



Audits and Reviews

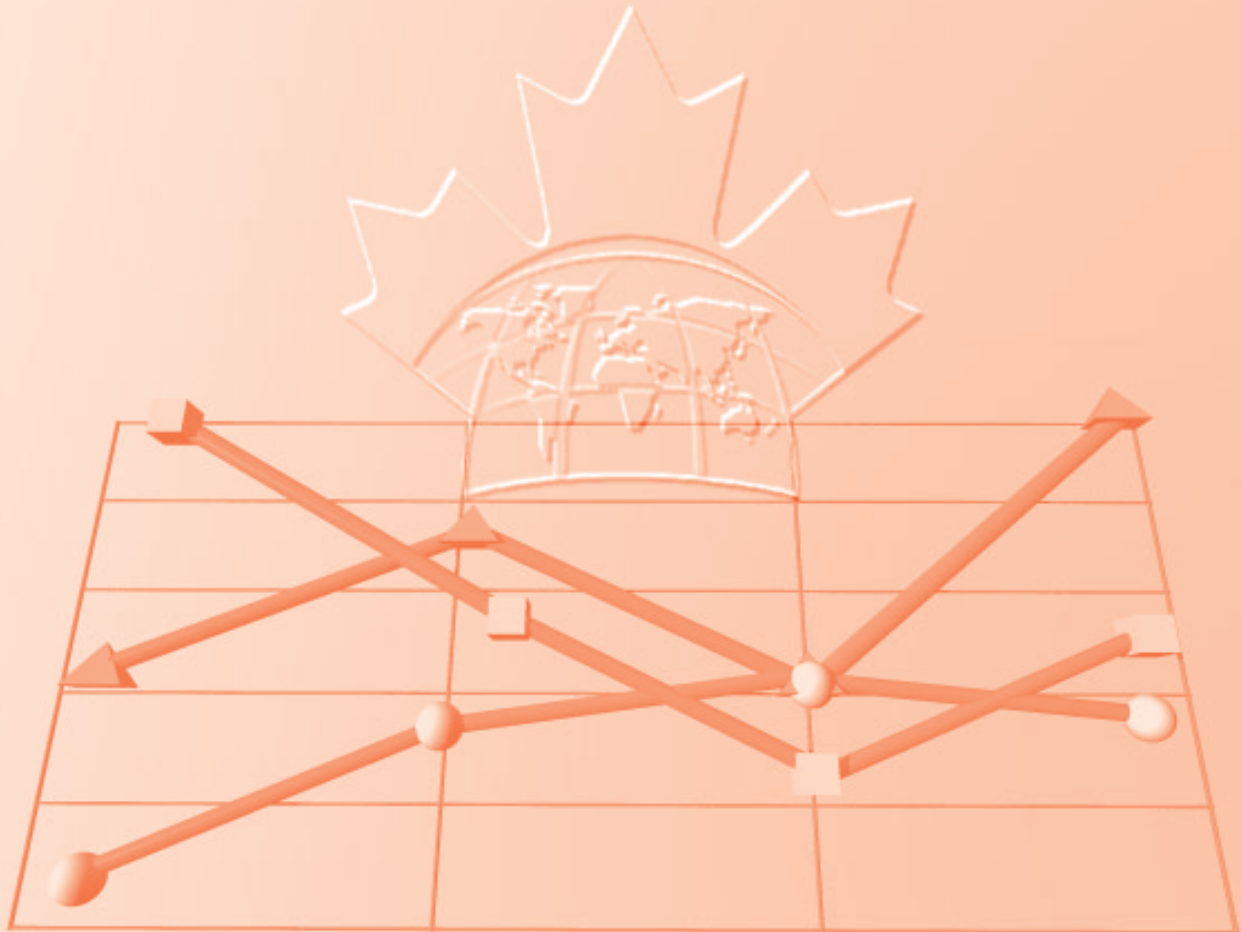
STRATEGIC RESEARCH RECHERCHE ET EXAMEN
AND REVIEW STRATÉGIQUES

- Executive Summary -

Audit of Settlement Contributions Programs

May 1995

REVIEW UNIT UNITÉ D'EXAMEN



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- Executive Summary -

AUDIT OF SETTLEMENT CONTRIBUTIONS PROGRAMS

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Audit of Settlement Contributions Programs

1.0 Executive Summary

Settlement is a sub-activity of the Immigration Activity, Citizenship and Immigration Program, Citizenship and Immigration Canada (CIC). Its objectives are to assist immigrants in becoming participating, contributing and integrated members of Canadian society; and to promote an acceptance of immigrants by Canadians. Settlement assists in the adaptation, settlement and integration of recently arrived permanent residents – immigrants and refugees – to effect early participation in society. Settlement Branch, located at CIC's national headquarters (NHQ), is the sub-activity's functional authority. Delivery is a co-operative effort, involving regional delivery offices, Service Provider Organizations (SPOs) and other partners. Details about Settlement can be found in Appendix A of this national audit report.

