



Commentary on the **2020–2021** Financial Audits



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Commentary on the
2020–2021
Financial Audits



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

This publication is available on our website at www.oag-bvg.gc.ca.

Cette publication est également offerte en français.

© Her Majesty the Queen in Right of Canada, as represented
by the Auditor General of Canada, 2021.

Cat. No. FA1-32E-PDF
ISSN 2561-343X

Table of contents

Introduction	1
The Government of Canada’s COVID-19 economic response	1
Results of our 2020–2021 financial audits	12
Opportunities for improvement noted in our 2020–2021 financial audits	14
Additional insights from our financial audits—Cybersecurity	16
Additional insights from our financial audits—Advancing the use of data	17
The Auditor General’s observations on the Government of Canada’s 2020–21 consolidated financial statements	19
Pay administration	19
National Defence inventory and asset pooled items	23
About our financial statement audits	25
Glossary	26
Appendix A—Measures included in the Government of Canada’s COVID-19 Economic Response Plan	28
Appendix B—Timeline of key federal legislation related to COVID-19 spending	34

Introduction

1. This report highlights the results of the **financial audits*** we—the Office of the Auditor General of Canada—conducted in federal organizations for fiscal years ended between July 2020 and April 2021. (We refer to these as the 2020–2021 financial audits.) This report provides a commentary based on those audit results. We also provide additional insights on 2 areas from our financial audits: cybersecurity and advancing the use of data.
2. New this year is our reporting on the financial effects of the **coronavirus disease (COVID-19)** pandemic on the consolidated financial statements of the Government of Canada. More specifically, this report provides
 - the results of our audit of the consolidated financial statements, which contain a significant amount of new spending in response to the pandemic
 - the results of our audit work in response to Parliament’s motion asking us to carry out additional audit work on some of the spending (see paragraph 6)
 - a summary of the measures under the government’s economic response to COVID-19 and where the measures are reported in the consolidated financial statements
3. This commentary is not a **performance audit**; we do not provide an opinion on the government’s COVID-19 economic response. We have conducted and will continue to conduct performance audits on some of these measures. Those performance audits are presented in separate reports.

The Government of Canada’s COVID-19 economic response

4. When the economy took a downturn after the COVID-19 pandemic hit in March 2020, the government took many **budgetary, non-budgetary, and fiscal measures** to support affected individuals, businesses, and the provinces and territories (Appendix A). Parliament passed several new acts and amended existing ones to, among other things, authorize the spending of public funds on these emergency measures (Appendix B). These measures—of an unprecedented size and scope—increased the government’s program expenses by 69% from the previous fiscal year.

* Bolded terms are defined in the Glossary.

5. Canada's response to the pandemic, the COVID-19 Economic Response Plan, also involved **monetary policy** and **macro-prudential measures** intended to support the economy. Among other measures, the Bank of Canada injected **liquidity** in the financial markets, such as by buying government bonds and corporate bonds. The Office of the Superintendent of Financial Institutions Canada introduced measures to support the operational and financial resilience of banks, insurers, and pension plans.

6. In April 2020, Parliament passed a motion asking the Auditor General to audit spending authorized by parts of the *COVID-19 Emergency Response Act*. As part of our audit of the government's consolidated financial statements, we audited the major spending and verified that the government had complied with legislation. We also conducted performance audits on specific COVID-19 measures under this act and on other topics. Before we could present our results of this work, Parliament was dissolved on 15 August 2021, and the motion did not survive the dissolution. However, we report our findings on this work because of the extraordinary circumstances involved in approving spending of public funds, and because the amounts were significant. We will continue to audit COVID-19 measures through annual financial audits and additional performance audits because some measures continue to be significant and will span over more than 1 year.

7. The transactions arising from the COVID-19 Economic Response Plan were reported in both the financial statements of federal organizations and the **Public Accounts of Canada**. Every year, our office audits these financial statements, except those of the Bank of Canada and the Office of the Superintendent of Financial Institutions Canada. (See "Results of our 2020–2021 financial audits.") Our independent audit opinion on each of these financial statements is required by law and contributes to the credibility of the information in these statements, enhances transparency, and supports continuous improvement.

8. An overview of the measures in the COVID-19 Economic Response Plan is in Exhibit 1. We present the following information on these measures, and describe the audit work we have done on the 2020–2021 financial audits, to help parliamentarians exercise oversight of government finances.

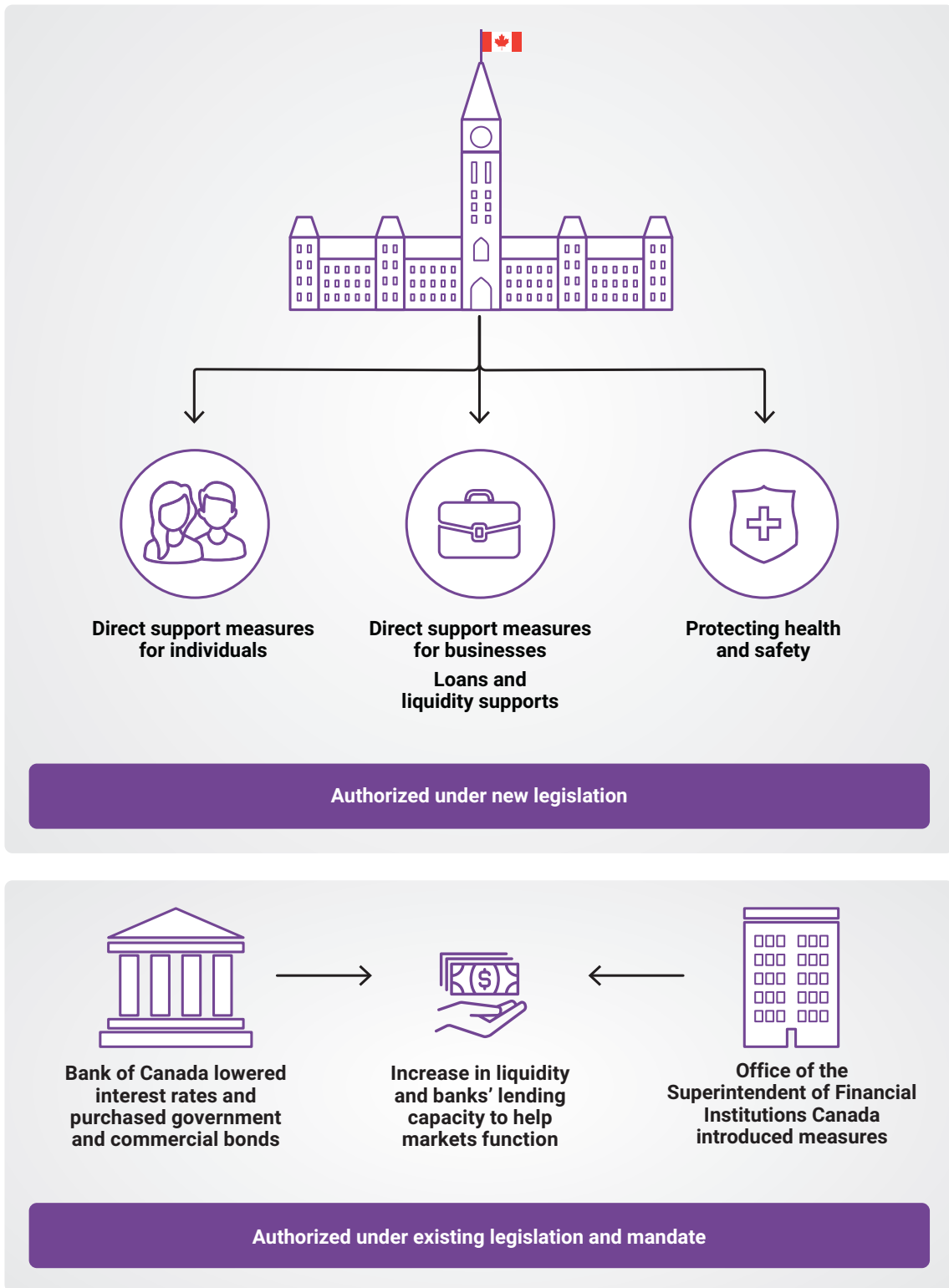
Measures were taken by the government and Crown corporations to support Canadians

9. During the 2020–21 fiscal year, the government spent or loaned approximately \$300 billion for

- measures to protect health and safety
- measures to directly support individuals and businesses
- other liquidity supports for businesses

(A more detailed list of measures is in Appendix A.)

