COVID-19 PANDEMIC

REPORT 8

Canada Emergency Business Account

Independent Auditor's Report

2024
Reports of the Auditor General of Canada to the Parliament of Canada

Office of the Auditor General of Canada
Bureau du vérificateur généra du Canada

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- conclude against the established audit objectives
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At a Glance

Overall message

Export Development Canada (EDC), as the Crown corporation responsible for delivering the Canada Emergency Business Account (CEBA) program, acted quickly to disburse $49.1 billion in loans to small businesses to cover expenses that could not be deferred during the COVID-19 pandemic. Of those loans, 91% went to eligible businesses. As of 31 March 2024, approximately 83% of the total loan amounts originally disbursed had been repaid, with a portion forgiven. Based on our audit work, we estimated $3.5 billion went to ineligible recipients.

We found that EDC prioritized quick implementation of program changes by relying on sole-source contracts with a single vendor without strong checks and balances in place. EDC told us that it took this approach because it did not have the capacity, expertise, or infrastructure to manage a program of this size. EDC gave the vendor too much control over key aspects of contracts, such as the scope of work and pricing, and failed to exercise basic controls in contract management, such as monitoring that amounts paid aligned with the work performed. This meant that value for money was compromised.

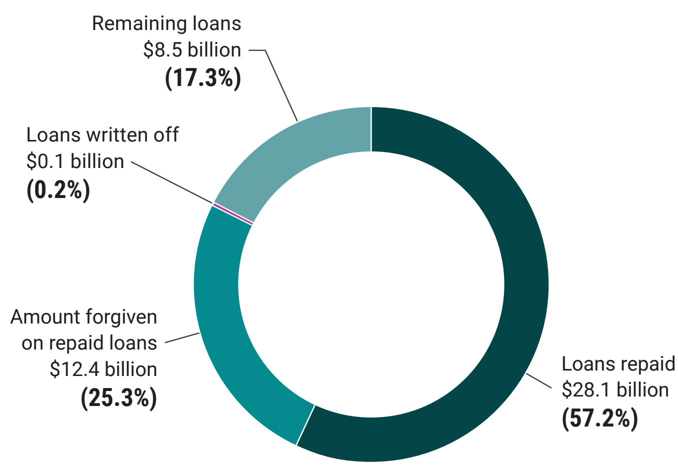
The Department of Finance Canada and Global Affairs Canada did not provide effective oversight to ensure that the CEBA program was managed with due regard for value for money. As a result of unclear roles and responsibilities, neither department took accountability for the program, leaving many basic program elements, such as program lifecycle planning, either delayed or incomplete. Further, the Department of Finance Canada did not provide effective oversight of EDC's administrative spending. No overall spending limits were set, and it did not challenge administrative spending on the program.

These findings are important because unlike other COVID-19 programs, CEBA is a loan program and will continue for several years. As of 31 March 2024, there was $8.5 billion remaining in loans to be repaid. Some repayments are ongoing, while taking action on defaulted loans has just started. We found that EDC's plan to collect defaulted loans lacked forecasted costing, performance management, and other key elements. The Canada Revenue Agency, which is supporting EDC in collection efforts, had a more detailed plan but was missing targeted timelines.

Key facts and findings

- The CEBA program provided interest-free loans of $40,000 to $60,000 to eligible businesses, with $10,000 to $20,000 to be forgiven if the rest of the loan was repaid on time.
- Approximately $49.1 billion in loans were provided to approximately 898,000 small businesses across Canada. Of these loans, about $45.6 billion went to recipients that were deemed eligible.
- The total spending to administer the CEBA program as of 31 March 2024 was $853 million, including $575 million to financial institutions and $248 million to EDC to administer the program.
- As of 31 March 2024, the majority of EDC's expenses ($230 million) were for contracts with third-party vendors, and within this, 91% was paid to Accenture via non-competitive contracts. As a result of the use of Accenture proprietary systems, ongoing delivery of the program will rely on these non-competitive contracts until at least 2028.

Status of $49.1 billion in Canada Emergency Business Account funding disbursed as of 31 March 2024



Source: Based on data from Export Development Canada

Status of $49.1 billion in Canada Emergency Business Account funding disbursed as of 31 March 2024—Text description

This donut chart shows the status of Canada Emergency Business Account loans disbursed. In descending order, the status is as follows: loans repaid totalled $28.1 billion, or 57.2% of all loans disbursed; the amount forgiven on repaid loans totalled $12.4 billion, or 25.3%; loans written off totalled $0.1 billion, or 0.2%; and remaining loans totalled $8.5 billion, or 17.3%.

Source: Based on data from Export Development Canada

See **Recommendations and Responses** at the end of this report.

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Introduction

The Canada Emergency Business Account

8.1 The Government of Canada announced the Canada Emergency Business Account (CEBA) on 27 March 2020 as part of Canada's COVID-19 Economic Response Plan. The program provided interest-free loans of $40,000 to $60,000 to eligible businesses and non-profit organizations (hereafter referred to as businesses) with $10,000 to $20,000 to be forgiven if the rest of the loan was repaid on time. The program's objective was to help small businesses cover a variety of expenses that could not be deferred during the pandemic, such as payroll, rent, insurance, and utilities.

8.2 Between April 2020 and December 2020, there were several changes to the program, including expansions to the eligibility criteria and increases in the amount of funding available. These different phases of the program and the timing of each are explained in Exhibit 8.1.

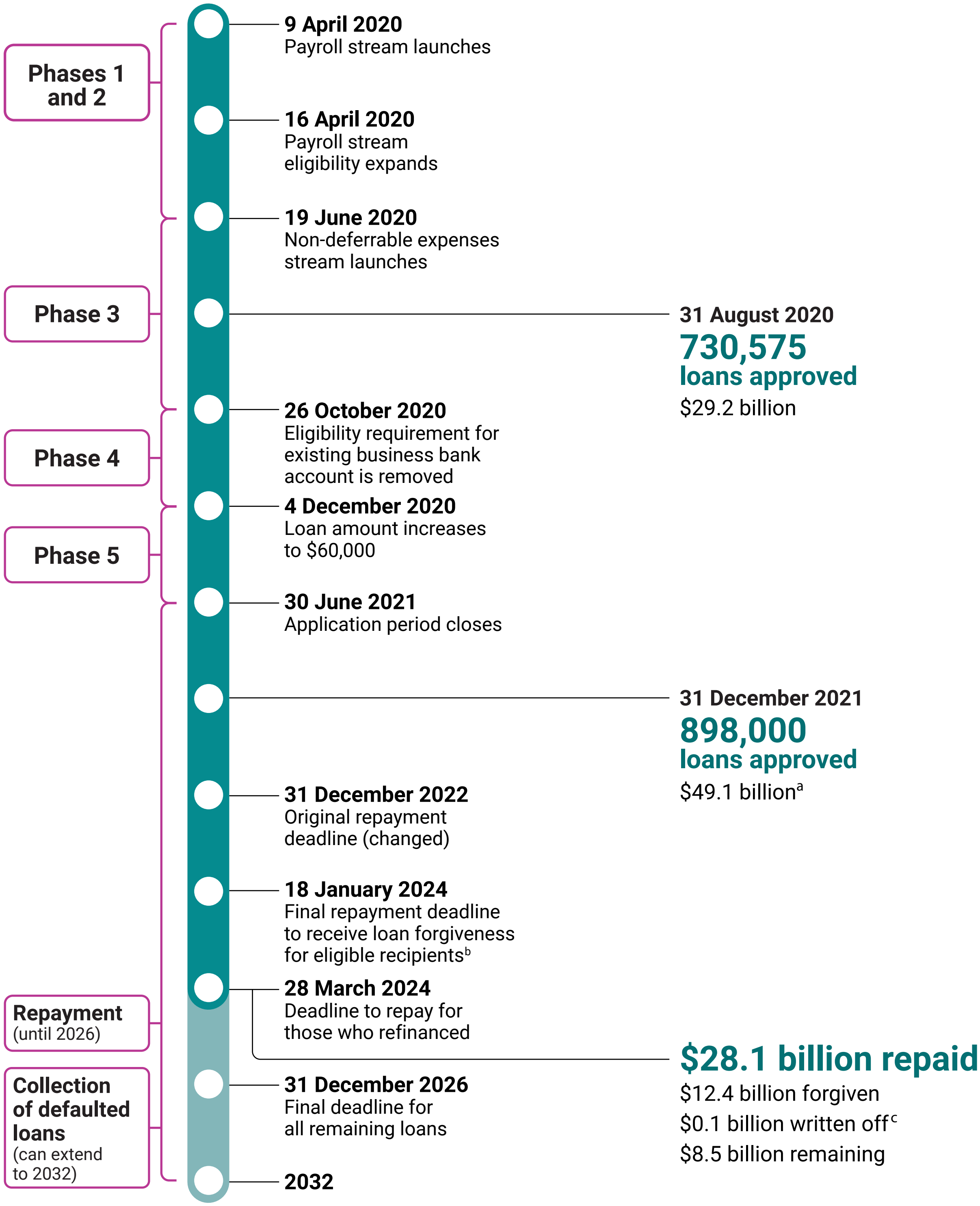
8.3 Throughout the program, there were 2 eligibility streams available to qualify for a CEBA loan:

- payroll stream (started in April 2020): for small businesses with payroll greater than $20,000 and less than $1.5 million (based on the 2019 calendar year)
- non-deferrable expenses stream (started in June 2020): for small businesses with $20,000 or less in payroll and that had non-deferrable expenses greater than $40,000 and less than $1.5 million (eligible non-deferrable expenses included loan payments, rent, insurance, utilities, and other non-deferrable expenses)

8.4 In total, approximately 898,000 businesses received CEBA loans, amounting to approximately $49.1 billion. Exhibit 8.2 and Exhibit 8.3 show the breakdown by industry of businesses that received CEBA loans and where these loans were disbursed across the country.

8.5 If eligible businesses met the final loan repayment deadline of 18 January 2024, they qualified for partial loan forgiveness. Businesses that sought refinancing in order to repay their loans had until 28 March 2024 to qualify for partial loan forgiveness. Any businesses that did not repay the loan by these dates must repay the full loan amount by 31 December 2026, with interest of 5% per year. Ineligible businesses, which received a loan without meeting the requirements, had until 31 December 2023 to repay the full loan amount. Any businesses that do not repay within those deadlines or do not meet interest payment obligations are subject to collection.

Exhibit 8.1—Development phases, key dates, and changes to the Canada Emergency Business Account program



Note: All numbers are approximate due to rounding.

[a] This amount includes additional funding loaned to existing recipients after the increase of the total loan value to $60,000.

[b] Final repayment deadline for ineligible loan recipients was 31 December 2023.

[c] Write-off—The cancellation of an amount owed, the removal of the amount from official records, and the acknowledgment of the loss or failure to recover the amount by reporting it in the financial statements.

Source: Based on information from Export Development Canada

Exhibit 8.1—Development phases, key dates, and changes to the Canada Emergency Business Account program—Text description

This timeline shows the Canada Emergency Business Account program's development phases, key dates, and changes.

Key dates under phases 1 and 2 are as follows:

- 9 April 2020, when the payroll stream launched
- 16 April 2020, when the payroll stream eligibility expanded

Key dates under phase 3 are as follows:

- 19 June 2020, when the non-deferrable expenses stream launched
- 31 August 2020, at which time 730,575 loans had been approved at $29.2 billion

A key date under phase 4 is 26 October 2020, when the eligibility requirement for existing business bank account was removed.

Key dates under phase 5 are as follows:

- 4 December 2020, when the loan amount increased to $60,000
- 30 June 2021, when the application period closed

After phase 5 is the repayment period, which will last until 2026. Key dates are as follows.

As at 31 December 2021, 898,000 loans had been approved at $49.1 billion, which includes additional funding loaned to existing recipients after the increase of the total loan value to $60,000.

The original repayment deadline, which would be changed, was 31 December 2022.

The final repayment deadline for ineligible loan recipients was 31 December 2023, and the final repayment deadline to receive loan forgiveness for eligible recipients was 18 January 2024.

The deadline to repay for those who refinanced was 28 March 2024. At that time,

- $28.1 billion had been repaid
- $12.4 billion had been forgiven
- $0.1 billion had been written off
- $8.5 billion remained

A write-off is the cancellation of an amount owed, the removal of the amount from official records, and the acknowledgment of the loss or failure to recover the amount by reporting it in the financial statements.

