



Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses: Education and Early Childhood Development; Finance and Treasury Board

Key Messages

- Quick response was commendable, but Province spent \$100 million before knowing the cost of relief
- Millions in potentially unspent COVID-19 relief funds will not return to Province
- Audited COVID-19 programs administered by Dalhousie University well managed
- Numerous concerns with emergency childcare provider grants

Why We Did This Audit

- During fiscal 2020/21, Province spent \$698 million in response to the COVID-19 pandemic
- Provincial COVID-19 relief programs were established very quickly, need to ensure appropriate oversight and accountability for taxpayer funds
- Lessons can be learned for future emergency funding programs

What we did in this audit

- Focus was on first wave (March to September 2020) COVID-19 relief programs for small businesses and individuals
- Provincial funds examined include:
 - \$100 million contract with Dalhousie University; and
 - \$30 million to support childcare providers delivered by the Department of Education and Early Childhood Development
- Specific programs audited include Worker Emergency Bridge Fund, Small Business Impact Grant, Small Business Reopening Grant, Family Home Operating Grant, Staff Support Grant, and Operational Cost Grant

Quick response commendable, but concerns with overall approach

- \$100 million given to Dalhousie University meant the Province gave up control over how the money was spent without knowing how much was needed
- Potentially more than half of the \$100 million may not be needed for COVID-19 relief programs but will not return to the Province, instead going to Research Nova Scotia
- Providing the full funding early led to the unusual approach of using \$35 million from the Dalhousie University contract for loan guarantees, rather than funding directly from the Province
- Weaknesses with missing Contribution Agreement contract clauses and missing risk assessments

COVID-19 relief programs delivered by Dalhousie University well run

- Roles and responsibilities were understood
- Programs were well run, only minor errors found

Numerous process and control weaknesses with emergency childcare provider grants

- No clear guidance of qualifying expenses, no requirement to provide support for amounts claimed, no audits, no quality review, no risk assessments; multiple calculation errors, funding approval letters not always sent to applicants, attestations missing or not required, and performance measures not evident



Recommendations at a Glance

Recommendation 1.1

We recommend the Department of Finance and Treasury Board, in consultation with the Executive Council Office, develop guidance on providing grants in emergency situations which considers any lessons learned during COVID-19 and includes specific direction on:

- the appropriate timing and use of funding,
- the return of residuals when using external parties,
- the inclusion of mandatory provisions in all contracts with external parties,
- the use of goals, objectives, and key performance indicators, and
- the required monitoring, oversight, risk assessments and reporting.

Recommendation 1.2

We recommend the Department of Education and Early Childhood Development perform audits to ensure the emergency childcare grants accurately went to entitled recipients. The Department should take appropriate corrective action if errors are found.

Questions Nova Scotians May Want to Ask

1. What is the Province's plan if there are millions remaining at the end of the Tourism Sector Financing Assistance Program?
2. Will the Province conduct a "lessons learned" exercise to improve response to future emergencies?
3. When will the Province create guidance for future emergency relief programs?
4. Is there a plan to spend the remaining unallocated COVID-19 funds?
5. When will the Department of Education and Early Childhood Development complete audits of the emergency childcare grant applications?