

Mr. John Williamson, M.P.
Chair
Standing Committee on Public Accounts
House of Commons
Ottawa, ON K1A 0A6

Dear Colleague:

The following information is further to the Government's Response (tabled in the House of Commons on May 29, 2019, pursuant to Standing Order 109) to the 59th Report of the Standing Committee on Public Accounts – 42nd Parliament, 1st Session – entitled: *Report 7, Compliance Activities—Canada Revenue Agency, of the 2018 Fall Reports of the Auditor General of Canada*.

I am pleased to provide the final report on progress in response to recommendation 9 of the 59th Report.

The Government thanks the members of the Committee for their continued interest and attention to the Canada Revenue Agency's (CRA's) efforts to address the issues identified in the Auditor General's audit.

Please find enclosed the CRA's report on progress.

Sincerely,

The Honourable Diane Lebouthillier, P.C., M.P.

**FINAL REPORT ON PROGRESS: 59th REPORT OF THE
STANDING COMMITTEE ON PUBLIC ACCOUNTS – 42nd PARLIAMENT, 1st SESSION
(RESPONSE TO RECOMMENDATION 9)**

INTRODUCTION

On behalf of the Government of Canada, on May 29, 2019, the Minister of National Revenue tabled the Government's Response to the recommendations contained in the 59th Report of the Standing Committee on Public Accounts entitled: *Report 7, Compliance Activities—Canada Revenue Agency, of the 2018 Fall Reports of the Auditor General of Canada*.

As requested, the Canada Revenue Agency (CRA) is pleased to provide its final report on progress related to recommendation 9.

Recommendation 9: *“That, by 30 April 2020, the Canada Revenue Agency provide the House of Commons Standing Committee on Public Accounts with a report on the results of its research and evaluation of measures to track additional tax revenue generated from increased budgetary funding; and a final report by 31 October 2022.”*

Government Response (as tabled on May 29, 2019): *“The Government of Canada agrees with this recommendation. The Agency does track the results of incremental budgetary funding. The concern raised by the AG was over the methodology for attributing the incremental impact from the increased resources. The Auditor General’s concern relates to how the Agency attributes its results to the source of funding of the activity type (core budget versus new funding from Federal Budget initiatives) rather than the soundness of the data. While the CRA’s current reporting methodology for tracking additional revenue generated from Federal Budget funding satisfies the requirements of the Treasury Board Secretariat and the Department of Finance, the CRA accepts this recommendation. The CRA is analyzing the accuracy of its performance measures for return on investment of budget investments and will include any proposed new measures in the performance measurement framework to be developed by March 2020. The CRA will provide the Committee with a report on the results of its research and evaluation of measures to track additional revenue from Budget investments by June 30, 2020. The additional time will permit it to be integrated with its other work on performance reporting. The Agency also will provide the Committee a final report on this issue by October 31, 2022.”*

1st Report on Progress (as provided to the Standing Committee on Public Accounts on July 13, 2020): *“The CRA has taken two key steps in relation to tracking revenue from incremental Budget investments.*

- *The CRA has analyzed its existing performance measures for return on investment from Budget investments, including consultation and input from central agencies and several foreign tax jurisdictions.*
- *The CRA made refinements to its performance measurement framework effective March 2020.*

With respect to the second part of the recommendation, the CRA will provide the Committee with a final report on this matter by October 31, 2022.

2nd Report on Progress: As part of the CRA’s response to the OAG’s report and recommendations, CRA analyzed the accuracy of its performance measures for return on investment from budget investments and considered whether new measures should be included in its performance measurement framework.

In the Government Response to Recommendation 9, it was noted that the CRA’s current reporting methodology for tracking additional revenue generated from Federal Budget funding satisfies the requirements of the Treasury Board Secretariat and the Department of Finance.

Following consultations with multiple stakeholders including tax administrations from other countries, the CRA found that its current methodology is also in line with the methodology used by other international tax administrations.

Therefore, the CRA has concluded that its current methodology used to track additional revenue from budgetary funding is the most accurate available, and will maintain its current approach.