

Chapter

3

Citizenship and Immigration Canada
The Economic Component of the
Canadian Immigration Program

All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Table of Contents

Main Points	1
Introduction	3
Focus of the follow-up	3
Observations and Recommendations	3
Selection decisions	4
Selection criteria have been amended	4
Tools developed and training for visa officers improved	5
Medical inadmissibility and surveillance	7
Excessive demand has been defined	7
Advice on medical testing and surveillance not yet received	7
Medical surveillance of immigrants	8
Medical surveillance of refugee claimants	9
Criminality and security inadmissibility	10
Progress in determining inadmissibility	10
Fraudulent documents	11
New measures assist in the identification of fraudulent documents	11
A need for guidance and to share knowledge	12
Quality assurance	12
Testing centralized processing	12
Initiatives at offices abroad	13
Immigration is deciding how to proceed with its strategy	13
The need for a department-wide framework	14
Offshore processing	14
Implementing a new regulation	14
Information technology	15
Use of technology has improved	15
Revenue control	16
The Department has made progress in revenue control	16
Tools and training are still a concern	17

Forms control	17
The new Permanent Resident Card	17
Problems still exist with forms control	18
Internal audit	18
Measuring results and reporting to Parliament	18
Information for Parliament is incomplete	18
Conclusion	19
About the Follow-up	20
Appendix	
Selection criteria for immigrants in the economic component	21



Citizenship and Immigration Canada

The Economic Component of the Canadian Immigration Program

Main Points

3.1 In our 2000 audit on the economic component of the Canadian Immigration Program, we noted serious problems in the management and delivery of the Program. Many of the issues we raised in that audit have been addressed by the new *Immigration and Refugee Protection Act* and the *Immigration and Refugee Protection Regulations*. As most of the provisions came into effect 28 June 2002, it is still too early to assess the impact of the new act and regulations on some of the issues.

3.2 Citizenship and Immigration Canada has taken a number of steps with regard to medical surveillance including establishing a Medical Surveillance Unit in a new Medical Services Branch. However, we are still concerned that the Department does not know what percentage of immigrants comply with medical surveillance requirements and within what time frame. It is important that the Department ensure that immigrants under medical surveillance report to the relevant public health authorities and thus comply with the conditions attached to their visas. We also identified a new issue—refugee claimants and public health authorities in the provinces and territories are not notified when a claimant requires medical surveillance for inactive tuberculosis.

3.3 Although the Department is developing a method and strategy for quality assurance, we observed that a department-wide quality assurance framework to monitor the quality of selection decisions for the economic component has not been implemented. This framework is essential to ensure the consistency, fairness, and integrity of selection decisions.

3.4 Many applicants apply to offices outside their country of residence, hoping that their wait will be shorter than in their own country. The new *Immigration and Refugee Protection Regulations* permit the Department to greatly reduce offshore processing. At the time of our field work, offices abroad were still accepting offshore applications. The Department has now issued instructions to offices abroad to implement the regulation dealing with offshore processing on 1 May 2003.

3.5 The Department has made progress in how it controls revenue. The Department has developed a new Permanent Resident Card; however, problems still exist with controls over visa forms. It has made progress in updating information technology and has strengthened the internal audit function.

3.6 The Department has made progress in improving its ability to determine inadmissibility for reasons of criminality and security.

3.7 The new act and regulations also address other issues we raised in 2000 by:

- barring applicants deemed inadmissible due to misrepresentation from re-applying for two years;
- defining “excessive demand” for health and social services; and
- allowing for application for non-disclosure of information during admissibility hearings, immigration appeals, and judicial reviews.

3.8 The new act addresses some other areas; for example, criteria and tools for selecting skilled worker and business immigrants, and initiatives to assist visa officers in determining whether documents are fraudulent. However it is too soon for us to assess the impact of the legislation on these areas.

3.9 In its reports to Parliament, the Department indicated that 137,119 skilled workers entered Canada in 2001. We are concerned that this information may be misunderstood. The information would be more clearly presented as 137,119 skilled workers, 58,860 of that number being principal applicants and 78,259 their dependants.

The Department has responded. Citizenship and Immigration Canada agrees with our recommendations and continues to act on recommendations from the 2000 audit that have not yet been fully implemented.

Introduction

3.10 In our 2000 Report we examined the economic component of the Canadian Immigration Program. The economic component consists mainly of skilled workers and business immigrants. Business immigrants consist of investors, entrepreneurs, and the self-employed.

3.11 The Program recruits highly qualified people who could adapt to our society and contribute to our economy. But the problems in the management and delivery of the Program that we noted in our Report limited Canada's ability to make the most of the economic and social benefits that immigration affords. They also limit Canada's ability to protect the integrity of the Immigration Program. This is our first follow-up to that Report.

3.12 Since we tabled that Report the government passed the *Immigration and Refugee Protection Act* and the Immigration and Refugee Protection Regulations. This was the first major overhaul of the *Immigration Act* in some 25 years. The Department's senior managers were very involved in the past few years with the preparation and passage of the new legislation. Following extensive consultations with Canadians, the Department prepared a document in 1999 that served as the basis for discussion with the provinces, federal partners, and Canadians. The Act was passed in the fall of 2001, with most provisions coming into effect on 28 June 2002.

3.13 On 31 December 2002 the Department had 91 service locations throughout the world to serve various geographic areas. For example, London is responsible for processing cases from the United Kingdom, Ireland, and the Nordic and Gulf countries. New Delhi is responsible for processing cases from India, Nepal, and Bhutan.

