

REVIEW OF:

Early COVID-19 Emergency Support Programs

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Executive Summary

In December 2019, a contagious coronavirus was discovered in Wuhan, China that would later be named COVID-19. In most cases, it caused various respiratory symptoms and was transferred through close or direct contact. In January 2020, the first cases of COVID-19 were identified in Canada. As case counts increased, governments across Canada responded to reduce the spread. On March 11, 2020 in response to the growing number of infections worldwide, the World Health Organization declared COVID-19 a pandemic; and locally, on March 17, 2020, the Government of British Columbia (Government or Province) declared a state of emergency. As part of its response, the Province began instigating a series of health and safety protocols including physical distancing, travel restrictions and the temporary closure of businesses, schools and community organizations.

As part of its initial response, the Province announced a \$5 billion Action Plan and began implementing a number of programs designed to provide financial support to businesses, communities and vulnerable populations and to help address the impacts from the COVID-19 pandemic (the pandemic). These emergency relief measures were planned and delivered under extraordinary circumstances due to the efforts made by the entire British Columbia public service. The impacts of the pandemic and related health and safety protocols were felt immediately and as a result, there was a pressing need to deliver support across British Columbia on a significantly condensed timeline.

Internal Audit & Advisory Services, Ministry of Finance, conducted a review of four emergency support programs (the Programs), selected from the Province's relief measures approved before June 30, 2020, including:

- **Temporary COVID-19 Crisis Supplement:** in April 2020 the Ministry of Social Development and Poverty Reduction announced a monthly supplement for their existing vulnerable clients (initial funding approval up to \$372 million).
- **Temporary Emergency Funding:** in April 2020 the Ministry of Children and Family Development initiated a monthly support payment for eligible childcare providers (initial funding approval up to \$254 million).
- **Canada Emergency Commercial Rent Assistance:** in April 2020 the Government of Canada announced forgivable loans to eligible commercial landlords to offset rental reductions with tenants. This program was managed by the Government of Canada but was supported within British Columbia by the Ministry of Finance (initial funding approval up to \$79 million).

- **Community Destination Marketing Organizations COVID-19 Relief Funding:** in May 2020 the Ministry of Tourism, Arts, Culture and Sport announced grants to support community based not-for-profit organizations reliant on tourism revenues (initial funding approval up to \$10 million).

In order to address these urgent and emerging needs, the Province had to develop and adapt systems and processes to quickly implement programs and deliver funding. In this environment, the time required to develop detailed plans and controls had to be balanced against the needs of British Columbians. As a result, there may have been gaps in the design and delivery of such programs. We considered how the following key aspects of Programs were designed and delivered:



Generally, we found that the four ministries reasonably contemplated these key aspects in the design and delivery of their Programs considering the rapidly evolving environment and unknown impact of the pandemic. While some gaps in both areas were identified, the use of existing systems and controls, stakeholder knowledge, clear reporting lines, and collaboration allowed the ministries to reduce risks to Program objectives.

In addition to the successes, we also identified areas of consideration for ministries to support future programs that may need to be delivered under expedited circumstances. These include the following broad themes for consideration:

- Designing grants and funding agreements to allow for modifications to address emerging needs and new information. This requires ministries to actively monitor their programs and ensure they are receiving sufficient information to make those assessments.
- Developing controls to address the risk that program funds may not be distributed or used as intended. This requires clear stipulations as to eligibility and use of funds, as well as audit clauses.
- Considering the limitations of outdated systems on program delivery, including whether they can quickly and easily adapt to changing circumstances.

- Coordinating services within the Province and leveraging information across various levels of government to streamline processes and minimize risks.

While this review focused on the delivery of four emergency funding programs, this report has relevance across all of Government. We encourage other ministries to review their processes, conduct their own lessons learned and consider those identified in this report. These takeaways can be used to improve the quality and efficiency of future programs that are required to be developed and delivered in an expedited manner.

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We would like to thank all Ministry staff who participated in and contributed to this review, for their cooperation and assistance. Furthermore, we would like to thank the British Columbia public service for its hard work, adaptability and continued professionalism in serving its citizens through this challenging time.



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Introduction

The emergence of the COVID-19 pandemic (the pandemic) in British Columbia in early 2020 required the Government of British Columbia (Government or Province) to respond to the needs of citizens and businesses from both a health and safety and economic perspective. On March 17, 2020, in response to the growing threat of the pandemic, the Province declared a state of emergency. This was followed by a series of additional social and economic measures and restrictions in order to stem the transmission rates, including temporarily closing non-essential businesses, establishing workplace guidelines, and restricting public gatherings.

These restrictions impacted businesses, communities, and vulnerable populations across the Province. Emergency support programs have been implemented by the Government to respond to these needs, including many within the first quarter of fiscal 2021 as part of the Province's \$5 billion COVID-19 Action Plan. The Government provided a series of relief measures through income supports, tax relief and direct funding. These funds were allocated for individuals and households, critical services, businesses, and industry.

The pandemic required the Government to expediently plan and implement support programs, all while continuing to fulfil normal operations to ensure vital services for the people of British Columbia. At the same time, other jurisdictions and levels of government across Canada made similar efforts to provide support during the pandemic and subsequent efforts for economic recovery. This required the Province to identify and assess other support programs available to British Columbians to determine if any duplication or gaps in supports existed. This unique circumstance increased the need for accountability procedures through reporting and monitoring. With the expedition of programs, there is a risk that there may be gaps in the design and delivery of supports, including related controls.

As many of these supports wind down, it is important to look back at the successes and challenges faced, to assist in improving the Province's ability to quickly deliver programs in the future. Internal Audit & Advisory Services conducted a review of four emergency support programs selected from the Province's relief measures approved before June 30, 2020.

Purpose, Scope and Approach

To help the Government improve its overall response readiness in the future, we conducted a cross-government review to examine a selection of COVID-19 emergency supports. Figure 1 below shows the selected programs and the amount of funding approved by Treasury Board prior to June 30, 2020.