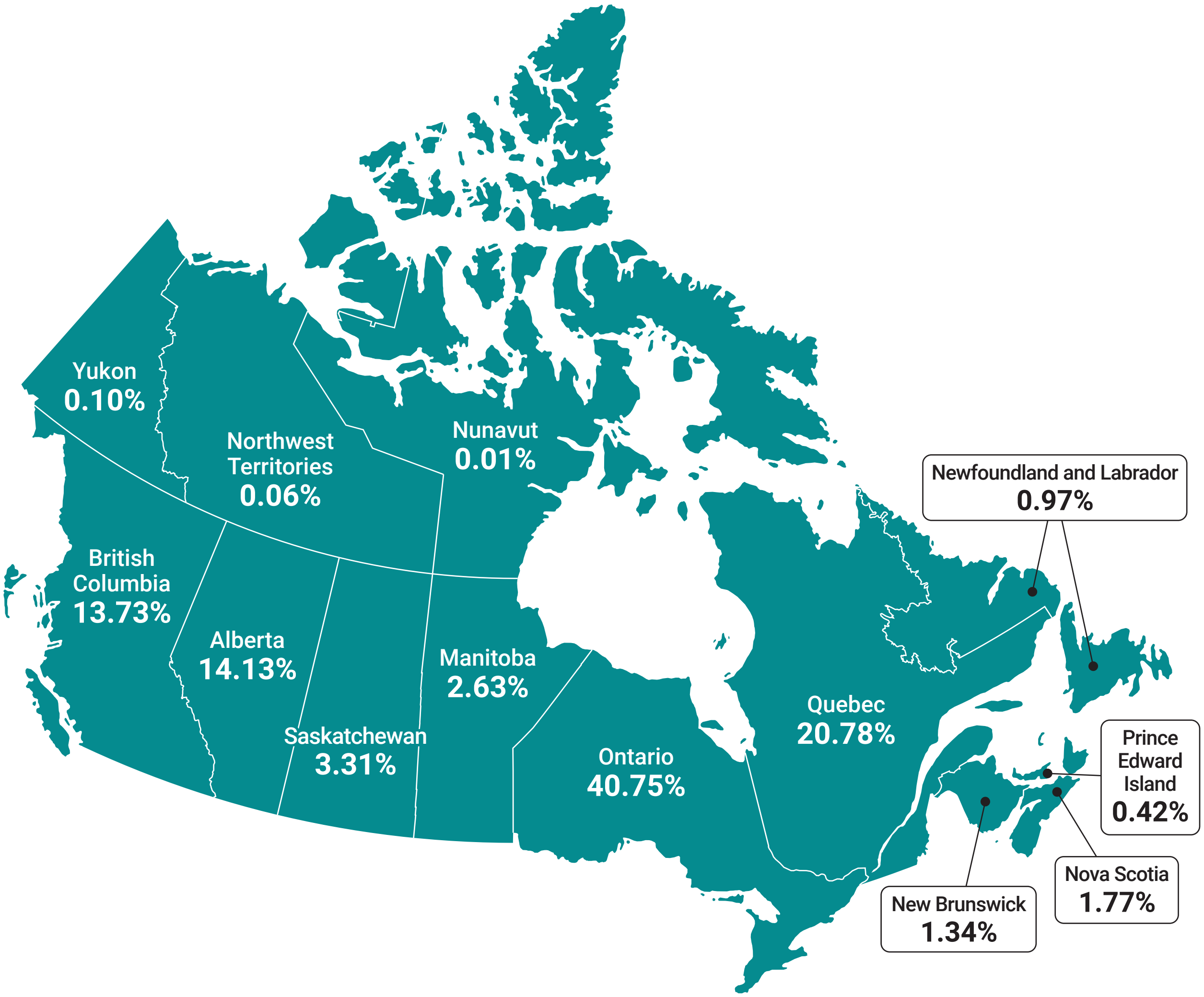
The final deadline for all remaining loans is 31 December 2026.

The collection of defaulted loans can extend to 2032.

Note: All numbers are approximate due to rounding.

Source: Based on information from Export Development Canada

Exhibit 8.2—Distribution of Canada Emergency Business Account loans by province and territory



Source: Adapted from Export Development Canada

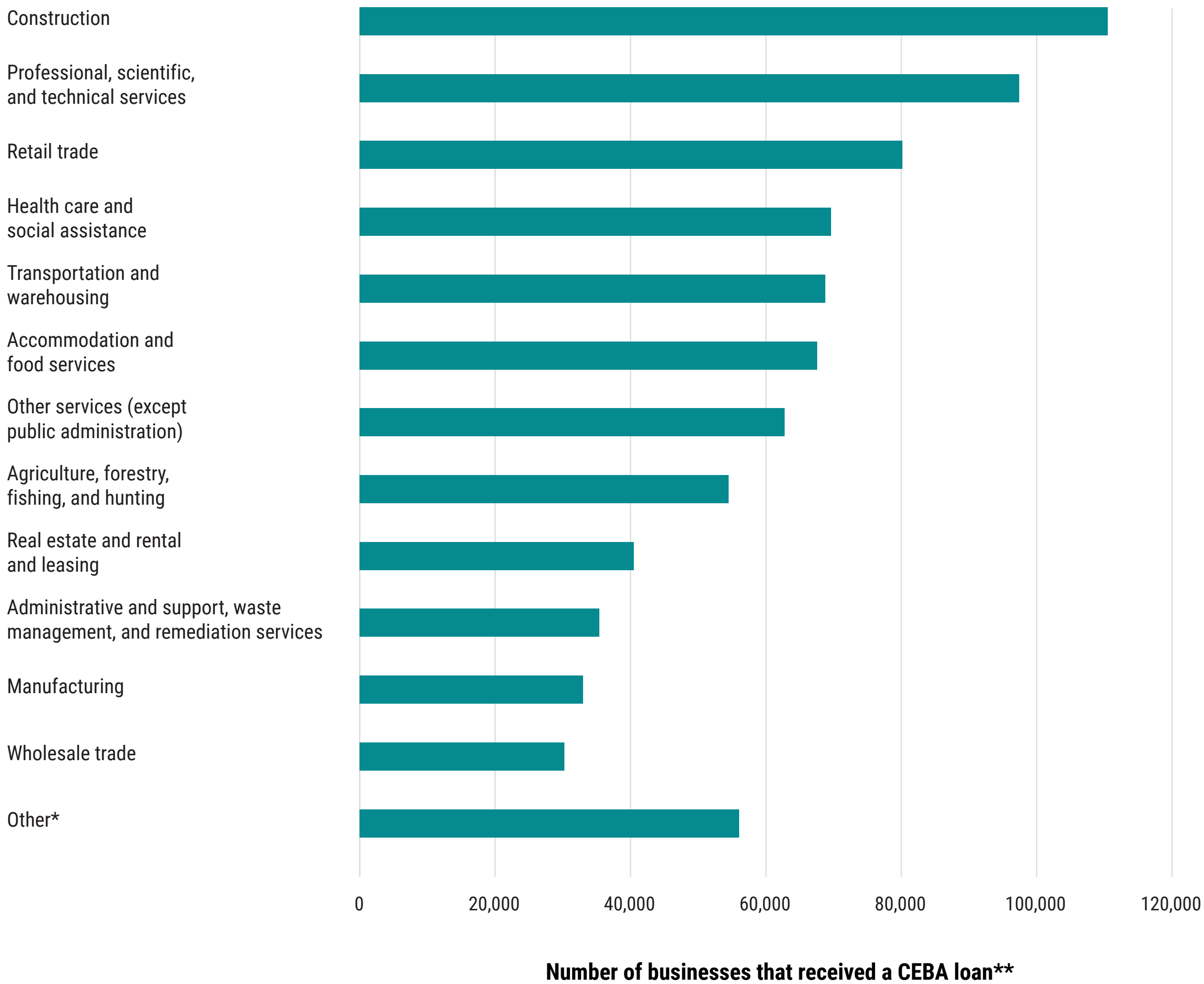
Exhibit 8.2—Distribution of Canada Emergency Business Account loans by province and territory—Text description

This map of Canada shows the distribution of Canada Emergency Business Account loans by province and territory.

In descending order, the distribution is as follows: 40.75% of the loans were distributed to Ontario, 20.78% were distributed to Quebec, 14.13% were distributed to Alberta, 13.73% were distributed to British Columbia, 3.31% were distributed to Saskatchewan, 2.63% were distributed to Manitoba, 1.77% were distributed to Nova Scotia, 1.34% were distributed to New Brunswick, 0.97% were distributed to Newfoundland and Labrador, 0.42% were distributed to Prince Edward Island, 0.10% were distributed to Yukon, 0.06% were distributed to the Northwest Territories, and 0.01% were distributed to Nunavut.

Source: Adapted from Export Development Canada

Exhibit 8.3—Distribution of Canada Emergency Business Account (CEBA) loans by industry



* Other includes finance and insurance; arts, entertainment, and recreation; educational services; information and cultural industries; mining, quarrying, and oil and gas extraction; management of companies and enterprises; utilities; and public administration.

** The number of businesses is based on the 806,500 businesses for which we could retrieve industry details, or 90% of the approximately 898,000 total CEBA loans.

Source: Based on data from the Canada Revenue Agency

Exhibit 8.3—Distribution of Canada Emergency Business Account (CEBA) loans by industry—Text description

This bar chart shows the distribution of Canada Emergency Business Account loans by industry. The number of businesses that received a loan is based on the 806,500 businesses for which we could retrieve industry details, or 90% of the approximately 898,000 total loans.

In descending order, the distribution is as follows: 110,504 loans were distributed to construction; 97,384 were distributed to professional, scientific, and technical services; 80,162 were distributed to retail trade; 69,641 were distributed to health care and social assistance; 68,778 were distributed to transportation and warehousing; 67,573 were distributed to accommodation and food services; 62,763 were distributed to other services (except public administration); 54,482 were distributed to agriculture, forestry, fishing, and hunting; 40,510 were distributed to real estate and rental and leasing; 35,417 were distributed to administrative and support, waste management, and remediation services; 33,016 were distributed to manufacturing; and 30,201 were distributed to wholesale trade.

Exhibit 8.3—Text description continued

There were 56,048 loans distributed to other industries, which included finance and insurance; arts, entertainment, and recreation; educational services; information and cultural industries; mining, quarrying, and oil and gas extraction; management of companies and enterprises; utilities; and public administration.

Source: Based on data from the Canada Revenue Agency

8.6 Export Development Canada (EDC), a Crown corporation, was directed by the Government of Canada to deliver all aspects of the CEBA program, using the Canada Account. EDC is the administrator for the Canada Account, which is used by the government to fund large financial transactions determined to be in Canada's national interest. On the authorization of the Minister for International Trade and the Minister of Finance, funds are provided from the Consolidated Revenue Fund to EDC to finance Canada Account transactions. While EDC administers the transaction under the ministerial authorization, policy decision making rests at the ministerial level, and risks are assumed by the Government of Canada (Exhibit 8.4). As with other Canada Account transactions, the Canada Account was used to fund both the loans to small businesses and all administrative costs.

Exhibit 8.4—Canada Emergency Business Account (CEBA) decision-making structure

Source: Based on information from the Department of Finance Canada and Export Development Canada

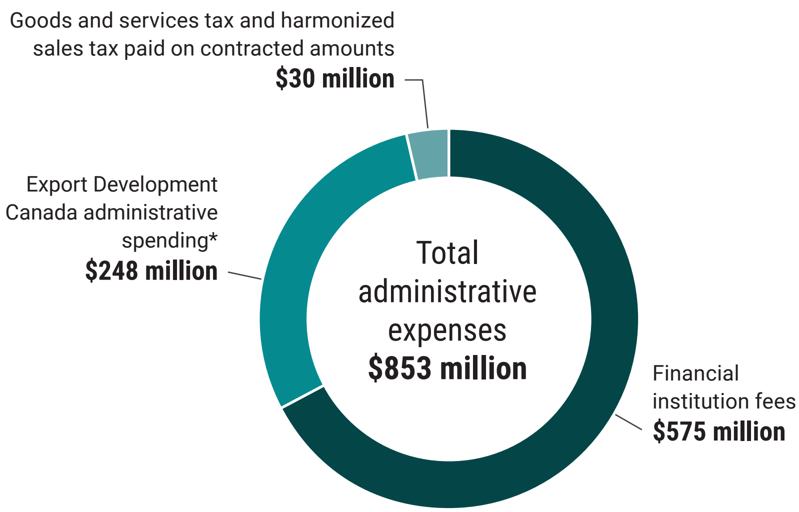
Exhibit 8.4—Canada Emergency Business Account (CEBA) decision-making structure—Text description

This flow chart shows the decision-making structure of the Canada Emergency Business Account program. The Prime Minister, the Minister of Finance, and the Minister for International Trade are the decision makers who provide policy direction on the program. The Department of Finance Canada and Global Affairs Canada are the departments responsible for the oversight of the program, and they provide program oversight and policy interpretation. Export Development Canada is the Crown corporation responsible for implementing the program.

Source: Based on information from the Department of Finance Canada and Export Development Canada

8.7 To deliver the program, EDC partnered with financial institutions to manage the loans and disburse funds directly to small businesses. EDC signed agreements with 233 financial institutions. It distributed funds to each financial institution, which then distributed the funds to small businesses. Financial institutions will continue to manage these loans and repayments unless they are in default and sent back to EDC. Each financial institution received a percentage fee per annum based on the value of loans held at the time. These fees, combined with other CEBA administrative costs to deliver the program, as of 31 March 2024, totalled $853 million (Exhibit 8.5).

