



HOUSE OF COMMONS
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CANADA

REGIONAL RELIEF AND RECOVERY FUND

Report of the Standing Committee on Public Accounts

John Williamson, Chair

JUNE 2022
44th PARLIAMENT, 1st SESSION

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**John Williamson
Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

SEVENTEENTH REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 14, Regional Relief and Recovery Fund, of the 2021 Reports of the Auditor General of Canada and has agreed to report the following:



REGIONAL RELIEF AND RECOVERY FUND

KEY FINDINGS OF THE AUDITOR GENERAL OF CANADA

- The Regional Relief and Recovery Fund (RRRF) was successful at providing last-resort assistance to thousands of businesses and organizations affected by the COVID 19 pandemic.
- Using the model of existing programs allowed agencies to deliver the RRRF quickly.
- Management of the program was weakened by a lack of efficiency, fairness, and transparency that may have resulted from the efforts to administer the program quickly.
- The full impact of the program will not be known for a few years. In particular, the impact on jobs maintained will be difficult to measure, notably because of the poor quality of data reported.¹

1 Office of the Auditor General of Canada (OAG), Regional Relief and Recovery Fund, Report 14 of the 2021 Reports of the Auditor General of Canada, [At a Glance](#), Our findings.



SUMMARY OF THE COMMITTEE'S RECOMMENDATIONS AND TIMELINES

Recommendation	Recommended Measure	Timeline
Recommendation 1	The Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Northern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the Canadian Northern Economic Development Agency (hereafter, the regional development agencies) should provide the House of Commons Standing Committee on Public Accounts with a joint progress report regarding the targets for support to under-represented groups. These targets should be set for each of the five COVID-19 recovery programs announced in Budget 2021, namely, the Canada Community Revitalization Fund, Tourism Relief Fund, Jobs and Growth Fund, Major Festivals and Events Support Initiative, and Aerospace Regional Recovery Initiative. A final joint report on whether these targets were met in 2022–2023 should also be provided.	31 December 2022 31 May 2023

Recommendation	Recommended Measure	Timeline
Recommendation 2	The regional development agencies should provide the Committee with a joint report regarding the progress made toward improved coordination, fairness and transparency in delivering the five COVID-19 recovery programs announced in Budget 2021, namely, the Canada Community Revitalization Fund, Tourism Relief Fund, Jobs and Growth Fund, Major Festivals and Events Support Initiative, and Aerospace Regional Recovery Initiative.	31 May 2023
Recommendation 3	The regional development agencies should provide the Committee with a joint report regarding the steps taken to ensure that program results reporting is harmonized and accurate, while taking care to adequately reflect the distinct needs and realities of the regions where they operate.	31 May 2023
Recommendation 4	The regional development agencies should provide the Committee with a joint report with the following information: 1) the number of files from recipients who were deemed ineligible or who had amounts that were deemed ineligible after the fact; 2) the amounts repaid for this reason; and 3) the measures taken to encourage repayment. Reports on the default rate for repayable loans should also be provided.	31 May 2023 Default rates: 30 June 2024 31 December 2024 30 June 2025 31 December 2025

INTRODUCTION

A. Background

On 9 December 2021, the reports of the Auditor General of Canada were tabled in the House of Commons and referred to the House of Commons Standing Committee on



Public Accounts (the Committee) for consideration.² One of these audit reports was entitled “Regional Relief and Recovery Fund.” This committee report summarizes the Office of the Auditor General (OAG) report and sets out the Committee’s recommendations to the audited organizations.

B. Audit Parameters

The main parameters of the OAG’s performance audit are summarized in Table 1.