Figure 1: Emergency Support Programs

Temporary COVID-19 Crisis Supplement	<ul style="list-style-type: none">•Ministry of Social Development and Poverty Reduction•Up to \$372 million
Temporary Emergency Funding	<ul style="list-style-type: none">•Ministry of Children and Family Development•Up to \$254 million
Canada Emergency Commercial Rent Assistance	<ul style="list-style-type: none">•Ministry of Finance, in partnership with the Government of Canada•Up to \$79 million (provincial share)
Community Destination Marketing Organizations COVID-19 Relief Funding	<ul style="list-style-type: none">•Ministry of Tourism, Arts, Culture and Sport•Up to \$10 million

The above programs (collectively referred to as the Programs) were reviewed as they represented a wide range of pandemic emergency relief measures delivered by four ministries (collectively referred to as the Ministries). The Programs supported various types of recipients, such as individuals, not-for-profits, and businesses and provided funding through different types of arrangements, such as applications, grants and cost-sharing agreements. Together, the Programs totalled \$715 million of \$2.1 billion (34%) of the emergency relief measures approved in the first quarter of 2020-21.

We assessed the execution of the Programs in the context of the urgency required to provide support. This included understanding any significant challenges, identifying potential improvements and good practises, and providing considerations to improve future response.

We gained an understanding of each Program, to determine how each Ministry:

- determined eligibility, forecasted the financial requirements and communicated with stakeholders;
- developed and executed an implementation plan, including controls to reduce the risk of inappropriate payments;
- monitored and reported on the ministry's delivery of funding and its use by recipients, where applicable; and
- captured lessons learned and identified areas of improvement for future events.

We conducted this review through:

- interviewing staff to understand program objectives, approvals, internal controls and roles and responsibilities;
- reviewing relevant policies, agreements, proposals, reporting, and supporting documentation;
- evaluating internal procedures and controls; and
- assessing monitoring and oversight processes.

This review was conducted by Internal Audit & Advisory Services, Ministry of Finance, and fieldwork was completed in June 2021. We met with each of the Ministries to discuss the specific findings of our work. This report consolidates those findings.

While this review focused on four sampled emergency support programs, this report has relevance across all of Government.

Given the unique nature of the pandemic and temporary nature of these Programs, this report does not provide ministry-specific recommendations.



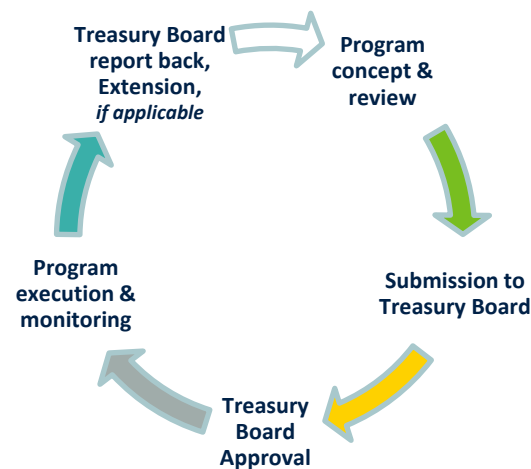
In this report, we have provided takeaways for future consideration based on the good practices and challenges identified from our review. These takeaways were drawn from the general results of the review and may not be applicable to each of the sample Programs.

While this review focussed on four sampled emergency support programs, the purpose of the takeaways in this report is to support the Government's response in similar circumstances in the future. We therefore encourage other government organizations to review their processes and consider the takeaways identified in this report for future work.

1.0 Background

When ministries wish to develop new, or make significant changes to existing programs, they are required to submit a program proposal and seek Treasury Board approval as part of government policy. Treasury Board is the Cabinet Committee responsible for the overall fiscal management of the Government's resources, including establishing financial management policy, and reviewing and approving the Government spending initiatives. Treasury Board Staff supports Treasury Board by providing them and the Minister of Finance with analysis and advice. This includes critical review of the financial and economic impacts of new program proposals; as well as developing and monitoring the Government's overall fiscal plans. A high-level overview of the approval and reporting process is described in figure 2, below:

Figure 2: Standard Program Approval and Reporting Process



The Province quickly instituted a number of emergency support programs in the first quarter of fiscal 2020-21. This section provides a brief overview and timeline of the four programs reviewed for this report.

1.1 Temporary COVID-19 Crisis Supplement

The Ministry of Social Development and Poverty Reduction (SDPR) focuses on reducing poverty, creating opportunities and supporting vulnerable clients. SDPR's clients have incomes below the poverty line and the pandemic increased the challenges and barriers already faced by this population, including disruptions to the supports they rely upon, such as food banks and other community programs.

In response, SDPR created a monthly \$300 Temporary COVID-19 Crisis Supplement (Crisis Supplement) designed to support vulnerable British Columbians. Qualifying recipients included approximately 200,000 clients who receive Income or Disability Assistance and nearly 60,000 individuals who receive the Senior's Supplement.¹ Individuals received the Crisis Supplement through a temporary addition to their monthly income support cheques.

The Crisis Supplement was approved by Treasury Board on March 27, 2020 and announced to the public April 2020. It was first delivered between April and June 2020 and subsequently extended through to December 2020.² In total, \$630 million in support was provided through the Crisis Supplement.

1.2 Temporary Emergency Funding

The Ministry of Children and Family Development (MCFD) supports children, youth and families throughout the Province. As of March 18, 2020, the Provincial Health Officer advised that some childcare providers should remain operational to provide services to essential service staff and parents who were unable to keep their children at home.

Providers that closed still needed to pay for their fixed costs such as rent, insurance and basic utilities in order to support their eventual reopening. Providers that remained open also incurred wages, supplies and other incremental costs associated with the pandemic such as masks and additional cleaning. A significant number of parents kept their children at home, therefore the providers who remained open also encountered reductions in their revenues. To address these challenges, MCFD created the Temporary Emergency Funding (TEF) program. For those providers who decided or were required to close, funding was provided to help ensure they would be able to eventually reopen. Additional funding was provided to those who remained open to help promote MCFD's goal of ensuring childcare was available to those parents, including essential service workers, who could not keep their children at home.