Exhibit 8.5—Canada Emergency Business Account program administrative spending, from 1 April 2020 to 31 March 2024



* This spending consists of the cost recovery rate for internal resources and spending on contracts with third parties. Further details are in Exhibit 8.9.

Source: Based on data from Export Development Canada

Exhibit 8.5—Canada Emergency Business Account program administrative spending, from 1 April 2020 to 31 March 2024—Text description

This donut chart shows the administrative spending of the Canada Emergency Business Account program from 1 April 2020 to 31 March 2024. The total administrative expenses were $853 million. In descending order, this total is broken down as follows. Financial institution fees totalled $575 million. Export Development Canada administrative spending totalled $248 million, which consists of the cost recovery rate for internal resources and spending on contracts with third parties. Further details are in Exhibit 8.9 of the report. Finally, the goods and services tax and harmonized sales tax paid on contracted amounts totalled $30 million.

Source: Based on data from Export Development Canada

Who we audited

8.8 **Export Development Canada** is a Crown corporation that provides loans and insurance products to support and develop Canada's export trade. It also administers the Canada Account on behalf of the federal government. During the COVID-19 pandemic, it was directed to implement and administer the CEBA program, which it remains responsible for. It worked with a number of partners, including the Canada Revenue Agency, multiple financial institutions, and several third-party vendors, to verify the eligibility of loan applicants, disburse funds to loan recipients, and oversee loan repayment, and it continues to work collaboratively with the Canada Revenue Agency on the collection of defaulted loans. EDC is also responsible for tracking program risks and outcomes and communicating these to the Department of Finance Canada and Global Affairs Canada.

8.9 **Global Affairs Canada** is the federal department responsible for providing analysis and advice to the Minister of Export Promotion, International Trade and Economic Development (Minister for International Trade), who is the minister responsible for the Canada Account and for EDC. Global Affairs Canada is responsible for overseeing the use of the Canada Account. In coordination with the Department of Finance Canada, Global Affairs Canada is responsible for providing ongoing program oversight and governance for the CEBA program.

8.10 The **Department of Finance Canada** is the federal department responsible for providing analysis and advice to the Minister of Finance to inform ministerial decisions on the design of the CEBA program. As the policy lead for the CEBA program, the department is responsible for guiding and overseeing the development and implementation of ministerial decisions in relation to the program. In this capacity, the department is also responsible for ongoing program oversight and governance, overall program costs, and monitoring and reporting on overall program outcomes.

8.11 The **Canada Revenue Agency** was responsible for verifying applicants' information to support eligibility checks. The agency is also mandated to assist EDC in collecting defaulted loans following an order-in-council dated 5 April 2022 and amendments to the *Income Tax Act* and *Excise Tax Act*.

8.12 Many CEBA policy decisions were made by the Prime Minister, Minister of Finance, and Minister for International Trade. We did not examine the reasons for exercising ministerial discretion and whether it was properly exercised. We are not mandated to audit policy decisions. We audit how the public service implements policy.

What we audited

8.13 **Objective.** To determine whether Export Development Canada, the Department of Finance Canada, Global Affairs Canada, and the Canada Revenue Agency, according to their roles and responsibilities, managed the CEBA pandemic support program for small businesses with due regard for value for money.

8.14 In relation to public spending, value for money refers to the combined consideration of economy (minimizing cost), efficiency (maximizing output), and effectiveness (fully attaining the intended results). In the context of a COVID-19 response program, we balanced these considerations against the need to respond in a timely manner to an emergency situation, particularly at the beginning of the pandemic. For the CEBA program, a component of effectiveness can be measured by the speed in which the program was launched and the timeliness in getting funds to a large number of eligible small businesses across the country. The economic effectiveness of the program is more difficult to measure, as it was not tied to targeted support in select industries or to changes in health restrictions, but rather to small businesses broadly. In addition, while the CEBA program was a significant support program for small businesses, due to the number of other emergency government support programs for businesses running at the same time, it was not possible to evaluate the economic effectiveness of CEBA in isolation. Therefore, the focus of this audit was on whether economy and efficiency were duly considered in the daily management and implementation of the program. This considers not only how quickly program changes were implemented but also whether value for money was factored into the management of contracts that supported the program's implementation and was considered in the program's governance and oversight.

8.15 **Why this audit matters.** CEBA represented a significant expenditure of public funds to support small Canadian businesses facing economic challenges during the COVID-19 pandemic. While there was some flexibility in how government organizations approached program planning, reporting, and contract processes during the pandemic to achieve results quickly, there was still an expectation of due diligence and controls around how public money was spent.

Findings and Recommendations

Canada Emergency Business Account (CEBA) loans were disbursed to small Canadian businesses in a timely manner, but some eligibility controls were poorly implemented

Why it matters

8.16 This finding matters because it is important that the government can respond in a timely manner in emergency situations. It is also important that the response is well designed and includes the implementation of effective controls to identify ineligible recipients in order to reduce the loss of public funds.

Export Development Canada (EDC) disbursed CEBA loans in a timely manner

Findings

8.17 We found that EDC was timely in disbursing loan funds in the emergency context of the global COVID-19 pandemic. By December 2021, 21 months after the global pandemic was declared, $49.1 billion in loans had been disbursed. The average time it took EDC to get funds out to partnered financial institutions was between 3 and 13 business days, depending on the phase of the program (Exhibit 8.6). We confirmed with 7 of the largest financial institutions that on average, they disbursed loans to recipients within 15 business days of receiving funds from EDC. We were required to follow up with financial institutions directly because neither EDC nor the Department of Finance Canada or Global Affairs Canada were tracking this metric.

8.18 The CEBA loan was intended to help small businesses cover a variety of expenses that could not be deferred during the pandemic, such as payroll, rent, insurance, and utilities. Under this process, most loan recipients would have waited a maximum period of 28 business days. In our view, this represented timely disbursement given the nature of the expenses this loan was meant to cover.

Exhibit 8.6—Export Development Canada disbursed $49.1 billion in loans to financial institutions in a timely manner

Program phase	Time period	Number of loans (approximate)	Average time to disburse funds to financial institutions	Amount disbursed (approximate)
1 and 2	April 2020 to August 2020	687,000	3 business days	$27.5 billion
3, 4, and 5 (new recipients only)	June 2020 to December 2021	211,000	13 business days	$10.2 billion
5 (loans that increased from $40,000 to $60,000)	December 2020 to December 2021	572,000*	7 business days	$11.4 billion

Note: The different phases of the program are explained in Exhibit 8.1.

* This number does not consist of new loans but represents the total number of loans after the program introduced a $20,000 loan increase (phase 5) to existing loans.

Source: Based on information from Export Development Canada

91% of CEBA loans went to eligible recipients, but some controls for the non-deferrable expenses stream were poorly implemented

Findings

8.19 Overall, we found that approximately 91% of loan recipients met eligibility requirements. The remaining 9% includes recipients that were previously identified as ineligible by EDC and recipients we estimated were wrongly assessed as eligible at the time of application (within the non-deferrable expenses stream). In total, these recipients received loans that amounted to approximately $3.5 billion (Exhibit 8.7).

8.20 At the beginning of the pandemic, the Department of Finance Canada, as policy lead, evaluated the risk associated with limited pre-payment controls. Given the urgency of responding to the impacts of the pandemic, EDC acted in a timely manner to get money out to small businesses, relying on applicant attestations and other limited pre-payment controls. EDC then began performing post-payment verifications at the end of April 2020 for businesses that received loans under the payroll stream, during phase 1 and phase 2. During this process, EDC identified almost 70,800 recipients that required further investigation, representing approximately $2.9 billion in loans:

- Almost 51,000 recipients (representing $2.0 billion) were confirmed ineligible, as they did not meet eligibility requirements. Ineligible loan recipients were identified by EDC in October 2021 and informed of their status in October 2022. These ineligible recipients had to repay the full loan amount by 31 December 2023. We found that as of 31 March 2024, over 50% of these ineligible recipients had not repaid their loans, which represents approximately $1.1 billion.

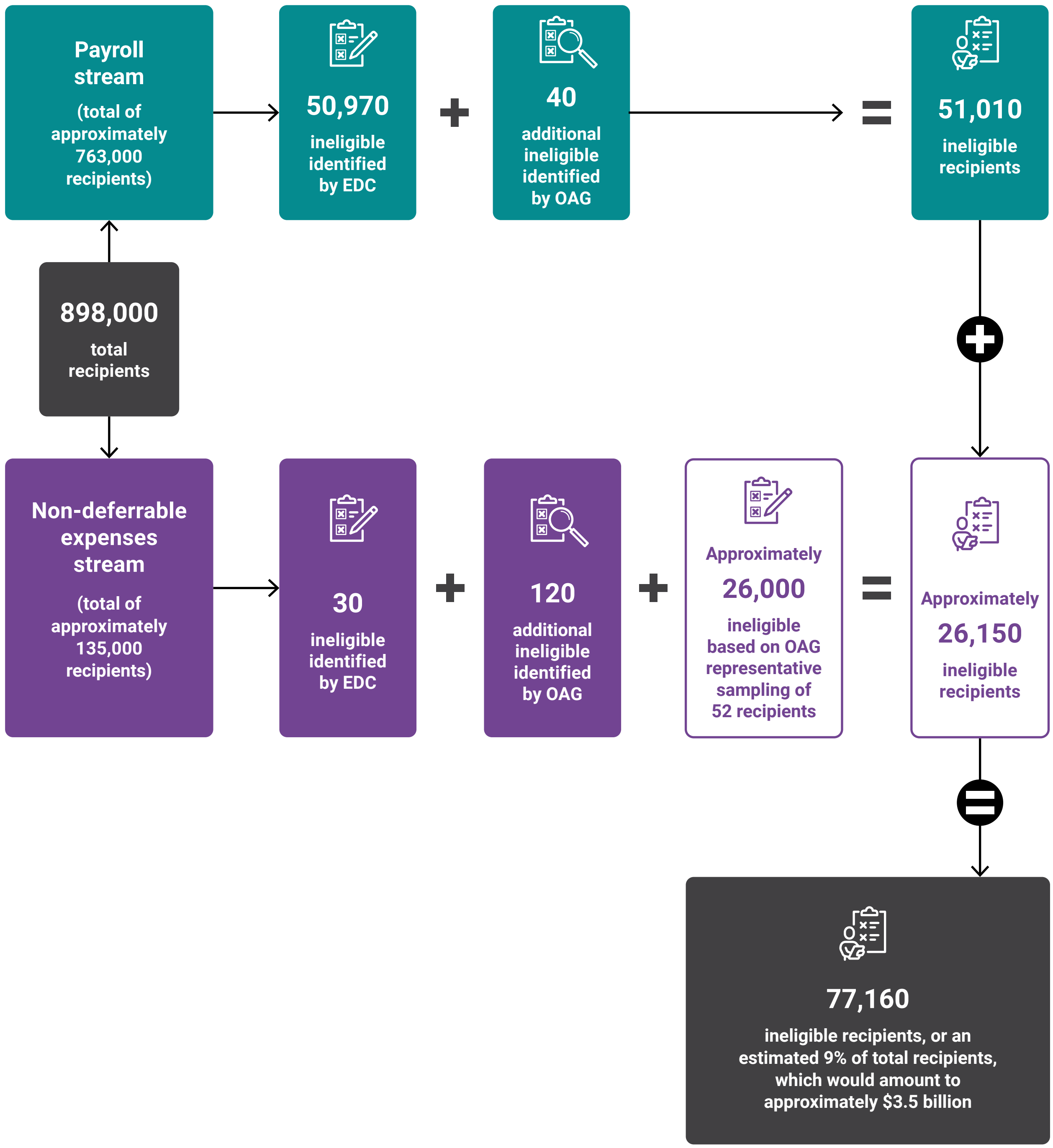
- Over 19,800 recipients (representing $908 million) did not meet eligibility requirements but were deemed eligible due to unclear CEBA application instructions or internal process issues. These recipients were treated the same as eligible loan recipients and therefore were allowed to keep the forgivable portion of their loans if they repaid by the deadline of 18 January 2024. This decision resulted in an additional loan forgiveness cost of approximately $146 million.

8.21 We performed our own verifications of the eligibility criteria for all recipients of CEBA loans in the payroll stream using data analytics. We found that EDC successfully implemented pre- and post-payment verification for this stream, which represents the majority of CEBA loan recipients (approximately 85%). Our testing found that these controls were almost 100% accurate in correctly identifying loan recipients' eligibility.

8.22 The non-deferrable expenses stream was introduced in phase 3, June 2020, which expanded the CEBA program's eligibility criteria to cover small businesses that did not qualify under the payroll stream. At this phase, EDC had introduced more pre-payment controls, which required additional processes to determine eligibility, including assessing the validity of expense documents submitted by applicants. However, we found some issues with their implementation. We used representative sampling to examine the non-deferrable expenses stream loan recipients and found that about 19% should not have been deemed eligible based on the criteria of the program at that time and should be investigated further. Based on the total number of recipients in this stream, this would represent approximately 26,000 loans or about $1.5 billion (Exhibit 8.7). Most of the errors we found (90%) were due to loans being wrongly assessed as eligible based on the documentation provided by the small businesses.

