



Passport
Canada

Passeport
Canada

Responding to Change

ANNUAL REPORT 2006-2007

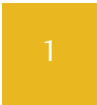


Canada 

This publication may be viewed or printed in PDF at: www.passportcanada.gc.ca
Catalogue No. FR-2-1 / 2007E-PDF
ISBN: 978-0-662-46272-9
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Message from the Chief Executive Officer

In the years to come, we at Passport Canada may well look upon the winter of 2006–2007 as our most challenging period ever—a time when our Agency had to deal with unprecedented pressures.

Implementation of the first phase of the United States Western Hemisphere Travel Initiative, combined with Canada's continued economic prosperity, prompted phenomenal numbers of Canadians to apply for passports.

The resulting increase in workload, though enormous, was handled with dedication, adaptation and innovation by Passport Canada management and staff. Output was ramped-up in response to the surging volume, but despite our ability to increase daily production capacity from 13,000 to 20,000 applications, we were still unable to meet the overwhelming demand.



Balanced against this pressure to process more applications was the ongoing need to maintain the integrity of the Canadian passport in a constantly evolving global security environment. Passport Canada continued to collaborate with our security partners in minimizing identity fraud, while continuing work on the latest security enhancements for travel documents.

Throughout, our client satisfaction ratings essentially mirrored those achieved in the previous, much calmer, fiscal year.

I take pride in how Passport Canada responded to these challenges, all the while maintaining its client service orientation. Indeed, I believe that this success speaks to our commitment to becoming a more focussed and strategic organization, as recommended by the Auditor General.

Over the past two years we have concentrated on developing a management and organizational structure to carry us into the future. Among other achievements, we have expanded our role in identity management, upgraded our security and business process technology, and strengthened our management practices. These improvements elicited a positive assessment in the Auditor General's 2007 follow-up audit.

Passport Canada's future promises to include continued high workload volume accompanied by constant challenges in the security environment. However, I am confident that we will continue, in turn, to rise to these challenges with the diligence and motivation that are the hallmarks of our Agency.

Gérald Cossette

Passport Canada Synopsis

Snapshot:

Number of Offices:	33
Number of Employees:	over 2,200
Number of Passports Issued:	3,663,182
Revenues in 2006–07:	\$231,518,000

Our Mission: our “raison d’être”

To issue secure Canadian travel documents through authentication of identity and entitlement, facilitating travel and contributing to international and domestic security.

Our Vision: what we aspire to

Global service, global security and global standards in state-of-the-art identity authentication and travel documents for the benefit of Canada.

Our Values: what defines and drives us

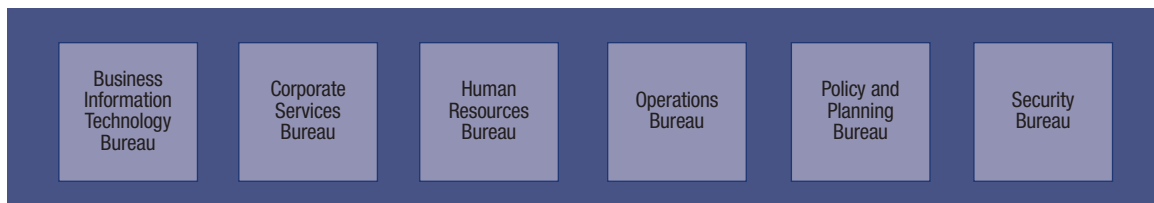
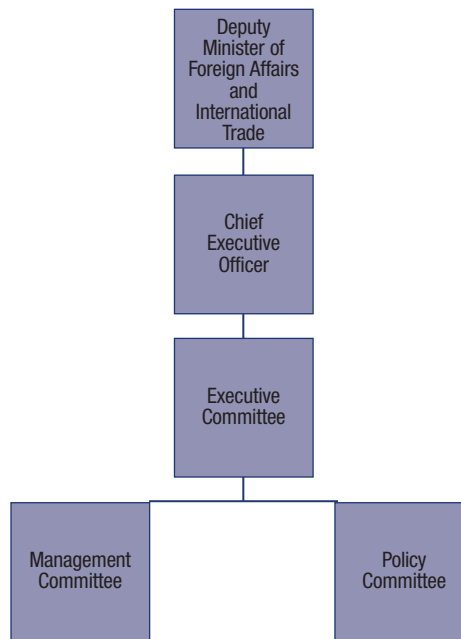
- Excellence
- Respect
- Integrity

Our Structure

As Passport Canada was set up in 1990 as a Special Operating Agency, we operate on a self-funding basis. Our funding derives primarily from the user fees charged to clients, which are placed in a revolving fund; there are no parliamentary appropriations for operating expenses.

The federal government provides funds only for special initiatives, such as establishing the Passport On-Line service and increasing security measures for passport eligibility.

Our Agency is managed by a Chief Executive Officer (CEO), who reports to the Deputy Minister at Foreign Affairs and International Trade Canada. The CEO chairs an executive committee that sets the overall strategic direction for the Agency and oversees major activities, policies and projects. Our administrative structure consists of six bureaus, including four regional offices across the nation.



Chief Executive Officer

The CEO is responsible for establishing a strategic direction for the organization and ensuring that it attains its objectives with respect to operations, finance and human resources.

Executive Committee

The Executive Committee comprises the Directors General of each Bureau, who establish the appropriate governance structure, set the strategic direction for the Agency and ensure that the organizational capacity is in place to realize our mission and strategic objectives.

Management Committee

The Management Committee is a cross-functional committee of Director-level representatives from every Bureau who support the CEO and the Executive Committee in the implementation of program delivery according to strategy established in our business and strategic plans.

Policy Committee

The Policy Committee is responsible for the approval of entitlement and other Passport Canada policies. The committee has Director-level representatives from every Bureau, to assess the impact of policy change across the Agency.

Business Information Technology Bureau

The Business Information Technology Bureau approves and manages our various major projects and information/technology management programs. It provides consistency and quality in the delivery of projects and services, and ensures that they meet the strategic and organizational objectives set.

Corporate Services Bureau

The Corporate Services Bureau provides the national strategic direction that enables Passport Canada to provide its range of communications, financial and administrative programs.

Human Resources Bureau

The Human Resources Bureau provides advice and support to operational and administrative divisions in carrying out their human resources mandates. It is responsible for such areas as human resources planning, labour relations, classification, staffing, pay and professional development.

Operations Bureau

The Operations Bureau provides Canadian travel document services to Canadians living in Canada and the United States and to permanent residents of Canada. It receives and processes applications, produces and issues passports and other travel documents.

Policy and Planning Bureau

The Policy and Planning Bureau deals with all policy-related issues: it develops flexible, consistent and integrated frameworks for policy development and operational planning by the organization.

Security Bureau

The Security Bureau ensures the integrity and effectiveness of the passport issuance process, the security and quality of the passport concept and its compliance with both our eligibility policy and the Government Security Policy.

Our Clients

Passport Canada works to understand who our clients are and where passport demand will occur. For applicants whose passport expired in 2006–07, 52.6% re-applied for a new passport within plus or minus six months from the date of the passport's expiry. As of the end of March 2007, 41.86% of Canadians had a valid passport. The following is a breakdown of passport holders by province:

Our Products

Passport Canada produces eight types of travel documents:

- The *24-page passport* makes up 98% of the documents we issue.
- The *48-page passport* is supplied to individuals (such as business people) who travel more frequently.
- The *diplomatic passport* is provided to Canadian diplomats, senior government officials, diplomatic couriers and private citizens travelling as official delegates to international diplomatic conferences.
- People representing the Government on other official business receive *special passports*. Examples include members of the Privy Council who are not serving in Cabinet, members of Parliament, provincial ministers, and public servants or private citizens attending non-diplomatic conferences.
- If Canadians find themselves stranded abroad, Canadian government offices abroad can supply them with *emergency passports* for continued travel.
- People whom Citizenship and Immigration Canada consider refugees under the 1951 United Nations Convention or who fall under the terms of the *Refugee Protection Act* are eligible to receive *refugee travel documents*. These may be used for travel everywhere except in the individual's country of origin. They are valid for two years and may be extended.
- We issue *certificates of identity* to permanent residents of Canada who are without nationality or are unable to obtain travel documentation from their country of origin. Also valid for two years and extendible, these documents are endorsed for travel to specific countries on an individual basis.
- For Canadians applying abroad with urgent travel needs, a *temporary passport* is available. It is valid for up to one year, depending on the applicant's travel plans, and must be exchanged for a regular passport within that time.

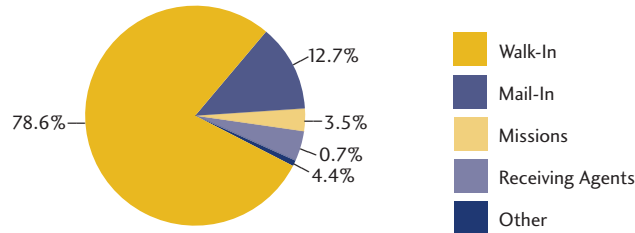
Our Partners

In order to maximize the secure nature of travel documentation and minimize costs, Passport Canada works with partners inside and outside government in many facets of its operation. They include:

- provincial and territorial governments, particularly registrars of vital statistics;
- law enforcement and security agencies, as well as others within Canada and abroad who have an interest in secure identity documents;
- Canada Post and Service Canada;
- the International Civil Aviation Organization (ICAO);
- other federal departments and agencies; and
- passport-issuing authorities—in particular those of Australia, New Zealand, the United Kingdom and the United States.