¹ The Senior's Supplement is a provincial top-up to the federal Old Age Security/Guaranteed Income Supplement payment. The Senior's Supplement provides for a minimum income level for BC residents and is paid to low-income residents who are ages 65 years or older and are receiving the above federal benefits.

² From January to March 2021 SDPR clients received a \$150 per month recovery supplement. In April 2021, permanent rate increases were introduced to each of the Income Assistance, Disability Assistance and Senior's Supplement supports.

To apply for the TEF program, providers needed to be part of the Child Care Operating Funding (CCOF) program. The TEF payments were based on the CCOF rates they would typically receive. Providers who remained open received seven times their average CCOF Base Funding, while providers that closed received two times their average CCOF Base Funding.

To help ensure the TEF also supported the needs of families, MCFD established additional requirements for participating providers, including:

- not charging fees to parents who withdrew their children temporarily;
- prioritizing spaces for the children of essential service workers; and
- making a reasonable effort to provide support for all families who require childcare.

Child Care Operating Funding is a pre-existing program with three components available for eligible licensed providers:

- CCOF Base Funding: to support day-to-day costs of running a licensed childcare facility.
- Child Care Fee Reduction Initiative: to help reduce fees for parents.
- Early Childhood Educator Wage Enhancement: to supplement educator wages.

MCFD subsequently stipulated that any TEF surplus from July to August 2020 was to be used to support Early Childhood Educators through temporary wage enhancements or professional development, or to reduce parent fees or expand service hours for providers who did not employ Early Childhood Educators.

The TEF was delivered via monthly payments through a modification of the CCOF Funding Agreement. The TEF was approved by Treasury Board on March 19, 2020. MCFD later requested and received approval for a final extension from July 1, 2020 to August 31, 2020. The TEF program distributed \$318 million to childcare providers; however, due to savings in other areas of childcare during this time, the net cost for MCFD was \$56 million.

1.3 Canada Emergency Commercial Rent Assistance

The Ministry of Finance (Finance) plays a central role in managing the Government's fiscal, financial and taxation policies, along with supporting federal and provincial fiscal arrangements. To support eligible small businesses affected by the pandemic, the Government of Canada (Federal Government), in partnership with the provinces and territories, created the Canada Emergency Commercial Rent Assistance program (CECRA).

The purpose of the CECRA was to provide forgivable loans to commercial landlords. CECRA's overall aim was to reduce tenants' rents by at least 75%. Under this program, forgivable loans covered 50% of the monthly rent, tenants paid up to a maximum of 25% and landlords waived the remaining amount. In order to be eligible for the CECRA program, landlords and tenants were required to jointly apply to the program and the following conditions were required to be met:

- ownership of a commercial property by the landlord which was rented by the tenant;
- a reported rental income on 2018 and/or 2019 tax returns;
- a rent reduction agreement which has underlying stipulations (e.g. a rental moratorium);
- the tenant must have experienced a drop in monthly revenue of at least 70% compared to the prior year and meet other financial thresholds; and
- attestations from all parties.

The program was administered through the Canada Mortgage and Housing Corporation and its service providers. The Federal Government alongside Canadian provinces provided the financial support for the CECRA through **Shared Cost Arrangements**.

Shared Cost Arrangements may include different levels of government that jointly share financial responsibility for specific costs of a project. These arrangements are under contract or formal written agreements to individuals, businesses, or other entities.

The policies and eligibility criteria for this program was established by the Federal Government, with the Province having limited ability to make adjustments or amendments. Additionally, the Canada Mortgage and Housing Corporation held responsibility for the administration of the program, its related processes or controls and the monitoring of recipients. As Finance remains accountable for the Province's share of funding, we focussed our assessment on its oversight responsibilities. This included how the key elements of the program design were understood and assessed and how program objectives were monitored.

The CECRA program was announced by the Federal Government in April 2020 and approved by Treasury Board on June 1, 2020. The funding was originally approved for the period of April to June 2020; with up to a total of \$79 million for the provincial share of costs. While the provincial cap was not increased, the CECRA was subsequently extended until the end of September 2020, with the ability to apply retroactively. As of the end of fieldwork, Finance had not received the final bill for the program but expects to incur the full \$79 million.

1.4 Community Destination Marketing Organizations COVID-19 Relief Funding

The Ministry of Tourism, Arts, Culture and Sport (TACS) supports growth in tourism, and integrates it with arts, culture and sport sectors in the Province. Travel restrictions had a significant impact on the tourism sector, including **Community Destination Marketing Organizations (CDMOs)**, which are heavily reliant on tourism revenues collected through the **Municipal and Regional District Tax (MRDT)** to fund tourism marketing, programs, projects, and basic operating costs.

The reduction of accommodation occupancy rates, and the corresponding decrease of the MRDT, had a dramatic impact on CDMO revenues and their operations.

In April 2020, TACS requested funding for eligible CDMOs to support their operations by covering critical staffing and operating costs for the period of May to October 2020. Eligible CDMOs included those located in MRDT-approved communities.

Of the nearly 100 CDMOs in British Columbia, a total of 61 participants in the MRDT program were eligible to receive a portion of the \$10 million funding. This funding was provided to CDMOs as a one-time grant and was proportionately allocated based on their historical costs.

Treasury Board approved the relief funding on April 29, 2020, with grants provided to 59 of the participants during May 2020, and subsequently to the remaining two once they were approved as MRDT participants.

Community Destination Marketing Organizations are not-for-profits which provide tourism planning and marketing support to B.C. communities and tourism stakeholders.

Municipal and Regional District Tax is a tax of up to 3% on the purchase of accommodation imposed in specific geographic areas of British Columbia. The tax assists CDMOs in funding tourism marketing, programs, projects, and basic operating costs. The MRDT program is jointly administered by Finance, TACS and Destination BC, a provincial crown corporation.