Table 1 – Audit Parameters

Audited organizations	<p>Innovation, Science and Economic Development Canada (ISED), which was responsible for the Federal Economic Development Initiative for Northern Ontario (FedNor) during the audit period. In August 2021, FedNor became an independent agency called the Federal Economic Development Agency for Northern Ontario. Western Economic Diversification Canada (WD), which was split in two following the audit period (in August 2021): Prairies Economic Development Canada (PrairiesCan) and Pacific Economic Development Canada (PacifiCan). The Federal Economic Development Agency for Southern Ontario (FedDev Ontario).</p>
Audit objective	To determine whether FedNor, WD and FedDev Ontario designed, delivered and managed the RRRF effectively and efficiently to support businesses and organizations during the pandemic and reported on the program’s results.
Audit period	The audit conclusion applies to the period from 15 March 2020 to 30 June 2021.

Source: Office of the Auditor General of Canada, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada.

C. Regional Relief and Recovery Fund

A description of the RRRF is provided in Table 2.

² House of Commons, [Journals](#), 9 December 2021.

Table 2 – Description of the Regional Relief and Recovery Fund

Program objective	To provide financial support to businesses that were not eligible for other federal pandemic support programs or emergency funding or that required additional assistance by covering eligible expenses incurred in any period between 15 March 2020 and 30 September 2021.
Eligibility for financial support	<p>To be eligible for support under the program, applicants had to be incorporated businesses under federal or provincial law and engaged in commercial activities, or be a chamber of commerce, business or sector association or other economic development organization. Business applicants had to meet the following criteria:</p> <ul style="list-style-type: none"> • have between 1 and 499 full-time equivalent employees; • have been in operation before March 2020 and intend to continue operations; • be financially viable; • have suffered financially as a result of the COVID-19 pandemic; • have applied for other federal COVID-19 relief programs but been determined to be ineligible or been provided with amounts that did not fully cover their needs; and • have an active business chequing account.
Stream 1	<p>Under stream 1, financial assistance was delivered by the regional development agencies through three sub-streams:</p> <ul style="list-style-type: none"> • Sub-stream 1: conditionally repayable contributions of up to \$60,000, of which a maximum of \$20,000 could be forgiven if the contribution was repaid by 31 December 2022. • Sub-stream 2: unconditionally repayable contributions of up to \$1 million, which must be repaid in full, with no forgiveness possible. • Sub-stream 3: non-repayable contributions to support business liquidity or services, or to be provided to third parties and redistributed to other beneficiaries (non-repayable contributions or conditionally repayable loans). The third parties involved were mainly organizations that had been invited by the agencies to submit an application rather than organizations chosen through an open application process, as was the case for sub-streams 1 and 2.
Stream 2	Stream 2 consisted of non-repayable contributions to CFDCs, or community futures development corporations. These organizations redistributed the funds to small businesses in rural areas in the form of conditionally repayable loans of up to \$60,000, on terms similar to those the agencies used to deliver funding (stream 1, sub-stream 1).

Note: CFDCs and business development centres are economic development centres funded by the regional development agencies. There are 268 in Canada. See [Community Futures Network of Canada](#).

Source: Office of the Auditor General of Canada, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada.



D. Meeting of the Standing Committee on Public Accounts

On 7 April 2022, the Committee held a meeting on the OAG report, with the following individuals in attendance:

OAG – Karen Hogan, Auditor General of Canada; Philippe LeGoff, Principal; and Lucie Després, Director

FedNor – Manon Brassard, Interim President, and Lucie Perreault, Director of Programs

FedDev Ontario – Chris Padfield, Acting Deputy Minister, and Linda Cousineau, Vice President, Business Innovation and Community Development

PrairiesCan – Dylan Jones, Interim Deputy Minister, PrairiesCan, and President, PacifiCan; Hicham Aitelmaalem, Director General; and Sundeep Cheerma, Chief Financial Officer³

FINDINGS AND RECOMMENDATIONS

A. Development and Delivery

1. Mitigation of financial pressures on funding recipients

The RRRF had the following objectives:

- 1) help businesses and organizations mitigate the effects of the COVID-19 pandemic;
- 2) address the gaps left by other COVID-19 economic relief programs; and
- 3) provide assistance tailored to regional priorities.⁴

3 House of Commons, Standing Committee on Public Accounts, *Minutes of Proceedings*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#).