Focus of the follow-up

3.14 The objective of this follow-up was to determine what actions the Department has taken in response to the observations and recommendations made in our April 2000 Report on the economic component of the Canadian Immigration Program. We also audited medical surveillance procedures for refugee claimants in Canada. We reviewed two status reports prepared by the Department on actions it has taken or is planning. Further references in this chapter are to the second status report. Further details about the follow-up can be found in About the Follow-Up at the end of the chapter.

Observations and Recommendations

3.15 Many of the recommendations that we made in the 2000 Report have been dealt with by the new *Immigration and Refugee Protection Act* (IRPA) and its accompanying regulations (Exhibit 3.1). Each of these recommendations is discussed in more detail in the chapter.

3.16 **Immigration levels.** Citizenship and Immigration Canada is meeting its planned overall immigration levels (Exhibit 3.2). The Department has

developed a resource allocation model to identify the level of resources it requires to process applications in offices abroad. Immigration uses the model to estimate the number of visa officers it needs to meet its planned immigration levels.

Selection decisions **Selection criteria have been amended**

3.17 In 2000 we recommended that selection criteria for choosing which economic immigrants Canada accepts be amended to make them more

Exhibit 3.1 Recommendations from our April 2000 audit that were dealt with by the new *Immigration and Refugee Protection Act (IRPA)* and its regulations

Issue	Recommendation	IRPA or regulations	Description
Selection criteria	The Department should amend selection criteria to make them conducive to rigorous selection and achievement of objectives.	Regulations 73–109	Criteria amended to allow for more objective assessment based on consistent standards, and the selection of immigrants based on ability to establish successfully in Canada
Selection tools	The Department should ensure that visa officers have the necessary tools and means to help them make their selection decisions efficiently and effectively.	Regulations 78 and 79	Education points awarded based on having both a credential and a minimum number of years of education and formal training Skilled workers' language proficiency assessed either by a designated third party organization or institution, or by other evidence submitted in writing
Misrepresentation	The Department should establish and implement a strategy to reduce to an acceptable and manageable level the risk that applicants will submit false statements or fraudulent documents.	IRPA sections 40(1) and 40(2)	Applicants deemed inadmissible because of misrepresentation cannot re-apply for a period of two years
Excessive demand	There is a need to define the term "excessive demand" to ensure compliance with the Act.	Regulation 1(1)	Excessive demand defined as needing more than the average Canadian per capita cost for health care over 5–10 years
Protection of information	The Department, with the RCMP and CSIS, should ensure that in determining admissibility, they have the tools to allow them to use information whose source or nature cannot be disclosed, while ensuring that applicants are treated fairly.	IRPA sections 76, 86, and 87	Minister may make application for non-disclosure of information during admissibility hearings, immigration appeals, and judicial reviews
Offshore processing	The Department should ensure that applications are processed in the offices that have the necessary skills to make informed and consistent decisions.	Regulation 11(1)	Application for a Permanent Resident Visa must be made to the immigration office that serves the country where the applicant has been residing for at least one year or the applicant's country of nationality or habitual residence

objective and in line with the Immigration Program's objectives. The Department stated that it was redesigning the selection system and the new model would shift from the current system that selects skilled workers based on their occupations to a system based on the workers' sound and transferable skill sets. Selection criteria have been amended in the new act (Appendix). At the time of our field work, the Department's experience using the new selection criteria was limited because the new act had only been in place several months. It is too soon for us to assess the impact of the new criteria on departmental operations.

Tools developed and training for visa officers improved

3.18 In the 2000 Report we noted that the lack of certain basic tools that would help visa officers in their decision-making hindered the efficiency and effectiveness of the Department's operations. For example, officers used their individual judgments to evaluate applicants' English or French. No tools existed to help officers readily assess education and employment training. Officers conducted their own research. They evaluated applicants' language skills, academic training, and work experience based on interviews—one of the most costly and time-consuming activities in the processing of applications.

3.19 In our 2000 audit we noted that the training of visa officers was insufficient in several respects. We recommended that the Department review its overall training strategy and ensure that all those responsible for immigration decisions receive appropriate training.

Exhibit 3.2 Planned immigration levels and landings of principal applicants and dependants

	2000		2001		2002
	Planned levels	Landings	Planned levels	Landings	Planned levels
Economic component					
Skilled workers	100,500–113,300	118,463	100,500–113,300	137,119	115,800–125,300
Business	15,000–16,000	13,655	15,000–16,000	14,579	12,000–13,000
Others*	5,400	4,496	5,400	4,102	3,200–4,300
Total economic component	120,900–134,700	136,614	120,900–134,700	155,800	131,000–142,600
Family	57,000–61,000	60,515	57,000–61,000	66,647	56,000–62,000
Refugees	22,100–29,300	26,747	22,100–29,300	26,530	23,000–30,400
Kosovo refugees and others	–	3,333	–	1,369	–
Total immigration	200,000–225,000	227,209	200,000–225,000	250,346	210,000–235,000

*Numbers from 2000 and 2001 have been restated to align with IRPA categories. Includes provincial and territorial nominees and live-in caregivers.

Source: Citizenship and Immigration Canada

Arranged employment: An offer of indeterminate employment in Canada

3.20 New selection tools developed. The Department has developed some new tools to assist officers assessing applications under the *Immigration and Refugee Protection Act*. In addition, the Regulations are designed to enable the visa officer to make an objective assessment. For example, the Act encourages economic applicants to submit a language test administered by a third party. If applicants do not submit this type of test result, then they must submit a written explanation and supporting documents to show evidence of their language ability. The Regulations state that Human Resources Development Canada can pre-approve **arranged employment**. The Regulations require officers to assess education based on standards that exist in the country of study. The standards consist of credentials and the number of years of education and formal training. At the time of our field work, the Department's experience using the new selection tools was limited because the new act had only been in place several months. The Department expects that these tools will help reduce the need for interviews to assess language skills and education.