2.0 Program Design

Program design is the process of developing the key components necessary to deliver a program. This includes establishing primary objectives, roles and responsibilities, stakeholder engagement, the processes and systems necessary to support the program, and identifying and responding to factors that may impact the achievement of those objectives. The aspects of program design should be accompanied by reasonable documentation and supporting information so that all components and responsibilities can be clearly understood to support program delivery. An **implementation plan** can be an effective tool to support an organization in its program development and delivery.

An **implementation plan** helps ensure objectives are achieved by providing a clear outline of the key components and actions required to guide project delivery. The specific components of an implementation plan can be adapted to suit a program's needs.

Emergency supports introduced during the pandemic were developed and approved in an environment requiring a rapid distribution of funds. In this context, there may be instances where certain steps that may otherwise be taken, would have to be balanced against the need for an expedient program delivery.

We considered how Ministries designed their respective Programs. This included how Ministries supported their Programs through: needs identification; stakeholder engagement; risk and controls assessment; and, creation or adaptation of systems and processes to support timely delivery.

Figure 3: Key Aspects of Program Design



We found that despite the pressing circumstances, Programs incorporated most key elements. In most cases, recipients were part of pre-existing programs which helped Ministries define their population, identify needs, define eligibility and communicate with stakeholders. Ministries were also able to establish cost estimates using fixed caps or set well-defined cost ranges based on various scenarios. Programs were typically delivered using existing internal or third-party administrator processes and systems, which helped reduce the number of new risks and controls that needed to be considered. All Programs were supported by necessary approvals, within the Ministries and by Treasury Board. We noted that Treasury Board Staff provided critical analysis in their review of the Program proposals submitted to Treasury Board.

Within the design phase, we also identified opportunities for improvement. This includes building flexibility into program design so that Ministries can make changes based on evolving circumstances and needs. For some Ministries, the legacy systems they rely on could not support the desired processes and controls, which increases the risk and time associated with program delivery. In some cases, we did not observe planned responses to certain risks; often these were program or recipient risks related to the appropriate use of funds. Where Ministries provided support with expectations that recipients use funding for a particular purpose, there were opportunities to incorporate stipulations or provide clearer definitions on the required use of funds. Additionally, designing reporting requirements and monitoring activities to better assess compliance with these requirements could help reduce the risk that funds are used inappropriately.

Ministries should consider developing a streamlined implementation plan template to help prepare for any future programs that may need to be delivered in an expedited manner. This can be created proactively with outlines of the key components necessary for consideration under emergency circumstances. Where practical, ministries can use their own takeaways, as well as those from this report to prepopulate certain sections, increasing the future efficiency of its use. For example, this could include a stakeholder section that includes a communication strategy, prepopulated with the ministry's most common and critical stakeholders. Additionally, a risk assessment section could be created with sections to include consideration for new internal process risks, program risks and the ministry's planned response to each. Ideally, sections should outline who is responsible for each activity and the target timeline for completion.

2.1 Needs Assessment

The primary objective of a program is to respond to a significant underlying need or set of needs. This includes determining who requires support and should be eligible for the program, as well as an estimate of individual requirements, and the estimated cost to deliver the program. Funding initiatives should include a clear identification of the need and be supported by reasonable estimates or forecasts. In doing so, organizations can make informed funding decisions and ensure the justification for initiatives is supported by reliable information. We considered how Ministries determined the funding need and expected outcomes when developing their Programs.

Rationale and Criteria

Rationale and criteria form the basis for who the program should support and why. Funding programs are expected to be supported by a clear rationale and a defined population. We found that all Ministries determined that there was an urgent need for funding and that the Programs were generally well defined with established eligibility criteria that aligned with supporting the general need.

When the Programs were developed and approved, other support initiatives were concurrently being developed or implemented by the Province and the Federal Government. Where information was available, Ministries generally considered how various programs would overlap or impact the eligibility criteria and need of the recipients. However, it was difficult to estimate to what extent, if any, the various supports may overlap as they were developed concurrently. For example, at the outset of the Programs, eligibility for the Canada Emergency Response Benefit³ was established and could be factored into each Program's needs assessment. Conversely, eligibility for the Canada Emergency Wage Subsidy⁴ was not yet as clear, making it difficult for Ministries to understand how it may overlap with their Program's funding.

Ministries clearly identified the needs of their intended applicants and developed programs with eligibility criteria that were aligned with those needs. Establishing clear eligibility criteria can help mitigate the risk of program overlap by identifying explicit targeted funding areas which can be compared to other funding initiatives. It can also help Ministries estimate the Program's fiscal impact by providing greater certainty over the expected number of recipients and the amount of funding they will receive.

³ Provided by the Federal Government, the Canada Emergency Response Benefit provided financial support to eligible employed and self-employed Canadians.

⁴ Provided by the Federal Government, the Canada Emergency Wage Subsidy helped subsidize employee wages for eligible employers.



Given the evolving nature of the pandemic, recipient needs, and other program supports available, ministries should incorporate flexibility into their program design to ensure they can continually adapt to meet those changing and emerging needs. This includes developing agreements and policies in a way that allow for changes to the amount or specific purpose of funding, based on the changing environment.

Estimates

Where rationale and criteria help organizations identify general needs, estimates quantify those needs at an individual recipient level, and determine the overall fiscal impact. Funding initiatives should be supported by documented estimates and forecasts that are built upon reliable data which allow for greater overall funding accuracy in terms of alignment to intended outcomes.

Overall, Ministries supported their Programs with estimates or forecasts and in most cases were able to leverage detailed knowledge of the intended recipients to help inform their determination of individual needs. While these estimates were based on underlying data and assumptions, some key assumptions were not quantified or adequately documented. In these instances, Ministries may be unable to make ongoing assessments of whether Programs are meeting specific objectives.