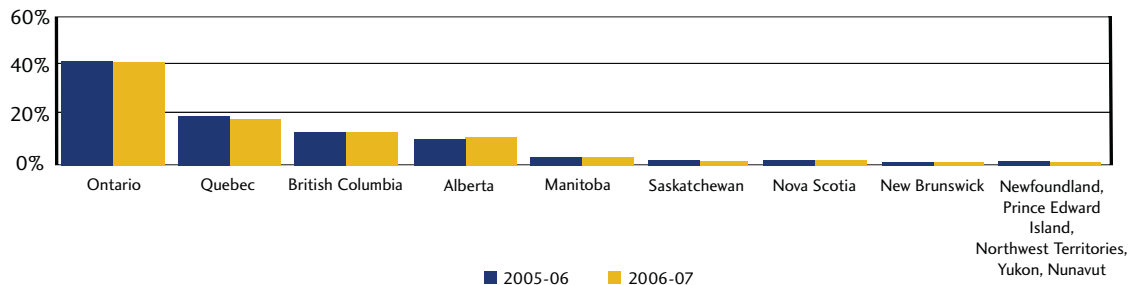
Performance Summary

PERCENTAGE OF APPLICATIONS BY BUSINESS CHANNEL 2006-07



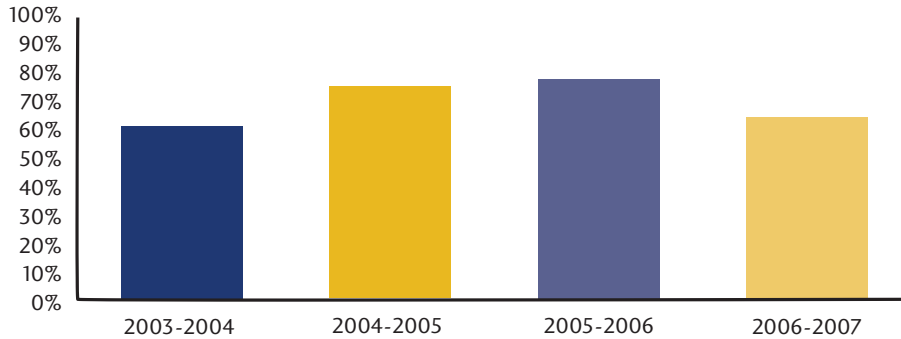
Similar to last year's results, regional offices, through the walk-in service, received 78.6% of all applications submitted, a decrease of 1.7% over last year. Mail-in volume increased 1.4 percentage points from the previous year. Receiving agent volume increased their market share by 1.2 percentage points. Market share shifted somewhat as the volume increase impacted wait and turnaround times in regional offices.

PERCENTAGE OF PASSPORTS ISSUED BY PROVINCE AND TERRITORY IN 2005-06 VS 2006-07



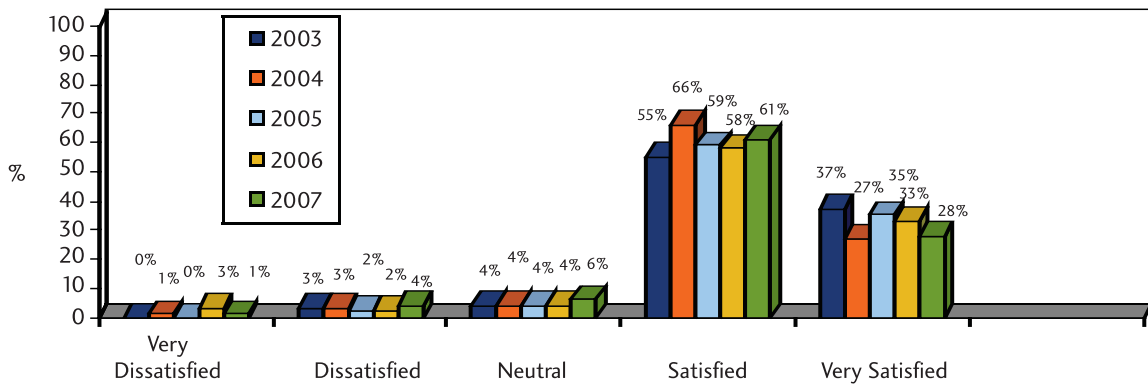
The Ontario region continues to account for a large percentage of the volume, with 43.5% of all domestic applications received in 2006–07. However this is a decrease of 1.5% over last year. Alberta experienced a 1% increase in domestic applications.

PERCENTAGE OF CLIENTS WAITING LESS THAN 45 MINUTES



In fiscal year 2006–07 the percentage of clients who waited less than 45 minutes decreased by 10.6 percentage points over the previous year; 67.7% of clients waited less than 45 minutes in 2006–07

OVERALL SATISFACTION WITH PASSPORT CANADA SERVICES



Overall, nearly nine in ten (89%) clients say they are very satisfied (28%) or satisfied (61%) with the service they received from Passport Canada. This is a minor decrease from last year's survey, where 91% of clients reported they were satisfied; the difference could be explained by the current situation with the increased volume in light of the new U.S. requirement for air-travellers.

Service Channels

Passport Canada services are offered through a full range of access points. Applications may be dropped off at our regional offices or receiving agents, completed via the Internet and submitted either in person or by mail, mailed in to our headquarters, or sent via Members of Parliament.

Our Receiving Agent network, launched in 2002, has considerably broadened Canadians' access to passport services throughout the country, especially in rural, remote and northern locations. By partnering with Service Canada and Canada Post, we are now able to offer our services through 101 Receiving Agent locations, an increase of eight locations in 2006–07. Approximately 172,000 passport applications were submitted through our Receiving Agents over the fiscal year.

Canadians living or travelling abroad can access passport services through all Foreign Affairs and International Trade Canada consular offices. Passport applications are received and approved at the mission and printed in Canada so that all passports have full security features. Also, temporary and emergency passports can be issued promptly if needed. As of March 31, 2007 we issued over 136,000 passports at missions abroad.

Enquiries may be made by phone at 1 800 567-6868 in both official languages, and TTY service is available at 1 866 255-7655. Internet service is provided through www.passportcanada.gc.ca. Our application forms are also issued in large-print or Braille format for use by the visually impaired.

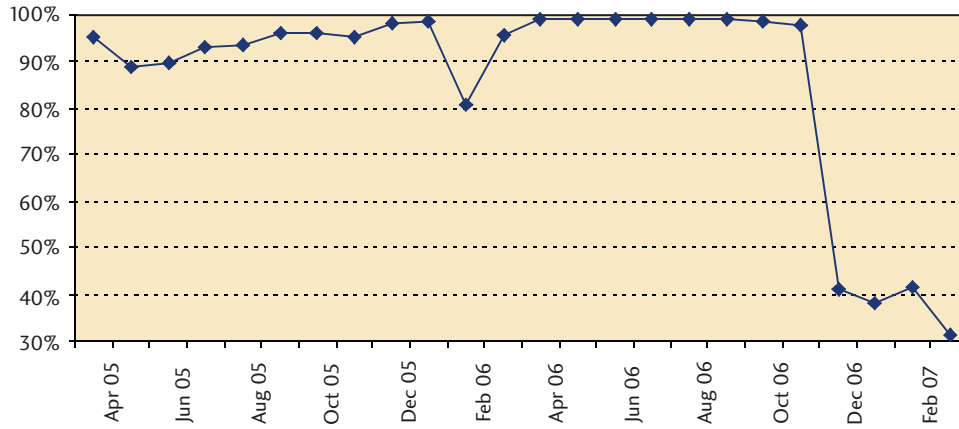
Service Quality

The phenomenal surge in applications submitted over the winter of 2006–07 produced regrettable, though inevitable, declines in our service quality. While an increase in workload had been expected because of the new U.S. passport regulations, Canadians' response to the situation exceeded all forecasts. This report speaks largely to the efforts we have initiated to bring our performance back in line with our, and Canadians', expectations in the coming year.

Turnaround Times

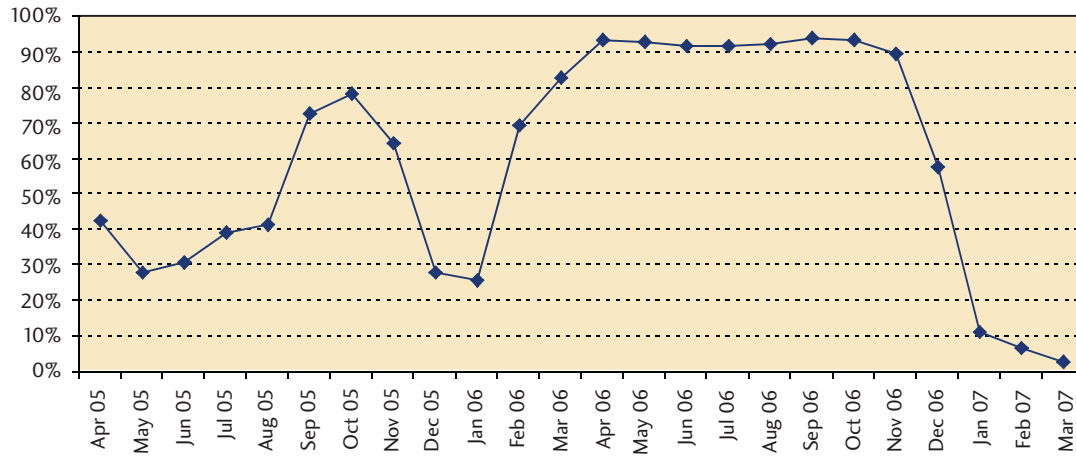
For the fiscal year overall, turnaround standards were met for 77.9% of applications, due to strong performance through November. As volumes significantly exceeded capacity between December 2006 and March 2007, however, there was a decrease in performance. During that period, 36.9% of applications were processed within turnaround time standards. To address the increase in demand we increased our productivity by 40% from October to the end of March by using overtime, hiring new employees, sharing the workload among offices, increasing the print capacity through additional employees and shifts, and expanding processing space, including the opening of the Mississauga Mail-In Processing Centre.