8.23 Given the emergency context, EDC told us that it took a flexible approach in assessing eligible expenses. However, we found that EDC approved loans based on the assessments performed by its vendor even though documentation clearly indicated ineligibility or basic information was missing. For example, documents were accepted without a business name or for expenses outside of the eligible period of the program. EDC's 2021 internal audit also found similar issues in its review of expense documents submitted, but the corporation decided to consider these loans as eligible. For the non-deferrable expenses stream, EDC conducted no post-payment verification and therefore did not discover the extent of these errors.

Exhibit 8.7—An estimated 9% of Canada Emergency Business Account recipients were ineligible



Abbreviations: EDC: Export Development Canada; OAG: Office of the Auditor General of Canada

Source: Based on information from Export Development Canada and the Canada Revenue Agency

Exhibit 8.7—An estimated 9% of Canada Emergency Business Account recipients were ineligible—Text description

This flow chart shows the number of the Canada Emergency Business Account's ineligible recipients. It shows that an estimated 9% of the program's 898,000 recipients were ineligible.

The 898,000 total recipients is broken down into 2 streams: the payroll stream and the non-deferrable expenses stream.

The payroll stream had a total of approximately 763,000 recipients. Export Development Canada identified 50,970 ineligible recipients, and the Office of the Auditor General of Canada identified 40 additional ineligible recipients. This means a total of 51,010 ineligible recipients for the payroll stream.

The non-deferrable expenses stream had a total of approximately 135,000 recipients. Export Development Canada identified 30 ineligible recipients, and the Office of the Auditor General of Canada identified 120 additional ineligible recipients. There were also approximately 26,000 ineligible recipients based on OAG representative sampling of 52 recipients. This means a total of approximately 26,150 ineligible recipients for the non-deferrable expenses stream.

Therefore, there were 77,160 ineligible recipients from the 2 streams combined, or an estimated 9% of total recipients, which would amount to approximately $3.5 billion.

Source: Based on information from Export Development Canada and the Canada Revenue Agency

Recommendation

8.24 Export Development Canada should work with the Department of Finance Canada to consider appropriate actions, including legal implications and options to recoup loan forgiveness from ineligible small businesses. Export Development Canada should then identify the full population of ineligible recipients in the non-deferrable expenses stream.

Export Development Canada's response. *Partially agreed.*

The Department of Finance Canada's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

EDC gave too much control over CEBA contracts to a third-party vendor

Why it matters

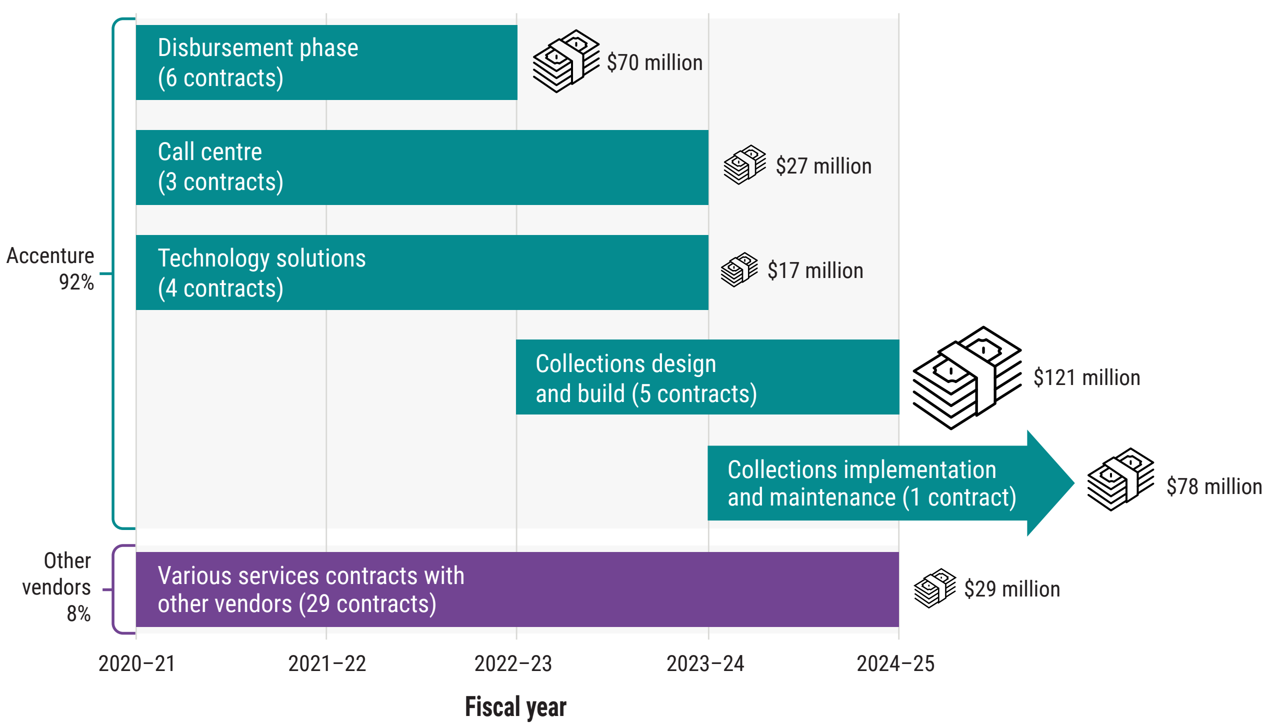
8.25 This finding matters because government organizations should ensure due diligence in the spending of public funds, including in decisions around the procurement of professional services. As a federal Crown corporation delivering the CEBA program on behalf of the Government of Canada, EDC has a responsibility to ensure that public funds are spent with due regard for value for money for Canadians, particularly when extensively outsourcing program delivery to third-party vendors through non-competitive procurement.

A single vendor set the terms and costs of most CEBA program contracts

Findings

8.26 We found that EDC was dependent on a single vendor—Accenture—to deliver the CEBA program. At the start of the program, EDC officials communicated to the Department of Finance Canada that they did not have the internal resources to deliver the program and would rely on an external contractor. We found that EDC had an existing agreement with the professional services company, Accenture, for web services. After the Crown corporation was directed to deliver the CEBA program, it awarded Accenture an initial non-competitive contract of $1 million. As the CEBA program continuously expanded and evolved, EDC responded by signing an additional 18 non-competitive contracts with Accenture, which increased the overall value awarded to the company to $313 million (see Exhibit 8.8). In total, EDC awarded 19 out of 48 CEBA-related contracts to Accenture—representing approximately 92% of the total $342 million awarded in contracts to support the delivery of the CEBA program.

Exhibit 8.8—The value of contracts increased significantly over time, with 92% of total contract value awarded non-competitively to a single vendor



Note: Contract dates are approximated to align with the start and end of a fiscal year and do not represent the actual dates of all contracts.

Source: Based on information from Export Development Canada

Exhibit 8.8—The value of contracts increased significantly over time, with 92% of total contract value awarded non-competitively to a single vendor—Text description

This bar chart shows the values of contracts awarded for the Canada Emergency Business Account from the 2020–21 to 2024–25 fiscal years. It shows that the value of contracts increased over time, with 92% of the total contract value awarded to Accenture and 8% awarded to other vendors.

The following contracts were awarded to Accenture. From the 2020–21 to 2022–23 fiscal years, 6 contracts totalling $70 million were awarded during the disbursement phase. From the 2020–21 to 2023–24 fiscal years, 3 contracts totalling $70 million were awarded to the call centre, and 4 contracts totalling $17 million were awarded to technology solutions. From the 2022–23 to 2024–25 fiscal years, 5 contracts totalling $121 million were awarded to collections design and build. One contract totalling $78 million was awarded to collections implementation and maintenance; it is ongoing.

Various services contracts were awarded to other vendors: 29 contracts totalling $29 million.

Note: Contract dates are approximated to align with the start and end of a fiscal year and do not represent the actual dates of all contracts.

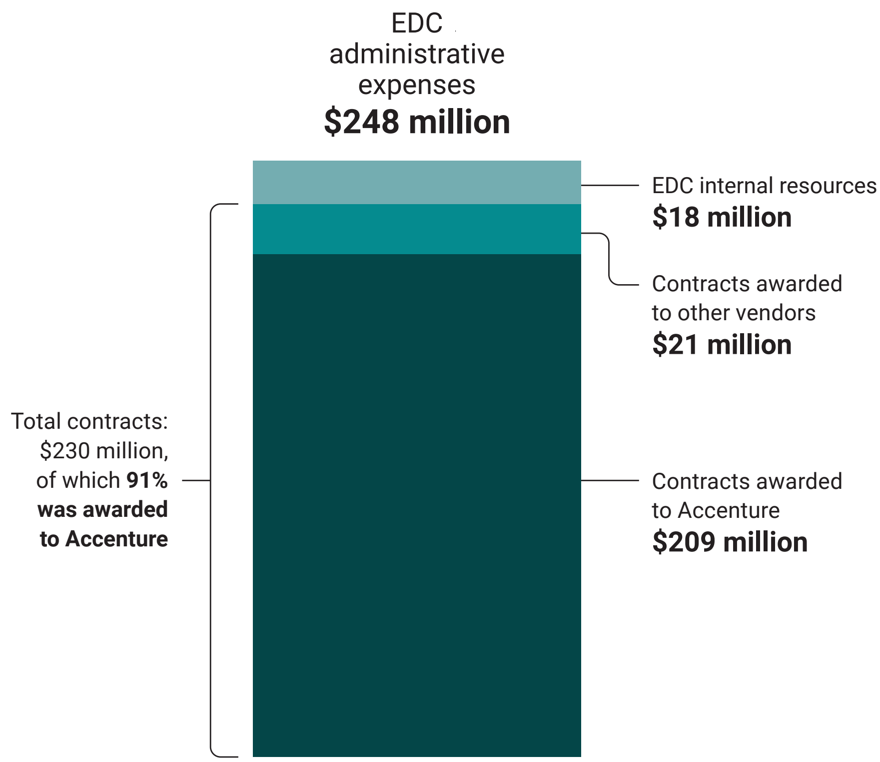
Source: Based on information from Export Development Canada

8.27 As a Crown corporation, EDC operates according to commercial principles and is not subject to Treasury Board procurement policies, which have detailed procedures to help ensure fairness, transparency, and value for Canadians. EDC has its own procurement policies and guidelines that also contain the principles of fairness, transparency, and achieving value for money.

8.28 EDC's procurement guidelines permit non-competitive contracts in certain circumstances, including cases of extreme urgency or if changing vendors would cause significant inconvenience. Over time, EDC, the Department of Finance Canada, and Global Affairs Canada identified the reputational and financial risks of a sustained non-competitive relationship with Accenture. In mid-2021, this was to be mitigated by having an open competitive process for CEBA program administration prior to the collection of defaulted loans. However, there were persistent delays in planning for this phase by the Department of Finance Canada and lack of clarity about roles and responsibilities for the collection of defaulted loans (see paragraph 8.42). At that time, the first set of loans in default were due for collection by April 2022 (from ineligible loan recipients). In November 2021, EDC abandoned the competitive process, citing the need to be ready for this first collection deadline. As a result, EDC's sole-source relationship with Accenture was solidified rather than mitigated.

8.29 We also found that EDC decided to make extensive use of external contractors to minimize the impact and separate the CEBA program from its own core operations. According to the corporation, it did not have the capacity to embed CEBA in its regular operations because EDC was already involved in delivering other COVID-19 programs while maintaining its regular corporate business. In addition, EDC told us that it did not have the expertise or infrastructure to deliver a program of this scope, as typically it deals with a lower volume of large-scale loans. Exhibit 8.9 shows the total administrative spending for the CEBA program, which was all reimbursed to EDC from the Canada Account, as of 31 March 2024.

Exhibit 8.9—Export Development Canada's (EDC's) administrative spending as of 31 March 2024



Source: Based on information from Export Development Canada

Exhibit 8.9—Export Development Canada's (EDC's) administrative spending as of 31 March 2024—Text description

This stacked bar chart shows Export Development Canada's administrative spending as of 31 March 2024. Export Development Canada's administrative expenses totalled $248 million. This is broken down into Export Development Canada's internal resources totalling $18 million and total contracts totalling $230 million, of which $209 million, or 91%, was awarded to Accenture and $21 million was awarded to other vendors.