Exhibit 1—Overview of the government’s COVID-19 economic response



Source: Based on the Office of the Auditor General of Canada’s analysis of the Government of Canada’s COVID-19 Economic Response Plan

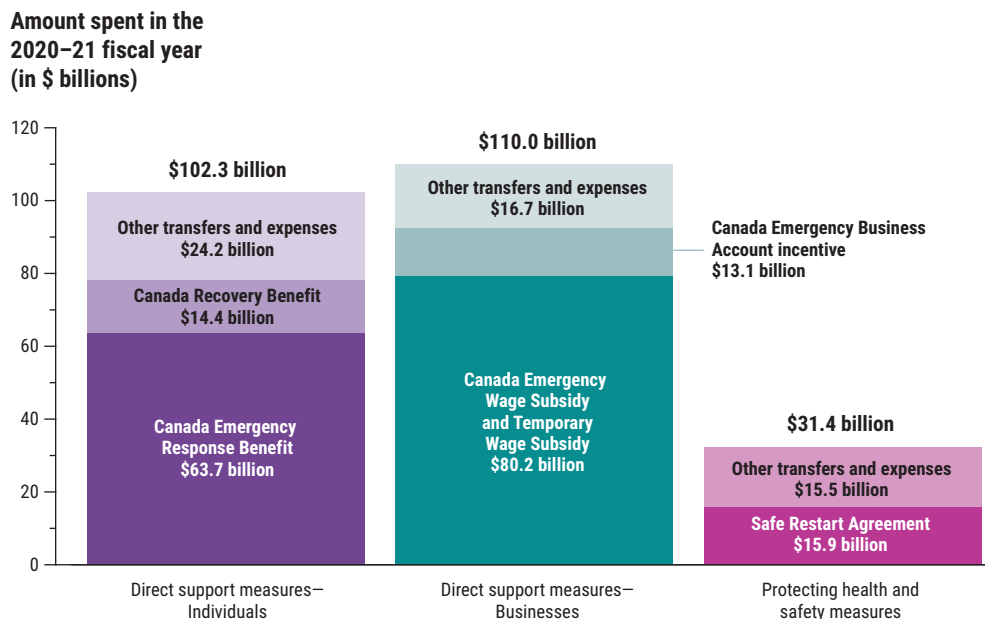
10. The pandemic had other effects on the government’s finances that are not included in these totals, such as

- reduced revenues from income taxes, sales taxes, customs duties, and other revenue sources as a result of slowdowns in the economy
- loss of federal employee productivity or employee overtime pay
- costs to equip federal workers for remote work or to adapt federal workplaces to follow public health directives, including providing on-site workers with personal protective equipment

Those additional effects were nevertheless accounted for, but are not presented separately, in the financial statements of federal organizations.

11. The government spent approximately \$244 billion on direct support measures for individuals and businesses and on protecting health and safety (Exhibit 2). The direct support measures for individuals included the Canada Emergency Response Benefit, which provided a \$500 weekly benefit for workers who were unable to work as a result of the pandemic. The direct support measures for businesses included the Canada Emergency Wage Subsidy, which initially paid employers up to \$847 weekly per employee to subsidize wages.

Exhibit 2—Breakdown of \$243.7 billion total spent on COVID-19 direct support for individuals and businesses and on protecting health and safety



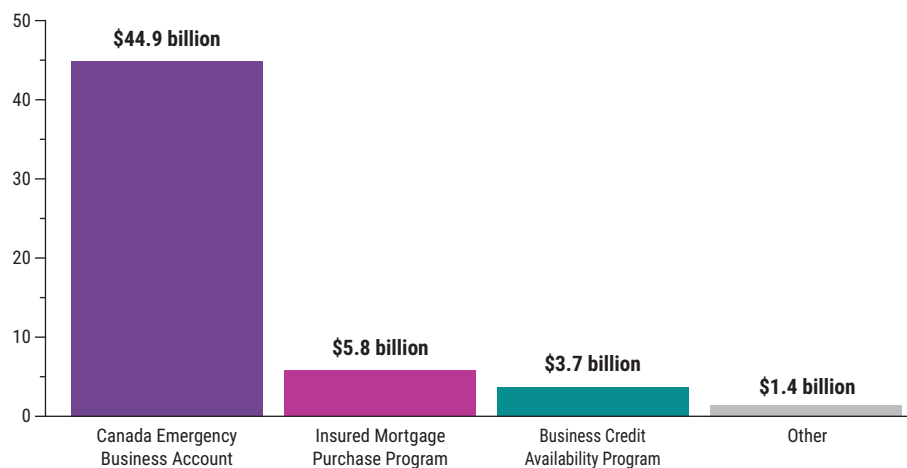
Source: Based on the Office of the Auditor General of Canada’s analysis of data in the Government of Canada’s consolidated financial statements and of the estimated expenditures for the 2020–21 fiscal year reported by the Treasury Board of Canada Secretariat to the House of Commons Standing Committee on Government Operations and Estimates

12. As further supports to businesses, the government and several Crown corporations provided approximately \$56 billion in loans and other liquidity supports (Exhibit 3). Here are some examples:

- The Canada Emergency Business Account program provided up to \$60,000 in interest-free loans to small and medium-sized businesses, and not-for-profits, of which up to \$20,000 is forgivable on certain conditions.
- Through the Business Credit Availability Program, Crown corporations partnered with financial institutions and jointly provided loans and guarantees to businesses and offered flexible repayment terms.
- The Insured Mortgage Purchase Program allowed the government to purchase insured mortgage pools through the Canada Mortgage and Housing Corporation, which provided liquidity to financial institutions so that they could continue to offer credit to businesses.

Exhibit 3—Breakdown of the \$55.8 billion advanced as COVID-19 loans and other liquidity supports to businesses

Amount advanced in the 2020–21 fiscal year (in \$ billions)



Source: Based on the Office of the Auditor General of Canada’s analysis of data in the Government of Canada’s consolidated financial statements and in the financial statements of Crown corporations

13. Some of the loans and liquidity supports have been repaid by the businesses, and some programs have closed or are winding down. Loans or liquidity supports that have not yet been repaid by businesses are reported as assets in the financial statements of the respective Crown corporations or, in the case of the Canada Emergency Business Account program, in the government’s consolidated financial statements. The value of these assets is reduced when a loan is determined to be unlikely

to be repaid or in order to reflect amounts that are likely to be forgiven. This reduction in the value of assets increases the annual deficit.

14. To provide Crown corporations the funding needed to carry out these programs, the government either made investments by purchasing additional shares of these corporations or lent them funds under the existing consolidated borrowing framework. This is the usual mechanism for borrowing by **enterprise Crown corporations**. These Crown borrowings are included in the government's borrowing limit, which is set out in legislation.

15. To raise funds to implement the budgetary and fiscal measures in its COVID-19 Economic Response Plan, the government issued debt on the financial markets, such as Government of Canada bonds and treasury bills. Issuing debt is one mechanism the government can use to fund additional public spending; the other main one is raising taxes. The debt is reported by the government in its consolidated financial statements as **unmatured debt**.

16. The total unmaturred debt on the government's consolidated statement of financial position rose from approximately \$784 billion to \$1.125 trillion in the 2020–21 fiscal year. The public debt charges related to unmaturred debt decreased from \$18 billion to \$15 billion, despite the increased level of debt, because of the low cost of borrowing in that year. As part of our audit of the government's consolidated financial statements, we audited these debt levels and related interest costs. The additional borrowing to fund the COVID-19 Economic Response Plan will increase the future repayments, and these will be affected by interest rates, which may change. The *Financial Administration Act* requires the Minister of Finance to present a report annually to Parliament on the government's management of public debt.

The Bank of Canada and the Office of the Superintendent of Financial Institutions Canada took measures to support the economy

17. In addition to the measures above, the Bank of Canada took a variety of actions intended to support the economy and inject liquidity in the financial markets. The bank has the legislative authority to take certain actions it determines are needed to promote the stability of the Canadian financial system. It lowered the **policy interest rate** over several weeks in March 2020 to 0.25%, from a pre-pandemic level of 1.75%. This move was intended to help individuals and businesses by lowering interest payments on existing and new loans.

18. Other measures the Bank of Canada took were the following:

- It bought large amounts of assets, such as federal and provincial government bonds and corporate bonds, as stimulus intended to help circulate more money in the economy and enable freer trading in financial markets. In terms of federal government bonds, the bank purchased them from a variety of bondholders, such as private investors and pension funds. Because these bonds' values had

increased on the market, the bank bought them at a price that was more than the value that the bonds were accounted for by the Government of Canada. (The impact of this transaction on the government's consolidated financial statements is explained in paragraphs 24 and 25.)

- It enhanced some of its standard liquidity tools to provide ready access to funding to financial institutions. It lengthened the term over which it lends money to banks, widened the collateral it accepts to provide lending, and expanded the list of eligible institutions that can access its lending.

19. Lowering the policy interest rate did not have a direct impact on the Bank of Canada's statement of financial position, but both the enhanced liquidity tools and the asset purchases did. Before the pandemic, the bank's total assets were approximately \$120 billion. At its peak, in March 2021, the bank's total assets reached approximately \$575 billion. As at 1 September 2021, these assets totalled approximately \$488 billion. The bank expected to continue adjusting the amount of stimulus on the basis of its ongoing assessment of the strength and durability of the economic recovery. The bank's financial statements are audited by 2 independent accounting firms. More information on the Bank of Canada's activities is available on its website.

20. Additionally, the Office of the Superintendent of Financial Institutions Canada took several measures that supported banks, insurers, and pension plans. It is an independent federal government agency that regulates and supervises federally regulated financial institutions and pension plans. It determines whether they are in sound financial condition and meeting regulatory requirements.

21. Its measures did not involve spending public funds. As one measure that helped supply credit to the economy, it lowered the level of its domestic stability buffer—a buffer of capital that the largest banks are required to build in good times so they have more lending capacity in times of economic stress. It lowered the buffer from 2.25% of a bank's risk-weighted assets to 1.00% in March 2020 to support approximately \$300 billion of additional lending capacity by banks. In June 2021, it increased the level of the buffer to 2.50%, effective 31 October 2021. It did this to respond to continued vulnerabilities in the financial system, such as elevated levels of household and corporate debt, while recognizing that economic and financial market conditions had improved. Its financial statements are audited by an independent accounting firm. More information on the Office of the Superintendent of Financial Institutions Canada's activities is available on its website.