PERCENTAGE OF IN-PERSON SERVICE TURNAROUND WITHIN 10 DAYS



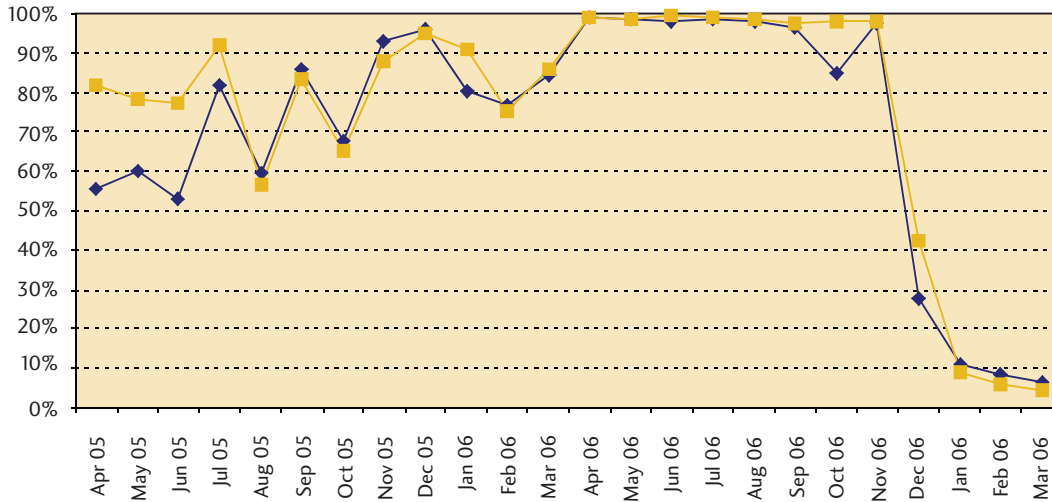
Turnaround time targets for regional offices were met for 73.1% of regular applications, for 97.9% of urgent service requests, and for 99.9% of express service applications. This is due to the higher than forecasted volume between December and March, when 37.6% of regular applications met turnaround time targets.

PERCENTAGE OF MAIL SERVICE TURNAROUND WITHIN 20 DAYS



Mail-in service standards were met in 65.7% of cases in 2006–07. This was due to the sharp increase in volume experienced as a result of the U.S. requirement for air-travellers to have a valid passport. Between December and March, turnaround time targets were met for 16.7% of applications. At the end of the fiscal year we had a backlog of 193,700 applications. This will impact turnaround times into 2007–08 as we finish processing these applications. Contributing to this result is also a change in methodology for the capture of performance information. This fiscal year, we began calculating the turnaround time beginning when we receive an application. In the past the time would be calculated once an electronic file was opened, and the time between receiving an application and creating the electronic file was not included as it is now.

TURNAROUND TIME - RECEIVING AGENTS

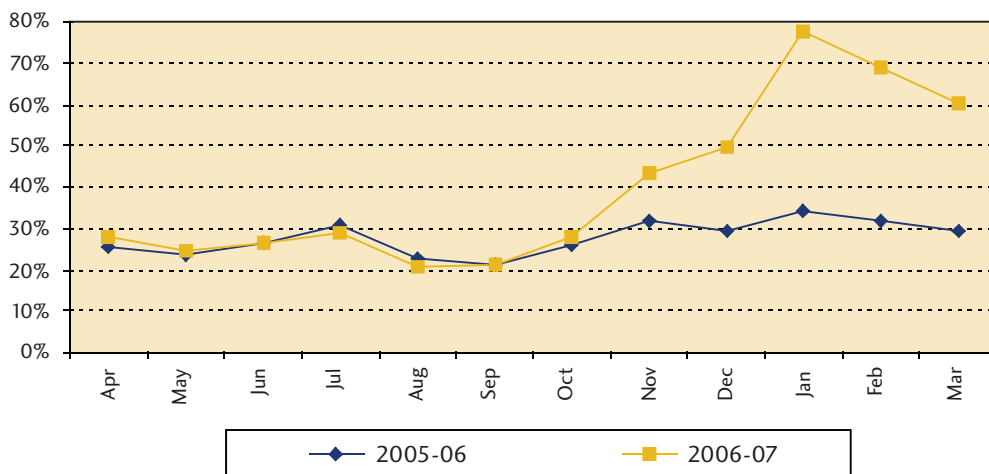


Receiving agent volume increased 66% from 2005–06. As a result of this major growth, turnaround time targets for applications received through Canada Post receiving agents were achieved for 54.6% of applications; for applications received through Service Canada agents, targets were met for 55.7% of cases.

Wait Times

Wait time results for the fiscal year are not strong; only 67.1% of applicants waited less than 45 minutes in the passport office queue before receiving service. The service standard was particularly difficult to maintain between December and March. During that period, following their reception at a pre-screening counter, 45% of in-person clients were served within 45 minutes.

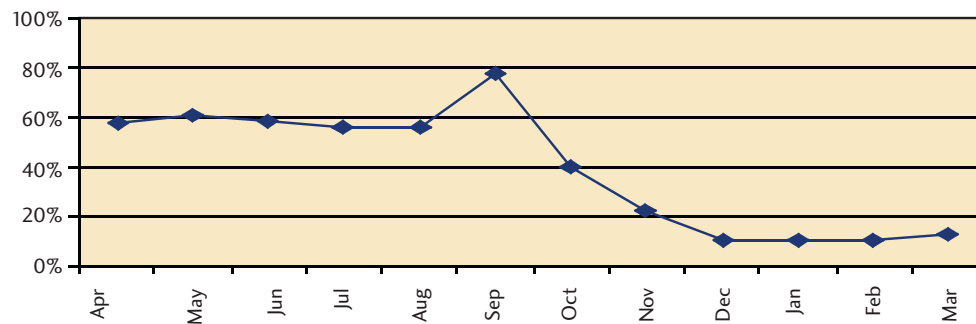
AVERAGE WAIT TIME IN MINUTES



Call Centres

Similar to turnaround times, when volumes began increasing significantly so did calls to the call centre for information on the status of passport applications. Overall for the fiscal year, 39.35% of calls were answered within five minutes. Performance began to significantly decrease beginning in November. From April to November, 53.53% of calls were answered within 5 minutes, whereas from December to March this percentage declined to 11%. Although the number of call centre agents in place increased gradually from 48 to 64 from December to March, there was a steady decline in the percentage of calls they were able to answer per day. This is likely due to the 43% increase in the number of applicants who called seeking information about the status of their application, which increased from 19,800 calls in December to 28,402 calls in March.

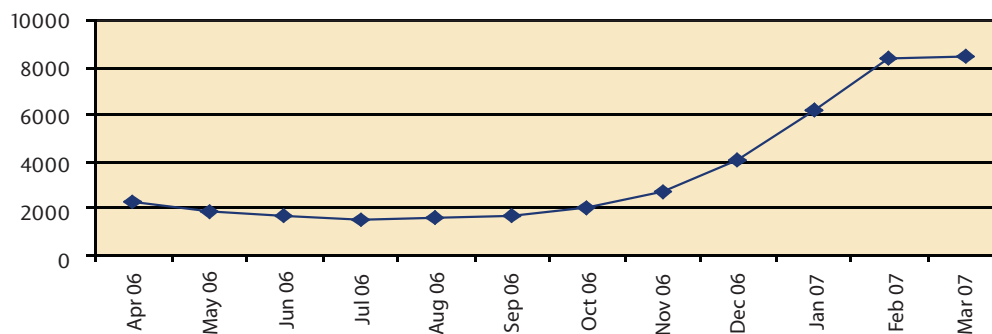
PERCENTAGE OF CALLS ANSWERED WITHIN FIVE MINUTES



Passport On-Line

When volumes increased significantly in December 2006, the number of applicants applying using the electronic Passport On-Line (POL) service increased dramatically. Overall, the weekly average was 3,500 applications completed on-line. From April to November the weekly average number of POL applications was 1,926. That number rose to an average of 6,737 per week from December to March, with the highest week seeing 9,538 applications completed on-line.

NUMBER OF PASSPORT ON-LINE APPLICATIONS IN 2006-07



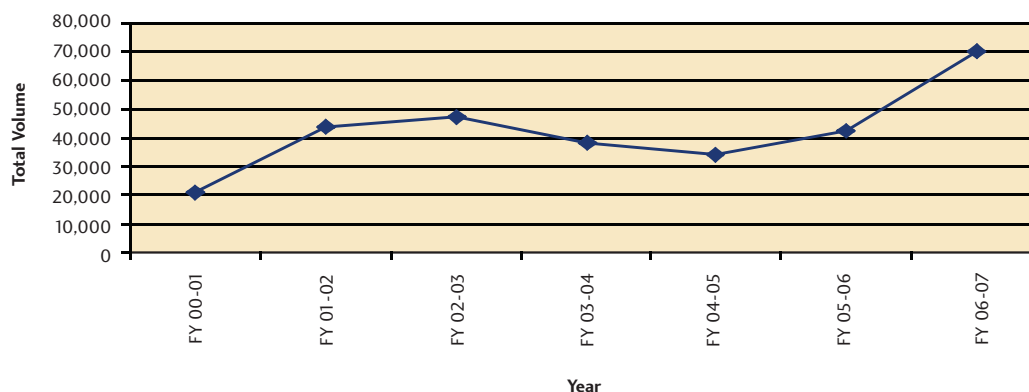
Passport Unit Cost

The cost to produce a 24-page passport is \$58.41, according to our activity-based costing system. In 2006–07 revenues from fees exceeded expenditures, due to the significant increase in volume and our inability to maintain service standards. Next fiscal year, we expect that the cost to produce a passport will increase beyond the revenues we receive, as many improvements will be implemented and more staff hired in order to address the volume and maintain service standards.

Correspondence

The Correspondence Unit prepares responses to letters and e-mails directed to our Chief Executive Officer, the Minister of Foreign Affairs and International Trade, or to headquarters and regional office staff. Enquiries forwarded by the Agency's ombudsman are also handled by the Unit. In 2006–07, the Unit handled a total of 70,013 enquiries, which represents an increase of 65% over the previous year. This unprecedented volume was reached in the last few months of the fiscal year and was directly related to the implementation of new passport requirements. Because of this workload, it became extremely difficult to maintain our response standards. However, enhancing our Web site, which was constantly updated to respond to the most frequently asked questions, alleviated the situation. Suggestions from the public on process improvements were also taken into account in dealing with the volume of enquiries.