4 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.22.

a) Attention to gaps, needs and priorities in the program's design

According to the OAG, the program was designed for businesses and organizations that were not eligible for other federal COVID-19 financial support programs, such as the Canada Emergency Business Account, the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy.⁵

The agencies determined which sectors needed support in their region and designed the program to meet these needs. Some agencies set priorities based on the challenges facing businesses in their region.⁶

During the hearing, the officials from the various regional development agencies provided examples of ways that they delivered assistance to businesses. Dylan Jones, Interim Deputy Minister at PrairiesCan and President of PacifiCan, and an official with the former WD agency, gave the following example:

We were able to help the Tunnels of Moose Jaw to retain staff, renovate and prepare for when the attraction could reopen. The reduced risk of permanent closure kept key employees of this year-round tourist attraction working, but also hopeful. I have to say, I really felt like we were in the hope business throughout this crisis.⁷

Chris Padfield, Acting Deputy Minister of FedDev Ontario, did the same for his agency:

There is a really interesting company here in Ottawa that was a great example of this. It's called Hippie Mylk. It's a non-dairy, plant-based milk company. It was able to go from being a farmers' market-based company—of course, all the farmers' markets were closed during the pandemic—to being an online business. It is now an online/delivery business. It actually increased its revenues, thanks to the digital main street program that we were able to develop with our partnerships across the region.⁸

Lastly, Manon Brassard, Interim President of FedNor, spoke more generally about the sectors that were affected by the pandemic and helped by her agency:

While the tourism industry was perhaps the most hard-hit sector, it was not the only one. As a result, there was significant demand for support through the RRRF from the

5 Ibid., para. 14.26.

6 Ibid., para. 14.27.

7 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1105.

8 Ibid., 1130.



manufacturing sector and businesses engaged in agriculture, forestry, hunting and fishing, all of which were significantly impacted.⁹

b) Missed opportunity to promote the Sustainable Development Goals and gender-based analysis plus

The OAG found that the RRRF “did not sufficiently prioritize the United Nations’ Sustainable Development Goals and gender-based analysis plus [GBA+].”¹⁰ For example, “the agencies did not establish a specific target for the proportion or value of contributions to be provided in support of under-represented groups.”¹¹ Karen Hogan, Auditor General of Canada, remarked that, while the agencies collected information that let applicants identify themselves as members of an under-represented group, “it was rarely used to inform decision-making.”¹²

Consequently, the OAG made the following recommendation:

For future programs, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the other regional development agencies should establish targeted levels of support for under-represented groups and ensure that information collected is used to inform decision making.¹³

According to their detailed action plan, the “audited Regional Development Agencies will continue to look for ways to better support under-represented groups in new and existing programming. This includes the application of GBA+ analyses in the

9 Ibid., 1115.

10 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.22 and [Definitions](#). Gender-based analysis plus [(GBA+)] is an analytical process used to determine how different groups of women, men and gender-diverse people may experience policies, programs and initiatives. The “plus” in the term recognizes that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age and mental or physical ability.

11 Ibid., para. 14.31.

12 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1145.

13 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.32.

development and delivery of new pandemic economic recovery initiatives under Budget 2021.”¹⁴

The Committee would like to ensure that, for recently announced and future programs, the regional development agencies set targets for the levels of support they provide to under-represented groups and gather information to monitor whether these targets are met. The Committee therefore recommends:

Recommendation 1 – On the setting of targets for support to under-represented groups

That, by 31 December 2022, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the Canadian Northern Economic Development Agency submit a joint progress report to the House of Commons Standing Committee on Public Accounts regarding the targets for support to under-represented groups. These targets should be set for each of the five COVID-19 recovery programs announced in Budget 2021, namely, the Canada Community Revitalization Fund, Tourism Relief Fund, Jobs and Growth Fund, Major Festivals and Events Support Initiative, and Aerospace Regional Recovery Initiative. In addition, a final joint report on whether these targets were met in 2022–2023 should be submitted by 31 May 2023.