We reviewed aspects of COVID-19 spending

22. As part of our audit of the government's consolidated financial statements, and to respond at the time to the April 2020 motion from Parliament, we performed the following work:

- We examined the list of measures related to part 3 of the *COVID-19 Emergency Response Act* (included in Appendix A) to determine whether the act's requirements were met before public funds were spent. Specifically, concurrence must be obtained from relevant federal ministers to approve spending. The concurrence records were critical because they were the key control for the authorization of spending of public funds, which is typically provided by Parliament.
- We audited the spending on the measures related to part 3 of the *COVID-19 Emergency Response Act*, on a sample basis, to determine whether the amounts were recorded accurately and completely in the financial statements.
- We verified, as applicable, whether actions taken by the government had complied with the sections of the *Financial Administration Act* and *Borrowing Authority Act* that were enacted by part 8 of the *COVID-19 Emergency Response Act*, including requirements to report to Parliament on the government's borrowings.
- We also conducted performance audits of the Canada Emergency Response Benefit and other COVID-19 measures.

23. On the basis of our audit work, we found that the government's spending related to part 3 of the *COVID-19 Emergency Response Act*, in all material respects, was authorized and was reported accurately and completely in the financial statements. We also found that the government's actions related to the amended provisions of the *Financial Administration Act* and the *Borrowing Authority Act* that were enacted by part 8 of the *COVID-19 Emergency Response Act* complied, in all material respects, with the legislation.

The government's budgetary, non-budgetary, and fiscal measures were reported in the government's consolidated financial statements and the financial statements of Crown corporations

24. The transactions arising from the budgetary, non-budgetary, and fiscal measures to respond to COVID-19 are reported in the government's consolidated financial statements and in the financial statements of several Crown corporations:

- Direct support measures for individuals and businesses and measures for protecting health and safety (Exhibit 2) were mainly reported in the government's revenues and expenses.
- Loans and liquidity supports (Exhibit 3) were reported either in the government's assets or in the assets of Crown corporations in their individual financial statements, depending on the program. Estimated amounts for forgiven loans or credit losses were reported as an expense.

- The funding that the government provided to Crown corporations and their financial performance was reported in the government's statements as an increase or decrease to the government's investment.
- The purchase of federal government bonds by the Bank of Canada resulted in a net loss of \$19 billion reported in the government's other revenues from enterprise Crown corporations and other government business enterprises, and in an equivalent decrease in the government's investment in the Bank of Canada.
- Issuance of debt was reported as an increase in unmatured debt in the government's liabilities.

25. As at 31 March 2021, the overall impact of these COVID-19 measures on the Government of Canada's consolidated financial statements was approximately a

- \$24-billion decrease in revenue (due to the Bank of Canada's purchase of federal government bonds and due to the enhanced goods and services tax / harmonized sales tax credit to individuals)
- \$233-billion increase in expenses
- \$341-billion increase in liabilities
- \$29-billion increase in financial assets (mainly due to loans advanced under the Canada Emergency Business Account program and to other transactions relating to Crown corporations) and a \$5-billion increase in non-financial assets
- net \$258-billion increase in the annual deficit

The transactions resulting from the COVID-19 measures of individual Crown corporations are reported in their respective financial statements. The net effects of these transactions are subsequently reported in the government's consolidated financial statements.

26. Exhibit 4 shows where these budgetary, non-budgetary, and fiscal measures were reported in the consolidated financial statements. The government provided more information in the financial statements discussion and analysis and in the note disclosures accompanying the consolidated financial statements.

The government expects COVID-19 measures to have effects on its financial statements for several years

27. On the basis of our audit, we found that the government properly accounted for COVID-19 measures, in all material respects, in its consolidated financial statements. In addition, this year, our independent auditor's report on the government's consolidated financial statements included an **emphasis of matter paragraph**. We did this to draw attention to certain amounts in, and notes to, the consolidated financial statements that described the effects of the COVID-19 pandemic on the Government of Canada, which were significant. This paragraph does not modify our audit opinion.

Exhibit 4—Where the overall effects of the COVID-19 measures and the total increase of unmatured debt were reported in the government’s consolidated financial statements

Public Accounts of Canada	
2020–2021 Volume 1	
Consolidated statement of operations and accumulated deficit (in \$ billions)	
Revenues	
Other taxes and duties	(5.4)
Other revenues: ECCs and GBEs	(19.0)
Decrease	(24.4)
Expenses	
CERB and Canada recovery benefits	55.8
CEWS	80.2
Major transfer payments to other levels of government	28.0
Children’s benefits	2.0
Employment Insurance and support measures	26.3
Other transfer payments	38.1
Other expenses	2.8
Increase	233.2
Annual deficit	
Increase	257.6
Consolidated statement of financial position (in \$ billions)	
Liabilities	
Unmatured debt*	341.0
Increase	341.0
Financial assets	
Other accounts receivable	3.7
Loans, investments, and advances	25.3
Increase	29.0
Non-financial assets	
Inventories	3.4
Prepaid expenses	1.6
Increase	5.0

* The increase in total unmatured debt represents the change from 31 March 2020 to 31 March 2021 as reported in the government’s consolidated statement of financial position.

Abbreviations: CERB: Canada Emergency Response Benefit; CEWS: Canada Emergency Wage Subsidy; ECC: enterprise Crown corporation; GBE: government business enterprise

Source: Based on the Office of the Auditor General of Canada’s analysis of data in the Government of Canada’s consolidated financial statements and in the financial statements of Crown corporations and of the estimated expenditures for the 2020–21 fiscal year reported by the Treasury Board of Canada Secretariat to the House of Commons Standing Committee on Government Operations and Estimates

28. Some measures, such as the Canada Emergency Response Benefit, the Canada Emergency Wage Subsidy, and the Canada Recovery Benefit, were designed to deliver benefits to Canadians quickly. The government paid benefits to individuals or businesses once they attested that they met the eligibility criteria. As a result, there is a risk of overpayments of benefits whether due to errors or fraud. To address this risk, post-payment verifications are required to identify any overpayments. The amounts to be recovered related to these overpayments are reported in the consolidated financial statements in the year the overpayments are determined. For some measures, the government has begun to carry out post-payment verification to identify overpayments. It expects its post-payment verification to continue for several years.

29. For the Canada Emergency Response Benefit, as at 31 March 2021, the government recognized accounts receivable from overpayments of \$3.7 billion. As described in the notes to the consolidated financial statements, an allowance for doubtful accounts is recorded where collection efforts are unlikely to be successful. The government will determine annually the amount of additional overpayments, as well as any allowance for doubtful accounts.

30. Some measures require estimates to be made about the future repayments of loans, which were reported in the 2020–21 consolidated financial statements and will continue to be reported in future years. For example, as a support to businesses, the Canada Emergency Business Account program advanced interest-free loans to businesses that included a repayment incentive of a loan forgiveness of up to \$20,000 if the loan is repaid by 31 December 2022. As at 31 March 2021, the government expected to forgive \$13.1 billion of the loans. This reduced the government's assets and increased the government's expenses for the 2020–21 fiscal year. The government will update annually its estimate of forgiven loans until the 2022–23 fiscal year, when the repayment date passes and the exact amount of forgiven loans is determined.

31. In addition to amounts forgiven, there is a risk that some businesses may be unable to repay their loans, resulting in losses for the government and federal organizations. It is the practice of federal organizations to assess this risk and recognize a provision for expected credit losses as an expense in their financial statements. The government and Crown corporations will update annually these provisions for credit losses.

Results of our 2020–2021 financial audits

Most audited financial statements were credible and provided on time

32. The Office of the Auditor General of Canada provided the Government of Canada with an **unmodified audit opinion** on its 2020–21 consolidated financial statements. This year, as a result of a **subsequent event**, the government amended its 2020–21 consolidated financial statements after it had approved them but before they were tabled in Parliament. The government described this subsequent event in note 22 of its consolidated financial statements. As a result, our unmodified audit opinion contains 2 dates. The first date applies to the audit work we performed up to the original approval of the consolidated financial statements. The second date applies only to the work we performed on the amendments made by the government with respect to the subsequent event. Our audit opinion provides credibility to the government’s financial reporting. Financial reporting is one way the government demonstrates accountability to elected officials and the public. The audit opinion is also an important contribution to meeting Canada’s commitments under the United Nations’ 2030 Agenda for Sustainable Development. In particular, the opinion helps Canada meet Sustainable Development Goal target 16.6: “Develop effective, accountable and transparent institutions at all levels.”

33. The list of government organizations we audit has changed over time. We no longer audit Ridley Terminals Inc., because it was sold in December 2019 and is no longer a Crown corporation. We were appointed joint auditors of the Canada Enterprise Emergency Funding Corporation, a new federal Crown corporation incorporated in May 2020 as a wholly owned subsidiary of the Canada Development Investment Corporation. For more information about the government organizations we audit, see the Background to the Commentaries on Financial Audits page on our website.

34. Overall, we were satisfied with the timeliness and credibility of the financial statements prepared by 68 out of the 69 government organizations we audit, including the Government of Canada.