VOLUME OF CORRESPONDENCE



Client Satisfaction

The 2007 National Client Satisfaction Survey (NCSS) was conducted by the Environics Research Group from May 18 to June 12, 2007. The survey was based on telephone interviews with a representative sample of 1,779 Canadians from all provinces and territories who applied for and obtained a new passport between

September 2006 and March 2007 using all service channels (by mail, in person via Passport Canada offices and receiving agents, plus users of Passport On-Line). The 2007 NCSS sample was increased by 458 to take into consideration the fact that the WHTI extended the peak season over five months instead of three in 2005–06.

Main findings from the survey are:

- Overall, almost nine out of ten (89%) clients said they were very satisfied (28%) or satisfied (61%) with the service they received from Passport Canada last year. This is a minor decrease from last year's survey, where 91% of clients reported some level of satisfaction.
- As for last year, clients give very high ratings to the service they received from staff that served them when submitting their passport applications in person. In all cases, close to half gave ratings of "very satisfied," with no more than 2% indicating clear dissatisfaction.
- When asked their service priorities, clients considered the most important factor to be the design of passports to avoid forgery (82%), followed by the clarity of instructions for obtaining a new passport (75%), the ease of access to services in person (63%), the understanding of their particular needs (59%), the number of years the passport is valid (58%), wait times when visiting the Passport Canada office for service (57%) and the time it took to produce a passport (55%).

Fraud Detection

To ensure that Canada's passports remain travel documents respected worldwide, our officers maintain constant vigilance against fraudulent applications for, or use of, Canadian passports. Fraud detection activities are undertaken in accordance with the *Canadian Passport Order*.

In 2006–07, 293 individuals were subject to action under sections 9 and 10 of the *Canadian Passport Order*, which give the

Minister the right to refuse or revoke a passport. This is an increase of 16% over 2005–06, which could be attributed to higher volumes, combined with improved security processes.

A total of 130 investigations were concluded, of which:

- in 76 cases an investigation was initiated, however it was determined that either there was insufficient evidence to proceed or the passport expired before the conclusion of the investigation;
- 11 cases were determined to be unfounded as an investigation;
- 43 cases were forwarded to adjudication for recommendation of revocation and/or refusal, and a period of withheld service.

The recommendations forwarded to adjudication resulted in the following outcomes:

- 33 passports were revoked;
- 8 applications for passports were refused.

The average period of withheld service was 4.7 years.

Lost, Stolen or Inaccessible Passports

Between April 1, 2006, and March 31, 2007, 42,743 travel documents were recorded as lost, stolen or inaccessible. This information was provided to the RCMP for entry into Canadian Police Information Centre data and via the Ottawa Interpol National Central Bureau to the Interpol Lost and Stolen Travel Document Database.

The Year in Review

Our Operating Environment

The vastly heightened pressures within Passport Canada's operating environment, combined with our increased involvement in developing policies for national and international security and improved travel documents, made 2006–07 perhaps the most challenging year ever experienced. The record-setting increase in demand for passports overtaxed our staff, our offices and our technology. We strove throughout the year to alleviate service pressures while meeting the need for rigorous security measures.

The international travel environment is becoming constantly more challenging for both governments and citizens. New and varied security threats have produced steadily evolving revisions to policies and practices affecting travellers; there have also been rapid, ongoing developments in technology. We are responding to the fact that the passport is changing from being solely a travel document to also being an identity document for Canadians. These changes have intensified pressures to implement new-generation passport security measures, systems, and controls. The effects on our operating environment are enormous.

Our challenge is to use the leverage that technology offers to meet our clients' needs while maintaining a focus on security. While the task is formidable, the effort is essential to the achievement of our mission.

The Western Hemisphere Travel Initiative (WHTI)

In 2004, the US Congress adopted the *Intelligence Reform and Terrorism Prevention Act*, which required all travellers from Western Hemisphere countries, including Canadian and US citizens, to have a passport or an approved travel document to enter the US. The following year the U.S. announced the implementation of the WHTI, setting a timetable for the new passport rules. By 2008, all Canadian citizens will require a passport to enter the U.S. if its government decides to proceed with this proposal and alternative documentation cannot be agreed upon.

The introduction of the first phase of the WHTI led to an historic and sustained increase in our business volumes. Our offices were under significant strain to deal with this increase, which was much greater than the forecasted volume for the year. Passport Canada received an estimated 3.78 million applications (overseas Missions excluded) in 2006–07: a 22% increase instead of the initial forecast of 6.6%.

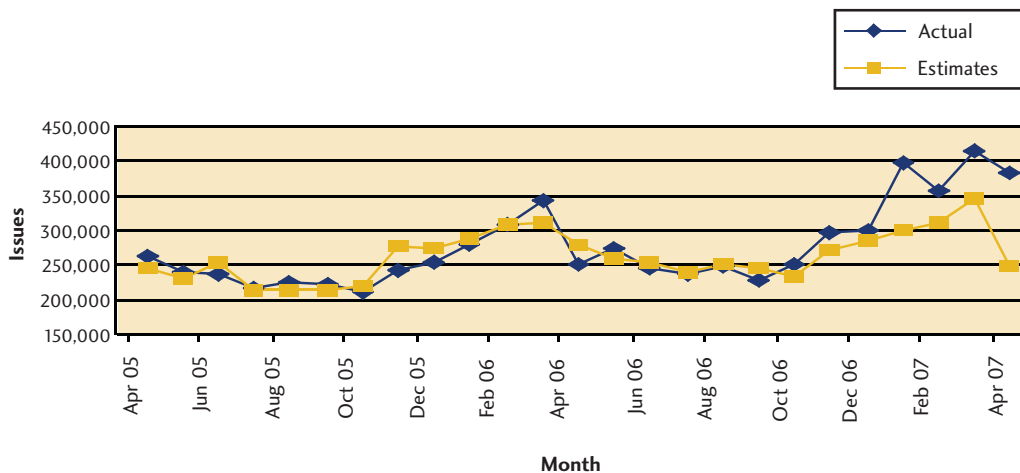
One of the reasons for the increase was confusion over the WHTI implementation dates. Over 25% of last year's passport applicants believed that the land requirements of the WHTI would be implemented in January 2007 instead of January 2008. Another factor was the decision of over 10% of applicants to apply for their passports without specific plans to travel.

Overall, our employees showed a remarkable ability to deal with this volume. They faced the daily lineups of applicants with commendable professionalism and contributed many hours

of overtime to process applications. A majority of applicants and their representatives saluted the resilience under pressure that our staff displayed.

Many initiatives are underway to improve our response to the extraordinary volume increase; details appear throughout this report. We plan to expand our processing capacity, develop new processes and simplify others. Through increased hiring, training and deployment of staff and technology, we are determined to meet this challenge.

ACTUAL VS. FORECAST DEMAND



Evacuation of Canadians from Lebanon

Passport Canada contributed multifaceted, continuous support to Government of Canada efforts to repatriate upwards of 17,000 Canadian citizens and residents from Lebanon in 2006 by helping establish the

identities and citizenship of both departing and in-transit passengers. As a result of the experience in Lebanon, we initiated the redesign of the emergency passport that will include additional security features. It will be printed in missions abroad, and in times of crisis can be completed manually.

International Partnerships

The Five Nations Group

Passport Canada hosted the 2006 Conference of the Five Nations Group, which was held at Kananaskis, Alberta in May 2006. The group includes Australia, New Zealand, the United Kingdom, the United States and Canada; each state hosts, on a rotational basis, an annual conference of senior representatives to exchange ideas and best practices and to discuss strategies for common challenges. Discussions on enhanced security requirements, identity management and best practices and the sharing of benchmark activities have proven to be beneficial to all members. We will continue to participate and share information with our colleagues during the next Five Nations Conference scheduled for New Zealand in April 2007.

International Civil Aviation Organization (ICAO)

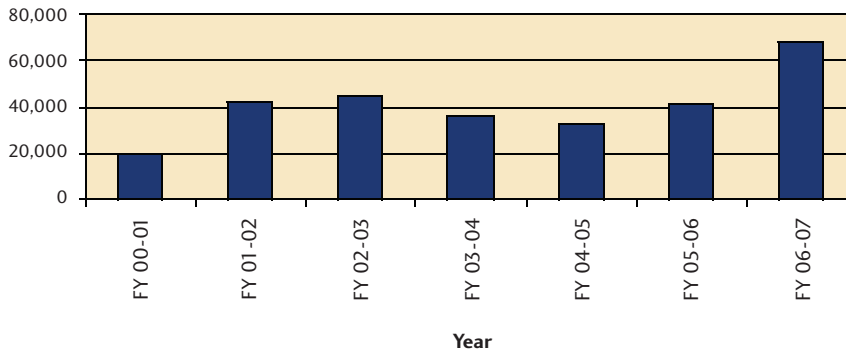
Other achievements in the international front included support for the ICAO in enhancing document security and passenger movement and in developing guidance on implementing a machine-readable travel document program. Passport Canada hosted one of two New Technologies Working Group meetings. The forty-nine delegates representing 18 countries and four international organizations who attended the Kingston, Ontario meeting in September 2006 reached unanimous consensus on several key issues.

Communications

Passport Canada's media profile has never been higher than in 2006–07, with unprecedented news and editorial attention being paid to Canadian passport issues because of the focus on the WHTI. Passport Canada spokespersons gave 671 interviews, as compared with 231 for 2005–06, largely in order to alert Canadians to the new regulations. There were 1,389 reports on passport topics in major Canadian newspapers, versus 1,145 in 2005–06. While the balance of coverage was slightly negative, criticism of the passport system was institutional, not operational; our employees were recognized for their efforts to deal with an enormous workload.

