

**Progress Report to the Standing Committee on Public Accounts:
Ensuring Proper, Systematic Verification of Applications to
Participate in the Repayment Assistance Plan**

REQUEST

The House of Commons Standing Committee on Public Accounts (PACP) has requested a status update to Recommendation 1 of the PACP Report 6 (43rd Parliament, 2nd Session) on ensuring the proper, systematic verification of applications to participate in the Repayment Assistance Plan (RAP). This status update is a follow-up to the May 31, 2022 letter from the Minister of Employment and Social Development Canada (ESDC) to the Chair of the Standing Committee on Public Accounts.

CONTEXT

In February 2021, the Standing Committee on Public Accounts produced a report on Student Financial Assistance, which included the following recommendation:

“Recommendation 1 – on the verification of applications: Employment and Social Development Canada (ESDC) should provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress on ensuring the proper, systematic verification of applications to participate in the Repayment Assistance Plan (RAP). A final report should also be provided.”

This recommendation stems from the Committee’s study of the Office of the Auditor General of Canada (OAG)’s Spring 2020 report on Student Financial Assistance, which included the same recommendation.

On May 31, 2021, the Honourable Carla Qualtrough, Minister of Employment, Workforce Development and Disability Inclusion, provided a written response in lieu of the progress report requested by the Committee. With respect to the recommendation related to ensuring the proper, systematic verification of applications to participate in the Repayment Assistance Plan (Recommendation 1), the response indicated that ESDC would provide a final report, detailing how these actions have progressed and to what extent they have helped ensure a proper, systematic verification of applications to participate in the RAP.

Subsequently, a Memorandum of Understanding (MOU) between ESDC and the Canada Revenue Agency (CRA) was finalized and signed on November 28, 2021. This MOU will allow verification of income and family composition data against CRA’s tax data during the RAP application process.

PROGRESS REPORT

The Department has been collaborating with the CRA to establish the Repayment Assistance Plan – Enhanced Verification Model (RAP-EVM), a risk-based sampling methodology that leverages information exchange with the CRA. Under RAP-EVM, upon receiving an applicant's consent (and where applicable, the consent of their spouse/common-law partner), the National Student Loan Service Centre (NSLSC) will have the authority to verify information provided by borrowers on their RAP applications against an authoritative source, including an applicant's most recent CRA income tax data. Accessibility to taxpayer information such as family income, family size, and marital status, may impact a borrower's RAP eligibility and the degree to which they benefit from RAP, and more importantly, help to address gaps in the current verification process.

Finalization of Information Sharing Agreement with CRA

Under the MOU between ESDC and the CRA finalized on November 28, 2021, ESDC will provide the CRA with personal information to help identify a RAP applicant and their spouse or common-law partner (when applicable), and enable the CRA to provide ESDC with taxpayer information.

Once ESDC receives the taxpayer information from CRA, ESDC will compare the RAP application data with the data provided by the CRA. Should there be a discrepancy beyond the acceptable variance threshold, borrowers will be informed that they need to provide additional proof to substantiate the information provided in their RAP application.

System Modifications

In addition, final system modifications have been completed, which will allow for enhancements to the verification process for RAP applications. Other system modifications have also been made, including new reporting requirements, and documents related to the enhanced verification process such as the RAP application form, the new spousal consent form, and communication materials, have been developed and updated, and are in the final stages of implementation.

Implementation of RAP-EVM System

While ESDC has made significant progress on the RAP-EVM project, including establishing and testing the infrastructure for the file transfer between the CRA and the NSLSC, as well as the completion of final system modifications, final implementation testing between the CRA and the NSLSC has been delayed and is expected to take place closer to the anticipated implementation date of winter 2023. ESDC will continue to work with the Service Provider to identify possible solutions and to mitigate any unforeseen issues that may arise during final implementation testing.

Conclusion

Per the Committee's recommendation, ESDC continues to advance work on implementing RAP-EVM, which will help to ensure the proper, systematic verification of RAP applications. To date, **ESDC has successfully finalized and signed a MOU with CRA**, which will allow verification of income and family composition data against the Agency's tax data during the application process. **ESDC has also completed all system modifications**. However, **full implementation of the RAP-EVM project has been delayed due to a number of reasons**, including resource and capacity constraints, unforeseen COVID-19 response work and shifting priorities, as well as unanticipated technical difficulties during building and testing technical requirements. Taken together, RAP-EVM is now anticipated to be implemented by winter 2023. To prevent further delays, ESDC will continue to work with key partners to help ensure implementation of RAP-EVM meets the target date of winter 2023.