To support the management of the Government's overall budget for emergency support, Ministries were required to make requests for funding based on the total estimated Program cost and underlying assumptions of need. Ministries used different strategies to manage the uncertainty presented by the pandemic, including the broader economic and societal impacts.

Some Ministries used caps to define the maximum amount to be distributed for the Program and other Ministries presented a range of potential costs based on key underlying variables. With an array of unknown factors, we found that some Ministries tended to be conservative in their initial assumptions and estimates of the overall fiscal impact to the Government. However, Ministries reviewed and revised their Programs' estimated fiscal cost as part of their reporting.



When developing programs, ministries should ensure they have quantified and documented the specific needs of their programs' population. This supports the establishment of the program's funding request and can help ministries continually evaluate whether their program is achieving its intended objectives.

2.2 Stakeholder Engagement

Identifying and engaging with stakeholders helps organizations to ensure that recipient needs have been considered and their feedback incorporated. Additionally, it provides answers and clarity over expectations and responsibilities. We considered how stakeholders were engaged with during the design and subsequent delivery of the Programs. Examples of stakeholders include recipients, industry, advocacy and support groups and other internal Government groups.

Due to the condensed timelines and uncertainty around the pandemic, stakeholder engagement was limited early in the design phase. In those instances where stakeholders were consulted, Ministries were able to consider stakeholder feedback when designing the Program and make refinements prior to launch. In other cases, Ministries did not engage with external stakeholders until after the Program was approved. For these Programs, most Ministries had existing data on recipients and their needs, which helped inform Program design in the absence of early stakeholder input. Once Program designs were finalized, Ministries engaged with and advised external stakeholders. This was done proactively through the use of committees, networks, and other communication, such as emails, letters, and website updates.



Stakeholder engagement allows the Government to iteratively assess issues as they arise, consider critical information, and adapt programs where necessary. However, it may not be feasible to consult with all groups at every stage of a program's design and delivery, especially when timelines are condensed. Ministries should continue to consider at what points it is most valuable to engage stakeholders in order to revise and improve program design. Having clearly defined stakeholder groups with communication protocols established upfront will allow the Government to quickly engage with key stakeholders as necessary.

2.3 Risk Assessment

A risk assessment is a process that involves the identification of risks that might impact the achievement of an objective, such as strategic, operational or financial risks, including fraud. When developing a program, organizations should conduct a formal risk assessment, utilizing key staff who may help in identifying risks that new programs may present. Organizations should assess whether the program presents any risks to its operations and in doing so, consider whether controls need to be leveraged or created in order to mitigate the likelihood or impact of such risks.

There are increased inherent risks associated with program delivery in emergency management circumstances, and there may be gaps in controls due to quick delivery. When delivering a program, each ministry must determine what risks may impact the achievement of the program's intended objectives. Program risks may be attributable to errors or fraud in its internal processes, or at the recipient level once funding has been disbursed. Controls can be put in place to reduce those risks. These may occur prior to payment, such as requiring applicants to verify their identity and/or eligibility, or establishing funding stipulations. Subsequent to payment, controls could include requesting documentation to prove funding was used as required.

Some Ministries leveraged existing policies, processes, and systems to deliver their Programs, which reduced the number of new risks introduced into their internal processes. Ministries also considered and completed reviews of financial risks and controls where there were significant changes to the use of financial systems, as required by the Province's policy. Where only minor changes were made, we found that Ministry internal process risks were considered, but often not well documented.

We also found instances where Ministries did not document risk assessments including fraud risks at the recipient level, leading to certain risks not being addressed. Recipient level risks include the risks that Program funding will not go to the right people or be used for its stated purpose. Each Program had its own unique risks and required different controls in response. For example, application-based programs may require controls to verify identity or eligibility, while others that require funding be used for a particular purpose, may require controls to verify intended use. It is difficult to enforce or execute certain controls after a program has been rolled out, so it is important that a risk assessment is completed so that controls can be incorporated into program design. In some instances, controls were incorporated into Program design as new risks were identified. This is a good example of continually evaluating risks, especially in changing environments.

Overall, Ministries could have better documented their consideration of risks and controls through a formal risk assessment. While most risks and controls related to internal processes were considered, we identified opportunities to improve the assessment of risks and related controls at the recipient level.



Ministries should ensure that formal risk assessments are conducted for new programs to consider whether such programs impact existing controls or present new risks that may require additional controls. It is recognized that in future emergencies ministries may face similar time constraints, making it difficult to implement all desired controls prior to delivering funding. With limited time and resources, ministries will adopt different response strategies to address each identified risk. This includes implementing pre- and post-payment controls, adding compensating controls where preferred controls cannot be implemented, or choosing to accept certain risks based on ministries' risk tolerance. It is important that ministries document this process, as this will ensure management is aware of, and agrees to, the identified risks and the ministries' planned response to each risk.

2.4 Systems and Processes

Processes, with established policies and procedures, help guide the delivery of programs through documented key steps, requirements, and principles. Within these processes, Information Management and Information Technology (IM/IT) systems are often used to support the delivery of programs, through the efficiency of automated tasks or the implementation of controls.

We considered how Ministries developed and adapted systems and processes to deliver their Programs. We also considered whether Ministries prepared implementation plans to help guide the delivery of their programs. While most Ministries did not develop formal implementation plans, we found that Ministries considered key aspects needed for program planning and delivery.

Policies and Procedures

Organizations rely on policies and procedures to direct their processes within established budgets and timelines, and define rules, roles and responsibilities. They ensure compliance, provide a roadmap for decision-making, and streamline internal processes. We considered how Ministries developed or used existing policies and procedures to design and deliver their Programs.

Generally, Ministries had established policies and procedures from existing programs, or were able to rely on established channels to help direct the delivery of Programs. Leveraging existing processes allowed Ministries to reduce risk and increase efficiency associated with the delivery of Programs. Some Ministries also consulted with the Government's Legal Services Branch to provide expertise around certain aspects of policy and Program development.