3.21 Progress in training visa officers. The Department has spent a considerable amount of time and energy developing and improving training courses; for example, courses for local staff and courses on litigation management. Course evaluations that we reviewed indicated that courses were generally well received. The new act's implementation required an extensive, co-ordinated training effort by the Department. Staff at each office abroad were selected to become trainers. They trained at departmental headquarters in Canada and on return to their offices abroad trained the remaining staff and provided ongoing support. Other initiatives included new manuals available electronically, messages on procedures distributed electronically, an IRPA intranet site established, and two IRPA help desks established for several months: one for calls from locations in Canada; the other for calls from offices abroad. Many officers rated highly the training they received on the new act although most indicated they would need to re-familiarize themselves with the course material before starting the new processing of skilled workers, which would be several months later.

3.22 Satisfactory progress in litigation management. In some cases a judicial review by the Federal Court may direct Immigration to re-examine a refused application. Our previous audit noted an increase in such cases and the heavy demand on resources that resulted. The Department's status report noted several initiatives in this area.

3.23 The Department has placed more emphasis on managing litigation issues. Initiatives include litigation management newsletters, annual visa litigation reports, a guide to cross-examination for visa officers, and form letters for accepting and refusing applications. For litigation management training, initiatives include a revised course for visa officers and joint training with the Department of Justice. Citizenship and Immigration Canada's visa litigation reports for 2000 and 2001 indicate that judicial reviews have decreased slightly and the Department's success rate in Federal Court has increased slightly since our last audit.

Medical inadmissibility and surveillance

3.24 Tools and training for assessing business immigrants' applications are being developed. Assessing business immigration applications requires a certain level of business knowledge and expertise. In 2001, 14,579 business immigrants, consisting of principal applicants and their dependants, landed in Canada. This is about nine per cent of the economic immigrants who landed that year.

3.25 The Department is developing a tool that third parties will use to assess the business performance of applicants. Visa officers could then use this assessment as part of their overall evaluation of the application. At the time of our audit this tool was not complete.

3.26 With the implementation of the *Immigration and Refugee Protection Act*, Business Immigration Centres no longer exist. All offices abroad now accept and process business applications. There is a need for training in this area, as most of the visa officers have little experience with business applications. There is no specific course for business applications but they are included as part of other courses. Course evaluations that we reviewed recommended expanding the section on business immigrants. Business application training was included as part of IRPA training and a new module was developed for the visa officer course given in the winter of 2003.

3.27 Our 2000 Report had concerns about medical inadmissibility. The Internal Audit and Disclosures Branch at Citizenship and Immigration Canada is planning an audit of designated medical practitioners abroad; therefore, we did not follow up on that area. We limited our follow-up mainly to observations made in 2000 on medical surveillance in Canada.

3.28 The Department formed a Medical Services Branch in 2001 that unified the management of all areas of the Department that dealt with issues of medical admissibility and medical surveillance.

Excessive demand has been defined

3.29 We observed in our 2000 Report that the Department had been trying for more than 10 years to define the term "excessive demand." The new regulations define the term: an applicant is considered inadmissible if it might be reasonably expected that the applicant's health condition would cause excessive demand on Canadian health or social services, or if it would add to existing waiting lists and would increase the rate of mortality in Canada. When determining whether an applicant is likely to create excessive demand, the costs of anticipated health and social services for that applicant are compared against the average Canadian per capita health and social services costs for the next five years. If the applicant is likely to cost these services a significant amount for more than 5 years, then the Department will continue comparing costs up to 10 years.

Advice on medical testing and surveillance not yet received

3.30 Health Canada advises Citizenship and Immigration Canada on which diseases should come under mandatory surveillance. In 2001 and 2003 Health Canada advised the Department on issues related to HIV testing. In 2001 Health Canada advised the Department that immigrants should be

tested for HIV. At the same time, Health Canada advised the Department that it would provide advice soon on whether immigrants with hepatitis B require medical surveillance. In April 2002 the Department asked Health Canada whether long-staying visitors or visitors who work in close contact with Canadians should be tested for HIV. The Department also asked for Health Canada's recommended approach to hepatitis B for immigrants. That advice is still outstanding.

Medical surveillance of immigrants

3.31 Some immigrants are medically admissible to Canada even though their conditions present certain problems. In these cases, departmental physicians have found that while the applicants do not pose an immediate health threat to Canadians, they need to be kept under medical surveillance by the appropriate authorities once in Canada. Immigrants requiring medical surveillance must report to public health authorities within 30 days of arriving in Canada. Non-active tuberculosis and syphilis are the two diseases that require medical surveillance.

3.32 The Department's main role in the medical surveillance program is to provide information to public health authorities on immigrants requiring medical surveillance, including their date of arrival in Canada. In our 2000 Report we noted that we were seriously concerned about an internal review reported in October 1999. The review concluded that the Department did not know the percentage of immigrants that complies with medical surveillance requirements or whether provincial and territorial health authorities receive a complete list of immigrants who require medical surveillance.

3.33 The Department has taken several steps to improve medical surveillance. It has

- Established a Medical Surveillance Unit.
- Produced an instructional handout for immigrants about medical surveillance. The handouts are intended for all immigrants requiring medical surveillance.
- Standardized the medical surveillance form.
- Issued an operations memorandum on medical surveillance roles and responsibilities in February 2002 to key players, including those at visa offices and ports of entry, to encourage consistent procedures for surveillance notification.
- Worked with the provinces and territories and established a toll-free number in each province for immigrants.