Corporate Review identified the Settlement Contributions component for audit in the 1994/95 fiscal year. This is an area of significant risk, with a program budget of \$175 million dollars for the 1994/95 fiscal year (over \$166 million in 1995/96). It is also an area undergoing major change, which includes increasing reliance on partnership arrangements and devolution for program delivery.

The audit team recognized that it would be beneficial for program management to have an accurate picture of the program's status in preparing for change. The most notable change underway within Settlement involves the Settlement Renewal project which flows from two initiatives: "Into the 21st Century", which is CIC's 10-year Strategic Framework, and the federal Program Review. Settlement Renewal will fundamentally alter the ways in which the federal government, and specifically CIC, facilitates settlement for newcomers and the broader integration process between newcomers and Canadian society. Most important, within two to three years, CIC will discontinue administration and direct delivery of federal Settlement programming.

During the course of the audit, senior program management continued with initiatives in keeping with the spirit of the 10-Year Strategy and Program Review. For example, they issued a directive on allowable cost items for 1995/96 contribution agreement holders. Although the audit was conducted during the fourth quarter of 1994/95 and reviewed agreements not subject to the directive, the validity and usefulness of audit observations and recommendations are on-going in nature. Lessons learned during the audit can be applied throughout the renewal transition period, including the establishment of new delivery structures and mechanisms. In addition, implementation of the recommendations will ensure effective accountability, throughout renewal, for program expenditure of public funds.

Appendix B outlines the audit methodology and scope. Within the Contributions component, the audit examines the Language Instruction for New comers to Canada (LINC) Program; the HOST Program; the Immigrant Settlement and Adaptation Program (ISAP); and the Adjustment Assistance Program (AAP). The audit also reviewed the Transportation, Assistance and Admissibility Loans Programs (TAALP), within the Loans component. The loan review was restricted to loans issued in Canada.

The on-site audit was conducted at NHQ and in the regions of British Columbia/Yukon Territory; Prairies/Northwest Territories; Ontario; and Atlantic, during the period February 7 to March 31, 1995. The audit team interviewed staff from NHQ, regional headquarters (RHQs) and local Settlement offices. The team also reviewed 334 files and visited 33 SPOs. Appendices C, D and E, respectively, document the numbers of files reviewed by program type; files monitored on site; and SPOs visited, by region, during the audit.

The audit found that the provision of Contributions programs and services to clients is generally in accordance with overall Settlement objectives. However, there are regional inconsistencies in program management, administration and delivery, which need to be addressed during renewal. Specific areas of audit concern encompass standard or national performance measures; preparation of a review policy and assessment criteria; and the development of specific procedures for the management and administration of program delivery.

A general concern relates to the roles and responsibilities of NHQ Settlement Branch. These should be clarified and formalized to provide effective advice, guidance and direction to all offices involved in program/service delivery. Clarity of roles and specific guidance are needed during the challenging transition period.

Program guidelines have been issued. What the program lacks, however, are clear-cut, indeed mandatory, policies, directives and procedures, which are fully communicated to all delivery parties. This lack has resulted in delivery inconsistency.

The audit observed the following areas of departmental vulnerability specific to the management of contribution agreements:

- The evaluation criteria used to substantiate the decision to fund projects under the various programs are not always documented. Management needs valid, accurate and complete information for reliable risk assessment and sound decision-making.
- There is a lack of uniformity in the management planning and actual conduct of monitoring activities for contribution agreements. In fact, there is little or no monitoring being performed at some local offices. The lack of effective monitoring is a major control deficiency and exposure. The resultant risks are potential misuse of funds, to the detriment of recipients, and embarrassment to the department.
- There is inadequate or non-existent segregation of duties involving the management, delivery and control of agreements. At risk are the quality of contract management, the objectivity of decision-making by project officers and the appropriate use of public funds.
- Training provided to project officers is not sufficient or adequate to allow for effective financial assessment, negotiation and project monitoring. The lack of proper training could result in poor quality control and failure to meet program objectives.
- Treasury Board requirements for providing advance payments to contribution recipients are not always followed. There are serious audit concerns about the adequacy of financial controls, the potential for projects over-payments and financial hardship, when repayment is due.

In 1993, the department introduced a new Settlement Management Information System (SMIS) to support decision-making for Settlement Contributions programming. Numerous on-going technical difficulties were encountered in getting the system fully operational. Start-up problems and the continuing inability of the system, both perceived and actual, to provide useful information have resulted in lack of user confidence in the system and user frustration. For example, the audit identified strong disinclination among field staff to utilize the system to the extent possible.

A comprehensive policy framework and reliable and relied-upon management information are essential elements for effective, consistent program delivery and management accountability for results. At present, Settlement Contribution programming lacks both elements.

The following sections in this national audit report provide detailed audit observations and recommendations. The final section balances discussion of audit concerns by documenting a number of best practices which were identified during the audit.

A management letter has been written to each region visited during the audit, commenting on strengths and weaknesses in local practices and providing details of site visits to SPOs.