Ministries relied on the work of their staff for quick program delivery. Existing staff were leveraged to deliver these new Programs, often while staff were still performing regular duties. As most of the Programs were built off similar pre-existing programs, staff were assigned roles and responsibilities that were reflective of their skills and experience. Ministries also developed or updated material to help staff implement the Programs and communicate with recipients, such as question and answer sheets. This is consistent with good practices which indicate that utilizing existing delivery models can reduce risk.

In some instances, Ministries activated their **Ministry Operations Centres** to support Program oversight and delivery. For these Ministries, executive met daily or several times per week, early in the pandemic. Ministry staff advised that this provided a forum to share updates and seek approvals in an expedient manner. For each of these decisions, impacts, risks and mitigation strategies were also considered through the Ministry Operations Centre.

The purpose of a **Ministry Operations Centre** is to prioritize ministry response and coordinate across Government during a business disruption. The Ministry Operations Centre is operated by each ministry and includes senior executive and key staff.



In most cases, Ministries were able to successfully utilize existing policies and procedures from pre-existing programs as the base for their Programs. There were some circumstances when Ministries were required to start up a new process or did not have established policies that could be leveraged. It is important that ministries maximize how they utilize the Government's internal network to support program development. For example, other ministries and central agencies across the Government may be able to provide expertise and input into policy development, or have existing infrastructure that can be leveraged to support identity verification or payment processing. These considerations can be tied into the stakeholder engagement and risk assessment components of an implementation plan.

Information Management and Information Technology Systems

Organizations are often heavily reliant on IM/IT systems. IM/IT systems allow the Government to automate tasks and improve efficiency in program delivery. Using existing IM/IT systems allows organizations to utilize established systems controls in order to mitigate risks. We considered how Ministries used IM/IT systems to deliver Program funding.

We found that Ministries used existing IM/IT systems to the extent possible to deliver the Programs. In some instances, legacy, or outdated, systems presented limitations in the extent to which their systems could support the Program's design. Examples include the ability to: facilitate payments for a variety of funding amounts based on different eligibility criteria; embed certain controls into the payment system; or implement desired system controls in a timely manner to support application review. In instances where the implementation of controls was impacted, Ministries made efforts to create additional processes and compensating controls, where possible.



When delivering a new program, ministries should consider whether existing systems can be leveraged and utilized, to the extent possible, including those in other ministries. In the short term, ministries should use the experience gained from the pandemic to consider the limitations faced when delivering these Programs and consider where other ministries may be able to support future program delivery. Some of the challenges faced by ministries during the pandemic will require broader government consideration and strategy to address. This includes how legacy systems may impact the ability to adapt quickly and effectively to changing circumstances and support ministry and program objectives. There may also be opportunities to leverage information amongst ministries and across other levels of government. While these specific components were beyond the scope of this review, we recognize the importance of developing long-term strategies to address these areas and support the Province's overall response to future emergencies.

3.0 Program Delivery

Program delivery encompasses how Ministries support the realization of their objectives through the execution of the program design and program monitoring. This includes Ministries' processes, controls and reporting, as well as how they continually review their Programs against their stated objectives.

We considered how Ministries delivered their respective Programs, including pre- and post-payment controls. We also considered how Ministries monitored their Programs' overall achievement of intended objectives. This included how reporting was used to support overall Program delivery, as well as the Ministries' continual evaluation through retrospective review and lessons learned. This can provide insights into further opportunities to improve current and future program design.

Figure 4: Key Aspects of Program Delivery



Ministries were supported by staff who had considerable knowledge of their clients and program needs. By leveraging experienced staff, Ministries were able to facilitate relatively smooth and quick Program rollouts. Ministries executed pre- and/or post-payment controls consistent with their Programs' design. Ministries also met their internal and external reporting requirements and utilized existing reporting structures where possible to increase efficiency.

In some cases, pre-and post-payment controls could have been improved to better address recipient risks, including assessing eligibility and verifying appropriate use of funds. In many cases, incorporating additional external reporting requirements into the Programs' design may have improved Ministries' ability to effectively implement these types of controls. In the future, Ministries should ensure these risks are considered in the planning stage and that controls are designed to mitigate these risks. There were also some opportunities for Ministries to improve their retrospective review processes, such as the continual evaluation of whether funding is addressing recipient needs. Lastly, most Ministries planned to, but had not yet conducted a lessons learned, which can help identify strategies to improve expedient program delivery in the future.



Ministries can support expedited program delivery by continuing to leverage existing processes and systems where possible and providing clear and timely communication to staff. Where there were opportunities to improve execution and monitoring, these areas can most effectively be addressed through Program design. Ministries should establish control, monitoring, and reporting requirements during the design phase, based on program risks. In doing so, ministries can ensure mitigation strategies are in place to address the identified risks and that they are receiving the information needed to make ongoing assessments of program effectiveness.

3.1 Execution

Program execution is the implementation of the processes and controls established in the design phase to deliver on a program's intended objectives. We considered whether Ministries were able to execute their delivery processes consistent with their design, including pre- and post-payment controls. Given the time constraints, as most Ministries did not complete an implementation plan, we evaluated the execution against the individual components outlined in program design.

The International Public Sector Fraud Forum⁵ identified that there is an inherently higher risk of fraud and error when governments are providing support during emergencies as controls may be sacrificed to support a quick response. Globally, weaknesses in controls during the pandemic have contributed to instances where inappropriate payments were made to ineligible applicants or where payments were not used for their intended purpose. In some cases, governments had insufficient documentation to verify an applicant's eligibility; in others, post-payment payment reviews were not conducted, or were not done in a timely manner, making it more difficult and costly to recover funds. When developing program controls, pre-payment controls are preferred, as they allow a Ministry to identify incorrect payments before they are disbursed. However, it is recognized that in emergencies it may not always be possible to execute the desired pre-payment controls. These situations emphasize the importance of post-payment controls to detect incorrect payments or funds that were not used in accordance with program requirements. Finally, a program's design and structure can influence what controls should be prioritized. For example, a ministry may not have the legal authority to recover funds once disbursed; in this instance, an emphasis should be placed on pre-payment controls. We considered Ministries' controls in the context of their original design, the nature of the Programs, and the urgency required.