3.34 The need for compliance data. The Department needs to know if immigrants requiring medical surveillance are complying with the requirement to report to public health authorities. It is working with provincial and territorial public health authorities to receive written confirmation if and when immigrants report to the authorities. To date, the timeliness and methods of written confirmation vary. The Department has not yet collected compliance data on the percentage of immigrants that

report to the authorities and within what timeframe, but is building a database for that purpose.

3.35 Our field visits indicated that immigration officers at airports were familiar with and understood the new instructions. However, some officers at land borders were not familiar with them or their importance. After our field visits, the Medical Surveillance Unit provided training to immigration officers at airports in Vancouver, Toronto, Edmonton, and Calgary and at Ontario land borders at Fort Erie, Niagara Falls, and Windsor.

3.36 If the Department finds out that an immigrant is delinquent in reporting for medical surveillance, it takes no action apart from making a remark in the [Field Operations Support System](#). The Department denies further actions such as citizenship or sponsorship until the immigrant resumes medical surveillance.

Field Operations Support System: An online, real-time system that creates, stores, and retrieves immigration information within Canada. It automates processing and provides an electronic file system.

Medical surveillance of refugee claimants

3.37 Lack of medical surveillance for cases of inactive tuberculosis among refugee claimants. When refugee claimants arrive at Canadian ports of entry, they have not had a medical examination or medical assessment as have immigrants. As part of the initial processing of their claims, an immigration officer gives them a medical form and list of doctors by province and territory. The officer also instructs them to have a medical done by one of those doctors within a certain time. This time varies by region. For example, in Ontario the time is 60 days; in Quebec it is 5 days. The examining doctor sends the medical examination results to Immigration. At that time, Immigration does the medical assessment and decides whether medical surveillance is needed. The appropriate information is entered into the [Field Operations Support System](#). However, Immigration does not notify the refugee claimant or the public health authorities in the provinces and territories that the claimant requires medical surveillance unless the claimant applies for a temporary work or study permit.

3.38 Refugee claimants are unaware that they have to report to public health authorities for medical surveillance if they have inactive tuberculosis. They are not under medical surveillance while their cases are in process at the Immigration and Refugee Board. This process took, on average, 10.4 months in 2001–02. If the Immigration and Refugee Board grants refugee status, the requirement for medical surveillance is passed on to the public health authorities as part of permanent resident status processing. If the Board denies refugee status, the public health authorities are not notified and yet the failed claimant may remain in Canada for several more months or years.

3.39 Recommendation. Citizenship and Immigration Canada should develop a mechanism to inform public health authorities about the requirement for medical surveillance involving cases of inactive tuberculosis among refugee claimants.

Department's response: The Department agrees with the recommendation. The Department is in the process of developing a mechanism for the

expedient referral of individuals in the refugee determination process who require public health surveillance for tuberculosis follow up. The mechanism will be implemented in consultation with Health Canada and the Canadian Tuberculosis Committee.

Criminality and security inadmissibility

3.40 Under sections 34 to 37 of the *Immigration and Refugee Protection Act*, visa officers can deny applicants entry into Canada on several grounds related to criminality and security.

3.41 Criminality checks consist mainly of examining the information that accompanies an application, which includes a police certificate from all countries where the applicant has lived for more than six months. Also the Department, in consultation with other organizations, has developed profiles to help identify individuals who might be associated with organized crime and war crimes. When an applicant matches a profile, visa officers can refer the case to the Department's Intelligence Branch. The Branch examines the files, investigates further, and provides advice to the visa officer responsible for processing the application.

3.42 The Department's offices abroad conduct security checks based on risk assessment. The Canadian Security Intelligence Service (CSIS) prepares profiles in co-operation with the Department. These profiles identify the types of people most likely to be inadmissible for engaging in espionage, subversion, or terrorism. Applicants who fit these profiles are referred to CSIS for a check. CSIS reports back to Citizenship and Immigration Canada whether it has concerns or not. The Service prepares a "no reportable trace" report if it has no adverse information on the applicant. The Service prepares an inadmissibility brief when it believes that the applicant is inadmissible as described in the *Immigration and Refugee Protection Act*. If CSIS believes that the applicant is admissible according to the Act but is or was involved in activities described in security provisions of the Act, it prepares an information brief. The Service prepares an "incidental letter" if it receives information on applicants that could make them inadmissible on matters that do not relate to security; for example, health concerns or crimes against humanity. CSIS forwards its reports, briefs, and letters to the Intelligence Branch, which follows up and advises visa officers.

3.43 In our 2000 audit we made several observations and recommendations on criminality and security. We were concerned about serious constraints on the use of certain information in judicial reviews, limited training, and 10-year-old, out-of-date procedural manuals for security reviews.

Progress in determining inadmissibility

3.44 **The Department has taken steps regarding criminality and security.** The new Intelligence Branch created in March 2002 defines its role in this area as providing information and expertise on intelligence management, security, terrorism, organized crime, modern war crimes, and irregular migration. The Branch brought together existing intelligence and case management resources at headquarters and provided a central point for sharing information with partners in the intelligence community.

3.45 Other accomplishments include the Royal Canadian Mounted Police (RCMP) and CSIS each signing a new memorandum of understanding with the Department. The RCMP memorandum covers items such as fingerprinting and screening, intelligence, and fraudulent documents. The CSIS memorandum describes the sharing of information between the two organizations. In addition, the *Immigration and Refugee Protection Act* contains sections that protect security and criminal intelligence that is obtained in confidence from foreign or Canadian sources, during admissibility hearings, immigration appeals, and judicial reviews.

3.46 The Department relies on CSIS to take the lead on identifying potential security threats. At the offices we visited, we found that security profiles were updated with information prepared by CSIS in co-operation with the Department. Officers were aware of the security profiles and were following departmental procedures for screening applicants. Citizenship and Immigration Canada is using the Modern War Crimes System, a new tool to help visa officers identify war criminals. However, the manual on security screening has not been revised.