35. Because of National Defence’s ongoing challenges in providing the documentation to support the estimated pension obligations, we could not issue our audit opinion on the department’s Reserve Force Pension Plan on a timely basis. In the last 2 fiscal years, National Defence contacted reserve bases and individual reservists and deployed a significant amount of resources to gather all the required documents. National Defence’s ongoing efforts to gather the supporting information resulted in our being able to complete the audit and issue our auditor’s report on the 31 March 2018 financial statements of the Reserve Force Pension Plan in February 2021. This was a significant achievement for the department. We expect to complete the audits of the 31 March 2019

and 31 March 2020 financial statements by January 2022 and the 31 March 2021 and 31 March 2022 audits by January 2023. After that, we expect the financial statements of the Reserve Force Pension Plan to be prepared on a timely basis, which would enable us to issue our auditor's report on a timely basis.

We completed our annual financial audits despite some challenges due to the continuing COVID-19 pandemic

36. In last year's commentary, we reported on new challenges that emerged in 2020 for our financial audits as a result of the COVID-19 pandemic. These challenges included the need to find new ways to manage the audit process remotely and to perform additional work in higher-risk areas.

37. Our work increased in part because of the increase in government spending in response to the pandemic, which had significant effects on the financial statements of federal organizations. The following are examples of how we adapted our audit work:

- We hired contractors in certain regions to perform on-site audit work, such as inventory count procedures, because of travel restrictions.
- We gained an understanding of new or modified business processes and controls implemented by federal organizations. If certain business processes were not supported by sufficiently strong controls, we performed additional verifications before relying on data, which is our standard practice.
- We increased our audit work as a result of new amounts of assets, liabilities, revenue, or expenses reported in the financial statements and disclosures in the notes to the financial statements.
- We considered whether new activities carried out by federal organizations during the pandemic were authorized by their respective legislative mandates and authorities.

We carried out sufficient and appropriate audit work on which to base our conclusions. As a result of the significant collaboration with federal organizations, we completed our audits on a timely basis, which enabled organizations to meet their financial reporting deadlines.

We continued to note delays in the approval of corporate plans by the government

38. In our commentary on the 2018–2019 financial audits, we reported that timely decisions on corporate plans were a problem in 10 of 35 Crown corporations we audited. In this report, we provide an update on the timeliness of approvals of corporate plans.

39. Crown corporations operate at arm's length from the government under Part X of the *Financial Administration Act*. As an important step in their accountability to their shareholder (the Government of Canada), most Crown corporations submit their corporate plans to the responsible ministers every year for approval by the Treasury Board. The plans set out

activities, objectives, strategies, and operational and financial performance measures, targets, and risks.

40. During our 2020–2021 financial audits, we reviewed the timeliness of Treasury Board approvals of corporate plans for the 34 Crown corporations subject to submitting such plans. Thirty-one of 34 (91%) corporate plans had not been approved by the Treasury Board before the start of each Crown corporation’s respective fiscal year. We noted that many of these corporate plans came up for approval by the Treasury Board around the time the COVID-19 pandemic began. However, 6 months into their respective fiscal years, 21 (62%) of these corporations were still waiting for approval. At the end of their respective fiscal years, 10 (29%) of these corporations were still awaiting approval.

41. While awaiting approval of a new corporate plan, a Crown corporation continues to operate under its last approved plan. However, for Crown corporations to move forward with any additional activities needed to continue to fulfill their mandates, they need ongoing communication and timely decisions from the government about their corporate plans. For example, if a Crown corporation needs to replace an aging building, or invest in any major infrastructure, it must make a request to the government through the annual submission of its corporate plan. Delays in approval can result in project delays or possible additional costs when the projects are realized. It can also result in inefficiencies or require the corporation to redo work because of the shifts in priorities.

Opportunities for improvement noted in our 2020–2021 financial audits

We informed federal organizations, including Crown corporations, of opportunities to improve their practices

42. Financial audits identify opportunities for organizations to improve their systems of **internal control**, streamline their operations, or enhance their financial reporting practices. We issue **management letters** to inform the organizations about these opportunities and about more serious points, such as inadequate internal controls that can create risks of errors in financial reports or result in non-compliance with authorities.

43. We noted opportunities for improvement in various areas. Similar to last year, the most common were

- information technology (IT) general controls over systems supporting financial reporting
- internal controls related to financial reporting
- compliance with government policies, legislation, and regulations
- accounting and financial reporting practices

Further modernization could provide opportunities for federal organizations to improve their internal controls

44. The Treasury Board's Policy on Financial Management requires many federal organizations to establish, monitor, and maintain a risk-based system of internal control over financial management, including internal control over financial reporting. Crown corporations are not bound by this policy but instead follow requirements for financial and management control and information systems set out in Part X of the *Financial Administration Act*. We are not required by legislation to test or report on these systems at organizations. However, when we plan audits, we obtain an understanding of each organization's overall system of internal control. At times, we select internal controls for audit testing. We do this when we believe it is effective to rely on them to collect audit evidence. In addition, when the internal controls we selected are supported by IT general controls, we consider the need to test these IT general controls.

45. In recent years, the government has created a Digital Government Strategy, which intends to transform the way government organizations serve Canadians. As organizations move to further modernize, we expect that they will enhance financial processes and systems. We believe this will provide opportunities to implement more internal controls that are supported by IT general controls. As a result, the financial processes and systems could improve the reliability of information, which could improve operational efficiency and financial management and reporting. When we can test that an organization's system of internal control produces reliable information, this provides us with an additional source of evidence to support our audit.

46. This year, in 24 of the 69 federal organizations we audit, we performed reviews of IT general controls over systems supporting financial reporting. We identified and selected these internal controls supported by IT general controls and tested the related digital information. Further, our reviews enabled us to identify and inform these organizations of any opportunities we noted for improvement. We noted such opportunities in 11 organizations.

47. We did not perform reviews of IT general controls in 45 federal organizations this year. For these audits, we continued to perform substantive audit work—the examination of supporting documents and records—to support our audit opinions. As the use of technology changes and organizations make improvements to internal controls, including designing and implementing effective IT general controls, we will continue to consider the reliance on internal controls supported by IT general controls and digital information in our audits.

Additional insights from our financial audits—Cybersecurity

Cyberattacks continue to threaten federal organizations

48. The federal government’s Canadian Centre for Cyber Security reported that the risk of **cyberattacks** against federal organizations is on the rise. Several factors have increased this risk, including the following:

- Organizations were more reliant on digital devices and Internet connectivity during the COVID-19 pandemic because of increases in remote work, among other things.
- Cybercriminals have used malicious emails and websites disguised as resources related to COVID-19 to conduct criminal activities.
- More sophisticated activities sponsored by foreign countries posed a threat to Canadian organizations.

49. When planning and conducting a financial audit, we consider cybersecurity risks along with other inherent risks that could affect financial reporting. We also gain an understanding of the controls implemented by federal organizations to mitigate those risks. We carry out audit work to provide an opinion on whether the financial statements are fairly stated, in all material respects.

50. To date, we have not modified any of our audit opinions on financial statements because of cyberattacks experienced by federal organizations. This is because any such incidents have either properly been accounted for or have not had a material impact on the organization’s financial reporting. It should be noted that our financial audit work is not sufficient, nor intended, to conclude on other matters, such as the confidentiality of government or personal information. We are undertaking a performance audit of the cybersecurity of personal information in the cloud and plan to report on this to Parliament in fall 2022.

51. According to the Canadian Centre for Cyber Security, individuals and federal organizations continue to face attempts to steal personal, financial, and corporate information. In our financial audits of federal organizations, we were made aware of attempted cyberattacks that were detected and stopped. In addition, during the 2020–21 fiscal year, 5 organizations were subject to a cyberattack. This required us to do additional audit work to assess the impact on their financial reporting.

52. The effects of the attacks on these organizations varied but included

- certain systems taken offline and respective operations stopped, causing delays and disruptions to activities
- lost data, costing time and resources to recover

- stolen account credentials, unauthorized access to accounts, and unauthorized changes to personal information on compromised accounts of Canadians who interacted with the federal organization

53. In all cases that we observed, the federal organizations were able to continue or restore their operations. However, it can be difficult for any organization to know the extent to which data was stolen in a cyberattack. Once data is outside of an organization's control, individuals and businesses are vulnerable to risks of identity theft, phishing, ransomware, and other losses.

54. The Treasury Board of Canada Secretariat is responsible for setting IT policy requirements and for providing strategic oversight of government cybersecurity event management. Further, each federal organization is responsible for the governance of its cybersecurity. Organizations are supported by Communications Security Establishment Canada and the Canadian Centre for Cyber Security. The centre is the lead technical authority responsible for identifying emerging cyberthreats, monitoring government networks and systems, and helping protect against, and mitigate potential effects of, cybersecurity events. The centre also provides advice and guidance on cybersecurity. We encourage federal organizations to prioritize their cybersecurity activities and to follow the Government of Canada policies, directives, and guidance provided for security management to defend and protect against cyberattacks.

Additional insights from our financial audits—Advancing the use of data

Canada's Digital Government Strategy relies on advances in data and analytics to improve accountability and service to Canadians

55. There has been a move toward digital government in recent years. Digital government involves offering services to Canadians via the Internet and other IT. The government's current approach to digital government is guided by Canada's Digital Government Strategy, which aims to use IT to transform government operations and improve services to Canadians. As part of this strategy, the government recently issued a Digital Operations Strategic Plan for 2021–2024. The 3-year government-wide plan sets out the strategic direction for the integrated management of service, information, data, IT, and cybersecurity. This plan provides the context in which government manages operational and financial data. This financial data gets reported in financial statements, which we audit annually.