2. Rapid delivery of the Regional Relief and Recovery Fund

The OAG reported that “the regional development agencies were able to roll out the Regional Relief and Recovery Fund quickly because they leveraged their experience and knowledge and the systems and processes they used in delivering already existing programs.”¹⁵

The agencies made use of the Community Futures Network of Canada, drawing on their experience and knowledge of local businesses to quickly distribute financial assistance in rural communities. In addition, consistent with the terms of the Community Futures Program, the agencies relied on the existing controls of community futures development corporations to assess applications, distribute funds, monitor compliance and collect

14 Federal Economic Development Agency for Southern Ontario (FedDev Ontario), Federal Economic Development Agency for Northern Ontario (FedNor), Prairies Economic Development Canada (PrairiesCan) and Pacific Economic Development Canada (PacifiCan), [Detailed Action Plan](#), p. 1.

15 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.38.



loans due for repayment. The contribution agreements authorized the agencies to implement additional control processes if they felt the need to do so.¹⁶ Chris Padfield described the program’s implementation as follows:

We were able to put in a digital system that allowed us to integrate some controls into it, to make sure that we didn’t see duplications of bank accounts or business numbers. We were able to bring in that digital system to be able to move forward quickly and make sure we were putting the kinds of controls in place that were needed to ensure that we weren’t funding folks who shouldn’t be funded by the agency through the course of this activity.¹⁷

The OAG did not make a recommendation on this aspect of the program.

3. Weaknesses in program management

The OAG found that the efficiency of this national program was hurt by inconsistencies in the information requested and the various regional development agencies’ assessment processes. Businesses and organizations that applied from different parts of the country faced different requirements because of the agencies’ divergent approaches to implementing the RRRF, which also negatively affected program fairness. These issues may have been due to the program’s rapid roll-out.¹⁸ The OAG acknowledged that approaches might have varied because of regional differences, but it would have expected to find certain common elements that promote fairness.¹⁹

The OAG also found that one “agency identified and invited only certain organizations to apply for funding, and it approved all proposals from the invited organizations.”²⁰ In response, Dylan Jones, of PrairiesCan and PacifiCan, offered the following explanation:

I take the point that’s been raised here, but it wasn’t that we decided who we weren’t going to talk to. We basically reached out to everyone we thought might possibly be

16 Ibid., paras. 14.40 and 14.41.

17 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1215.

18 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.42.

19 Ibid., para. 14.43.

20 Ibid., para. 14.53.

able to help. People like that process, because they know they're not wasting their time trying to put in a bid and then having to eat the cost if it's unsuccessful.²¹

As a result, the OAG issued this recommendation:

To foster greater compliance with transfer payment policies and ensure efficiency, fairness, and transparency in delivering future programs, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, and Pacific Economic Development Canada, along with the other regional development agencies, should ensure

- a common approach to program delivery and to assessment and approval of funding requests;
- an open and transparent application process for all funding.²²

Karen Hogan explained this recommendation as follows:

When a decision is made on a policy, the government is expected to adhere to that policy in implementing the program. In this case, there were very clear eligibility criteria. However, we found that these criteria were not consistently applied by all regional development agencies.

Later, the focus can shift to the priorities and realities that are specific to each region.

This is the aspect of the policy that was not followed, which led to our recommendation, but the regional development agencies don't fully agree with us.²³

The audited regional development agencies “partially” agreed with the recommendation, noting that they “do not agree that common delivery of funding programs is appropriate in all instances. Regional development agencies were expressly established to be place-based and reflective of the region they operate in and deliver national programs such as the Regional Relief and Recovery Fund in a nationally coordinated, regionally tailored fashion.”²⁴

21 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1225.

22 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.55.

23 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1230.

24 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.55.



In their action plan, the agencies stated that they would create special teams for the five new COVID-19 recovery programs announced in Budget 2021 (see Recommendation 1) to “nationally coordinate and monitor program implementation while meeting the specific needs of respective regions.”²⁵ This action is expected to be completed by March 2023.