Fraudulent documents

3.47 Submitting documents is an important aspect of the immigration process. Documents provide, for example, proof of job experience, language proficiency, education, birth, and marriage. Submission of fraudulent documents and misrepresentation is a continuing threat to the integrity of the Immigration Program. In many countries people can easily obtain fraudulent documents and readily use them as support for immigration applications.

3.48 Verifying the authenticity of local documents and documents from other countries requires time and expertise. Our 2000 Report stated that the Department had noted an increase in the submission of false statements and fraudulent documents. We said the Department had been tolerant of applications accompanied by false statements and fraudulent documents. The Report recommended that the Department establish and put into effect a strategy to reduce the risk that applicants will submit false statements or fraudulent documents to an acceptable and manageable level.

New measures assist in the identification of fraudulent documents

3.49 In 2002 the Department put into place the following measures:

- Implementation of the *Immigration and Refugee Protection Act*. The Act prohibits certain individuals from re-applying within two years of being denied due to misrepresentation.
- Establishment of the Intelligence Branch. The Branch is responsible for immigration control officer activities. The Branch also co-ordinates and disseminates fraudulent document information.
- Expansion of the immigration control officer network and development of a new work description that includes providing leadership and guidance for the identification of fraudulent visa application documents. Immigration control officers are now called migration integrity officers.

- Revision of the memorandum of understanding between Citizenship and Immigration Canada and the RCMP (paragraph 3.45). The memorandum, signed in December 2002, clarifies roles and responsibilities between the two organizations. It also outlines responsibilities for fraudulent travel documents and for investigations and referrals prosecuted in Canada.

These initiatives should help the Department to manage the problem of fraudulent documents; however, it is too soon for us to assess their impact on departmental operations.

A need for guidance and to share knowledge

3.50 We noted that some staff abroad are unclear about their legal right to seize documents. There is no policy guidance for officers on seizing documents and the procedures for seizing documents vary among offices.

3.51 Most offices abroad have experience in detecting fraudulent application documents. The offices we visited had collections of documents and, on their own initiatives, had built separate bases of knowledge. But they were not systematically sharing the knowledge among offices that might have benefited from it. For example, offices processing a lot of offshore cases had no system to access the experience of other offices. We heard a clear and consistent message at all offices we visited that processed offshore applications. They said that officers need a way to share knowledge and require further training in the detection of fraudulent application documents.

Quality assurance

3.52 In the 2000 Report we recommended that the Department adopt a quality assurance framework to ensure consistency in decision-making and in the fairness and integrity of the Immigration Program. We observed that the quality of decisions was not monitored sufficiently, and that monitoring activities varied considerably from one office to another.

Testing centralized processing

3.53 In its status reports, the Department identified the “centralized processing pilot” as the main way to test its method of quality assurance. One objective of the pilot was to test whether it was more efficient to process skilled worker applications at one central location or at a network of offices abroad. Applications that would have been processed in London, Hong Kong, and New Delhi were processed centrally in Ottawa. If officers did not need to interview the applicant, the case was finalized in Ottawa. If officers needed to interview the applicant or the applicant was refused, the application was finalized abroad. A sample of files processed in Ottawa was sent to the responsible office abroad for a quality assurance review. The pilot ran from December 2000 to August 2001.

3.54 Another objective of the pilot was to develop and evaluate a method for quality assurance for skilled worker applications that could be used at offices abroad. The method addressed the following elements: quality of decision-making, detection of fraud and misrepresentation, fairness of procedures, and efficiency. Each office abroad had a quality assurance officer

who reviewed a random sample of files previously processed in Ottawa and a random sample of files processed at the office abroad. The method used four instruments: file review of initial assessments, interviews with applicants who previously had their immigration interviews waived, site visits or telephone calls, and file reviews of final decisions. The quality assurance officer also reviewed the documents in the file and the visa officer's use of the Department's information technology systems.

3.55 The pilot results showed that there were no gains in times or productivity from centrally processing skilled worker applications. The results also showed that the quality of decisions was lower overall for applications processed centrally. The most likely explanation, according to the Department, was the lower level of local knowledge at the central processing site. The results showed better client service for applications processed in Canada. However, those results were based on a very small sample size and it was noted that they should be treated with caution.

Digitally imaged files: Files made up of documents that have been scanned and stored in a computer database making them accessible to Immigration officials in various locations.

3.56 During the pilot the Department tested using **digitally imaged files** for visa applications. Although initial costs to prepare these files were higher than paper files, the rest of the file processing showed significant benefits.

3.57 The Department's assessment of the pilot suggested that it explore processing files at a central location at the beginning and end of the process. Visa officers abroad would continue to decide whether to accept or refuse applications. It also suggested that this option be considered in the development of the Department's new Global Case Management System.

Initiatives at offices abroad

3.58 Although the Department has not decided on the specifics of a quality assurance framework, it has been discussed at Immigration Program managers' conferences and initiatives have been taken at some offices abroad. For instance, the immigration office in Hong Kong has a quality assurance unit of five staff. Its primary task is to examine immigration application documents to detect whether they are fraudulent. The Hong Kong office has determined that the rate of fraudulent application documents is at least 25 percent but could be as high as 50 percent. The Department has also advised us that the Beijing immigration office has done quality assurance reviews on language test results and on economic immigrant applications for which an interview had been waived. In addition, the Department has created three new anti-fraud positions in offices abroad.

Immigration is deciding how to proceed with its strategy

3.59 The Department wrote a draft document, *Anti-Fraud/Quality Assurance Strategy*. It is based on risk management and uses targeted and randomly selected application files. The strategy consists of

- finding and analyzing fraudulent information to improve detection of fraud and misrepresentation;
- providing feedback to the front line; and

- assessing, through a quality assurance program, the quality and consistency of decisions to accept or refuse applicants.