An extensively revamped Web site was launched in early April. The utility of the new site was demonstrated in a decrease of 1,000 InfoPass enquiries in its first 30 days of operation alone. Volume of InfoPass enquiries for 2006-07 was 67,847, up 64.4% over 2005-06. Our Web site recorded a record 8.2 million visits in 2006–07.

VOLUME OF INFOPASS ENQUIRIES



Other information initiatives included fact sheets (both in print and downloadable from the Web), and new brochures and posters for our offices. Communications staff provided information and answered questions from the travel industry and interested Canadians at industry trade shows in Halifax and Saskatoon, and public travel shows in Montreal, Ottawa and Toronto.

Audit Update

The Office of the Auditor General (OAG) returned to undertake a follow-up audit in the fall of 2006 to determine our progress against the recommendations made in its 2005 audit. The Action Plan we had prepared drove these efforts and has allowed us to make steady yet diligent progress. Last February, the Office of the Auditor General released its status report and complimented Passport Canada for addressing 16 out of the 20 original audit recommendations within a very short period of time. The four remaining areas that the Auditor General still found problematic at the time of the follow-up audit were:

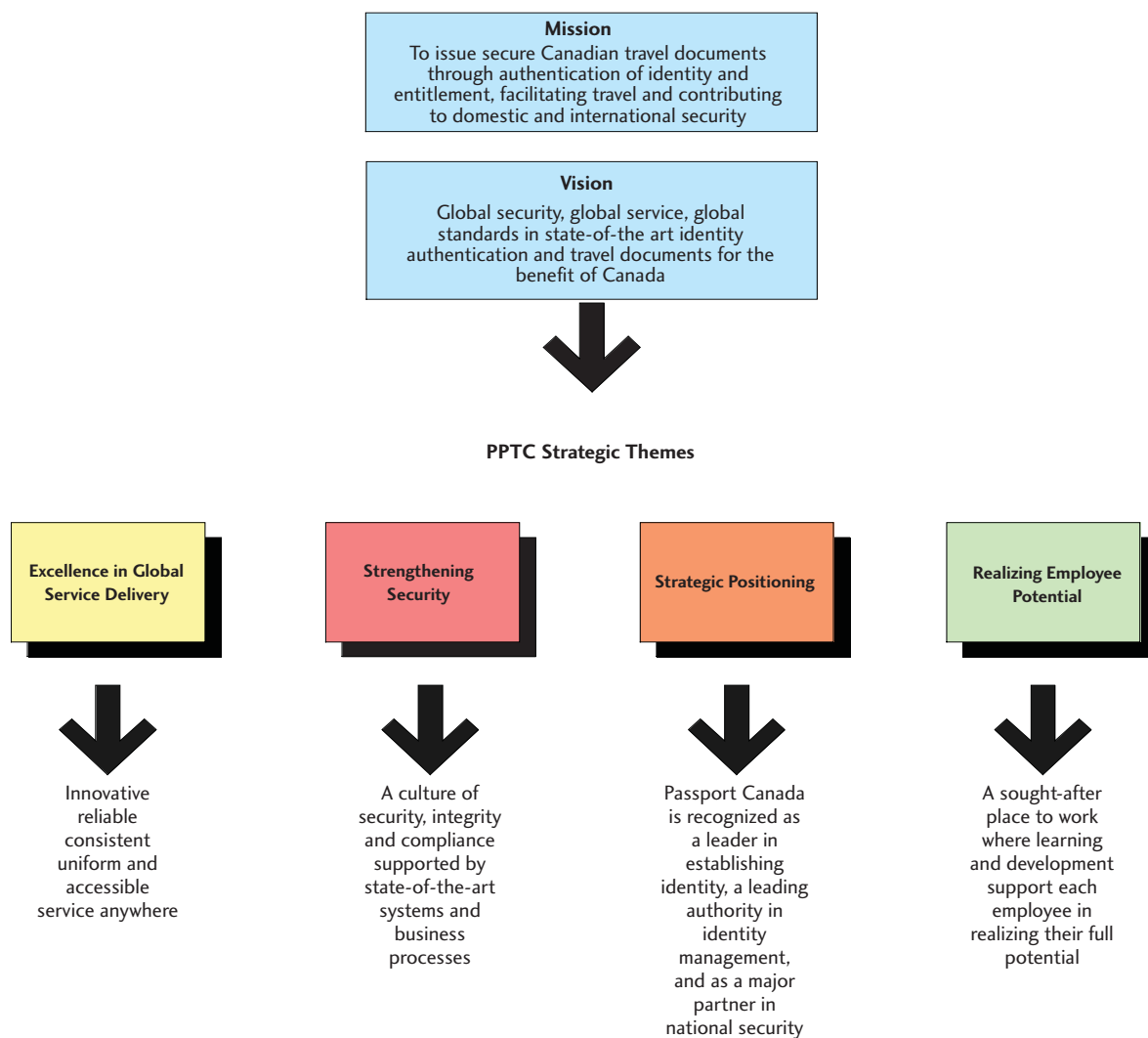
- absence of a thorough security risk assessment;
- lack of a quality control program for entitlement decisions;
- lax practices in the area of access to the automated passport issuance system; and
- lack of an integrated human resources strategy.

We continue to make good progress in addressing these areas. For example, a comprehensive security risk assessment of our operations is well in hand; a series of draft reports is being issued on its results. Secondly, we are now putting the finishing touches on a quality control program for decisions on whether individuals are entitled to hold a passport. The full implementation of this program is planned for 2007–08.

Thirdly, tighter controls and better access practices have been implemented to safeguard the automated passport issuance system. A new Web-based account-creation process will ensure tight controls over the privileges and rights given to staff working on this system. In addition, the Security Bureau must now approve all access requests to the system. A review of selected accounts and profiles is conducted quarterly to ensure that the system is secure and effective. Finally, we are also developing an integrated human resource planning process that will be an integral part of our strategic framework and closely integrated into the corporate planning process.

Progress on Priorities

Passport Canada's strategic priorities flow naturally from its mission, its activities and achievements in the last fiscal year, and its awareness of the challenges of the current operating environment. Based on these factors, we chose four strategic priorities for 2006–07: excellence in global service delivery; strengthening security; strategic positioning and realizing employee potential.



Excellence in Global Service Delivery

We have long enjoyed the satisfaction of having high client satisfaction levels. This past year's workload challenges, however, coming on top of growing demands to keep up with new security measures and technology enhancements, stretched our ability to maintain that level of satisfaction. In 2006–07 many improvements and innovative measures were put in place to meet these challenges, and more are under development.

Operational Changes

WHTI presented us with an enormous challenge regarding service delivery. Despite Passport Canada's ability to increase production from 13,000 to 20,000 applications per day, we were still unable to meet the overwhelming demand for passports. Pilot initiatives resulted from our offices facing this historic volume increase, such as including a fee management workflow system in our Montreal office that centralized the collection of fees. Clients at our offices were invited to leave straightforward applications in a drop-box if they could not be processed at the end of the day, and after-hours service was still offered in emergencies.

We continued to streamline the mail-in application processing workflows by fine-tuning the LEAN workflow process introduced in 2005 and we introduced a pre-screening process. A new processing centre for mail-in applications was opened in Mississauga to deal with overflow volume.

Through several initiatives, the Print Centres increased their printing capacity while decreasing printing costs. Printers at the end

of their lifespan were replaced with new, more efficient models. The average rate of spoiled passports decreased from 8.9% in 2005–06 to 5.2%. Also we made changes to how we ship completed passports, resulting in substantial cost savings. A pilot project involving the shipping of passports to applicants residing in the US realized a savings of approximately \$10 per shipment, for an annual savings of over \$600,000. Further, we made changes to how we ship passports domestically through an initiative in our print centres, resulting in a 33% savings, estimated at \$2.2 million. We also began looking at our courier services; once the migration to different carriers is complete, a savings of approximately \$1 million is expected.

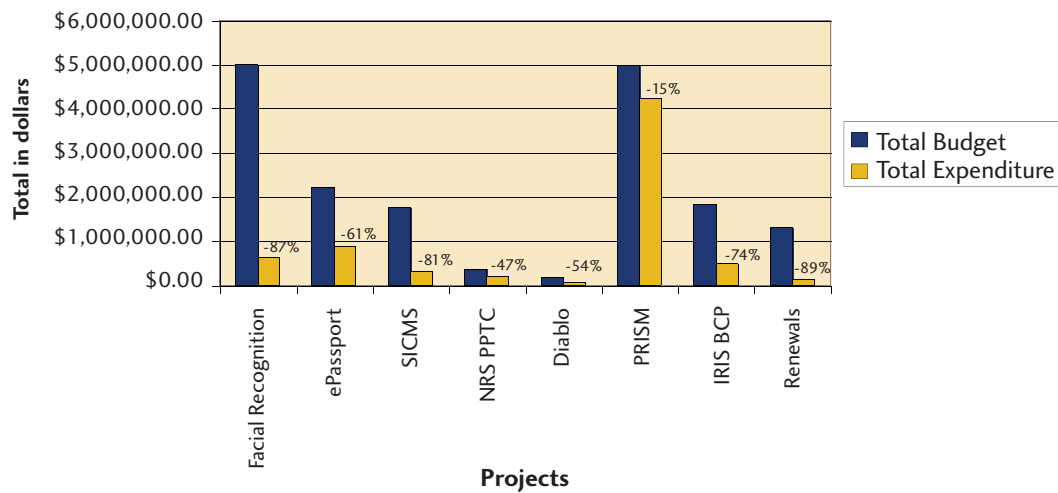
During the course of the year, we relocated our offices in Hamilton, Kitchener and Montréal, and started work on several other offices. We have also begun preparing for the further volume increase expected to follow the full implementation of WHTI and the next passport renewal cycle. This includes leasing temporary space for additional examiners and increasing our central processing and printing capacity. Also developed were Regional Accommodation Fit-Up standards for our offices, which will be implemented on a national basis, ensuring the consistent application of a single accommodation standard at all Passport Canada facilities across the country.