The Committee therefore recommends:

Recommendation 2 – On the coordination of program delivery

That, by 31 May 2023, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the Canadian Northern Economic Development Agency submit a joint report to the House of Commons Standing Committee on Public Accounts regarding the progress made toward improved coordination, fairness and transparency in delivering the five COVID-19 recovery programs announced in Budget 2021, namely, the Canada Community Revitalization Fund, Tourism Relief Fund, Jobs and Growth Fund, Major Festivals and Events Support Initiative, and Aerospace Regional Recovery Initiative.

B. Achievement of Objectives and Results Reporting

Treasury Board policy provides that parliamentarians and the public should have access to clear, useful and transparent information on the results that federal departments and agencies achieve. For an organization to report on its results relative to program objectives, it needs to have accurate data.²⁶

1. Reported results contained inaccurate information

In late July 2021, the RRRF appeared to have nearly reached its target of awarding 25% of its total funding to the tourism sector. However, the secretariat that was coordinating reporting was using inaccurate information to assess this outcome.²⁷

25 FedDev Ontario, FedNor, PrairiesCan and PacifiCan, [Detailed Action Plan](#), p. 2.

26 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.56.

27 Ibid., para. 14.58.

a) Inaccuracies in reported data

The OAG reported that “each regional development agency had its own administration and systems for collecting information on the results of the Regional Relief and Recovery Fund.”²⁸ In addition, it “found contradictions in some data transmitted to the secretariat from week to week.”²⁹ Moreover, the agencies “had different ways of classifying businesses and organizations as being in the tourism sector, which was targeted to receive at least 25% of the total program funding.”³⁰

b) Unreliable figures for the number of jobs maintained

The OAG could not confirm the accuracy of the reported number of jobs maintained, which was based on information provided by businesses in their funding applications. The figures on jobs maintained were not verified, so they were subject to error and subjectivity.³¹ The OAG found a number of cases showing the potential for overstatement in reports on the number of jobs maintained. For instance, the three agencies approved applications stating that the number of jobs maintained was higher than the number of reported employees.³² Karen Hogan added that the employment results had been overstated.³³

Chris Padfield responded with the following explanation:

I think there were a few one-off discrepancies in that regard, but I think there’s a multi-stage process for reassessing those job numbers, and it’s important to understand that within the program, the job numbers weren’t actually an indicator used to choose which projects were or were not funded. They were indicators of the outcome afterwards. There are two stages to calculating the number of jobs. There are initial assessments from the companies, and then, as we close out files, they’re further evaluated.³⁴

The OAG therefore made the following recommendation:

28 Ibid., para. 14.63.

29 Ibid., para. 14.64.

30 Ibid., para. 14.65.

31 Ibid., para. 14.59.

32 Ibid., para. 14.67.

33 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1125.

34 Ibid.



For future funding programs, Innovation, Science and Economic Development Canada, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, and Pacific Economic Development Canada, as well as other regional development agencies, should review and harmonize their processes to accurately report on program outcomes.³⁵

In their detailed action plan, the agencies stated that they would “take additional steps to enhance the accuracy of performance indicators and data gathered including regular collaboration to improve methodologies for indicators, development of tools for staff, and continued enhancements to data collection.”³⁶ These steps are expected to be completed by March 2023.

The Committee therefore recommends:

Recommendation 3 – On the accuracy of program results reporting

That, by 31 May 2023, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the Canadian Northern Economic Development Agency submit a joint report to the House of Commons Standing Committee on Public Accounts regarding the steps taken to ensure that program results reporting is harmonized and accurate, while taking care to adequately reflect the distinct needs and realities of the regions where they operate.

2. The agencies faced uncertainty regarding contribution repayments and post-payment activities

According to the OAG, “the regional development agencies expected that the default rate for repayable contributions under the Regional Relief and Recovery Fund would range from 25% to 42%. This estimate was higher than the default rates expected for other programs that the agencies managed.”³⁷

Karen Hogan outlined the issue of ineligible expenses as follows:

35 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.68.