The strategy discusses the creation of a new position, anti-fraud officer, in its offices abroad. This officer would conduct a quality assurance program and anti-fraud efforts. For the quality assurance program, the officer would, using a random sample of files, review files, conduct interviews and telephone verifications, and visit sites. For the anti-fraud program, the officer would verify documents with issuers, confer regularly with large document issuers, analyze and report on findings, and conduct staff training. The Department is deciding how to proceed with quality assurance and anti-fraud efforts.

The need for a department-wide framework

3.60 Limited progress in implementing a department-wide framework to monitor quality of selection decisions. The Department is developing a method and strategy for quality assurance for the economic component but has not given specific guidance to the offices abroad, although it has requested officers to conduct the anti-fraud work. As a result there is no consistency for quality assurance efforts at offices abroad and, at the offices we visited, most are doing little.

Offshore processing

3.61 An offshore application is one that an applicant submits to an office abroad that does not have responsibility for the applicant's country of residence. For example, a resident of Pakistan applies in London, England. At the time of our last audit, 48 percent of all economic immigrant applications were made offshore.

3.62 We found several problems with this in our 2000 audit. First, offshore applications lowered the quality and consistency of decisions. Second, we noted that offshore applications meant a heavier workload for staff in offices abroad. The applications took longer to assess and required interviews more often. We recommended that the Department take action to ensure that applications are processed in the offices that have the skills to make informed and consistent decisions efficiently.

3.63 At the time of our field work the situation remained unchanged. Visa officers who process offshore applications at the offices we visited continue to find that offshore applications require extra processing time because they need to conduct interviews in almost all cases. These applications require a significant amount of research on the part of the officers and the Department considers them a higher risk for fraud than other applications. Offshore applications by economic immigrants represented 26 percent of applications in 2001. The decrease from 48 percent at the time of our last audit is due in large part to the Department re-classifying some applications from the People's Republic of China. The Department previously had classified them as offshore applications.

Implementing a new regulation

3.64 The new Immigration and Refugee Protection Regulations contain a regulation that would greatly reduce offshore processing when put in place.

The regulation requires that applications be made to the Citizenship and Immigration Canada office that serves the country where the applicant has lawfully resided for at least one year or to the office that serves the applicant's country of nationality.

3.65 The Department decided to implement the regulation over a transition period. It issued a draft operations memorandum on 13 June 2002 to staff that all full-service missions would, for the transition period (which was expected to be until 1 January 2003), be defined as immigration offices that serve all applicants regardless of country of nationality. The Department amended its overseas processing manual to state that all visa offices should continue accepting offshore applications until directed to do otherwise. As a result, at the time of our field work, problems with offshore processing continued.

3.66 Implementation on 1 May 2003. The Department notified immigration offices abroad on 1 April 2003 that the implementation date for the regulation is 1 May 2003 and provided them with updated sections of the overseas processing manual. After that date applications for permanent residence must be submitted according to the regulation. The manual describes the regulation and provides guidelines for determining residence and nationality.

Information technology

3.67 In our 2000 Report we noted that outdated technology in offices abroad was a serious obstacle to improving the activities and performance of employees. We noted that numerous efforts to upgrade the systems had failed. In the meantime, offices abroad were buried in paperwork. It was crucial for the Department to identify opportunities for improvement. The Department was planning an investment of about \$194 million in a new system, the Global Case Management System, and was expecting completion of the System in five years. We recommended that the Department review its systems and practices to find ways to maximize the efficiency of its operations and the use of its resources.

Use of technology has improved

3.68 The Department has addressed some of the problems outlined in our 2000 Report by completing several initiatives. These include

- access by offices abroad to the Field Operations Support System, the domestic case-processing system;
- access by many ports of entry and offices in Canada to the [Computer Assisted Immigration Processing System](#), although we noted that some immigration officers do not know how to use the system; and
- access by all visa offices abroad to the Computer Assisted Immigration Processing System.

3.69 The Department continues to develop the Global Case Management System to replace the aging systems that Citizenship and Immigration Canada has in offices in Canada and abroad. The Department has rated the project as high risk due to its size, nature, and complexity. In March 2003 a contractor was selected; however, implementation is behind schedule because of delays in the selection process.

Computer Assisted Immigration Processing System: An information technology system the Department uses abroad to process immigration applications and issue visas. A link to the Field Operations Support System allows it to share information with that system.

Revenue control

3.70 In 2001–02, the Department collected \$451 million in fees for processing immigrant and visitor applications and for granting rights for permanent residents to land in Canada. The Department estimates that nearly 63 percent of these fees, about \$284 million, were collected at offices abroad.

3.71 Our 2000 Report noted significant weaknesses in revenue control, including the Department's inability to reconcile accounts and the lack of linked computer systems for recording cash receipts and issuing visas. A number of visa officers said they lacked the skills to do their job. Internal auditors found there was a need for direction from the Department's headquarters on revenue control. We found a lack of systematic monitoring of revenue collection activities and a great variation from office to office in how rigorously controls were applied. We also noted the need for an appropriate framework for, and management of, revenue control and more internal audits.

3.72 Citizenship and Immigration Canada and the Department of Foreign Affairs and International Trade (DFAIT) share responsibilities for immigration revenue control at missions abroad. Generally, Citizenship and Immigration Canada staff collect fees from applicants, issue receipts, and record the fees in the cash receipt system. Immigration then turns the funds and a summary over to DFAIT for accounting purposes and deposit in a financial institution. In some locations applicants pay fees at a local financial institution. In these cases, immigration staff record the bank receipts in the cash receipt system and turn the summary over to DFAIT for accounting purposes. Immigration cost recovery officers oversee Immigration's procedures. Immigration establishes policies and procedures for its responsibilities and gives direction to cost recovery officers. A 1992 memorandum of understanding between the two departments indicates that DFAIT is responsible for immigration cost recovery functions; more specifically, for providing accounting services, including cash receipt and deposit facilities.