In addition, many of the improvements described in the following pages—the risk management system, the long-term facilities capital plan and the resource allocation model—have strengthened our management practices, with direct service benefits to the Agency as a whole.

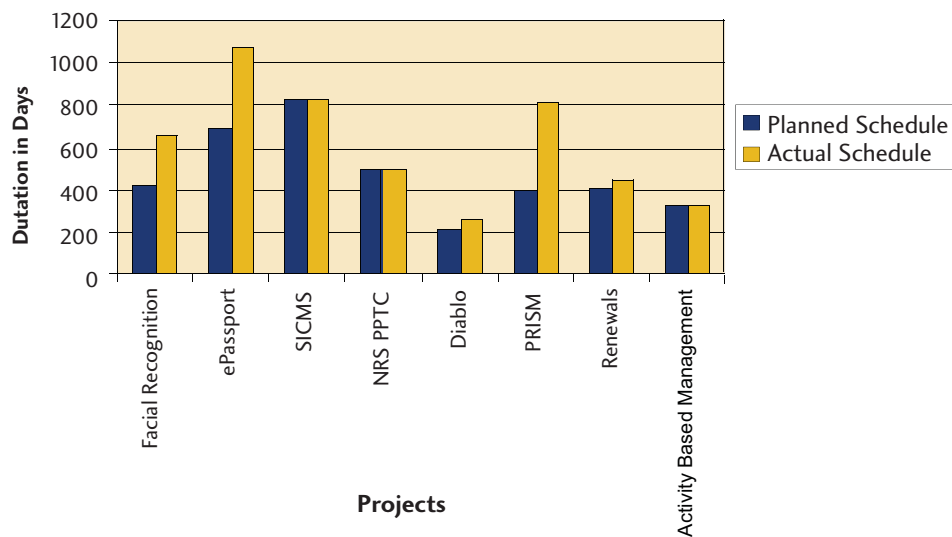
Project Management Enhancements

An updated corporate project governance structure, headed by a Project Review Board, and a revised project management framework were put in place to enhance our oversight of major corporate projects. The new Project Review Board should assist Passport Canada to meet its project budget and schedule targets. The following are the results for 2006–07:

DIFFERENCE BETWEEN PROJECTS TOTAL BUDGETS AND TOTAL EXPENDITURES



DIFFERENCE BETWEEN PROJECTS PLANNED SCHEDULES AND ACTUAL SCHEDULES



Receiving Agents

We continue to expand our Receiving Agent program, steadily increasing the number of outlets providing passport services in the more remote parts of the country. Our partnerships with Service Canada and Canada Post enabled us to offer passport services in 2006–07 through 58 Canada Post and 43 Service Canada RAs. More than 172,000 passport applications were submitted through our 101 agents over the fiscal year, which represents a major increase from the 102,000 applications received in 2005–06.

Service to Members of Parliament

We participated in outreach activities related to the Member of Parliament (MP) service channel, which offers MPs assistance with constituents' enquiries on passport matters. These activities included holding over a dozen passport clinics, where we provided information on passports. We were available to assist in MP passport clinics twice monthly, either by directly participating at the clinic, or through conference calls prior to the clinic, depending on which form of assistance the MP requested. We also hosted five MP tours of our facilities and made presentations to Members of Parliament about the MP service channel.

Policy Improvements

A Policy Committee was established in 2006–07 for the approval of entitlement and other Passport Canada policies. The committee has senior representatives from every Bureau, thereby ensuring that impacts across the Agency are taken into consideration before policies are approved.

Ten entitlement policies were approved in 2006–07, some of which were implemented in that year and some of which will be implemented in 2007–08. We contributed to the development of policies for the Simplified Passport Renewal Process, developed a new guarantor eligibility process, a policy to stop the extension of limited validity passports through the addition of an observation label, and a policy to end the practice of adding a married or common-law surname to a passport by means of an observation label.

Changes to the policy on third-party submissions, which clarified who can submit a passport application in person on an applicant's behalf, brought clarity and consistency to this matter. The publication of these changes on our Web site resulted in a dramatic drop in public enquiries about this subject.

As part of our ongoing review of entitlement policies to ensure they are up to date and effective, we participated in a Foreign Affairs and International Trade Canada audit on our Entitlement Policy and Procedures Framework.

Activity-Based Management

The introduction of an activity-based costing model last year enabled strategic and operational decisions that increased cost effectiveness and streamlined processes. With a costing model in place, we were able to concentrate our efforts on establishing a resource allocation model for our production units. Implementing a planning model this year allowed us to identify and predict capacity and resource requirements for each production unit based on the forecasted volume and other scenarios.

Our challenge is to balance the resource requirements for operational activities and special initiatives with the available resources by improving the efficiency of our operations: obtaining special funding for specific initiatives, making well-informed decisions and choices, and understanding the consequences of these choices on the operations, the service standards, and the future. The activity-based costing and planning models already in place will help maintain this equilibrium.

Strengthening Security

Our goal in this area is to develop a culture of security, integrity and compliance supported by state-of-the-art systems and business processes. Maintaining the security of Canadian travel documents both ensures that our passport retains its level of international respect and contributes to worldwide efforts against threats to identity management.

Canadian Passport Order Revision

The revision to the *Canadian Passport Order* provides authority to the Minister to refuse or revoke a passport on national security grounds. Three cases have already been submitted to this process. We also completed initial consultation on a *Passport Act* that will further strengthen authorities to support our mandate.

Information Exchange Initiatives

For several years we have been working on the National Routing System (NRS). The NRS is intended to speed the verification process by electronically connecting the

provincial and territorial vital statistics databases, while protecting the privacy of individuals. This would allow us, for instance, to verify the date and place of birth of applicants on-line before issuing a passport. Passport Canada partnered with Statistics Canada, the Canada Revenue Agency, and the vital statistics agencies of British Columbia and Alberta on this initiative, which aims not only to enhance identity authentication, but also to generate savings for many federal programs.

This year, Passport Canada received a federal government Award of Excellence for its involvement in the NRS project. The Awards recognize departments and agencies that have demonstrated outstanding leadership and results in fostering horizontal collaboration, while improving government services for Canadians, Canadian businesses, and international clients.

Statistics Canada is currently the lead on the NRS project. Passport Canada is now an observer on NRS, as we have undertaken a major role in a broader information exchange initiative led by the Treasury Board Secretariat (TBS)—the Inter-Jurisdictional Information Exchange (IJIE) project—which builds on the NRS achievement. Passport Canada is a key partner in this effort, given our interest in efficiently verifying the accuracy and integrity of birth and citizenship certificates. Strengthening the identity authentication process is central to efforts to enhance passport security.

The goal of the IJIE project is to develop and implement a pan-Canadian system for exchanging vital event information among federal, provincial and territorial jurisdictions. Passport Canada is a member of the Steering Committee, as well as a participant in the Inter-Jurisdictional Information Exchange Working Group. The working group will direct the development of a business case for a single Government of Canada-wide information exchange service, the first step in achieving a full intergovernmental linkage.

Correctional Services Canada Linkage

An information-sharing agreement between Correctional Services Canada (CSC) and Passport Canada was signed this fiscal year to help us identify situations where passports should be denied to persons who are forbidden by CSC to leave Canada. As a result, we refused 63 passports and revoked 79 passports from individuals prohibited travel outside Canada under the *Corrections and Conditional Release Act*.

Canadian Police Information Centre

Passport Canada is working with Canadian Police Information Centre (CPIC) to obtain an extract from the CPIC database for testing purposes. The operational impact of building a CPIC query into the entitlement process is being assessed. Meanwhile, Passport Canada signed the National Integrated Interagency Information System Charter and will continue to participate as a federal partner in this project.

Police Agency Linkage

Efforts are being made to educate and inform policing agencies about the importance of Canadian travel documents and how to

protect the integrity of the Canadian passport and the personal information it contains. The goal is to effect changes in the way policing agencies share information on lost, stolen, seized and surrendered Canadian passports with Passport Canada.

G8 Support

Passport Canada participated in the preparation and approval of the G8 paper “Best Practices for Processing Travelers who Present Lost, Stolen or Cancelled Travel Documents.” Although Canada supports the ICAO standard that once a passport is reported lost or stolen, it is taken out of circulation even if recovered, there are always circumstances where a citizen might inadvertently utilize a passport previously reported lost or stolen. This document ensures our citizens are not unduly interrupted in their travel even though the document presented is technically invalid.

Identity Management

Identity theft is an ever-growing hazard in North America. We have long championed Canadian efforts to fight identity fraud, for passports can be used in a range of identity crimes. During 2006–07, the federal Interdepartmental Working Group on Identity Management has further developed the work initiated by the Federal/Provincial/Territorial Council on Identity. The work is now led by the TBS Chief Information Officer Branch and has been actively supported by Passport Canada. The Working Group has produced a high-level discussion paper, designed to generate consensus among departments and agencies on approaches to identity management. Discussions are ongoing towards this goal among a growing number of interested parties at the federal, provincial and territorial levels.

E-passports and the Public Key Directory (PKD)

Electronic or e-passports, which contain a microchip bearing the holder's personal information, are gradually being introduced worldwide. The production of a Canadian e-passport is the focus of a key security improvement initiative. Following a Treasury Board submission, Passport Canada now has the mandate to begin a pilot project that will develop and test an encoding solution using diplomatic and special e-passports.

The PKD offers all e-passport-issuing states a mechanism that enables any border official or airline representative to verify the integrity and veracity of an e-passport submitted by a traveller. Passport Canada has been a member of the ICAO-led group responsible for ensuring ongoing development of the PKD. After the ICAO Council approved the PKD template, Canada became one of the first six states (Australia, Canada, Japan, New Zealand, Singapore and the United Kingdom) to participate as a member of the PKD Board.

