



Ottawa Canada K1A 0J9

June 8, 2022

Mr. John Williamson, M.P.
Chair, Standing Committee on Public Accounts
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Colleague:

On March 25, 2021, the Office of the Auditor General of Canada (OAG) tabled in the House of Commons a report (6) entitled "Canada Emergency Response Benefit". This report was then referred to the House of Commons Standing Committee on Public Accounts.

Pursuant to Standing Order 109 of the House of Commons, I am pleased to respond on behalf of the Government of Canada to the recommendations made by the Standing Committee on Public Accounts in its report entitled "Canada Emergency Response Benefit", tabled in the House of Commons on February 8, 2022.

The Government would like to thank the members of the Standing Committee on Public Accounts for their valuable insight and to extend its gratitude to the many witnesses, including representatives from the Office of the Auditor General, for their participation.

The Government of Canada supports these recommendations by the House of Commons Standing Committee on Public Accounts, and provides the following Government Response, organized under two themes:

- (1) Ensuring Program Integrity; and
- (2) Best Practices for Future Program Design

Ensuring Program Integrity (Recommendations 1 and 2)

The House of Commons Standing Committee on Public Accounts made the following recommendations:

Recommendation 1: That, by 31 May 2022, the Canada Revenue Agency provide the House of Commons Standing Committee on Public Accounts with an interim report on the preliminary findings of its post-payment verification work for the Canada Emergency Response Benefit, including amounts recovered; and that a final report be provided by 31 May 2023.

Recommendation 2: That, by 31 May 2022, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with an interim report

on the preliminary findings of its post-payment verification work for the Canada Emergency Response Benefit, including amounts recovered; that two other interim reports be provided by 31 May 2023 and by 31 May 2024; and that a final report be provided by 31 May 2025.

The Canada Emergency Response Benefit (CERB) was an important and necessary temporary emergency response to support Canadian workers, including the self-employed, who stopped working due to COVID-19. In designing the benefit, it was determined that, due to the expected volume of applications, rules that usually apply to Employment Insurance and other grant programs would result in unacceptable delays in issuing benefits to workers who urgently needed them. Therefore, the risk-based analysis was completed and the decision was made to simplify the initial application process and put a stronger focus on post-payment verification, recognizing that this approach meant that some recipients could later be found ineligible, and need to repay benefits. That is why ESDC and CRA engaged in proactive planning for post-payment integrity action throughout the pandemic.

The Government has indicated from the outset that there will be no penalties or interest in cases where CERB needs to be repaid, and where the overpayment did not arise from fraud or misrepresentation. The Government is committed to providing an empathetic, people-first approach to all Canadians in consideration of the various circumstances they may be facing. Therefore, post-payment integrity activities will be risk-based and attuned to the current socio-economic context. Following confirmation of funding in the 2020 Fall Economic Statement, ESDC developed a comprehensive four-year operational plan for post-payment integrity activities and has begun investigation of cases of suspected fraud alongside law enforcement. This is in addition to the \$42 million in suspected fraudulent payments that were prevented at the time of application.

In order to maintain public confidence in the integrity of the COVID-19 benefits programs, and to confirm that individuals were indeed eligible for the benefits they received, the CRA performs regular validation reviews.

The CRA started to conduct pre-validation reviews in July 2020 to ensure that high-risk applications are reviewed prior to issuing a payment. The CRA has developed a post-verification plan to address the remaining risks identified that was originally planned to begin in late 2021. However the extensions to the Recovery benefits, the introduction of the Canada Worker Lockdown Benefit and subsequent adjustments to the program to respond to the spread of the Omicron variant, and, in parallel, the corresponding extension to the ongoing pre-validation activities meant that it was necessary to delay the start of post-verification. The prevention of further payments to potentially ineligible individuals was prioritized, and the start of post-verification was delayed to January 2022 to allow the Agency to focus on pre-validation activities.

The CRA and ESDC used a risk-based approach to establish prioritized post-verification workloads, however plans remain evergreen to respect the impact of the current economic situation and the state of the ongoing public health crisis.

With respect to Recommendation 1, the CRA agrees and will, as requested, provide to the House of Commons Standing Committee on Public Accounts a report on the findings of its post-payment verification work for the CERB, including amounts recovered, by May 31, 2023. Since post-verification was delayed to January 2022 and that, as of April 5, 2022, the CRA has not required any individuals to repay the CERB, the CRA will not be providing a preliminary report by May 31, 2022, as there are limited results to report on at this time. Furthermore, with respect to Recommendation 2, ESDC agrees and will provide to the House of Commons Standing Committee on Public Accounts interim reports on the preliminary findings of its post-payment verification work for the CERB, including amounts recovered. ESDC began following up on high-risk flags, including those requiring identity validation, by summer 2020; however, ESDC was only able to begin investigations into compliance with benefit criteria in March 2022. Similar to the CRA's situation, ESDC has limited results to report at this time. ESDC will be in a position to provide the committee with an interim report by May 31, 2023. This will be followed by another interim report to be provided by May 31, 2024, with a final report provided by May 31, 2025.

Best Practices for Future Program Design (Recommendations 3 and 4)

The House of Commons Standing Committee on Public Accounts made the following recommendations:

Recommendation 3: That, by 31 December 2021, the Canada Revenue Agency provide the House of Commons Standing Committee on Public Accounts with a report on its assessment of the Canada Emergency Response Benefit.

Recommendation 4: That, by 30 June 2022, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report on its assessment of the Canada Emergency Response Benefit.

In extraordinary circumstances, the Government quickly designed and rolled out an emergency benefit that provided much needed help to 8.9 million affected workers to meet their financial obligations, thereby enabling Canadians to stay home to reduce the transmission of COVID-19 and avoid overwhelming the country's health care system. The Government also continued to perform analysis after the benefit was introduced and made subsequent adjustments, such as allowing Canadians to earn some work income while receiving the benefit.

With respect to Recommendation 3, the CRA agrees and has conducted an assessment of the delivery of the CERB. This will allow the Agency to identify best practices, lessons learned, and to determine if functionality and processes could be leveraged in a future urgency or crisis. As a

result of the 2021 dissolution of Parliament, the Government was unable to provide the CRA assessment report with the completed analysis by the Committee's requested date of December 31, 2021. The emergence of the new Omicron variant added delays to fulfilling the request and the Government provided the CRA CERB formal assessment on March 31, 2022.

As per Recommendation 4 of the Committee, ESDC has begun an assessment of the CERB. This will allow ESDC to inform the design and delivery of future government emergency response and recovery benefits, which could be leveraged in a future urgency or crisis. The necessary program responses to ensure continued supports to workers affected by the emergence of the Omicron variant impacted the timing to ESDC's work on the assessment, as the Department continues to deliver on essential supports to Canadians during the ongoing COVID-19 pandemic. As such, ESDC will make the report available to the committee on November 30, 2022, rather than the requested date of June 30, 2022.

The Government of Canada thanks the Standing Committee on Public Accounts for its work. The recommendations provided in the Report will be taken under advisement as the Government seeks to improve its programs and service delivery for Canadians. We look forward to future discussions with the Committee when our reports are completed.

Yours sincerely,



The Honourable Carla Qualtrough, P.C., M.P.
Minister of Employment, Workforce
Development And Disability Inclusion