Source: Based on information from Export Development Canada

8.30 We found that there were risks to EDC's extensive reliance on Accenture to deliver the CEBA program. It outsourced many key aspects of the management of the CEBA program without strong checks and balances in place. We found weaknesses in the following areas:

- **Control over contract scope and prices.** Accenture was involved in proposing the solutions to implement program changes, determining contract scope and prices with little challenge from EDC. EDC's own internal documents acknowledge that contracts in the first 3 years of the program were primarily drafted by Accenture and did not contain important terms and conditions such as preserving the ability to transfer the program to another vendor.
- **Control over access to data.** A function of the CEBA program is that all program data is housed in Accenture's proprietary systems. As a result, EDC relies on Accenture whenever it requires program information for reporting or other purposes. We found that although EDC took steps to ensure it retained ownership of the data, it did not take steps to maintain access to program information independent of the vendor or consider the costs associated with this reliance. As a federal government program, there are ongoing data needs for reporting for things such as the **Public Accounts of Canada**,[1] for providing data to internal and external audits, and for answering questions from parliamentarians. Under the contracts, there are costs for EDC to have Accenture hold and manage this data in addition to fees for new information needs that may arise. While there is a provision allowing for data transition within the latest contract, signed in March 2024, we found that there is currently no clear plan for how this data will be transitioned back to the federal government, or the associated cost, at the end of the program.
- **Control over the procurement process for a key program element.** We found that EDC had Accenture lead the informal procurement process for the program's loan accounting system, despite the fact that one of the vendors being considered was also Accenture's subsidiary. The loan accounting system was a critical program element that formed the basis of future contracts to collect defaulted loans, and the process was also an opportunity to involve another vendor and reduce the dependency on Accenture. As a result of this procurement process, Accenture was awarded the contract from EDC. We identified several problems with this process, including the fact that Accenture had a commercial interest in the outcome of the selection but was designing criteria and evaluating vendors. In our view, this was a conflict of interest that EDC did not manage. In addition, we note that Accenture

1 **Public Accounts of Canada**—The government's annual report, which 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.

was compensated to run a process in which it ultimately won the contract. These practices do not align with EDC's procurement principles of fairness and transparency (Exhibit 8.10).

Exhibit 8.10—Export Development Canada (EDC) did not follow principles of fairness and transparency in vendor selection for the loan accounting system

In fall 2021, EDC determined that it would require a loan accounting system to track and monitor loans transferred from financial institutions when recipients had defaulted and the loans were proceeding to collections. EDC also determined that there was not sufficient time to run a full competitive process to develop this system, as at that time, the first loans in default were due for collection within a year. EDC's procurement records and communications to the Canada Emergency Business Account (CEBA) governance committees show that it decided to run an informal competitive process to identify potential vendors and evaluate their suitability.

Rather than run this process itself, EDC requested that Accenture run a vendor selection process, giving Accenture the lead in determining and applying the evaluation criteria and recommending a vendor for the contract. While EDC was participating in this process, Accenture's role in leading was problematic because one of the potential vendors was a subsidiary of Accenture, and this was known to EDC at the time the vendor-led process was implemented. Even though more than one vendor met the functional and technical requirements of the solution, we found that EDC accepted Accenture's recommendation of its own subsidiary and awarded Accenture the contract for the loan accounting system.

EDC also contracted a third party to provide an independent assessment of the selection process including operational, financial, and reputational risks. The independent assessment concluded that EDC executed adequate due diligence in the selection process to address financial and technical risks. However, this assessment flagged several risks related to EDC's dependency on Accenture and the reputational and cost risks of further directed procurement with them. In EDC's view, this assessment mitigated its risks around this process. In our opinion, involving a third party did not absolve EDC of its responsibility to follow principles of fairness and transparency in the selection process or mitigate the conflict caused by having Accenture evaluate and recommend its own subsidiary.

This process resulted in $36 million of contracted work for Accenture and a $7-million licensing fee as of March 2024 to build and integrate the loan accounting system. There are also longer-term contracting implications, as this is a proprietary system. This contract also led to EDC directing other contracts to Accenture to support and maintain the loan accounting system and other proprietary systems that will be in place until at least 2028.

Basic cost controls were missing in EDC's management of CEBA contracts

Findings

8.31 We found significant weaknesses in EDC's contract management for the CEBA program related to value for money. EDC failed to implement key controls around contract costs, particularly for the extended use of hourly-rate contracts. We examined a targeted sample of 16 out of 48 CEBA program contracts, in total representing approximately 87% of the value of all signed contracts ($296 million out of $342 million), and found issues in almost all contracts examined. Of this sample, 10 of 16 contracts were with Accenture, representing a total value of $278 million.

8.32 We found failures in EDC's implementation of key controls around contract pricing and validation of costs, which compromised value for money:

- EDC did not assess the reasonableness of contract values in 14 out of 16 contracts. For example, it accepted contract values from vendors with no breakdown of how these amounts were determined and without performing any validation or challenge to ensure that values were appropriate.
- EDC failed to verify that invoices it paid accurately reflected the work performed in 10 of 16 contracts.

8.33 In our sample, 11 of 16 contracts were hourly-rate contracts, representing $205 million, established between April 2020 and March 2024. In these contracts, the resources were invoiced based on the number of hours worked rather than based on a fixed price or deliverable. EDC chose to pay resources hourly to have flexibility to incorporate changes as the CEBA program evolved; however, with this approach, there is a risk that costs rise quickly without strong checks and balances in place. For example, we found that between April 2020 and March 2024, on average, EDC paid Accenture $824,000 per week for hours worked by its employees to deliver the CEBA program. Given the size and scale of the work performed under these hourly-rate contracts and the fact that most were not awarded competitively, we would have expected strong controls to be in place. We found several weaknesses in the management of hourly-rate contracts that we examined:

- **Lack of cost and quality controls.** Paying by the hour removes the incentive for a vendor to complete tasks more quickly or with fewer resources and reduces leverage if deliverables do not meet expectations. In our view, this is particularly problematic when the vendor is setting contract values without due diligence to ensure that the value is reasonable. In the first 3 years, CEBA contracts did not contain penalties if work was not performed to a certain standard. For example, our testing performed on the non-deferrable expenses stream (see paragraphs 8.22 and 8.23) found quality issues in the work performed, and EDC paid approximately $14 million for this work. In later contracts, EDC introduced penalties, but they were not effective due to the nature of hourly-rate contracts. For example, when a key deliverable needed more work, a holdback was applied; however, EDC was still obligated to pay an extra $5 million for the additional month to complete this work.

- **Lack of assurance on qualifications.** In 10 of 11 hourly-rate contracts we reviewed, rates for staff resources were established without descriptions of the qualifications of resources required for each level. The rates charged varied from approximately $60 to more than $750 per hour, depending on the level of the resource and the vendor. While the vendors reported the level of each resource they were charging for, EDC did not require them to provide information on the qualifications of the resources. It was then impossible for EDC to verify that the resources had the qualifications to justify the rates being charged.

- **Lack of contract monitoring to support payments made to the vendor.** In 9 of 11 hourly-rate contracts we reviewed, EDC did not verify that the resources charged were appropriate or that the hours claimed by each resource were accurate prior to making payments. EDC accepted invoices that contained almost no details to support the amounts charged. When it received self-reported timesheets from vendors, EDC did not analyze or validate this information to ensure that the number of resources and hours claimed were accurate and aligned with invoices paid. This limited EDC's ability to challenge costs.

  For the call centre contracts, EDC did not verify or analyze the costs in the invoices, and because it did not require that timesheets be provided, it missed important information about how the call centre was operating (Exhibit 8.11). In our view, given the high dollar value of these contracts, we would have expected better monitoring over the use of public money.

8.34 As of March 2024, EDC has signed a long-term deliverable-based contract to support the collection of defaulted loans. This contract, valued at $78 million for the initial contract with 3 optional 1-year renewals, consolidates several other existing contracts, including the call centre and the loan accounting system. It should be noted that 85% of this contract work requires the use of systems or processes proprietary to Accenture. Therefore, this contract solidifies EDC's dependence on Accenture as solely responsible for most areas of CEBA program delivery until at least 2028. Despite improved contract terms and conditions, we found that EDC continued to depend on Accenture's self-reporting for monitoring contract performance. In our view, considering that there are financial penalties if performance measures are not met, EDC should validate the accuracy of the vendor's self-reported performance. A significant gap in our view is that the contract does not include clear plans and costs for transitioning program data to the federal government at the end of the program.

Exhibit 8.11—Export Development Canada (EDC) did not effectively monitor Canada Emergency Business Account (CEBA) call centre contracts and costs

A CEBA program call centre was established in August 2020. It provided information to potential applicants and loan recipients. The initial contract awarded for the call centre was expected to last 4 months and cost $2.78 million. However, as of 31 March 2024, the call centre was still operating with a cumulative total cost of approximately $23.2 million (see table below). As a rationale to maintain the call centre, EDC cited the need to support loan recipients through all program phases, including repayment and collection.

CEBA call centre costs from August 2020 to March 2024

Year	Wage costs—Agents	Call centre infrastructure and management*	Total costs
2020 (4 months)	$2,009,000	$2,678,000	$4,687,000
2021	$5,673,000	$5,272,000	$10,945,000
2022	$1,606,000	$2,157,000	$3,763,000
2023	$868,000	$2,206,000	$3,074,000
2024 (3 months)	$200,000	$520,000	$720,000
Total	$10,356,000	$12,833,000	$23,189,000

* Contracts included fixed monthly fees for management and technical support staff, one-time set-up costs, and variable costs for software and training.

We examined all the contracts for the call centre between August 2020 to March 2024 and found that EDC did not effectively manage either the contracts or the call centre costs.

We found that costs per call increased significantly after the call volume peaked in 2021 (see table below).

CEBA call centre call volumes and costs from August 2020 to March 2024

Year	Call volume	Average number of agents per day	Average calls per agent per day	Total costs	Average cost per call
2020 (4 months)	150,034	46	34	$4,687,000	$31
2021	270,756	47	23	$10,945,000	$40
2022	17,823	12	6	$3,763,000	$211
2023	15,345	5	12	$3,074,000	$200
2024 (3 months)	14,269	6	37	$720,000	$50

Because EDC did not sufficiently monitor contract costs, it also failed to identify significant cost fluctuations within certain time periods. For example, the costs per call grew from an average of $31 in 2020 to a high of $589 per call in April 2023.

We also found the following problems in EDC's contract oversight and due diligence:

- EDC relied on the rates provided by Accenture to establish these contracts and did no independent analysis on the reasonability of the rates charged.
- Unlike for other CEBA contracts, EDC did not require the vendor to provide timesheets for the call centre agents to support invoices. Therefore, EDC did not recognize the following:
    - Due to a decline in call volumes in 2022, agents were only answering 6 calls per day, but EDC continued to pay for full-time work.
    - From April to November 2023, our analysis identified some discrepancies in the hours charged on the invoices, primarily that EDC seems to have paid an average of 14 hours per agent per day when the call centre was only open for 9 hours. EDC did not identify these discrepancies at the time of payment. As a result of our analysis, EDC followed up with the vendor, which revealed that charges EDC paid included hours worked by other unreported call centre agents who were not answering calls but performing other program-related tasks. While the call centre contracts permitted agents to perform non-call-related activities, we noted the hours paid for this were significant (4,000 hours, or the equivalent of 3 full-time resources). At the time of invoice payment, EDC had no knowledge of this and, at the time of our audit, had no documentation on the specific tasks performed by each of these other agents.

Source: Based on information from Export Development Canada

Recommendation

8.35 Export Development Canada should strengthen processes for its management and monitoring of existing and future Canada Emergency Business Account contracts, including the following:

- Assess and document the reasonability of associated costs before signing contracts, especially in the case of non-competitive procurement. This includes having an awareness of the required experience and qualification of resources to justify agreed-upon hourly rates.
- Ensure that potential bidders are not involved in developing or preparing any part of the procurement process.
- For hourly-rate contracts, work with contractors to obtain information that accurately details the work completed by each resource in order to perform independent verification prior to payment.
- For deliverable-based contracts, to ensure compliance with contractual obligations, independently monitor the vendors' performance and do not rely solely on vendors' self-reporting.

Export Development Canada's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Recommendation

8.36 Export Development Canada should develop a detailed plan, including costs, for the implementation of the transition of Canada Emergency Business Account program data to the government.

Export Development Canada's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Responsible departments failed to address basic program elements in their oversight of the CEBA program

Why it matters

8.37 This finding matters because effective governance and oversight of government support programs are essential to safeguard accountability and sound stewardship of public funds, which were used to fund both the loans and the program administrative costs. In addition, sound and complete analysis from responsible departments is essential to enable informed program decisions by ministers.

The Department of Finance Canada did not consider some key program risks

Findings

8.38 As policy lead for the CEBA program, the Department of Finance Canada was responsible for providing information, advice, and recommendations to the Minister of Finance to inform policy decisions on program design. We found that the department provided rigorous analysis to inform decision makers on some aspects of CEBA program design, notably the ongoing needs of small businesses, the speed of loan disbursement, and program integrity.

8.39 However, we found some important program risks that were absent from the department's analysis. We found that the department did not provide analysis or advice to its minister on the potential risks to the Government of Canada from delegating program delivery to an arm's-length Crown corporation, particularly regarding risks around the use of sole-source contracting that emerged as the program continued (see paragraph 8.42). In addition, we found no evidence that the department advised its minister on the significant increases in EDC's administrative expenditures, as reported by the corporation to the department on a monthly basis (this finding is more fully discussed in paragraphs 8.45–8.47).