36 FedDev Ontario, FedNor, PrairiesCan and PacifiCan, [Detailed Action Plan](#), p. 3.

37 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.69.

We extrapolated the elements that we thought should not have been paid—the ineligible expenses—and we found 25 cases, for a total dollar value of \$2.9 million.... When you extrapolate, because our sampling was representative across just the three regional development agencies, it could, if the incidence of occurrence remains the same, be up to approximately \$55 million. However, again, there were so many different methods of looking at applications across all the regional development agencies that it was impossible for us to extrapolate across all the regional development agencies. This really does relate to the three that we looked at.³⁸

The OAG further noted that, “in view of the high risk of default, the agencies took steps to access the resources necessary to manage the process of collecting repayments from recipients.”³⁹

The OAG made no recommendation on this aspect of the audit; however, the Committee believes it would be useful to follow up on the recovery of the ineligible expenses. It therefore recommends:

Recommendation 4 – On the ineligible expenses paid under the Regional Relief and Recovery Fund and loan repayment

That, by 31 May 2023, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, the Federal Economic Development Agency for Northern Ontario, the Federal Economic Development Agency for Southern Ontario, Prairies Economic Development Canada, Pacific Economic Development Canada, and the Canadian Northern Economic Development Agency submit a joint report to the House of Commons Standing Committee on Public Accounts with the following information: 1) the number of files from recipients who were deemed ineligible or who had amounts that were deemed ineligible after the fact; 2) the amounts repaid for this reason; and 3) the measures taken to encourage repayment. In addition, reports on the default rate for repayable loans should be submitted by 30 June 2024, 31 December 2024, 30 June 2025 and 31 December 2025.

CONCLUSION

The Committee found that the OAG concluded the following:

38 House of Commons, Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 7 April 2022, [Meeting No. 14](#), 1200.

39 OAG, [Regional Relief and Recovery Fund](#), Report 14 of the 2021 Reports of the Auditor General of Canada, para. 14.69.



- the regional development agencies and Innovation, Science and Economic Development Canada quickly designed and delivered the Regional Relief and Recovery Fund to mitigate financial pressures on businesses and organizations affected by the COVID-19 pandemic. The department and the agencies succeeded in this endeavour by drawing on the model of their existing programs and relying on information from applicants;
- several weaknesses in program management reduced its efficiency, fairness and transparency, possibly as a result of the program's rapid roll-out. These weaknesses affected the regional development agencies' ability to mitigate risks and ensure compliance with government policies and requirements; and
- although the regional development agencies had put some reporting mechanisms in place, these mechanisms did not ensure accurate reporting on program outcomes.

Accordingly, the Committee has made four recommendations to ensure that the OAG's recommendations are adequately implemented and that the regional development agencies provide evidence of this implementation to the Committee through progress reports. These recommendations relate to the setting of targets for levels of support to under-represented groups, the adoption of practices to ensure programs are efficient, effective and fair, the harmonization of processes to produce accurate results reporting, and follow-up work on ineligible expenses paid and loan repayment.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Federal Economic Development Agency for Northern Ontario Manon Brassard, Interim President Lucie Perreault, Director of Programs	2022/04/07	14
Federal Economic Development Agency for Southern Ontario Linda Cousineau, Vice President, Business Innovation and Community Development Chris Padfield, Acting Deputy Minister	2022/04/07	14
Office of the Auditor General Lucie Després, Director Karen Hogan, Auditor General of Canada Philippe Le Goff, Principal	2022/04/07	14
Prairies Economic Development Canada Hicham Aitelmaalem, Director General Sundeep Cheema, Chief Financial Officer Dylan Jones, Interim Deputy Minister, Prairies Economic Development Canada, President, Pacific Economic Development Canada	2022/04/07	14

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 14 and 21](#)) is tabled.

Respectfully submitted,

John Williamson, M.P.
Chair

