID-19 Emergency Response Act</i> • <i>Canada Emergency Response Benefit Act</i> • <i>Employment Insurance Act</i> • Letter of Authority, Canada Revenue Agency, 3 April 2020 • Memorandum of Understanding for the Administration of the COVID-19 Emergency Benefits, between the Canada Revenue Agency and Economic and Social Development Canada • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Transforming our world: the 2030 Agenda for Sustainable Development, United Nations, 2015

Criteria	Sources
<p>We used the following criteria to determine whether</p> <ul style="list-style-type: none"> • Employment and Social Development Canada and the Department of Finance Canada provided analysis to support the initial design and subsequent adjustments to the Canada Emergency Response Benefit • Employment and Social Development Canada and the Canada Revenue Agency designed mechanisms so that the Canada Emergency Response Benefit would support eligible workers who suffered a loss of income for reasons related to COVID-19, including limiting abuse of the benefit 	
<p>Employment and Social Development Canada and the Canada Revenue Agency monitor the use of the Canada Emergency Response Benefit to identify opportunities for ongoing improvement to its design and make recommendations to inform decision making.</p>	<ul style="list-style-type: none"> • Policy on Financial Management, Treasury Board • Management Accountability Framework, Treasury Board of Canada Secretariat • Letter of Authority, Canada Revenue Agency, 3 April 2020 • Memorandum of Understanding for the Administration of the COVID-19 Emergency Benefits, between the Canada Revenue Agency and Economic and Social Development Canada • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Transforming our world: the 2030 Agenda for Sustainable Development, United Nations, 2015
<p>The Department of Finance Canada performs analysis that supports the design of the Canadian Emergency Response Benefit and that considers efficiency, risk management, and potential changes to the benefit in light of the evolving crisis and recovery.</p>	<ul style="list-style-type: none"> • Policy on Financial Management, Treasury Board • Management Accountability Framework, Treasury Board of Canada Secretariat • 2020–21 Departmental Plan, Department of Finance Canada • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Minister of Middle Class Prosperity and Associate Minister of Finance Mandate Letter, 2019 • Transforming our world: the 2030 Agenda for Sustainable Development, United Nations, 2015

Period covered by the audit

The audit covered the period from 1 March 2020 to 10 January 2021. This is the period to which the audit conclusion applies.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 11 March 2021, in Ottawa, Canada.

Audit team

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List of Recommendations

The following table lists the recommendations and responses found in this report. The paragraph number preceding the recommendation indicates the location of the recommendation in the report, and the numbers in parentheses indicate the location of the related discussion.

Recommendation	Response
<p>Designing an emergency response benefit</p> <p>6.64 Employment and Social Development Canada and the Canada Revenue Agency should finalize and implement their plans for the Canada Emergency Response Benefit post-payment verification work. (6.50–6.63)</p>	<p>The department’s response. Agreed. Throughout the pandemic, Employment and Social Development Canada engaged in robust and proactive planning for post-payment integrity action on Employment Insurance Emergency Response Benefit claims. Following confirmation of funding in the Fall Economic Statement 2020, the department developed a comprehensive 4-year operational plan for post-payment integrity activities and has begun execution of cases of serious fraud.</p> <p>Integrity activities are underway and will continue as per the 4-year operational plan. The plan will be refined on a regular basis as the department gains experience and knowledge from its investigations and ensures that it remains responsive to the continued pandemic context while maintaining alignment with the Canada Revenue Agency.</p> <p>The agency’s response. Agreed. The Canada Revenue Agency has been working in partnership with Employment and Social Development Canada to align post-payment compliance activities. The post-payment compliance plan has always been present but remains evergreen because of the shifting economic and public health landscape.</p> <p>The agency’s verification work will be largely supported by data and systems that will become available during the upcoming tax-filing season. It is important that our risk assessments include 2020 tax data to calibrate our verifications using current data. This will help avoid unnecessary reviews of recipients that may in fact have been eligible to receive benefit payments or may have already completed voluntary repayments, or both. Post-compliance work will commence in September 2021 and is expected to continue until March 2023.</p>

Recommendation	Response
<p>6.65 Employment and Social Development Canada and the Canada Revenue Agency should conduct a formal assessment of the delivery of the Canada Emergency Response Benefit in order to apply the findings to the design and delivery of future government emergency response and recovery benefits. (6.26–6.38, 6.50–6.63)</p>	<p>The department’s response. Agreed. The Canada Emergency Response Benefit was implemented to protect Canadians and the economy from the impact of the global COVID-19 pandemic, but the lessons learned could have broader application to future benefit program design and delivery.</p> <p>Employment and Social Development Canada agrees that a formal assessment of the delivery of the Canada Emergency Response Benefit will inform the design and development of future emergency response benefits.</p> <p>The agency’s response. Agreed. The Canada Revenue Agency will conduct a formal assessment of the delivery of the Canada Emergency Response Benefit (from 15 March to 31 December 2020) to identify best practices and lessons learned and to determine whether functionality and processes can be reused in a future crisis.</p> <p>The findings from this exercise will be available by 31 December 2021 to assist government in the design and delivery of future government emergency response and recovery programs.</p>