The Department of Finance Canada and Global Affairs Canada did not provide effective oversight of the CEBA program

Findings

8.40 The CEBA program was established during a public health emergency in which the federal government was reacting quickly to support businesses impacted by the pandemic. Because of the CEBA program's rapid rollout, the Department of Finance Canada acknowledged in fall 2020 that the program did not undergo the planning processes that normally occur for large government programs, including lifecycle planning and risk management activities. The program was also unique because of the use of the Canada Account to deliver a large-scale, long-term government support program. Typically, the Canada Account is used for single loan transactions that EDC delivers and administers, for a fee, on behalf of the government and following the ministerial authorization of a loan; there is no ongoing need for oversight of EDC's actions and costs.

8.41 As the CEBA program expanded in scope and length, EDC identified risks in the use of the Canada Account to deliver the CEBA program, including the absence of oversight and pre-approved limits on administrative expenditures for the program. In September 2020, EDC requested that the Department of Finance Canada (as the policy lead) and Global Affairs Canada (as EDC's home department) establish a formal governance structure to oversee and manage program risks and costs. In response, 2 governance committees, which included senior officials from the Department of Finance Canada, Global Affairs Canada, and EDC, were formed and met on a weekly or biweekly basis. Since the Government of Canada is responsible for all the risks and costs associated with the use of the Canada Account, we expected the departments to take a proactive role in oversight of the CEBA program.

8.42 We found that the Department of Finance Canada and Global Affairs Canada did not provide effective oversight for the CEBA program, which left important program elements unaddressed. The program's governance committees did not set terms of reference that clearly established the accountabilities of the departments involved. As a result, 4 years following the establishment of these committees, we found that there were very different interpretations amongst the departments regarding their responsibilities and accountabilities and the mandate of the governance committees. For example, while the Department of Finance Canada confirmed to us that the committees were established with the express purpose of providing oversight of the CEBA program, Global Affairs Canada stated that the committees were consultative in nature with no oversight function. In addition, Global Affairs Canada told us that its oversight responsibility for CEBA was limited to ensuring that EDC's use of the Canada Account was aligned with the ministerial authorizations. As a result of unclear roles and responsibilities, we found that no federal organization accepted full responsibility for the overall costs and outcomes of the CEBA program. In our opinion, the absence of clear accountability contributed to ineffective governance of the CEBA program, since no department took the lead to implement basic program elements. We found that the following program elements were left unaddressed:

- **Risk analysis and mitigation.** The Department of Finance Canada and Global Affairs Canada did not monitor, manage, or mitigate the emerging risk of EDC's sole-source dependence on Accenture. The Department of Finance Canada knew that all Accenture contracts were non-competitive from the outset, and Global Affairs Canada became aware of this in March 2021. However, both departments told us that they could not provide oversight of EDC's contracting practices for the program because EDC is an independent Crown corporation that operates at arm's length from the federal government. Due to the use of the Canada Account, ministerial decision makers were far removed from program operations, and EDC relied on the departments to communicate information and program risks. In our view, the Department of Finance Canada and Global Affairs Canada had a responsibility to manage these emerging risks on behalf of the government, as it is the Government of Canada that assumes the risks from Canada Account transactions. In this case, the Canada Account was used to reimburse EDC for its contracting expenditures with Accenture and other vendors.
- **Measuring program outcomes.** In September 2020, the governance committees identified key performance indicators for the CEBA program, but there was no clarity about who had overall responsibility for program outcomes. As the program administrator, EDC tracked some indicators operationally and shared these with the Department of Finance Canada, which then reported to the ministers and the public. However, neither organization ensured that key performance indicators designed to measure program integrity (for example, the ratio of fraudulent loans to total loans) and administrative efficiency (for example, cost per loan) were monitored and reported on.
- **Spending limits and oversight for program administration costs.** The Department of Finance Canada, as the policy lead for the program, did not establish a spending limit or oversight mechanism around EDC's expenditures on program administration, either at the beginning of the program or to date.

- **Lifecycle planning.** As the policy lead for the CEBA program, the Department of Finance Canada failed to plan for the entire lifespan of the program in a timely manner. In the emergency context in which CEBA was launched in April 2020, a complete plan was not developed for the entire lifespan of the program, including loan disbursement, repayment, collection, and enforcement of defaulted loans. Unlike other pandemic programs that gave out non-repayable benefits, all CEBA loans were meant to be repaid and would require collection actions for defaulted loans.

  While EDC was tasked with delivering the disbursement phase of the program, we found there was no plan for the next phase of the program—including whether or to what extent EDC would be responsible for the collection and enforcement of defaulted loans. In September 2020, EDC informed the Department of Finance Canada and Global Affairs Canada of the need to plan for the rest of the program lifecycle. The Department of Finance Canada submitted its first analysis to its minister in July 2021, followed by an updated analysis in November 2021. At that time, the first wave of defaulted loans (from ineligible loan recipients) was due for collection in April 2022. EDC received confirmation of its role and that of the Canada Revenue Agency in the collection of defaulted loans in April 2022. Exhibit 8.12 outlines the impact of delays and how these contributed to EDC's continued reliance on Accenture through non-competitive contracts.

  While a plan for the collection of defaulted loans was developed, we found that as of August 2024, the Department of Finance Canada had still not completed planning for the entire CEBA program lifecycle. More than 4 years after the launch of the program, there continue to be outstanding aspects of program design that require Department of Finance Canada analysis, including the government's approach to enforcing collection on defaulted loans. After the period covered by our audit, the Department of Finance Canada informed us that in late October 2024, it had submitted analysis on enforcement options to its minister.

Exhibit 8.12—Delays in the Department of Finance Canada's program planning contributed to Export Development Canada's (EDC's) sole-source dependence on Accenture

September 2020

EDC, Global Affairs Canada, and the Department of Finance Canada identify the need for lifecycle planning, mainly the collection of defaulted loans. A policy decision had not yet been made to confirm which federal organization would be responsible for this phase.

Planning for this phase required analysis of roles and responsibilities for each entity involved and identification of the systems and processes required to ensure readiness for collection of defaulted loans in 18 months, by April 2022.

March to May 2021

EDC flags its sole-source dependence on Accenture as a program risk and communicates its plans to launch a competitive process in fall 2021 for a vendor to deliver the Canada Emergency Business Account's next phase. The Department of Finance Canada and Global Affairs Canada are supportive of the competitive process as an important mitigation of the risks to the Government of Canada.

EDC and the Department of Finance Canada agree that a formal government decision on entity roles and responsibilities in the next phase of the program will be needed before the competitive process can be launched.

July 2021

The Department of Finance Canada sends a first proposal to its minister for a decision on the responsibilities for the collection of defaulted loans. However, its proposal does not consider that technical systems could be needed to enable collection of defaulted loans, and further clarity is needed regarding the precise division of roles and responsibilities between EDC and the Canada Revenue Agency.

November 2021

The Department of Finance Canada updates the proposal on the strategy for the collection of defaulted loans to its minister, 14 months after lifecycle planning was identified as a priority.

EDC communicates that it would not move forward with the competitive process, citing the need to be ready for the April 2022 deadline. In doing so, its sole-source relationship with Accenture is solidified.

Source: Based on information from the Department of Finance Canada and Export Development Canada

Exhibit 8.12—Delays in the Department of Finance Canada's program planning contributed to Export Development Canada's (EDC's) sole-source dependence on Accenture—Text description

This timeline shows the delays in the collection of defaulted loans and the impact of these delays.

In September 2020, Export Development Canada, Global Affairs Canada, and the Department of Finance Canada identify the need for lifecycle planning, mainly the collection of defaulted loans. A policy decision had not yet been made to confirm which federal organization would be responsible for this phase. Planning for this phase required analysis of roles and responsibilities for each entity involved and identification of the systems and processes required to ensure readiness for collection of defaulted loans in 18 months, by April 2022.

From March to May 2021, Export Development Canada flags its sole-source dependence on Accenture as a program risk and communicates its plans to launch a competitive process in fall 2021 for a vendor to deliver the Canada Emergency Business Account's next phase. The Department of Finance Canada and Global Affairs Canada are supportive of the competitive process as an important mitigation of the risks to the Government of Canada. EDC and the Department of Finance Canada agree that a formal government decision on entity roles and responsibilities in the next phase of the program will be needed before the competitive process can be launched.

In July 2021, the Department of Finance Canada sends a first proposal to its minister for a decision on the responsibilities for the collection of defaulted loans. However, its proposal does not consider that technical systems could be needed to enable collection of defaulted loans, and further clarity is needed regarding the precise division of roles and responsibilities between Export Development Canada and the Canada Revenue Agency.

In November 2021, the Department of Finance Canada updates the proposal on the strategy for the collection of defaulted loans to its minister, 14 months after lifecycle planning was identified as a priority. Export Development Canada communicates that it would not move forward with the competitive process, citing the need to be ready for the April 2022 deadline. In doing so, its sole-source relationship with Accenture is solidified.

Source: Based on information from the Department of Finance Canada and Export Development Canada

Recommendation

8.43 The Department of Finance Canada should provide analysis to support the development of a complete plan, including spending limits, for all actions required to collect on defaulted loans through to the end of the Canada Emergency Business Account program.

The Department of Finance Canada's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Recommendation

8.44 The Department of Finance Canada and Global Affairs Canada should clarify who has the lead for key program activities such as risk mitigation and overall program outcomes.

Response of each entity. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

The Department of Finance Canada did not have effective oversight over EDC's administrative costs

Findings

8.45 As policy lead, the Department of Finance Canada was responsible for advising the Minister of Finance, who, under the Canada Account model, authorized the reimbursement to EDC of any amount necessary to administer the CEBA program. Since the Canada Account is typically used for individual transactions, there are no pre-established mechanisms to facilitate oversight of EDC's overall administrative costs incurred. Given that the CEBA program is a long-term government program, we expected that the Department of Finance Canada would provide ongoing monitoring, analysis, and reporting to its minister on EDC's administrative expenditures in order to safeguard accountability and ensure sound stewardship of public funds.

8.46 In February 2021, 9 months after the program was launched, the Minister of Finance directed EDC to submit monthly expenditure reports on its administrative costs for the CEBA program. EDC was also to notify the Department of Finance Canada and Global Affairs Canada if its administrative spending forecasts changed by $1 million or more compared with its initial 4-year forecast. In the absence of established spending limits, this was one way to monitor EDC's overall spending.

8.47 However, despite receiving regular expenditure reporting from EDC for the CEBA program, the Department of Finance Canada told us that it had no authority to provide oversight of EDC's overall administrative expenditures. In our opinion, given that no federal department was overseeing EDC's administrative expenditures for the CEBA program, there is an accountability gap. As a result, we found that the Department of Finance Canada did not take basic steps to monitor or analyze EDC's monthly expenditure reporting—specifically, the following:

- The department did not challenge the expenditures reported by EDC in its monthly reports, and department officials told us that the Department of Finance Canada does not generally challenge EDC's administrative expenses for Canada Account transactions.
- The Department of Finance Canada deemed EDC's spending to be reasonable without any criteria to make this assessment. In fact, department officials told us that they deemed all expenses to be acceptable as long as the expenses were related to the CEBA program.
- We found no evidence that the Department of Finance Canada analyzed or reported any of this cost information, including significant increases in EDC's administrative costs, to its minister. EDC's ongoing forecasted program administration costs over the first 4 years of CEBA rose from $86 million in 2020 to close to

$300 million by spring 2023 as program parameters expanded and program implementation continued to be outsourced through new contracts with Accenture and other third-party vendors.

- At the time of our audit, the Department of Finance Canada had not asked EDC for forecasts of estimated program costs going forward, even though EDC did not have forecasts beyond the 2024–25 fiscal year. EDC has since told us that forecasts for 2025–26 and the following 5 years were presented to the governance committees at the end of October 2024.

Recommendation

8.48 In its role as policy lead, the Department of Finance Canada should address the accountability and oversight gaps for the Canada Emergency Business Account program, including oversight of administrative expenditures that are paid through the Canada Account.

The Department of Finance Canada's response. *Disagreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

EDC and Canada Revenue Agency (CRA) plans to collect defaulted CEBA loans were incomplete, and collection efforts were slow to start

Why it matters

8.49 This finding matters because CEBA is a loan program, and therefore, there was an expectation that the funding distributed would be repaid. To assess the program's performance, a clear plan for how the funding will be collected, particularly from defaulted loans, is required.