A Risk Management Framework

The past year saw the development and implementation of a Risk Management Framework and Plan, including supporting action plans and contingency measures. Combined with our IT Threat and Risk Assessment reports, this framework will help us identify and rectify security risks in our infrastructure. A Risk Management Plan was approved by management in the summer of 2006, after which we started developing a Corporate Profile. Training sessions were delivered to the Management Committee and other senior managers. Sessions on risk identification were held with managers, and senior management including the CEO were interviewed.

Policy Initiatives

Work has continued on the development of a Names policy, the aim of which is to ensure that the name of the bearer listed in the Canadian passport is established through authoritative sources. We have also continued development of a policy to identify individuals who may have lost Canadian citizenship, to ensure that Canadian passports are not issued to non-Canadians.

Internal Security Enhancements

Through the hiring of regional security officers, Passport Canada launched a new initiative aimed at strengthening the security of the organization and the integrity of the passport issuance process. Six security advisors, working in regional offices across the country, provide expert advice on all matters relating to security and act as liaison among headquarters, regional issuing offices and our partners. They also support the compliance program, conduct on-site interviews of applicants with complex cases and investigate fraudulent applications or applicants. This new initiative was developed in response to the Auditor General's 2005 recommendations. It is intended to be the initial stage in a vision that includes a dedicated fraud and intelligence capacity in each region. Also, it represents an opportunity for the regions to have immediate access to security advice and support, and to improve awareness of regional security issues and concerns at headquarters.

We have upgraded security clearances to the “secret” level for all staff in place at the end of September 2006 who have privileged access to passport issuance systems and materials. New employees are screened to the level required by their position and subsequently upgraded where appropriate. There is also a program in place to investigate allegations of employee malfeasance.

A risk assessment of the domestic passport issuance process was initiated. The process flows for mail-in and walk-in applications, printing and shipping were documented, and the risks and controls in each stage of the process were identified. The residual risk will be assessed to determine whether we need to put additional controls in place. The approach will also be used to ensure that existing controls are factored into decisions about changes in staff responsibilities, technology upgrades and operational practices and procedures.

An updated computer firewall system was installed, along with new Web-filtering software that automatically assesses every Web site on the Internet for undesirable content, allowing us to block sites more efficiently.

A further example of increased security measures has been a monthly review of a sample of user accounts for the IRIS passport-issuing computer system. This enables us to delete accounts that are no longer needed or to amend the access privileges if appropriate, strengthening the security of access to the issuance system. The success of the program has enabled us to switch to quarterly reviews.

Mission Print Passport Solution

We successfully completed the implementation of the Mission Print Passport Solution (MPPS) in 2006. All production of regular blue passports abroad has now been transferred to Canada, thereby ensuring that all regular passports, no matter where one applies, are subject to the same high standard of security and production.

Meeting Federal Security Standards

In May 2004, when the federal Management of Information Technology Security (MITS) Standard was implemented, it became mandatory for every department and agency to become fully compliant before the deadline of December 2006. Passport Canada proceeded to implement a wide array of new services, policies, procedures, controls, and safeguards in order to establish an IT security program and achieve our goal of becoming fully MITS compliant. In our report to Treasury Board in December 2006, Passport Canada was assessed as achieving compliance in 49 out of 52 areas. The remaining three are in regards to IT business continuity, which is a program we are actively working on funding and implementing.

Strategic Positioning

This priority is directed towards ensuring that we are recognized for our leadership in establishing and managing identity, and for our role in contributing to national security. We are playing an ever-growing role in national and global policy deliberations; both internal improvements and external linkages we are undertaking will contribute to maintaining this position.

International Activities

Passport Canada continues to promote Canada's interest in the international community. Through participation in various forums such as the G8 and ICAO, we are able to position Canada as both a leader and supporter of the best practices internationally recommended for passenger facilitation, border security and identity management.

Western Hemisphere Travel Initiative

In addition to our service activities in response to the new US requirement, we play a policy role with our federal partners in researching and developing policy options in relation to border security and alternative travel documents.

Canadian Outreach Activities

Our regional offices participated in an outreach program at citizenship ceremonies, as well as three regional travel shows held for travel agents and four shows geared to the public. We participated on the Quebec Federal Council, a multi-departmental group, to inform its members about our services. We also work closely with central agencies and other public and private stakeholders involved in both the security and service delivery domains, reflecting our roles in these government priorities.

Management Enhancements

We completed a multi-year capital plan and associated planning framework for the overall management of the Agency's facilities from coast-to-coast, which will allow us to more efficiently plan the acquisition and maintenance of our facilities. Also, a new Information Management Policy, which outlines all employees' responsibilities for the management of information and establishes the structure of our information holdings, was produced this year. Its objective is to ensure that information under Passport Canada's control is managed effectively and efficiently throughout its lifecycle. In addition, to further strengthen our management processes, the Executive Committee adopted the recommendations of a study that reviewed our roles and responsibilities in processing Access to Information and Privacy requests and preparing Privacy Impact Assessments for new initiatives.

Realizing Employee Potential

Passport Canada recognizes the importance of ensuring that its employees work in an environment where they can meet the challenges facing them now and in the future. We want to be a desirable career choice—a place where learning and development support is available to every employee. Improved human resources (HR) policies, effective business planning and continuous learning have been and will continue to form the pillars of our employee support system.

Among the initiatives aimed at developing and retaining an excellent work force in 2006–07 were studies of HR trends and workforce availability, a review of our HR management practices, and an environmental scan of the workplace. Labour relations projects were another focus over the year. HR policies were updated and new tools developed in line with the *Public Service Modernization Act*, including an Intranet site, a staff tool kit and a planning guide. An orientation program for new employees was completed, along with a training manual for consular staff. Work descriptions were updated to reflect the increased complexity of our business.

A Learning Institute set up in 2006–07 provides Passport Canada staff with learning services as well as advice on learning strategies to support ministerial priorities. It identifies best management practices in individual training, organizational leadership and management innovation in the public and private sectors and applies them to our organization. The Institute's initial focus was on studying employee competencies and training needs, developing policies, and opening a learning library. In addition, employees can now better their skills and develop their careers through the Institute's National Educational Training Schedule, which offers several training programs and specialized courses.

Towards the Future

Enhancing Service

A full gamut of operational improvements will be deployed over the coming year to manage the continuing upsurge in passport applications. By migrating to a new generation of printers, for example, we will accelerate document production. We plan to augment our processing capacity by hiring and training new staff and expanding our service offices, processing & print centres, as well as the Receiving Agent network. Additional waiting room space will be leased in many regional offices.

We are developing new processes and simplifying others. For instance, central management of a ticketing and queuing system that tracks how long a person waits to be served will help us improve service throughout the country. We will also be offering the option to renew a passport as well as a simplified guarantor process. An ongoing project to update and harmonize our workstation technology will be completed in 2007–08.

We plan to hold passport clinics in remote and border areas, which will improve access to our services. We will explore the addition of evening opening hours and the introduction of evening processing shifts in some of our offices. We are revising the delivery of training to passport officers and encouraging them to prepare learning plans for appropriate training.

Improving Technology

We are taking steps to prepare for the deployment of new business tools, such as the Security Case Management Information

System (SICMS) and a facial recognition (FR) system. SICMS will automate many of the activities our security personnel now perform to deal with suspicious or problem situations detected by passport examiners or by our external partners. It will also lead the way to a more comprehensive strategic vision for the security function at Passport Canada.

FR software identifies passport holders by their unique features. By comparing the image on an application against images in our database, it can be used to screen out fraud attempts. FR software that will significantly improve document security will be merged with our existing systems in 2007–08. When the system is fully operational, facial recognition analysis will be a mandatory step in verifying every passport application received.

Strengthening Management Practices

Our constant endeavours to increase operational efficiency are equalled only by our commitment to refining our management practices. Using the tools we have developed—the Strategic Management Framework, the Risk Management Framework, the Integrated Service Strategy, and the activity-based costing model being key examples—we are continuing to strengthen our management practices in order to provide Canadians with a stronger and better passport program in the years ahead.

Financial Statements

MANAGEMENT REPORT

PASSPORT CANADA REVOLVING FUND

The accompanying financial statements of the Passport Canada Revolving Fund for 2006-2007 have been prepared as required by and in accordance with the policy of the Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared in accordance with the significant accounting principles for revolving funds of the Government of Canada on a basis consistent with that of the preceding year, as set out in Note 2 of the statements. Some previous year's figures have been reclassified to conform to the current year's presentation.

The primary responsibility for the integrity and objectivity of the data in these financial statements rests with the management of the Fund. Some of the information included in these financial statements is based on management's best estimates and judgements with due consideration given to materiality. To fulfil its accounting and reporting responsibilities, the Fund maintains a set of accounts that provide a centralized record of the Fund's financial transactions. Financial information contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* is consistent with that in these financial statements, unless indicated otherwise.

The Directorate of Financial Services develops and disseminates financial management and accounting policies and issues specific directives, which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal controls which gives due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribe regulations, and are properly recorded to maintain accountability of Government funds and safeguard the assets under the Fund's administration.

These financial statements were presented to the external auditor, who audited them and has provided an independent opinion, which has been appended to these financial statements.