The Department has made progress in revenue control

3.73 Since the 2000 Report, the Department has continued to implement a cash receipt system which is now installed in 71 missions. The missions we visited all had the latest version of the software and guide for the system.

3.74 The cash receipt system is not linked to the Computer Assisted Immigration Processing System, the system used to process immigration applications and issue visas. The Department cannot reconcile accounts; that is, verify that the number of files processed and visas issued corresponds to the fees collected. The Department has advised us that it will build this ability into the new Global Case Management System. In addition, in July 2001 the Department and DFAIT issued a joint message to missions on cost recovery outlining current procedures and new procedures to improve controls. Because cash receipt and accounting for it are areas of high risk and vulnerable to manipulation, it is important that the departments follow up to ensure that these procedures are followed.

3.75 The examination of other banking options by Immigration and DFAIT is ongoing. The Department is working on guidelines that missions can use when researching alternate banking arrangements. However, these are not complete and were not included in the new draft cost recovery manual that the Department is working on. There are 27 missions with banking arrangements that enable applicants to pay immigration fees at a financial institution.

3.76 The Department, DFAIT, and other partners began pilot projects in two locations abroad using credit cards to pay for some immigration fees. These pilots were scheduled to end in April and July, 2003. Departmental comments indicate that the pilots were not successful and the departments are looking at other payment options that would still use credit cards.

Tools and training are still a concern

3.77 While the Department is working on a new cost recovery manual for missions abroad, the new manual is about two years behind schedule. The offices we visited had different versions of a cost recovery manual with the exception of one office which had no manual.

3.78 The Department has added modules on risk management, malfeasance, and cost recovery to the Immigration Program manager's course. It has also provided tools to assess program integrity and identify risks and a kit to use on arrival at missions with which to conduct a cost recovery audit. The basic visa officer's course includes a module on cost recovery and, in the winter of 2003, a module on the cash receipt system was added. Modules on ethics and malfeasance have been added to courses for local staff. The Department of Foreign Affairs and International Trade has developed and delivered a fraud awareness course at missions. However we are still concerned about the training of officers at some offices abroad. Cost recovery officers at some of the offices we visited said they have not had sufficient training in revenue matters and would appreciate that training and an up-to-date cost recovery manual.

Forms control

3.79 Visa forms control is an essential measure to guard against abuse. In the 2000 Report we had several concerns. We found that the Immigration Visa and Record of Landing document (IMM1000) was outdated and easy to falsify. In addition, departmental records showed that some visas had been stolen and that procedures were not in place to ensure that officers consistently applied controls.

The new Permanent Resident Card

3.80 The Department replaced the IMM1000 as of 28 June 2002. A new form, the Confirmation of Permanent Residence (IMM5292) confirms the residence status of new immigrants. It is used to issue the new Permanent Resident Card. This card has a number of security features that the IMM1000 did not have. Another new form, the Permanent Resident Visa (IMM1346), is included in an individual's passport as a travel document.

Problems still exist with forms control

3.81 We found several problems with forms control during our visits to immigration offices abroad. Officers were not always following the required control procedures. Three examples: some offices were not reporting quarterly inventories of documents to headquarters; one office was not reconciling on a daily basis visas that were used; and not all offices had two Canadian officers present when counting inventories of forms.

3.82 One Canada-based officer is selected at each office abroad to be a forms control officer. Most forms control officers at the offices we visited felt that they needed training and guidance for their position. To address this need, the Department has developed new instructions on forms control and these are available electronically.

Internal audit

3.83 We were concerned in 2000 that the resources allocated to internal audit activities were cut significantly during a reorganization of the Department, and again as a result of Program Review. We recommended strengthening the role of internal audit throughout the organization. This has now been done. The Department established the Internal Audit and Disclosures Branch in 2002, hired a director general, and assigned additional resources.

Measuring results and reporting to Parliament

3.84 In our 2000 Report we were concerned that the Department's performance indicators and its reports to Parliament on skilled workers and business immigrants were focussed primarily on meeting immigration levels. We also noted that the Department needed better information on the use of resources and on the quality and uniformity of selection and admissibility decisions.

Information for Parliament is incomplete

3.85 Performance indicators and reports to Parliament remain focussed on immigration levels. The Department does have other information on the economic component readily available that could be reported to Parliament; for example, number of applications on hand and processing times for applications. In our view this is important information that needs to be reported to Parliament.

3.86 The Department reports annually to Parliament in its departmental performance report. It also presents an annual report to Parliament on the operation of the *Immigration and Refugee Protection Act* for the preceding calendar year as required by section 94 of the Act. We reviewed several years' worth of departmental performance reports and the 2002 Annual Report to Parliament on Immigration. We are concerned that the information presented to Parliament on the number of skilled workers entering Canada may be misunderstood. For example, the 2002 Departmental Performance Report states that the number of skilled workers landed in Canada in 2001 is 137,119. The information would be more clearly presented as 137,119 skilled workers, consisting of 58,860 principal applicants and 78,259 dependants. The 2002 Annual Report to Parliament on Immigration also did not provide

the composition of skilled workers. We have the same concern for the presentation of the numbers of business immigrants. We noted that the information does exist in a document, Facts and Figures 2001, which can be found on the Department's Web site. www.cic.gc.ca/english/pub/facts2001/index.html

3.87 Recommendation. The Department should include additional information in its departmental performance report, such as the number of applications on hand and processing times for applications. In that report and in its annual report to Parliament on immigration, the Department should give the numbers of both principal applicants and accompanying family members.