Most CEBA loans were repaid with a portion forgiven, and repayment of outstanding loans is underway

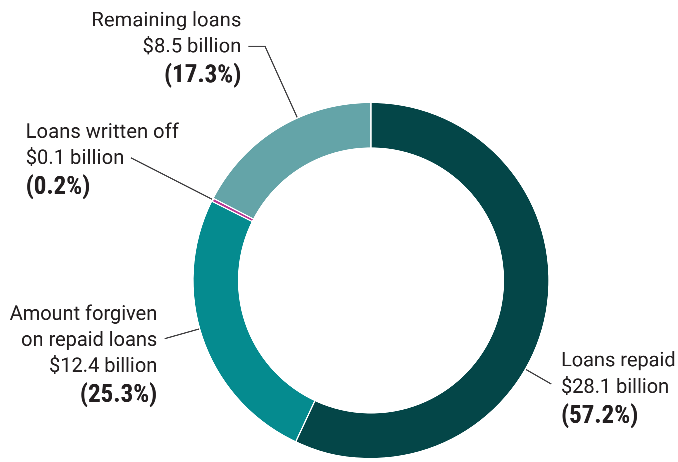
Findings

8.50 We found that as of 31 March 2024, 83% of the loan amounts originally disbursed were repaid with partial forgiveness or **written off**.[2] This represents approximately $28.1 billion in repayments, $12.4 billion in forgiveness, and $0.1 billion in write-offs, with $8.5 billion remaining in loans yet to be repaid (Exhibit 8.13). Some of the remaining balance

2 **Write-off**—The cancellation of an amount owed, the removal of the amount from official records, and the acknowledgement of the loss or failure to recover the amount by reporting it in the financial statements.

is made up of loans in default that have or will be going through the collection process, and others make up loan recipients providing interest repayments through financial institutions in accordance with their loan agreements.

Exhibit 8.13—Status of Canada Emergency Business Account loans disbursed



Source: Based on data from Export Development Canada

Exhibit 8.13—Status of Canada Emergency Business Account loans disbursed—Text description

This donut chart shows the status of Canada Emergency Business Account loans disbursed. In descending order, the status is as follows: loans repaid totalled $28.1 billion, or 57.2% of all loans disbursed; the amount forgiven on repaid loans totalled $12.4 billion, or 25.3%; loans written off totalled $0.1 billion, or 0.2%; and remaining loans totalled $8.5 billion, or 17.3%.

Source: Based on data from Export Development Canada

8.51 EDC will accept repayments on loans in good standing through the financial institutions until the end of 2026. The 5% interest is currently applicable on these loans, and the full principal amount will be due on 31 December 2026. Defaulted loans are transferred to EDC for collection. EDC has created an operational plan for collecting on defaulted loans, which includes collecting from

- ineligible recipients who have not repaid their loans by 31 December 2023 (approximately $1.1 billion) (paragraph 8.20)
- eligible recipients who did not take advantage of the loan forgiveness deadline and who have defaulted on their interest payments
- eligible recipients who did not take advantage of the loan forgiveness deadline and who do not repay the entire balance due by the end of 2026

8.52 During the collection of defaulted loans, situations may arise that limit the recovery of amounts owed by small businesses (for example, bankruptcy, insolvency, inability to repay, inability to locate recipients, or potentially fraudulent activities), as was the case for the amounts written off to date. EDC identified and referred 17 cases of fraud to law enforcement. We did not carry out additional audit work on these cases. When EDC has exhausted all avenues of collection, the amount still owed on loans that could not be collected will be reported as write-offs each year in the Government of Canada's consolidated financial statements and/or in volume 3 of the Public Accounts of Canada under loss of public money.

EDC and CRA plans for collecting on defaulted loans were incomplete

Findings

8.53 We found that EDC's plan to collect defaulted loans lacked forecasted costing, performance management, and other key elements.

8.54 EDC had no forecasts for its program administration costs beyond 2024–25, even though the collection of defaulted loans is expected to last until 2032–33. We note, however, that EDC has a signed contract with Accenture to support the collection of defaulted loans, with fixed pricing of $78.4 million, until the end of 2028 with options to renew up to 2031. EDC told us that forecasts for 2025–26 and the following 5 years were presented to the governance committees at the end of October 2024. In contrast, the CRA developed cost estimates for its CEBA collection activities until 2032–33, which currently amounts to approximately $101 million.

8.55 EDC is missing key performance measures to guide the collection of defaulted loans, such as average recovery rate or costs-to-recovery ratios. We would have expected EDC to have a detailed plan with performance measures to verify whether collection efforts are working. The CRA's collection plan is more detailed but is missing target timelines, such as the projected number of files resolved by negotiated repayment schedules. We would have expected these to be established and monitored by both EDC and the CRA by the time that the collections effort launched. Without these key performance measures, it is difficult to assess whether CEBA's collection efforts are on track or whether defaulted loan recipients are being contacted in a timely manner, which could directly impact future recoveries.

Recommendation

8.56 Export Development Canada and the Canada Revenue Agency should reassess their individual collection plans and include missing elements, such as key performance measures. The Canada Revenue Agency should coordinate with Export Development Canada to obtain information in order to establish its own key performance measures specific to resolving files in a timely manner.

Response of each entity. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Some loan repayment information was missing, causing delays for EDC to continue collecting on defaulted loans

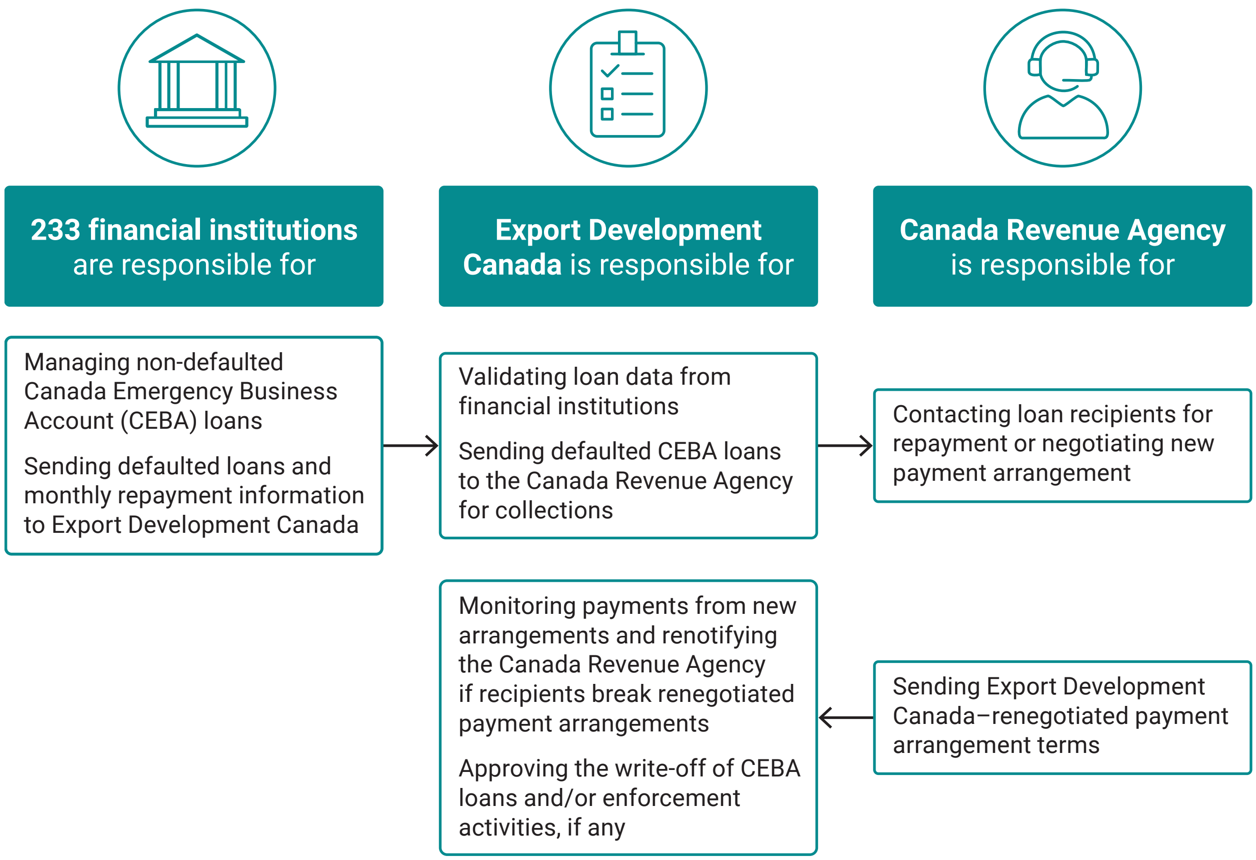
Findings

8.57 EDC is reliant on the financial institutions to provide monthly information on CEBA loan repayments, which is required to plan the collection of defaulted loans with the CRA. EDC anticipated the potential for reporting delays from financial institutions and added a provision in its agreements that allow it to withhold payment of administration fees without interest in cases of overdue reporting. While EDC has deferred such payments in 2024 where applicable, we found that the provision was not effective. For example, we found that despite EDC's efforts, from March 2024 to August 2024, some financial institutions were late in providing necessary detailed loan repayment information to EDC on approximately $1.4 billion of remaining CEBA loans. As of October 2024, EDC informed us that in working with financial institutions, most delays had been resolved.

8.58 When EDC receives loan collection information from financial institutions, it transfers the data to the CRA so its collections officers can contact and make payment arrangements with the small businesses. Exhibit 8.14 shows the process between financial institutions, EDC, and the CRA. Without complete monthly repayment data, EDC does not have a full picture of the repayment status of all remaining CEBA loans. This delay has had an impact on the timely identification of defaulted loans and slowed down the collections process, as the monthly repayment information is required before a loan can be prepared and sent to the CRA for collections.

8.59 We also found that the delays in receiving loan repayment information impacted EDC's ability to accurately forecast defaulted loans and the CRA's plans. In April 2024, EDC estimated that it would provide approximately 50,000 defaulted loans to the CRA by June 2024 for action. In response, the CRA increased its initial budget for resourcing program collection efforts of defaulted loans from approximately $6 million to $9 million for 2024–25. However, because of delays in obtaining the monthly loan repayment data, only 16,000 loans had been sent to the CRA to collect by the end of August 2024. Because of these significant delays from the financial institutions and weaknesses in collections planning, EDC does not have an up-to-date view of its loan program, making collection efforts significantly slower than expected. In October, after the period covered by our audit, EDC informed us that the number of loans sent to the CRA to collect had increased to 60,000.

Exhibit 8.14—Responsibilities for the flow of information between financial institutions, Export Development Canada, and the Canada Revenue Agency



Source: Based on data from Export Development Canada

Exhibit 8.14—Responsibilities for the flow of information between financial institutions, Export Development Canada, and the Canada Revenue Agency—Text description

This flow chart shows the responsibilities for the flow of information between financial institutions, Export Development Canada, and the Canada Revenue Agency.

There are 233 financial institutions that are responsible for managing non-defaulted Canada Emergency Business Account loans and for sending defaulted loans and monthly repayment information to Export Development Canada.

Exhibit 8.14— Text description continued

Export Development Canada is responsible for validating loan data from financial institutions and sending defaulted Canada Emergency Business Account loans to the Canada Revenue Agency for collections.

The Canada Revenue Agency is responsible for contacting loan recipients for repayment or negotiating a new payment arrangement.

The agency is also responsible for sending Export Development Canada–renegotiated payment arrangement terms. Export Development Canada is responsible for monitoring payments from new arrangements and renotifying the Canada Revenue Agency if recipients break renegotiated payment arrangements and for approving the write-off of CEBA loans and/or enforcement activities, if any.

Source: Based on data from Export Development Canada

Recommendation

8.60 Export Development Canada should enforce the existing terms and conditions of its agreements with financial institutions to ensure that data is received in a timely manner. It should also update estimates and forecasts of defaulted loans to be collected in order to provide the Canada Revenue Agency with more precise information for its planning and resourcing.

Export Development Canada's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Conclusion

8.61 We concluded that the Department of Finance Canada, Global Affairs Canada, and Export Development Canada, according to their roles and responsibilities, did not manage the Canada Emergency Business Account pandemic support program for small businesses with due regard for value for money. In performing a supporting role to Export Development Canada in collecting on defaulted loans, the Canada Revenue Agency had shown some consideration of value for money in establishing a detailed plan, but this plan lacked key performance measures that would better demonstrate the achievement of value for money.

About the Audit

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

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

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

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

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

Export Development Canada and the Canada Revenue Agency confirmed that the audit report is factually accurate.

The Department of Finance Canada confirmed that the audit report is factually accurate, with the exception of the role of the department in providing oversight of Export Development Canada's overall administrative costs.

Global Affairs Canada confirmed that the audit report is factually accurate, with the exception of statements about departmental oversight of the CEBA program. As we report, the department maintains that its responsibilities for oversight are limited to ensuring that Export Development Canada's use of the Canada Account was aligned with the ministerial authorizations.

The Office of the Auditor General of Canada maintains its expectation that both departments should have provided effective oversight of the CEBA program as these were public funds being spent through the Canada Account. While the Department of Finance Canada is the policy lead for the CEBA program, Global Affairs Canada is the department that supports the minister responsible for Export Development Canada.