56. In our view, advancing the use of data, including using more sophisticated data analytics, will be important to achieving the government's digital strategies. Data analytics are qualitative and quantitative techniques and processes used to analyze data in order to make conclusions about that information and inform decision making.

Many of these techniques and processes can also benefit from automation. The government has several projects with IT systems undergoing major conversion or replacement, where it could consider the integration of data analytics to improve the effectiveness and efficiency of operations. We reported on some of these projects in our previous commentary reports and in our February 2021 performance audit report on procuring complex IT solutions.

57. The government identifies many benefits of using data analytics. Among other things, data analytics can

- identify anomalies in data, which can improve effectiveness of controls, reduce accounting errors, help to identify fraud, and identify inefficiencies or errors in the delivery of services to Canadians
- automate routine processes to reduce errors and increase consistency in service delivery
- improve the management of operations and facilitate better and timelier decisions by using insights from data
- provide more accurate, more complete, and timelier information to Canadians on government programs and processes

58. In 2018, the government issued A Data Strategy Roadmap for the Federal Public Service, which noted an absence of a governance structure providing strategic direction on data issues and several challenges in managing data. Through our audit work, we collaborate with federal organizations and obtain various operational and financial data. We noted similar challenges, including ones that can limit the benefits of data analytics:

- There are challenges in extracting data and in integrating data from disparate sources.
- The prevalent use of spreadsheets in federal organizations increases the risk of data quality issues because of the lack of checks and control processes in some older databases.
- Organizations sometimes are unaware of what data is available to them or fail to use all available data to analyze what works well, and what does not, within government programs.
- There is a gap between the current and desired levels of proficiency in applying data analytics.

59. These challenges can result in incomplete or inaccurate data, leading to lower productivity, poor decision making, and missed opportunities. For example, in our March 2021 performance audit of the Canada Emergency Wage Subsidy, we found that the Canada Revenue Agency did not collect employee names or social insurance numbers in the wage subsidy applications. This lack of specific information limited the agency's ability to conduct automated validations before issuing

payments or to cross-match data to other sources. In the early days of the subsidy program, the agency flagged this as creating a high risk of overpayment.

60. Despite the above challenges, we were able to use data analytics as a tool within some of our financial and performance audits. For example, to obtain audit assurance in our financial audits, we used data analytics to detect patterns in specific entity accounts. We then used these patterns, in combination with other audit evidence we collected, to conclude on whether amounts reported in the financial statements were accurate and complete.

61. Advances in how federal organizations use data would allow us to expand our use of data analytics. The benefits of this would be

- improved risk assessments, to better target our audit work
- increased audit efficiency
- more comprehensive analysis, including deeper insights on root causes of errors or anomalies
- sharing opportunities to improve models and tools used by management

62. We encourage the government to continue its progress on the data strategy roadmap and the Digital Operations Strategic Plan. It can take many years, but we see many benefits to decision making and outcomes for Canadians.

The Auditor General's observations on the Government of Canada's 2020–21 consolidated financial statements

Pay administration

Our audit approach for pay transactions continues to require detailed testing

63. Since the government centralized employee payroll with the Transformation of Pay Administration Initiative in 2016, our audit of the government's consolidated financial statements has required detailed testing of a sample of federal employees' pay transactions because of internal control weaknesses in the "HR-to-pay" process. This process links information in human resources (HR) systems with the pay system.

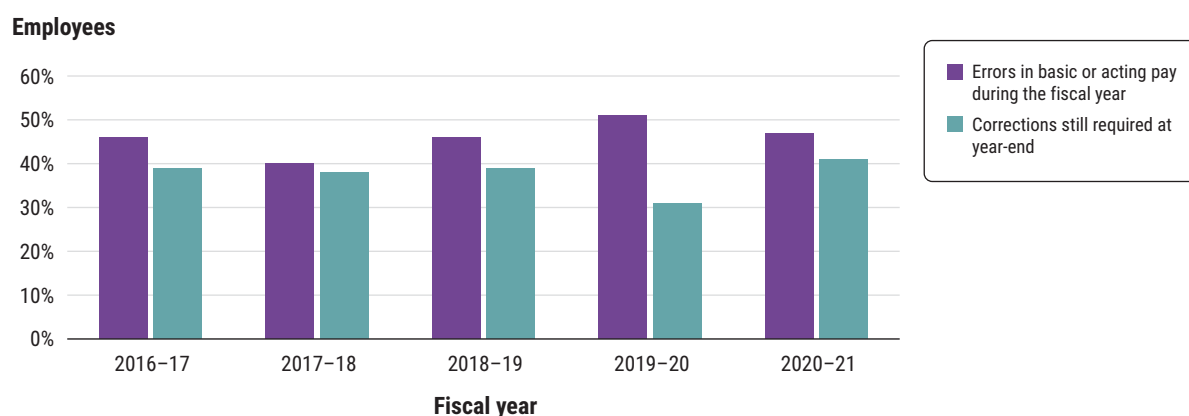
64. It is important that employees are paid accurately and on time. Therefore, we expect that the government will return to having pay processes with sufficient and appropriate internal controls. This

expectation remains, regardless of whether the government keeps its current pay system for some entities or implements a new one.

Pay errors continued for many employees

65. As a result of our audit work, we found that 47% of employees we sampled had an error in their basic or acting pay during the 2020–21 fiscal year, compared with 51% in the prior year. We also found that 41% of employees we sampled still required corrections to their pay as at 31 March 2021, an increase from the 31% reported in the prior year (Exhibit 5).

Exhibit 5—Percentage of employees in our sample with an error in basic or acting pay during the fiscal year and who were still awaiting a correction at year-end



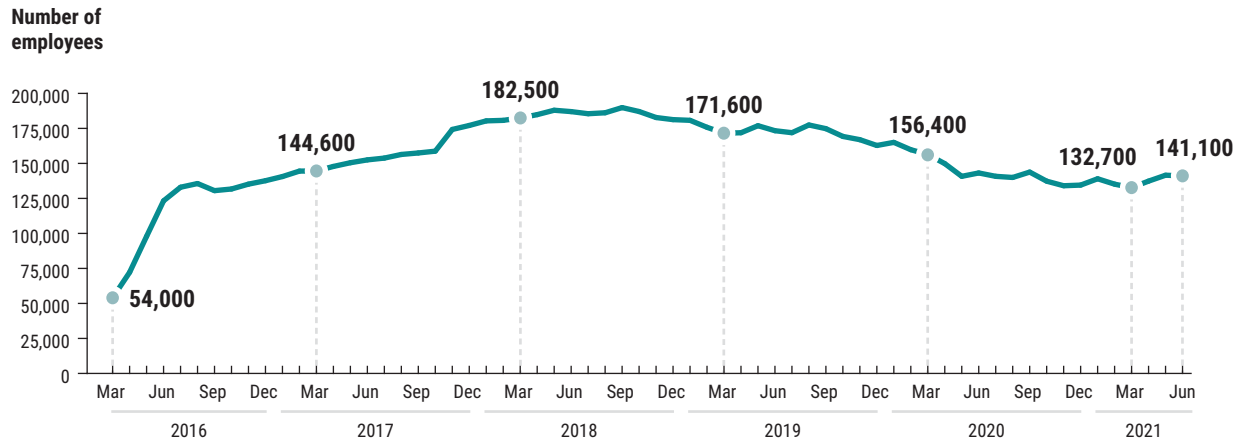
Source: Based on the Office of the Auditor General of Canada’s analysis of a sample of Government of Canada employees’ pay transactions for the 5 fiscal years ending March 31 from 2017 to 2021

66. We concluded that pay expenses were presented fairly in the Government of Canada’s 2020–21 consolidated financial statements. What contributed to the fair presentation was that overpayments and underpayments made to employees continued to partially offset each other. In addition, year-end accounting adjustments were made to improve the accuracy of pay expenses. However, as we noted in previous commentaries, these adjustments did not correct the persistent pay errors for the employees who were overpaid or underpaid.

The number of outstanding pay action requests decreased but continued to affect employees’ pay

67. Despite the COVID-19 pandemic, the Public Service Pay Centre continued to work remotely and to address the outstanding **pay action requests** during the year. However, thousands of employees are still affected and awaiting the resolution of pay action requests (Exhibit 6).

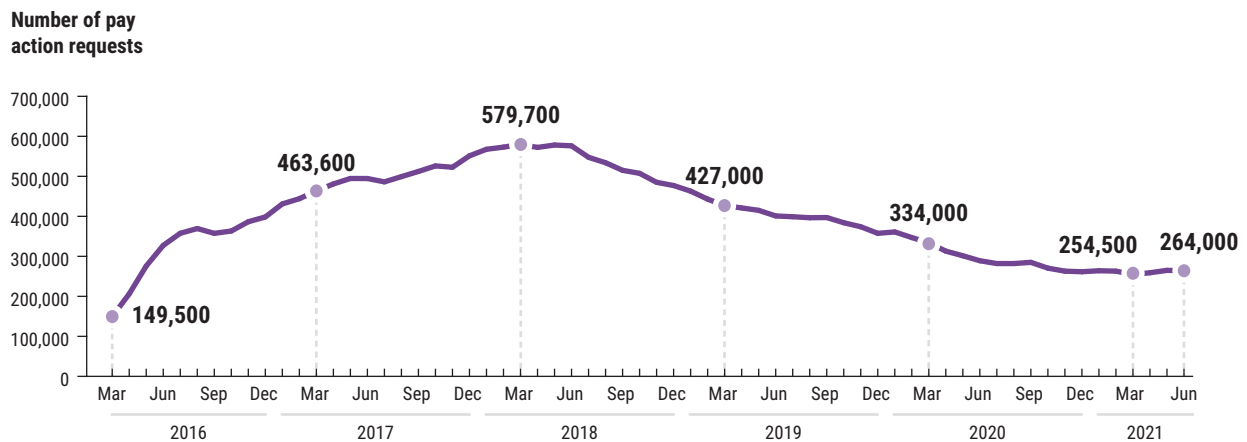
Exhibit 6—Number of employees with outstanding pay action requests in the departments and agencies served by the Public Service Pay Centre



Source: Based on the Office of the Auditor General of Canada’s analysis of data in Public Services and Procurement Canada’s Case Management Tool

68. For a number of years, we have been reporting on the total number of outstanding pay action requests in the departments and agencies served by the Public Service Pay Centre. As at 31 March 2021, there were 254,500 outstanding pay action requests, a substantial improvement from the 334,000 requests reported as at 31 March 2020. However, as at June 2021, 3 months after the government’s fiscal year-end, the number of outstanding pay action requests had increased to 264,000 (Exhibit 7).