⁵ The International Public Sector Fraud Forum includes representatives from the governments of Australia, Canada, New Zealand, the United Kingdom and the United States.

We found that Ministries generally leveraged existing processes and structures to deliver their Programs, including roles and responsibilities, IM/IT systems, and policies. This provided a foundation that helped Ministries execute and deliver emergency support in a timely manner.

Pre-Payment Controls

Pre-payment controls allow organizations to proactively prevent incorrect payments that may occur due to error or fraud and may address internal process, or external, recipient-related risks. Examples include supervisors reviewing information entered by staff to ensure accuracy, or programs requiring and reviewing documentation from applicants to verify their identity or eligibility for funding. It was important that where possible, Ministries had established pre-payment controls to reduce the risk of inappropriate payments to unintended or ineligible recipients.

Ministries were able to rely predominantly on existing internal controls to deliver payments as the majority of applicants were already accessing existing government programs. Since most Program populations were pre-existing, most of the necessary information to verify identities and deliver payments was available to Ministries, reducing the risk that funding would go to ineligible recipients. Programs differed as to whether they required applications, attestations or additional information from recipients to support eligibility. We found that where possible, Ministries leveraged existing information to determine eligibility or the amount of funding to be provided. Where effective pre-payment controls were established over applications, eligibility criteria were based on requirements that could be easily verified through supporting evidence. Utilizing verifiable information helps reduce the likelihood that incorrect funding is provided.

There were also opportunities to review and update existing controls. In some cases, there was a lack of pre-payment controls, or a reliance on recipient attestation and information that could not be verified through other means. For example, some eligibility criteria were intentionally broad to make funding accessible to those in need, however, this can make it difficult to verify. In other instances, Ministries did not have access to federal information needed to verify eligibility. We also noted that some Ministries could improve the quality assurance activities conducted to ensure the accuracy of the external information used to facilitate payments.

Overall, Ministries' ability to utilize pre-payment controls from existing processes strengthened the overall control network for Programs. Most opportunities for improvement related to application or recipient-level controls. Strong pre-payment controls would require applicant attestations and information that can be verified by ministries to support applicant eligibility. To support this, verifiable eligibility criteria would need to be incorporated into the program design. It is also recognized that during emergencies, to make funding more accessible, certain programs may have broad eligibility criteria making them more difficult to review through pre-payment controls. Therefore, feasibility may also be impacted by the availability of ministry resources.



When designing their programs and agreements, it is important that ministries consider the nature of the programs, their ability to recover funds and the urgency of funding when determining whether pre- or post-payment controls are most feasible and effective in mitigating new program risks, including fraud.

Post-Payment Controls

Post-payment controls include the monitoring and review activities that take place after funding has been distributed, such as, verifying recipient eligibility, or appropriate use of funds. Effective post-payment review can enable the detection of inappropriate payments, aid recovery, and determine program improvements.

The overall Program design determined the level of reliance on post-payment controls required. For example, for some Programs, eligibility was established at the time of application, while for others, eligibility had to be maintained and assessed on an ongoing basis. Additionally, some Programs did not stipulate requirements for the use of funds, while others did.

For programs where funding is for a specified purpose, stipulating and reviewing use of funds improves accountability but also requires detailed recipient information to assess compliance. For Programs that established requirements over the use of funds, we found that Ministries had not conducted risk-based reviews to verify appropriate use of funds. In some instances, stipulations had not been sufficiently established or specified to support a review process. Without specific stipulations incorporated into agreements, Ministries may be unable to substantiate whether recipients met Program requirements, or to recover funds.

For Programs that required ongoing evidence of eligibility, the need for strong post-payment controls was greater. Programs that were well designed established specific, verifiable eligibility requirements and included a clause within the agreement that provided the ability to audit and request supporting documentation to verify eligibility. In some cases, controls were not designed to adequately verify eligibility. For example, as mentioned previously, some eligibility factors were broad, making them difficult to assess or verify. In other instances, supporting information obtained as part of recipient reporting requirements was not sufficiently detailed to assess eligibility, nor was it sufficiently detailed to help inform a risk-based review over recipients.

Some Programs utilized public complaints in order to identify cases requiring investigation. While this supports the post-payment review process, the public may not have as detailed of information as the Ministries, making it more effective as a supplement to other post-payment reviews that are based on Ministries' internal assessments.



In general, there was a need for greater levels of post-payment review across most Programs. When developing future programs, ministries need to consider the recipient-specific risks related to their program and their information needs to assess those risks. Eligibility and use-of-fund requirements should also be specific and clearly stipulated in agreements. These factors should be built into the program design to allow ministries the ability to identify and resolve cases where funds were not distributed or used consistently with program requirements. Lastly, ministries should also consider how data analytics can help inform their post-payment controls. By building information requirements from applicants or recipients into a program's design, ministries can then analyze that information for indicators of risk or fraud.

3.2 Monitoring

Government policy requires that Ministries ensure that public funds are well managed and consistent with the Government's priorities and financial management principles. To help maintain this accountability, Ministries monitor their Programs to assess whether they are meeting their intended objectives. Effective monitoring allows Ministries to continually assess whether Program gaps or weaknesses exist and make improvements where necessary to support the achievement of objectives. Additionally, when funding is approved for a new program, Treasury Board Staff and Treasury Board may stipulate reporting requirements for Ministries, including updates on the achievement of objectives and fiscal impacts.

We considered how Ministries:

- conducted retrospective reviews in order to identify and make reiterative adjustments throughout the lifecycles of the Programs;
- used both internal and external reporting to understand and communicate the progress and results of the Programs; and
- steered a lessons learned process in order to identify good practices and challenges for future consideration.

