

# Chapter 1

## COVID-19 Financial Support Programs

### 1.0 MAIN POINTS

The COVID-19 pandemic response required the Government to get money to the people of Saskatchewan and businesses quickly, but also to properly safeguard public resources. Rolling out financial support programs in such a quick manner can create challenges for the appropriate management of government resources.

This chapter outlines the work our Office did in relation to certain COVID-19 financial support programs.

Overall, we found ministries were able to deliver programs quickly while maintaining appropriate administrative processes.

### 2.0 INTRODUCTION

The COVID-19 pandemic significantly impacted the Government's fiscal results for the year ended March 31, 2021, the first full year operating in a COVID-19 environment since the global pandemic was declared.<sup>1</sup>

The Government delivered financial support programs to sectors most impacted by pandemic-related public health orders and closures. Such financial support programs and sectors included the:

- Saskatchewan small business emergency payment program
- Saskatchewan temporary wage supplement program
- Safe schools plan
- Emergency pandemic-response gaming partner grants
- Oil and gas sector support program
- Saskatchewan tourism sector support program

Some of these financial support programs were funded partly using assistance from the Federal Government.

Our Office shifted some audit resources to our annual integrated audits to include examining government spending on the additional pandemic-response financial support and stimulus programs, and use of related federal funding. See **Figure 1** below.

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audits. We used

<sup>1</sup> For information about the Government of Saskatchewan's fiscal results for the year ended March 31, 2021, including financial statement discussion and analysis that provides some information about the impact of the COVID-19 pandemic, see *Public Accounts 2020–21 Volume 1—Summary Financial Statements* at [publications.saskatchewan.ca/#/categories/5124](https://publications.saskatchewan.ca/#/categories/5124).



the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of each ministry's controls. This chapter summarizes the results of our work.

Because of the pandemic, the Government incurred additional costs for health and safety measures, with the majority of these additional costs incurred by the health sector, specifically the Saskatchewan Health Authority. These additional measures included distribution of vaccines and personal protective equipment, contact tracing, and increased healthcare staffing capacity. For example, the Authority received an additional \$342.8 million for operations and \$30.3 million for capital spending from the Ministry of Health for the year ended March 31, 2021.<sup>2</sup> We assessed these additional purchases and payments as part of the annual integrated audit and found no significant issues.

### 3.0 AUDIT FINDINGS

The need to get money into the hands of the people of Saskatchewan and businesses impacted by the pandemic was crucial and time-sensitive. However, the ministries administering the financial support funding were still responsible to ensure proper internal controls existed, and:

- To verify eligibility requirements were met
- To properly approve support payments
- To track expenditures made
- To monitor the allocation of resources

Below is a summary of some significant financial support and stimulus programs we examined closer in our annual integrated audits and our related audit findings.

**Figure 1—COVID-19 Financial Support and Stimulus Programs Examined**

Financial Programs	Description of Program	2020–21 Budget <sup>a</sup>	2020–21 Actuals	Summarized Audit Work and Findings
		(in millions)		
<b>Ministry of Energy and Resources</b>				
Accelerated Site Closure Program <sup>A</sup>	Economic stimulus program to accelerate the reclamation of inactive oil and gas wells	\$150 (\$400 total from 2020–21 to 2022–23)	\$67	Tested a sample of payments and found funds appropriately distributed and approved, but enhancements to processes to oversee the program needed. See <b>Chapter 4</b> .
<b>Ministry of Trade and Export Development</b>				
Saskatchewan Economic Recovery Rebate	Economic recovery program that provided a 10% reduction in SaskPower customers' power bills for the period December 1, 2020 to November 30, 2021	\$87.2 (\$262 over two fiscal years)	\$75.7	Tested a sample of program invoices and found all invoices tested were appropriately supported and approved.

<sup>2</sup> Saskatchewan Health Authority, *Annual Report to the Legislature 2020–2021*, p. 23.