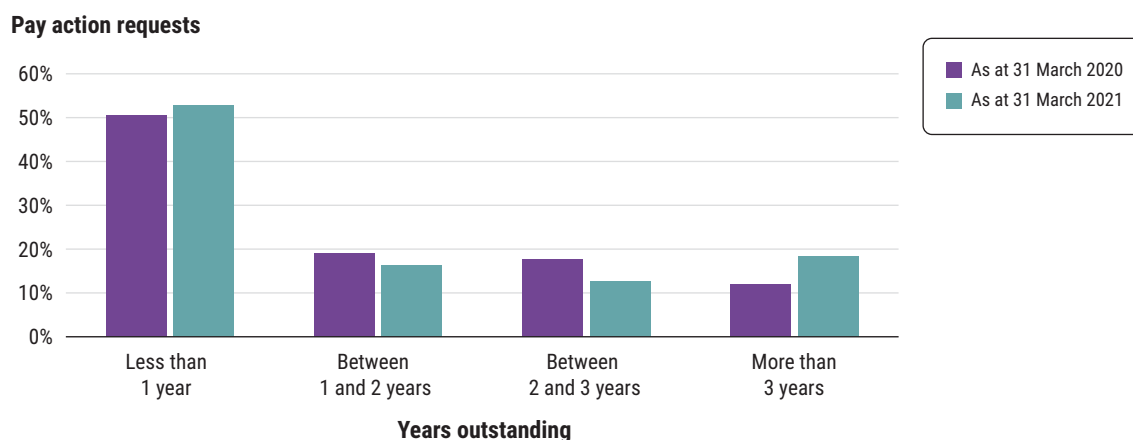
Exhibit 7—Number of outstanding pay action requests in the departments and agencies served by the Public Service Pay Centre



Source: From March 2016 to June 2018, based on the Office of the Auditor General of Canada’s analysis of data in Public Services and Procurement Canada’s Case Management Tool. From July 2018 to June 2021, based on data in Public Services and Procurement Canada’s Case Management Tool.

69. We did an analysis of how long pay action requests remained unresolved. We found that as at 31 March 2021, 18% of pay action requests, or 46,400, were more than 3 years old (Exhibit 8). This was an increase from 12%, or 40,200 requests, the previous year. Given that the oldest pay action requests are not necessarily resolved first, it can take years for employees' pay to be fully corrected. For instance, of the 40,200 requests that were more than 3 years old last year, 46%, or 18,300, remained unresolved as at 31 March 2021.

Exhibit 8—Percentage of pay action requests in the departments and agencies served by the Public Service Pay Centre, by number of years outstanding



Source: Based on the Office of the Auditor General of Canada's analysis of data in Public Services and Procurement Canada's Case Management Tool

70. On the basis of the current rate at which the pay centre is processing pay action requests, we estimate that it could take until April 2023 to address those requests outstanding as at March 2021. The government expects that there will always be outstanding pay action requests from normal ongoing pay transactions. However, we encourage the pay centre to resolve old requests and take steps so that employees' requests are resolved in a reasonable amount of time and are not outstanding for several years.

We continue our work on the IT general controls for pay administration

71. In our 2017–18 commentary, we reported on internal control deficiencies in the HR-to-pay process. We also issued management letters in past years that identified internal control deficiencies to be addressed by the government. This year, we followed up on IT general controls for pay administration and noted that the government had made some improvements. For example, for the Phoenix pay system, improvements were made to access and change management controls.

72. During our 2020–21 audit, we also began audit work on the design of internal controls for certain payroll applications. Because the HR-to-pay process is quite complex and involves numerous systems, this work will

continue as part of next year's audit. This audit work is exploratory work that can set a path to our returning to a controls-reliant audit approach in the future. However, this may not be possible until effective internal controls are implemented in the HR-to-pay process, in addition to resolving the backlog of outstanding pay requests and data quality issues.

We continue to monitor the government's plans toward a possible transition to a new pay system

73. As reported in last year's commentary, we continue to be concerned that the government's new HR and pay system could repeat weaknesses we have found in the HR-to-pay process and could pay some employees inaccurately. Next Generation, the current initiative to replace the government's HR and pay system, is expected to be a large, multi-year initiative. We note that the government recently began pilot projects and planned to test new pay systems in selected departments as part of the initiative.

74. Because it is important that the new HR and pay system will process employee pay accurately and on time, we will continue to be involved as the auditor to report on the government's progress toward a long-term, sustainable, and efficient HR and pay system.

National Defence inventory and asset pooled items

75. For 18 years, we have raised concerns about the ability of National Defence to properly account for the quantities and values of its inventory. We have also reported on National Defence's asset pooled items, which are tangible capital assets that are managed like inventory. As at 31 March 2021, inventories at National Defence were valued at about \$5.2 billion (or about 53% of the government's total inventories). Asset pooled items were valued at about \$3.2 billion and were included in the government's tangible capital assets.

National Defence made progress on its long-term action plan, but we continue to note errors in inventory and asset pooled items

76. National Defence submitted a 10-year inventory management action plan to the House of Commons Standing Committee on Public Accounts in the 2016–17 fiscal year. The plan set out actions to better record, value, and manage the department's inventory.

77. In May 2021, National Defence reported that most of the action plan initiatives were completed. Despite the operational challenges that the pandemic had on the department, we continue to be encouraged by the progress made. A key initiative, scheduled to be completed by the end of the 2026–27 fiscal year, is the implementation of a modern scanning and barcoding capability within the department's inventory management system. In our view, this is an important initiative that, once implemented, could help strengthen inventory management and improve the accuracy of inventory and asset pooled item information.

78. However, we also continue to find discrepancies in the reported amounts of inventory and asset pooled items during our annual audit. We noted a combined understatement of inventory and asset pooled items at year-end of an estimated \$176 million. Similar to last year, in about a quarter of the items we sampled, we found errors in at least 1 of the characteristics we tested: quantities, values, or classification. This shows that there is still more work to be done to improve the recording of inventory and asset pooled items in the departmental records.

79. Through the department's action plan, management has put processes in place to address some of the weaknesses with respect to the management and accounting of inventory and asset pooled items. We encourage the department to continue to monitor the implementation of the plan and refine its processes within materiel and financial management, with the cooperation of the Canadian Armed Forces, to address the root causes of these types of errors. Until that is done and internal controls around the management and accounting of inventory are strengthened, these levels of discrepancies within the underlying data will continue. As we have noted in the past, maintaining adequate records and strong controls over these assets is important to the department's ability to deliver its programs efficiently and cost-effectively.

Improving inventory data is key to the effectiveness of future IT projects

80. In addition to National Defence's scanning and barcoding initiative, the department is also planning the future upgrade of its enterprise resource planning software. Both of these projects will be integral to addressing accuracy issues with inventory data.

81. While these significant software changes are still several years away, addressing the root causes of discrepancies and strengthening internal controls will help to maximize the benefits of the investments in these new systems.

About our financial statement audits

To find out more about the Office of the Auditor General of Canada's work on the government's financial statements, see the Financial Audit section on our website.

Glossary

Budgetary measures—Government transactions that affect the surplus or deficit of the Government of Canada. These transactions are presented in the government’s main and supplementary estimates.

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

Cyberattack—A deliberate exploitation of computer systems and networks. Cyberattacks use various types of malicious acts that steal, alter, or destroy information.

Emphasis of matter paragraph—A paragraph in an independent auditor’s report to draw the attention of users of financial statements to a matter that has been presented or disclosed in the financial statements, when, in the auditor’s judgment, the matter is of such importance that it is fundamental to users’ understanding of the financial statements.

Enterprise Crown corporation—A Crown corporation that is not dependent on parliamentary appropriations and whose principal source of revenue is the sale of goods and services to outside parties.

Financial audit—An examination as to whether the numbers presented in financial statements, or other financial information, are reasonably accurate. It is not designed to examine each dollar received or spent, to identify instances of fraud or wrongdoing, or to assess the merits of government policy decisions.

Fiscal measures—Changes to tax rates and rules to achieve policy objectives.

Internal control—An activity designed to mitigate risks and provide reasonable assurance that an organization’s objectives, including compliance with applicable laws, regulations, and policies, will be achieved.

Liquidity—The ease with which an asset, or security, can be converted into ready cash without affecting its market price.

