

What we examined?

- DFAA is a transfer payment and cost-sharing program between the federal government and a province/territory (PT).
- The Program supports a PT after a major disaster with response and recovery costs exceeding their financial capacity.
- The evaluation was calibrated to primarily focus on efficiency and economy and to also examine issues of relevance and effectiveness. The evaluation covered the period from 2011-12 to 2015-16.

Why it is important?

- In the event of a large-scale natural disaster, PTs can incur a substantial financial burden as they respond and recover. To lessen this financial burden, DFAA staff work closely with PTs to review and provide financial assistance to reimburse eligible response and recovery costs.
- Since its inception in 1970, DFAA has reimbursed over \$4.1 billion in post-disaster assistance.
- As a transfer payment program, DFAA is required to be evaluated every five years under section 42.1 of the *Financial Administration Act*. DFAA was last evaluated in December 2011.

Our Findings

- **Relevance:** With the increasing frequency, severity and costs of disaster, there is a continuing need for the DFAA program to support PTs with response and recovery costs.
- **Effectiveness:** The DFAA is providing financial support to PTs but, sometimes, must reprofile funds, or set up a payable at year-end to balance its budget.
- **Efficiency:** There is some duplication between federal and provincial audits. Quality of DFAA submissions between PTs is inconsistent.
- **Economy:** The growing number and severity of disasters have increased federal financial liabilities under DFAA. Documents reviewed indicated that investment in mitigation can help reduce vulnerability to future disasters.

Measures taken by the program to increase effectiveness

- As of September 2015, PTs were required to submit an annual accounting exercise twice a year (February/March and August/September) instead of just once a year to strengthen PS forecasting.
- PTs are also asked to identify upcoming payments requests, timing, and amount.

Measures taken by the program to increase efficiency and economy

- The average administration ratio was reduced from 4.8% for the last evaluation (2011) to 1.5% for this evaluation.
- The audit function moved towards a risk-based approach over the last two years.

- Efficiencies were created by removing unnecessary steps (risk assessment for advance and interim payments and audit is conducted for final payment).

Recommendations

The ADM of the Emergency Management and Programs Branch should:

1. Update guidelines and templates to increase their effectiveness in ensuring consistency of PTs submissions.
2. Establish in collaboration with PTs criteria and mechanisms whereby audits conducted by PTs complement and streamline federal audit requirements.
3. Further promote the use of the DFAA mitigation component to reduce the financial burden of future disasters on PTs and the federal government.