Ministries met reporting requirements expected of them from Treasury Board and Treasury Board Staff. In some instances, external reporting was not provided, or was not received in a timely manner to support a detailed Program assessment. There were also some opportunities to improve how Ministries monitored their Programs through both retrospective review and lessons learned.

Retrospective Review

Retrospective review allows an organization to continually assess whether a program is achieving its intended objectives post-implementation and where there may be opportunities for improvement.

As circumstances evolved over the course of the pandemic, many government programs were extended beyond their initial estimated timeframe due to continued need, while other new programs were developed to address emerging needs. Retrospective review can be particularly valuable in a fluid environment, where the degree to which certain groups were impacted and the supports available to them changed regularly.

We considered how Ministries monitored their Program on an ongoing basis. This included how Ministries assessed whether their Program was meeting its intended objectives, and whether they identified challenges and made necessary adjustments in response. In some instances, not all available information was used to assess whether Program adjustments were necessary. Without retrospective reviews Ministries may be unable to effectively adjust to gaps or risks in real time.

Programs that were successful in this area were able to adjust policies, procedures, and eligibility requirements in real time to address gaps, risks or areas identified that required clarification. For example, some Ministries requested additional information from recipients to help their ongoing assessment of recipient needs or added stipulations over the use of funds.

Where detailed objectives were not quantified initially in the needs assessment, it became difficult to retrospectively assess whether funding still continued to achieve its intended purpose, under changing circumstances. As a result, it was not always clear how Ministries conducted these assessments. In some cases, Ministries did not get sufficiently detailed or timely external reporting to help support their retrospective review. Program areas that were less successful in integrating feedback from retrospective review may not have identified factors impacting the achievement of Program objectives.



Programs can be designed to incorporate a retrospective review process. As part of this process, ministries can use information gathered from stakeholder feedback, recipient reporting, internal data and changes to the external environment. Ministries should use this information to ensure program objectives are being achieved. Examples of this include: whether funding is still addressing the needs of the population and original intent of the program; changes or improvements can be made to support program delivery; any new risks have been identified; or whether the controls in place are sufficiently addressing the identified risks.

Reporting

Effective reporting establishes accountability and provides organizations with the information they need to make informed decisions related to their programs. We considered whether reporting supported the assessment of Program effectiveness. This included the external reports required and provided to the Ministries by recipients and Program administrators, as well as the internal reporting, both within each respective ministry, as well as to Treasury Board and Treasury Board Staff.

Ministries effectively leveraged existing internal reporting structures to ensure executive and decision makers were aware of necessary information in a timely manner. Ministries were also required to report to Treasury Board and Treasury Board Staff on key aspects of their Programs. We found that most of this reporting was complete, accurate, and timely.

When developing reporting requirements for funding recipients, Ministries need to balance their needs with the additional burden placed on recipients to track, prepare and provide the requested information during an emergency. In some instances, Ministries were able to leverage pre-existing reporting structures and requirements, which helped reduce the burden placed on recipients. Ministries who received recurring and timely reporting were better able to assess whether recipients were meeting Program requirements and identify instances of non-compliance. Additional reporting requirements could allow for the receipt of more timely and insightful information.

Ministries also experienced some challenges with external reporting. Some Ministries did not receive sufficiently detailed external reports to help them assess whether the conditions of funding were being met or Programs were meeting their intended objectives. For example, there were instances when reporting was incomplete and agreements did not stipulate all necessary information that was required. In other instances, there were challenges due to a lack of enforcement over the required information.



Overall, most gaps in external reporting were due to reporting requirements and stipulations not fully addressing program risks in the design phase. This impacted Ministries' ability to enforce reporting requirements. Programs should stipulate reporting requirements for recipients or applicants based on the information needed by ministries to conduct its monitoring and control activities. While reporting requirements need to consider the burden placed on recipients, ministries must also ensure they are receiving sufficient information to address their identified program risks, support pre- and post-payment controls and assess whether the program is achieving its intended objectives. Further, complete and timely reporting supports the Government's ability to monitor its overall fiscal plan.

Lessons Learned

A lessons learned exercise allows an organization to assess the performance of each phase of a project or program for the purpose of taking steps to improve performance during similar circumstances in the future. It includes identifying and documenting the successes and challenges of a project or program. In order to be effective, the exercise needs to include staff involved in the program, who can provide insight into challenges and best practices, be documented, and be actioned on to make improvements.

Ministries can gain an understanding of program effectiveness by conducting a lessons learned. Without one, ministries may fail to identify and document best practices, key challenges or unintended outcomes. Further, ministries may not identify structures that can be put in place now, to help them better respond to other emergencies or expedited program roll outs in the future.

We found that while some Ministries plan to, the majority have not yet conducted a lessons learned. Where a lessons learned was completed, it was reasonably comprehensive, incorporated the key aspects of program design and delivery, and included insights from a majority of groups involved with the Program. For Ministries that have not completed these procedures, timeliness must be considered as important information or perspectives may be lost or forgotten over time.



While this review focused on four emergency funding programs, this report has relevance across all of Government. The Province should, when feasible, conduct lessons learned for new programs delivered during the pandemic to improve its overall response readiness.

Appendix A - Abbreviations

CCOF	Child Care Operating Funding
CDMO	Community Destination Marketing Organizations
CECRA	Canada Emergency Commercial Rent Assistance
Crisis Supplement	Temporary COVID-19 Crisis Supplement
Federal Government	Federal Government of Canada
Finance	Ministry of Finance
IM/IT	Information Management/Information Technology
MCFD	Ministry of Children and Family Development
Ministries	Sampled Ministries as noted in Section 1.0
MRDT	Municipal and Regional District Tax
Pandemic	COVID-19 Pandemic
Province or Government	Government of British Columbia
Programs	Sampled Programs as noted in Section 1.0
SDPR	Ministry of Social Development and Poverty Reduction
TACS	Ministry of Tourism, Arts, Culture and Sport
TEF	Temporary Emergency Funding