Macro-prudential measures—Financial policies aimed at ensuring the stability of the financial system as a whole to prevent substantial disruptions in credit and other vital financial services necessary for stable economic growth.

Management letter—A letter that identifies opportunities for changes in procedures to improve an organization’s systems of internal control, streamline its operations, and/or enhance its financial reporting practices.

Monetary policy—Actions undertaken by a nation’s central bank to achieve desired objectives. The objective of the Bank of Canada’s monetary policy is to preserve the value of money by keeping inflation low, stable, and predictable.

Non-budgetary measures—Government loans, investments, and advances that affect the financial position of the Government of Canada but do not affect its surplus or deficit. These loans, investments, and advances are presented in the government’s main and supplementary estimates.

Pay action requests—Anything from a request to change an employee’s address or bank account information, to a request to enter parental leave or a promotion, or a request to fix a pay error.

Performance audit—An audit that seeks to determine whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and whether there are measures in place to determine their effectiveness.

Policy interest rate—The Bank of Canada’s target for the overnight rate, which is the interest rate at which major financial institutions borrow and lend 1-day (or overnight) funds among themselves.

Public Accounts of Canada—The government’s annual report that includes the audited consolidated financial statements of the Government of Canada and other unaudited financial information, such as the financial statements discussion and analysis and supporting tables, contained in 3 volumes.

Subsequent event—An event that occurs after an organization’s fiscal year-end but before financial statements are issued. The event may provide additional information relating to items included in the financial statements and may reveal conditions existing at the fiscal year-end that affect the estimates involved in the preparation of financial statements.

Unmatured debt—Debt of the Government of Canada issued on the credit markets, and other obligations, that has not yet become due. Unmatured debt includes marketable bonds, treasury bills, retail debt, foreign-currency-denominated debt, and obligations related to capital leases and public–private partnerships.

Unmodified audit opinion—An opinion expressed by an auditor when the auditor concludes that the financial statements gave a fair presentation of the underlying transactions and events according to accounting requirements.

Appendix A—Measures included in the Government of Canada’s COVID-19 Economic Response Plan

We have compiled the measures included in the Government of Canada’s COVID-19 Economic Response Plan on the basis of our review of information published by the government. We agreed the amounts spent or advanced between 1 April 2020 and 31 March 2021 to the government’s consolidated financial statements, or financial statements of Crown corporations, where possible. For some measures, we have reproduced the estimated amounts spent, as reported by the Treasury Board of Canada Secretariat to the House of Commons Standing Committee on Government Operations and Estimates.

Number	Measure	Amount expended or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
Protecting health and safety measures			
1	Safe Restart Agreement*	15,843.5	Major transfer payments to other levels of government (\$12,977) Inventories (\$2,867)
2	Helping health care systems recover	4,000.0	Major transfer payments to other levels of government
3	Further support for medical research and vaccine developments*	2,466.7	Other transfer payments (\$867) Prepaid expenses (\$1,600)
4	Safe Return to Class	2,000.0	Major transfer payments to other levels of government
5	Funding for personal protective equipment and supplies*	1,816.5	Major transfer payments to other levels of government (\$1,283) Inventories (\$533)
6	Canada’s COVID-19 immunization plan	1,000.0	Major transfer payments to other levels of government
7	Support for international partners	698.8	Other transfer payments
8	Safe Restart Agreement federal investments in testing, contact tracing, and data management*	532.8	Major transfer payments to other levels of government
9	COVID-19 response fund*	417.8	Other transfer payments
10	Supporting a safe restart in Indigenous communities*	314.8	Other transfer payments
11	Canadian Armed Forces support for the COVID-19 response	292.4	Other expenses
12	Enhancing public health measures in Indigenous communities*	279.0	Other transfer payments
13	Personal protective equipment and related equipment support for essential workers*	255.0	Other transfer payments
14	Support for COVID-19 medical research and vaccine developments*	239.4	Other transfer payments
15	Quarantine facilities and COVID-19 border measures	227.8	Other expenses
16	Health and social support for northern communities*	179.6	Other transfer payments

Number	Measure	Amount expended or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
17	Supporting public health measures in correctional institutions	156.3	Other expenses
18	Virtual care and mental health support*	137.3	Other transfer payments
19	Supporting and sustaining the Public Health Agency of Canada and Health Canada's pandemic operations	107.3	Other expenses
20	Support for Health Canada and the Public Health Agency of Canada*	83.7	Other expenses
21	Funding for IT services, infrastructure, and cybersecurity	80.9	Other expenses
22	Consular assistance for Canadians abroad*	54.9	Other expenses
23	COVID-19 communications and marketing	45.1	Other expenses
24	Communication services	26.8	Other expenses
25	Canada Healthy Communities Initiative	19.6	Major transfer payments to other levels of government
26	Support for food inspection services	19.4	Other expenses
27	Supporting the ongoing delivery of key benefits	17.8	Other expenses
28	Funding for countermeasures for chemical, biological, radiological, and nuclear threats, including pandemic influenza	15.4	Other expenses
29	Immediate public health response	12.5	Other expenses
30	Advertising campaign: Government of Canada's COVID-19 Economic Response Plan*	10.0	Other expenses
31	Improving ventilation in public buildings	0.2	Other expenses
32	Supporting court operations and access to justice	0.1	Other expenses
Subtotal—Protecting health and safety measures		31,351.4	
Direct support measures for individuals			
33	Canada Emergency Response Benefit*	63,693.3	Canada Emergency Response Benefit and Canada recovery benefits (\$39,049) Employment Insurance and support measures (\$24,644)
34	Canada Recovery Benefit	14,417.3	Canada Emergency Response Benefit and Canada recovery benefits
35	Enhanced goods and services tax credit	5,425.0	Other taxes and duties (reducing)
36	Essential workers wage top-up	2,884.2	Major transfer payments to other levels of government
37	Canada Emergency Student Benefit*	2,880.4	Other transfer payments
38	One-time payment for seniors eligible for Old Age Security and Guaranteed Income Supplement*	2,455.0	Other transfer payments
39	Enhanced Canada Child Benefit	2,000.0	Children's benefits

Number	Measure	Amount expended or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
40	Canada Recovery Caregiving Benefit	1,956.7	Canada Emergency Response Benefit and Canada recovery benefits
41	Temporary changes to Employment Insurance to improve access	1,634.0	Employment Insurance and support measures
42	Supporting provincial and territorial job training efforts as part of COVID-19 economic recovery*	1,499.3	Major transfer payments to other levels of government
43	Enhancing student financial assistance for fall 2020	1,350.9	Other transfer payments
44	Support for persons with disabilities*	810.3	Other transfer payments
45	Canada Recovery Sickness Benefit	409.4	Canada Emergency Response Benefit and Canada recovery benefits
46	Canada Emergency Response Benefit administration costs*	287.6	Other expenses
47	Support for the On-reserve Income Assistance Program*	262.2	Other transfer payments
48	Canada Revenue Agency funding for COVID-19 economic measures*	219.4	Other expenses
49	Ensuring access to Canada Revenue Agency call centres*	97.5	Other expenses
50	Canada Emergency Student Benefit administration costs*	17.6	Other expenses
51	Wage support for Staff of the Non-Public Funds, Canadian Forces	11.2	Other expenses
52	Improving our ability to reach Canadians	10.9	Other expenses
53	Support for children and youth*	4.2	Children's benefits
54	Canada student loan moratorium	2.5	Other expenses
55	Insured mortgage payment deferrals	Footnote A	Not applicable—Footnote A
Subtotal—Direct support measures for individuals		102,328.9	
Direct support measures for businesses			
56	Canada Emergency Wage Subsidy	79,277.7	Canada Emergency Wage Subsidy
57	Canada Emergency Business Account loan incentive	13,084.7	Other transfer payments
58	Canada Emergency Rent Subsidy	4,045.0	Other transfer payments
59	Canada Emergency Commercial Rent Assistance*	2,147.0	Other transfer payments
60	Regional Relief and Recovery Fund*	1,869.3	Other transfer payments
61	Cleaning up former oil and gas wells	1,720.0	Major transfer payments to other levels of government (\$1,520) Other loans, investments, and advances (\$200)
62	Indigenous Community Support Fund*	1,027.7	Other transfer payments
63	Temporary Wage Subsidy	888.3	Canada Emergency Wage Subsidy
64	Expanding existing federal employment, skills development, and student and youth programming*	880.0	Other transfer payments