Audit objective

The objective of this audit was to determine whether Export Development Canada, the Department of Finance Canada, Global Affairs Canada, and the Canada Revenue Agency, according to their roles and responsibilities, managed the CEBA pandemic support program for small businesses with due regard for value for money.

Scope and approach

The audit assessed whether the CEBA program was managed with due regard for value for money, with a particular focus on the role of outsourcing in program delivery. The audit examined whether Export Development Canada's procurement processes were fair and transparent and whether its contract management practices demonstrated a consideration for value for money. A number of factors were considered, such as whether sound justifications for the use of non-competitive procurement were documented, whether contracts clearly described intended outputs and required resources, and whether purchased goods and services were delivered in accordance with contracts.

To do this, the audit examined a targeted sample of 16 CEBA program contracts (out of 48), representing 87% of all contract value. The sample included all contracts worth over $8 million, as well as certain contracts valued between $350,000 and $8 million chosen on a case-by-case basis following a preliminary review. The sample included contracts with 4 different vendors.

The audit also examined program outcomes, such as the number and value of loans disbursed, repaid, and forgiven and of remaining balances, as well as the number of loan recipients who met the program's eligibility requirements. To assess the eligibility of loan recipients, we used a combination of qualitative data analysis and file and document review. For small businesses that applied under the payroll stream, we compared 100% of eligible recipient information with Canada Revenue Agency data to ensure that payroll criteria were met for all of the approximately 763,000 loan recipients in this stream (representing loans totalling $41.4 billion). For small businesses that applied under the non-deferrable expenses stream, approximately 135,000 loan recipients (representing loans totalling $7.7 billion) of the program, we compared 100% of recipient information with Canada Revenue Agency data to ensure payroll criteria were under $1.5 million, and we used representative sampling to examine and assess the validity of expense documents submitted by 52 recipients in this stream. Where representative sampling was used, samples were sufficient in size to conclude on the sampled population with a confidence level of no less than 90% and a margin of error (confidence interval) of no greater than +10%. We reviewed the documents that the small businesses provided to ensure that they met the program criteria at the time of application.

The audit examined the oversight provided by the Department of Finance Canada (in coordination with Global Affairs Canada) as well as the analysis that informed CEBA program decision makers. We reviewed documents such as the ministerial authorizations that gave policy direction to Export Development Canada, briefing notes to ministers prepared by the Department of Finance Canada and Global Affairs Canada, and meeting minutes from the program's primary governance committee. We also interviewed officials from Export Development Canada, the Department of Finance Canada, Global Affairs Canada, and the Canada Revenue Agency to determine each entity's roles and responsibilities in the administration of the CEBA program.

Finally, the audit looked at the plans in place for the collection of defaulted loans, including the memorandum of understanding between Export Development Canada and the Canada Revenue Agency, as well as other planning documents prepared by these entities, and loan data collected in the period following the final repayment dates of 31 December 2023 (for ineligible recipients), 18 January 2024 (for eligible recipients), and 28 March 2024 (for eligible refinanced recipients).

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
The Department of Finance Canada provided analysis to inform decision makers on the design of the Canada Emergency Business Account (CEBA) program, with due consideration of efficiency, program costs, risks, and timely planning for the program lifecycle. The Department of Finance Canada, in coordination with Global Affairs Canada, provided effective governance of the CEBA program, including oversight of program implementation, costs, and outcomes, with due regard to risks and value for money.	• *Financial Administration Act* • *Export Development Act* • *COVID-19 Emergency Response Act* • Order-in-Council, PC Number 2020-0206 • Ministerial authorizations for CEBA, 2020–2023 • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Memorandum of Understanding Between the Department of Foreign Affairs and International Trade and Export Development Canada, 2002 • Canada Account Transactions Guideline, Export Development Canada, 2018, updated in 2019, and 2021 • Policy on Financial Management, Treasury Board • Policy on Results, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations

Criteria	Sources
Export Development Canada implemented the CEBA program, including procurement and contracting processes, with due regard to risks and value for money.	• *Financial Administration Act* • *Export Development Act* • Order-in-Council, PC Number 2020-0206 • Ministerial authorizations for CEBA, 2020–2023 • Procurement Policy, Export Development Canada, 2019 and 2022 • Procurement Procedure Framework, Export Development Canada • Procurement Guidelines, Export Development Canada, 2022 • Supplier Code of Conduct, Export Development Canada, 2020 • Third-Party Risk Management Policy, Export Development Canada, 2019 and 2023 • Policy on Financial Management, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Code of Values and Ethics, Export Development Canada • Operational Risk Management Framework, Export Development Canada, 2020 • A Guide to the Project Management Body of Knowledge (PMBOK® Guide), Sixth Edition, Project Management Institute, 2017

Criteria	Sources
Export Development Canada and the Department of Finance Canada, according to their roles and responsibilities, ensured that CEBA loan payments were timely and that recipients met eligibility criteria, as well as took timely actions to recover payments made to ineligible recipients.	• *Financial Administration Act* • *Export Development Act* • Order-in-Council, PC Number 2020-0206 • Ministerial authorizations for CEBA, 2020–2023 • Program administration and credit agreements with financial institutions • Applicant attestations • Letter of agreement between Export Development Canada and the Canada Revenue Agency for eligibility verifications, 2023 • Correspondence from the Secretary of the Treasury Board to Deputy Heads, 19 March 2020 • Directive on the Management of Projects and Programmes, Treasury Board • CEBA program eligibility requirements • Prime Minister announces expansion of support for workers and small businesses, Government of Canada news release, 19 May 2020 • More small businesses can soon access the Canada Emergency Business Account, Department of Finance Canada news release, 15 June 2020 • Principles of Fraud Control in Emergency Management, International Public Sector Fraud Forum

Criteria	Sources
The Department of Finance Canada, Export Development Canada, and the Canada Revenue Agency, according to their roles and responsibilities, established appropriate loan collections plans, with due regard for value for money.	• *Income Tax Act* • *Excise Tax Act* • *Canada Revenue Agency Act* • *Financial Administration Act* • *Export Development Act* • Order-in-Council, PC Number 2020-0206 • Order-in-Council, PC Number 2022-0337 • Ministerial authorizations for CEBA, 2020–2023 • CEBA Memorandum of Understanding Between the Canada Revenue Agency and Export Development Canada, 2024 • CEBA Letter of Intent between Export Development Canada and the Canada Revenue Agency, 2023 • Code of Values and Ethics, Export Development Canada • Policy on Financial Management, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board

Period covered by the audit

The audit covered the period from 1 March 2020 to 31 March 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the start date of this period and that occurred after 31 March 2024.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 7 November 2024, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Mélanie Cabana, Senior Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office’s policies and system of quality management.

Recommendations and Responses

Responses appear as they were received by the Office of the Auditor General of Canada.

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
8.24 Export Development Canada should work with the Department of Finance Canada to consider appropriate actions, including legal implications and options to recoup loan forgiveness from ineligible small businesses. Export Development Canada should then identify the full population of ineligible recipients in the non-deferrable expenses stream.	**Export Development Canada's response.** Partially agreed. The pre-funding verifications of Non-Deferrable Expenses prevented approximately 108,000 ineligible applications (with an approximate loan value of $5.5 billion) from being funded. Export Development Canada (EDC) agrees to work with Finance Canada to consider appropriate post-funding actions, including examining legal implications and options to recoup loan forgiveness from ineligible recipients in the non-deferrable expenses stream. This examination will also assess any options against cost-effectiveness considerations. The target completion date for the examination is March 31, 2025. With regard to a potential initiative to identify the full population of ineligible recipients in the non-deferrable expenses stream, EDC will only undertake this work if the examination of post-funding actions identifies viable recovery options and EDC receives revised policy direction from the Government of Canada. **The Department of Finance Canada's response**. Agreed. The Department agrees to work with Export Development Canada to consider appropriate follow-up actions, including examining legal implications and options to recoup loan forgiveness from ineligible recipients in the non-deferrable expense stream. This examination will also assess the options against cost-effectiveness considerations. Finance Canada and Export Development Canada will complete this work by March 31, 2025.

Recommendation	Response
8.35 Export Development Canada should strengthen processes for its management and monitoring of existing and future Canada Emergency Business Account contracts, including the following: • Assess and document the reasonability of associated costs before signing contracts, especially in the case of non-competitive procurement. This includes having an awareness of the required experience and qualification of resources to justify agreed-upon hourly rates. • Ensure that potential bidders are not involved in developing or preparing any part of the procurement process. • For hourly-rate contracts, work with contractors to obtain information that accurately details the work completed by each resource in order to perform independent verification prior to payment. • For deliverable-based contracts, to ensure compliance with contractual obligations, independently monitor the vendors' performance and do not rely solely on vendors' self-reporting.	**Export Development Canada's response.** Agreed. Export Development Canada (EDC) is actively working to strengthen its vendor performance and contract management practices for both current and future Canada Emergency Business Account contracts, which includes process enhancements to address the recommendations from the Office of Auditor General of Canada, with target completion by December 31, 2024. EDC will embed these process enhancements in a new vendor performance tool and will confirm alignment with government procurement practices, with target completion by March 31, 2025.
8.36 Export Development Canada should develop a detailed plan, including costs, for the implementation of the transition of Canada Emergency Business Account program data to the government.	**Export Development Canada's response.** Agreed. Under Export Development Canada's (EDC's) maintenance and support contract with Accenture, EDC owns and has access to Canada Emergency Business Account program data. The transition of program data to EDC's satisfaction upon termination of the contract is governed by commercially standard data transition provisions. EDC commits to ensure that its data ownership and access rights are appropriately maintained and will undertake annual reviews of the transition plan (including estimated transition activities and costs) that will be finalized at the time a transition is initiated. The target completion date for the first annual review of the transition plan is June 30, 2025.
8.43 The Department of Finance Canada should provide analysis to support the development of a complete plan, including spending limits, for all actions required to collect on defaulted loans through to the end of the Canada Emergency Business Account program.	**The Department of Finance Canada's response.** Agreed. The Department of Finance Canada has already provided analysis on the remaining relevant aspects of the Canada Emergency Business Account program. The Department will work with Export Development Canada and the Canada Revenue Agency to identify any other gaps in the program plan, and accordingly provide advice, as necessary. Finance Canada will complete this work by June 30, 2025.

Recommendation	Response
8.44 The Department of Finance Canada and Global Affairs Canada should clarify who has the lead for key program activities such as risk mitigation and overall program outcomes.	**The Department of Finance Canada's response.** Agreed. Finance Canada will work with Global Affairs Canada, in consultation with Export Development Canada and the Canada Revenue Agency, to develop a Memorandum of Understanding for Canada Emergency Business Account, or similar document, that will define the roles and responsibilities of each implicated organization. Approval of the document will be sought from the Deputy Heads of all responsible organizations. Finance Canada and Global Affairs Canada will complete this work by March 31, 2025. **Global Affairs Canada's response.** Agreed. Global Affairs Canada will support Finance Canada in clarifying the roles and responsibilities related to Canada Emergency Business Account.
8.48 In its role as policy lead, the Department of Finance Canada should address the accountability and oversight gaps for the Canada Emergency Business Account program, including oversight of administrative expenditures that are paid through the Canada Account.	**The Department of Finance Canada's response.** Disagreed. Finance Canada has no legislative requirements to provide oversight of administrative expenditures on the Canada Emergency Business Account (CEBA) program. As the administration of the CEBA program was delegated to Export Development Canada (EDC), the Board of Directors of EDC is responsible for providing oversight of the administrative expenses of the CEBA program.
8.56 Export Development Canada and the Canada Revenue Agency should reassess their individual collection plans and include missing elements, such as key performance measures. The Canada Revenue Agency should coordinate with Export Development Canada to obtain information in order to establish its own key performance measures specific to resolving files in a timely manner.	**Export Development Canada's response.** Agreed. Export Development Canada agrees to work with the Canada Revenue Agency and Finance Canada to implement meaningful key performance measures of the collection activities for defaulted and assigned loans, with a target completion date of March 31, 2025. **The Canada Revenue Agency's response.** Agreed. The Canada Revenue Agency (CRA) will reassess its collection plans to include key performance measures specific to resolving files in a timely manner. The CRA and Export Development Canada will coordinate to complete this work by March 31, 2025.

Recommendation	Response
8.60 Export Development Canada should enforce the existing terms and conditions of its agreements with financial institutions to ensure that data is received in a timely manner. It should also update estimates and forecasts of defaulted loans to be collected in order to provide the Canada Revenue Agency with more precise information for its planning and resourcing.	**Export Development Canada's response.** Agreed. Export Development Canada (EDC) works closely with participating financial institutions (FI) to monitor and support their timely fulfillment of data and reporting obligations for Canada Emergency Business Account. EDC is implementing additional reporting metrics to enhance its monitoring of FI deliverables with a target completion date of March 31, 2025. With regard to forecasting, EDC has provided updated loan assignment volume forecasts to the Canada Revenue Agency (CRA) in July and October 2024 and will continue to share updated loan assignment volume forecasts with CRA as new information becomes available.