Financial Programs	Description of Program	2020–21 Budget <sup>B</sup>	2020–21 Actuals	Summarized Audit Work and Findings
		(in millions)		
<b>Ministry of Highways</b>				
Roadworks	Economic stimulus program to boost the Saskatchewan economy while improving safety and capacity for highways	\$68.7 in 2020–21 and \$231.9 in 2021–22	\$28.3	Tested a sample of consultants and contractors used for roadworks. Assessed the Ministry's processes for awarding and approving contracts; retaining appropriate security and holdbacks; approving estimates; obtaining appropriate clearances before making final payments; and tracking contractual obligations. No issues found. Also see Chapter 7 in our <i>2021 Report – Volume 1</i> for the results of our audit of the Ministry's processes to fairly select contractors for roadworks costing over \$100,000. We concluded the Ministry of Highways had effective processes.
<b>Ministry of Education and Ministry of Finance</b>				
Education Emergency Pandemic Support Program ( <i>Saskatchewan Safe Schools Plan</i> ) <sup>A</sup>	The purpose of this program was to provide financial assistance to eligible applicants (i.e., school divisions, independent schools) for eligible expenses incurred directly as a result of the COVID-19 pandemic. Eligible expenses under the program include items such as increased cleaning supplies and equipment, increased staffing costs for substitute teachers, or increased technology requirements to support remote learning. Under the program, the Ministry of Education evaluated applications for program funding from eligible applicants. The Ministry of Finance processed payments to eligible applicants based on recommendations from the Ministry of Education. The Ministry of Education also centrally purchased and distributed personal protective equipment to school divisions.	\$115	\$114.8	Tested a sample of program payments and found: <ul style="list-style-type: none"> <li>The Ministry of Education appropriately evaluated the related applications</li> <li>The expenses claimed by applicants met the eligibility requirements of <i>The Education Emergency Pandemic Support Program Regulations</i></li> <li>The Ministry of Finance appropriately processed the payments to the applicants</li> </ul> Also found the Ministry of Education purchased personal protective equipment for school divisions in accordance with <i>The Purchasing Act, 2004</i> (i.e., procured items with the support of the Ministry of SaskBuilds and Procurement).
<b>Ministry of Education</b>				
Child Care for Returning Workers under the Canada Saskatchewan Safe Restart Agreement <sup>A</sup>	The purpose of the program was to provide financial assistance to help the childcare sector adapt and offset additional expenses incurred during the COVID-19 pandemic. The program enhanced supports for licensed childcare facilities (e.g., grants for cleaning supplies, equipment, staff), to ensure the safety of	\$20.6	\$20.6	This program included one-time grants to licensed childcare centres and homes of \$12.3 million, allocated based on childcare spaces. We tested whether the grants were properly calculated and approved.