Number	Measure	Amount expended or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
65	Rapid Housing Initiative*	870.4	Other expenses
66	Support for cultural, heritage, and sport organizations*	497.9	Other transfer payments
67	Support for Canada's academic research community*	434.5	Other transfer payments
68	Support for the homeless (through Reaching Home)*	394.1	Other transfer payments
69	Indigenous public health investments	382.8	Other transfer payments
70	Emergency Community Support Fund*	349.7	Other transfer payments
71	Support for workers in the Newfoundland and Labrador offshore energy sector	320.0	Major transfer payments to other levels of government
72	Support for Indigenous businesses and Aboriginal financial institutions*	228.8	Other transfer payments
73	Support for food banks and local food organizations*	170.9	Other transfer payments
74	Supporting Canada's farmers, food businesses, and food supply*	157.5	Other transfer payments
75	Support for fish harvesters*	144.8	Other transfer payments
76	Support for local Indigenous businesses and economies*	133.0	Other transfer payments
77	Targeted extension of the Innovation Assistance Program*	127.3	Other transfer payments
78	Support for the Canadian Red Cross*	99.3	Other transfer payments
79	Funding for VIA Rail Canada Inc.	90.4	Other expenses
80	Indigenous mental wellness support*	82.4	Other transfer payments
81	Support for food system firms that hire temporary foreign workers*	74.0	Other transfer payments
82	Support essential air access to remote communities	68.3	Other transfer payments
83	Support for women's shelters and sexual assault centres, including in Indigenous communities*	50.0	Other transfer payments
84	Addressing the outbreak of COVID-19 among temporary foreign workers on farms*	49.3	Other transfer payments
85	Addressing gender-based violence during COVID-19*	48.9	Other transfer payments
86	Support for fish and seafood processors*	45.2	Other transfer payments
87	Bio-manufacturing capacity expansion—National Research Council Royalmount facility*	43.5	Other transfer payments
88	Supporting distress centres, the Wellness Together Canada Portal	41.7	Other transfer payments
89	Parks Canada revenue replacement and rent relief	35.7	Other transfer payments
90	Emissions reduction fund for the oil and gas sector	31.7	Other transfer payments
91	Support for the broadcasting industry	31.4	Other transfer payments
92	Support for safe operation in the forest sector	30.1	Other transfer payments

Number	Measure	Amount expensed or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
93	Support for Canada's national museums*	25.7	Other expenses
94	Support for veterans' organizations*	20.0	Other transfer payments
95	New Horizons for Seniors Program expansion*	20.0	Other transfer payments
96	Support for Canada's National Arts Centre*	18.2	Other expenses
97	Financial relief for First Nations through the First Nations Finance Authority	17.1	Other transfer payments
98	Women Entrepreneurship Strategy—Ecosystem top-up	15.0	Other transfer payments
99	Personal support worker training and other measures to address labour shortages in long-term and home care*	12.6	Other transfer payments
100	Granville Island Emergency Relief Fund*	10.4	Other transfer payments
101	Supporting Canada's broadcasting system	7.9	Other transfer payments
102	Support for main street businesses	7.8	Other transfer payments
103	Support for the Federal Bridge Corporation Limited*	5.8	Other expenses
104	Support for the National Film Board	4.7	Other expenses
105	Investments in long-term care and other supportive care facilities	4.7	Other transfer payments
106	Enhancements to the work-sharing program	4.4	Other transfer payments
107	Canadian Digital Service	3.6	Other transfer payments
108	Labour market impact assessment refund	2.8	Other transfer payments
109	Canada Emergency Business Account administration costs	1.8	Other expenses
110	Innovative research and support for new testing approaches and technologies for COVID-19	1.6	Other transfer payments
111	Regional Air Transportation Initiative	1.1	Other transfer payments
112	Funding to support business resumption for federally regulated employers	0.9	Other transfer payments
113	Support for audiovisual industry*	0.8	Other transfer payments
114	Waiver of broadcast licence fees	Footnote A	Not applicable—Footnote A
115	Airport ground lease rent deferrals	Footnote B	Not applicable—Footnote B
116	Waiver of interest on deposit insurance premiums	Footnote B	Not applicable—Footnote B
Subtotal—Direct support measures for businesses		110,160.2	
Total—Protecting health and safety measures and direct support measures to individuals and businesses		243,840.5	

Number	Measure	Amount expensed or advanced— 1 April 2020 to 31 March 2021 (in \$ millions)	Included in Public Accounts of Canada line item (in \$ millions)
Tax liquidity support			
117	Income tax payment deferral until 30 September 2020	Footnote B	Not applicable—Footnote B
118	Sales tax remittance and customs duty payments deferral	Footnote B	Not applicable—Footnote B
119	Supporting Jobs and Safe Operations of Junior Mining Companies	Footnote B	Not applicable—Footnote B
Other liquidity support and capital relief			
120	Canada Emergency Business Account	44,881.1	Other loans, investments, and advances
121	Insured Mortgage Purchase Program	5,817.0	Enterprise Crown corporations and other government business enterprises and the Canada Mortgage and Housing Corporation annual report
122	Business Credit Availability Program and other credit availability programs	3,695.8	Enterprise Crown corporations and other government business enterprises and the Business Development Bank of Canada (\$3,408) and Export Development Canada (\$288) annual reports
123	Portfolio insurance eligibility extensions	Footnote A	Not applicable—Footnote A
124	Support for the agriculture and agri-food sector	891.0	Enterprise Crown corporations and other government business enterprises and the Farm Credit Canada annual report
125	Large Employer Emergency Financing Facility	319.0	Enterprise Crown corporations and other government business enterprises and the Canada Enterprise Emergency Funding Corporation annual report
126	Bank of Canada actions to support the Canadian economy and financial system	Footnote C	Enterprise Crown corporations and other government business enterprises and the Bank of Canada annual report
127	Capital relief (Office of the Superintendent of Financial Institutions Canada Domestic Stability Buffer)	Footnote A	Not applicable—Footnote A
Subtotal—Other liquidity support and capital relief		55,603.9	
Grand total—Protecting health and safety measures, direct support measures to individuals and businesses, and liquidity support and capital relief		299,444.4	

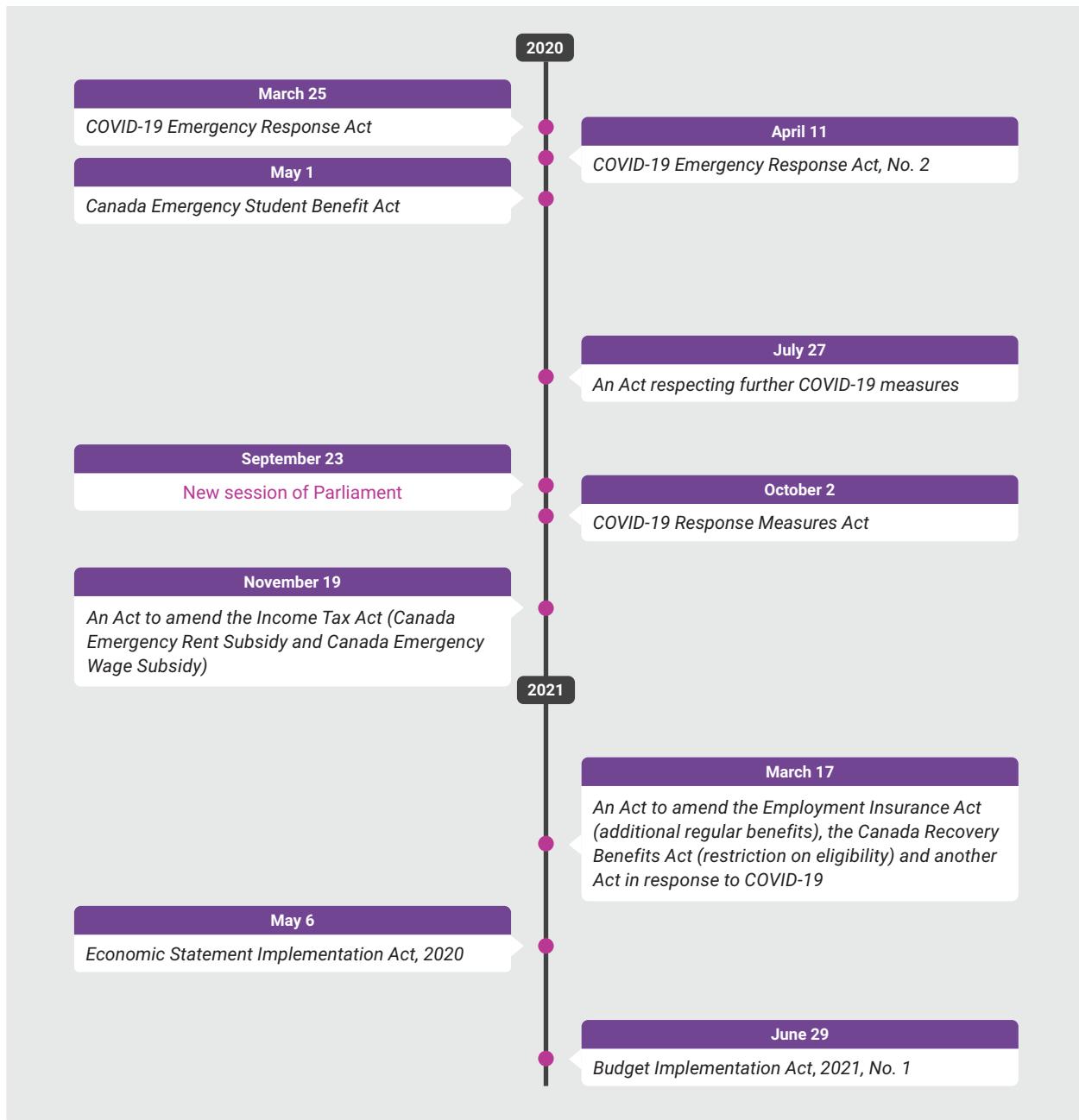
* This measure is related to part 3 of the *COVID-19 Emergency Response Act*.

Footnote A: The measure involved regulatory changes or other supports that did not result in amounts expensed or advanced.

Footnote B: The measure involved a deferral of the government's revenues.

Footnote C: The measure involved monetary policy actions taken by the Bank of Canada.

Appendix B—Timeline of key federal legislation related to COVID-19 spending



Source: Based on information from the Parliament of Canada's website