Department's response: The Department agrees. In its departmental performance report and its annual report to Parliament on immigration, the Department will include additional information regarding the composition of the skilled worker and business immigrant classes, as well as inventory levels and processing times.

Conclusion

3.88 The Department has acted on many of the observations and recommendations made in our April 2000 Report, Chapter 3, The Economic Component of the Canadian Immigration Program. Many of the recommendations that we made in that Report have been addressed in the new *Immigration and Refugee Protection Act* and its regulations. It is too soon after the implementation of IRPA for us to reach a conclusion on the impact of the new criteria and tools for selecting skilled worker and business immigrants. The new fraudulent document initiatives should help address problems noted in our 2000 audit.

3.89 Greater attention needs to be paid to medical surveillance of immigrants and refugee claimants to ensure that public health authorities are notified promptly of individuals that require surveillance. The Department still has to put into place a department-wide quality assurance framework to ensure the consistency, fairness, and integrity of selection decisions.

About the Follow-up

Objective

The objective of this follow-up was to assess the extent of Citizenship and Immigration Canada's actions to address recommendations in our April 2000 audit.

Scope and Approach

This follow-up focussed on the recommendations made in our 2000 Report, Chapter 3, The Economic Component of the Canadian Immigration Program. We also looked at medical surveillance of refugee claimants. We did not look at controls over medical admissibility at offices abroad. We reviewed two status reports by the Department on the action it has taken in response to our recommendations. We interviewed staff at Citizenship and Immigration Canada, the Canadian Security Intelligence Service, and the Royal Canadian Mounted Police. We met with immigration staff at national headquarters and in five regions in Canada. We visited nine offices in other countries: Accra, Guatemala City, Hong Kong, London, Manila, New Delhi, New York, Singapore, and Vienna. We visited 14 ports of entry including airports, land border crossings, and marine ports. We interviewed staff, reviewed files and management reports, and analyzed data.

Criteria

We expected that Citizenship and Immigration Canada would have made satisfactory progress in putting in place our recommendations.

The criteria from the 2000 audit remain relevant. Therefore we expected to find the following:

- roles and responsibilities within the federal government that would facilitate efficient and effective management of the Canadian Immigration Program;
- organization of activities and allocation of resources to take into account existing risks and to encourage reaching immigration levels in an economical and efficient way while maintaining the Program's integrity;
- objectives of the economic component to be clearly set out and the selection criteria helpful in meeting those objectives;
- mechanisms in place to ensure the quality of decisions and the Program's integrity;
- a control framework to protect the main assets;
- management practices to make it possible to monitor the Department's performance carefully; and
- information intended for Parliament to be relevant, reliable, and complete.

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Appendix Selection criteria for immigrants in the economic component

Section 12 of the *Immigration and Refugee Protection Act* provides that foreign nationals may be selected as members of the economic component based on their ability to become economically established in Canada. The economic component is made up mainly of two streams: skilled workers and business immigrants. The Minister decides and makes available to the public the minimum number of points required for the establishment of the economic applicant in Canada. The province of Quebec sets its own selection criteria for immigrants under the economic component.

Skilled workers

Initially, skilled workers are assessed against certain minimal employment experience requirements. If these requirements are not met, the application is refused. Otherwise they are assessed against the following selection criteria and must receive a minimum of 75 points.

Selection criteria	Maximum points awarded
Education	25
Official language proficiency	24
Experience	21
Age	10
Arranged employment	10
Adaptability	10

Skilled workers must also have a certain amount of available funds or arranged employment.

Business immigrants

Business immigrants are selected to support the development of a strong and prosperous Canadian economy in which the benefits of immigration are shared across all regions in Canada. Members of the business immigrant class include investors, entrepreneurs, and the self-employed. During the selection process, officers first assess whether the applicant meets the definition of investor, entrepreneur, or self-employed. If not met, the application is refused. Otherwise officers assess the applicant using a point system based on selection criteria that measure the applicant's capacity to get established successfully.

Investors

The definition states that investors must demonstrate business experience, which includes two options:

- management and control of a qualifying business of sufficient size; or
- management of a business, or a portion of a business (without the need to own it), with at least five employees.

Investors must also have a legally obtained minimum net worth of \$800,000 and make an investment of \$400,000. Investors must deposit CAN\$400,000 with the Receiver General for Canada before a visa can be issued. Subsequently, the funds will be distributed to the provincial funds for investment. After five years, the provincial funds will repay Citizenship and Immigration Canada for subsequent payment to the investors. The participating provinces will continue to be responsible for guaranteeing the payment of their respective shares.

Entrepreneurs

Entrepreneurs must demonstrate business experience consisting of management and control of a qualifying business of sufficient size. Entrepreneurs will be required to document that, for a period of at least one year, within a period of not more than three years after landing, they owned and managed a qualifying Canadian business that meets any two of the defined requirements for jobs, sales, net income, and equity.

Self-employed

Self-employed people must have the intention and ability to create their own employment and make a significant contribution to the cultural or athletic life of Canada, or to create their own employment by purchasing and managing a farm in Canada. Immigrants who have been self-employed in cultural activities or in athletics, or have participated at a world class level in cultural activities or in athletics, or have farm management experience are eligible within the class.

Business immigrants will be evaluated against the following grid and must receive a minimum of 35 points:

Selection criteria	Maximum points awarded
Business experience (investors or entrepreneurs), or relevant experience (self-employed)	35
Age	10
Education	25
Official language proficiency	24
Adaptability	6

Source: Citizenship and Immigration Canada