Financial Programs	Description of Program	2020–21 Budget <sup>B</sup>	2020–21 Actuals	Summarized Audit Work and Findings
		(in millions)		
	children and allow parents and caregivers to return to work			The remaining \$8.3 million was provided as deficit support grants to childcare providers. Tested a sample of grants and found the Ministry used financial information to determine whether the childcare provider incurred a deficit as a result of the COVID-19 pandemic, and the amount of funding to allocate to the provider.
<b>Ministry of Finance</b>				
Saskatchewan Small Business Emergency Payment Program	The purpose of the program was to provide financial assistance to eligible small businesses that experienced a decline in sales revenue due to public health orders. Eligible small businesses received a payment of up to 15% of their monthly sales revenue to a maximum of \$5,000. The program eligibility periods were from April 15, 2020 to July 31, 2020 and December 1, 2020 to April 30, 2021.	\$70	\$64	Tested whether the Ministry of Finance evaluated applications for program funding in accordance with <i>The Saskatchewan Small Business Emergency Payment Regulations</i> and <i>The Saskatchewan Small Business Emergency Payment Regulations, 2020 (No. 2)</i> . Tested a sample of program payments and found timely application submissions, were properly assessed for eligibility, independently approved, and payments accurately processed.
Saskatchewan Temporary Wage Supplement Program <sup>A</sup>	The purpose of this program was to provide a temporary wage supplement to eligible employees of eligible essential care facilities. Eligible employees received a temporary wage supplement of \$400 for each four-week period. The program eligibility periods were from March 15, 2020 to July 4, 2020, and November 19, 2020 to January 13, 2021.	\$56	\$40.1	Tested whether the Ministry of Finance evaluated applications for program funding in accordance with <i>The Saskatchewan Temporary Wage Supplement Program Regulations</i> and <i>The Saskatchewan Temporary Wage Supplement (Senior Care Workers) Program Regulations</i> . Tested a sample of program payments and found applications were submitted timely, were properly assessed for eligibility, independently approved and payments were accurately processed.
Saskatchewan Tourism Sector Support Program	The purpose of this program was to provide assistance to eligible tourism businesses that experienced a sales revenue decline due to the economic effects caused by the pandemic. Eligible accommodation sector businesses and major event facilities received a one-time payment of between \$10,000 to \$50,000 based on 30% of the applicants' average monthly sales revenue in 2018 or 2019. Eligible event, attraction or tour sector businesses received a one-time	\$12	\$27	Tested whether the Ministry of Finance evaluated applications for program funding in accordance with <i>The Saskatchewan Tourism Sector Support Program Regulations</i> and <i>The Saskatchewan Tourism Sector Support Program Regulations (No. 2)</i> . Tested a sample of program payments and found applications were submitted timely, were properly assessed for eligibility, independently

Financial Programs	Description of Program	2020–21 Budget <sup>B</sup>	2020–21 Actuals	Summarized Audit Work and Findings
		(in millions)		
	payment of between \$7,500 and \$15,000 based on the number of event participants or employees. The program eligibility periods were from August 19, 2020 to September 30, 2021.			approved and payments were accurately processed.
<b>Ministry of Government Relations</b>				
Municipal Economic Enhancement Program, 2020	Funding to municipalities to support investments in infrastructure to stimulate economic recovery and encourage local job creation.	\$150	\$149.9	Tested a sample of grant payments. We found: <ul style="list-style-type: none"> <li>• All municipalities that received grant funding met eligibility criteria</li> <li>• Grant allocations for each municipality were properly calculated</li> <li>• All grant payments tested were appropriately approved</li> </ul>
Safe Restart Agreement – Municipalities portion <sup>A</sup>	Funding for municipalities provided to support efforts to protect health and safety, the safe re-opening of economies, and to prepare for potential future waves of COVID-19.	\$70.3	\$70.3	Tested a sample of grant payments. We found: <ul style="list-style-type: none"> <li>• All municipalities that received grant funding met eligibility criteria</li> <li>• Grant allocations for each municipality were properly calculated</li> <li>• All grant payments tested were appropriately approved</li> </ul>
Emergency Pandemic Support for First Nations and Métis Organizations	Closure of casinos at various points during the COVID-19 pandemic resulted in significant declines in casino profits available for distribution to First Nations and Métis organizations. In June 2020, the Government of Saskatchewan signed a letter of understanding to amend the <i>2002 Gaming Framework Agreement</i> between the Federation of Sovereign Indigenous Nations and the Government of Saskatchewan to provide grants to the First Nations Trust and Community Development Corporations for the 2020–21 fiscal year. In July 2020, the Government also signed an agreement to provide a grant to the Métis Development Fund (operating as the Clarence Campeau Development Fund) for the 2020–21 fiscal year.	\$45	\$45	Tested a sample of grant payments. We found: <ul style="list-style-type: none"> <li>• All grant payments tested were appropriately approved</li> <li>• Total grant payments did not exceed approved budget</li> </ul>

<sup>A</sup> Program received support from the Federal Government.

<sup>B</sup> Includes amounts approved in Government of Saskatchewan 20–21 Estimates and Supplementary Estimates No. 1 and Supplementary Estimates No. 2.