Approved by:



Denis Fortier
Director General
Corporate Services



Gérald Cossette
Chief Executive Officer
Passport Canada

Date June 6, 2007



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AUDITORS' REPORT TO THE ASSISTANT DEPUTY MINISTER, CORPORATE SERVICES, DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

We have audited the statement of financial position of the Passport Canada Revolving Fund as at March 31, 2007 and the statements of operations and net assets and cash flows for the year then ended. These financial statements have been prepared to comply with Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the Revolving Funds Act. These financial statements are the responsibility of the management of the Passport Canada Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Passport Canada Revolving Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Passport Office Revolving Fund and the Treasury Board of Canada Secretariat for reporting on the use of the Fund authority. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

May 16, 2007

PASSPORT CANADA REVOLVING FUND

Statement of Financial Position

As at March 31, 2007
(In thousands of dollars)

	2007	2006
Assets		
Current:		
Accounts receivable:		
Government of Canada	\$ 5,487	\$ 2,173
Outside parties	381	592
Inventories	5,181	6,498
	11,049	9,263
Long-term:		
Capital assets (Note 3)		
At cost	117,973	110,997
Less accumulated amortization	85,287	72,769
	32,686	38,228
	\$ 43,735	\$ 47,491
Liabilities		
Current:		
Accounts payable and accrued liabilities:		
Government of Canada	\$ 3,734	\$ 1,759
Outside parties:		
Accounts payable	11,547	9,943
Vacation pay	3,324	2,940
Contractors' holdbacks	306	214
Deferred revenue	2,375	--
Current portion of the provision for employee termination benefits	666	323
	21,952	15,179
Long-term:		
Provision for employee termination benefits	13,690	12,459
	13,690	12,459
Net Assets (Note 4)	8,093	19,853
Commitments (Note 5)		
	\$ 43,735	\$ 47,491

The accompanying notes are an integral part of the financial statements.

PASSPORT CANADA REVOLVING FUND

Statement of Operations and Net Assets

As at March 31, 2007
(In thousands of dollars)

	2007	2006
Revenues:		
Fees earned	\$ 231,149	\$ 195,434
Miscellaneous revenues	369	495
	231,518	195,929
Cost of goods sold		
Passport materials	17,758	15,033
Gross profit	213,760	180,896
Operating expenses:		
Salaries and employee benefits	121,880	113,744
Provision for employee termination benefits	1,895	2,250
Freight, express and cartage	21,255	17,931
Amortization of capital assets	12,518	12,613
Accommodation	11,126	10,438
Professional and special services	8,201	7,118
Passport operations at missions abroad (Note 6)	4,447	4,447
Information	1,977	3,450
Telecommunications	3,219	3,309
Printing, stationery and supplies	3,034	3,140
Repair and maintenance	4,924	2,630
Travel and removal	1,951	1,747
Postal services and postage	2,038	998
Rentals	371	341
Miscellaneous	55	166
	198,891	184,322
Net Results	\$ 14,869	\$ (3,426)
Net Assets beginning of the year	19,853	26,675
Net change in the accumulated net charge against the Fund's authority	(30,409)	(13,662)
Contributed capital	3,780	10,266
Net Assets, end of the year (Note 4)	\$ 8,093	\$ 19,853

The accompanying notes are an integral part of the financial statements.

PASSPORT CANADA REVOLVING FUND

Statement of Cash Flows

As at March 31, 2007
(In thousands of dollars)

	2007	2006
Operating activities:		
Net results	\$ 14,869	\$ (3,426)
Add		
Increase in provision for employee termination benefits	1,574	1,643
Amortization of capital assets	12,518	12,613
Loss on disposal of capital assets	--	48
	28,961	10,878
Changes in current assets and liabilities (Note 7)	4,644	(829)
	33,605	10,049
Investing activities		
Capital assets acquired	(6,976)	(6,653)
Financing activities		
Contributed capital (Note 4)	3,780	10,266
Net financial resources (used) generated and net change in the accumulated net charge against the Fund's authority account, during the year	30,409	13,662
Accumulated net charge against the Fund's authority account, beginning of year	30,345	16,683
Accumulated net charge against the Fund's authority account, end of year (Note 4)	\$ 60,754	\$ 30,345

The accompanying notes are an integral part of the financial statements.

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements
March 31, 2007

1. Authority and purpose:

The Passport Canada Revolving Fund (the “Fund”) was established in 1969 to provide for the issue of appropriate travel documents to Canadian citizens and to certain permanent residents of Canada who are unable to obtain valid passports from their country of origin. The *Revolving Funds Act* authorized the operation of the Fund.

The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed \$4,000,000 at any time. An amount of \$746,000 representing net assets assumed by the Fund and assets contributed to the Fund were charged to this authority when the Fund became budgetary in 1981.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of Section 4 of the Treasury Board of Canada Policy on Special Revenue Spending Authorities and the reporting requirements for revolving funds prescribed by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- employee’s vacation pay and termination benefits liabilities are based on management’s estimate of the liabilities rather than based on actuarial valuations;
- revenues from passport service request fees are recognized upon receipt of payment and verification of an application for completeness as stated in the Regulations prescribing fees for passport services; and
- funding for capital assets received from Treasury Board is recorded as contributed capital and not as a reduction of the cost of capital assets.

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements, page 2
March 31, 2007

2. Significant accounting policies (continued):

(b) Revenue recognition:

Revenues from passport fees are recognized upon request for a passport service, which is upon receipt of payment and verification of the passport application for completeness.

Deferred revenues are recognized for those passport applications for which the passport service request fee has been collected and deposited, but the applications have not been verified for completeness, as of March 31.

(c) Inventories:

The inventory of materials and supplies is carried at cost using the average cost method.

(d) Capital assets:

Asset	Years
Capital Projects	Useful life of the project
Furniture	10 years
Electronic data processing (EDP) equipment	3-5 years
Other machines and equipment	5 years

Expenditures associated with the Technology Enhancement Plan Project (TEP) are capitalized. The project costs have been separated in four categories, which are amortized on a straight-line basis over the useful life of each category as follows:

Asset	Years
Technology Enhancement Plan (TEP)	
Machines and equipment	10 years
System	4 years
Furniture	10 years
Electronic data processing (EDP) equipment	4 years

Capital projects are amortized on a straight-line basis over the useful life of the project. Capital projects include leasehold improvements, which are amortized on a straight-line basis over the term of the lease.

Capital assets are recorded at cost and amortized from the year of acquisition on a straight-line basis over their estimated useful lives.

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements, page 3
March 31, 2007

2. Significant accounting policies (continued):

(e) Employee termination benefits:

Employees of Passport Canada are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. The cost of these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Pension plan:

Employees of Passport Canada are covered by the Public Service Retirement Pension Plan administered by the Government of Canada. Under present legislation, contributions made by Passport Canada to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of Passport Canada and are charged to operations on a current basis. Passport Canada is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The more significant areas requiring the use of estimates relate to employee termination benefits and to accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements, page 4
March 31, 2007

3. Capital assets and accumulated amortization:

(In thousands of dollars)

Capital assets	Balance, beginning of year	Acquisitions	Disposals	Balance, end of year
Technology Enhancement				
Plan Project	\$ 33,877	\$ –	\$ –	\$ 33,877
Capital projects	69,955	6,759	–	76,714
Furniture	84	–	–	84
EDP equipment	6,791	178	–	6,969
Other machines and equipment	290	39	–	329
	\$ 110,997	\$ 6,976	\$ –	\$ 117,973

Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
Technology Enhancement				
Plan Project	\$ 33,759	\$ 40	\$ –	\$ 33,799
Capital project	33,960	11,263	–	45,223
Furniture	56	9	–	65
EDP equipment	4,780	1,174	–	5,954
Other machines and equipment	214	32	–	246
	\$ 72,769	\$ 12,518	\$ –	\$ 85,287

Capital projects category includes leasehold improvements.

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements, page 5
March 31, 2007

4. Net assets

(In thousands of dollars)

	2007	2006
Accumulated net charge against the Fund's authority	(60,754)	(30,345)
Accumulated surplus	52,571	37,702
Contributed capital	16,276	12,496
	<u>\$ 8,093</u>	<u>\$ 19,853</u>

Accumulated net charge against the Fund's authority:

Accumulated net charge against the Fund's authority is the cash position of the Fund, held by the Government on the Fund's behalf.

Accumulated surplus:

The accumulated surplus is an accumulation of each year's surpluses including the absorption of the opening net assets of \$746,000 upon establishment of the Fund.

Contributed capital:

In the year, Passport Canada received \$3,780,000 (2006 – \$10,266,000) from Treasury Board to fund capital projects, principally for National Security Initiatives and to address recommendations from the Office of the Auditor General.

5. Commitments:

(In thousands of dollars)

Passport Canada rents office premises and other office equipment under long-term operating leases, which expire in 2015. Future minimum lease payments by year are approximately as follows:

2007	\$ 11,591
2008	11,659
2009	11,719
2010	11,764
2011 and thereafter	47,611
	<u>\$ 94,344</u>

Passport Canada signed a contract for the purchase of passport materials, which expires in May 2008. Future minimum payments by year are approximately:

2008	13,486
	<u>\$ 13,486</u>

PASSPORT CANADA REVOLVING FUND

Notes to the Financial Statements, page 6
March 31, 2007

6. Related party transactions:

Through common ownership, Passport Canada is related to all Government of Canada created departments, agencies and Crown corporations. Payments for passport operations at missions abroad, accommodation and legal services are made to related parties in the normal course of business. All related party transactions are accounted for at the exchange amount, which represents the consideration agreed to by both parties.

As part of its operations Passport Canada, which is an agency of the Department of Foreign Affairs and International Trade (DFAIT), collects Consular fees on behalf of DFAIT Consular Affairs division. These fees are not recorded as revenues in the statement of operations. In fiscal year 2007, the Fund collected and remitted to DFAIT \$73,870,000 (2006 – \$62,654,000) in consular fees.

7. Changes in current assets and liabilities:

(In thousands of dollars)

	2007	2006
Changes in current assets and liabilities:		
Accounts receivable – Government of Canada	\$(3,314)	\$ 1,936
Accounts receivable – Outside parties	212	170
Inventories	1,316	(1,100)
Prepaid expenses	--	195
Accounts payable and accrued liabilities:		
Government of Canada	1,975	(4,391)
Outside parties – accounts payable	1,758	1,924
Outside parties – vacation pay	384	313
Outside parties – contractors' holdbacks	92	124
Deferred revenues	2,221	--
	<u>\$ 4,644</u>	<u>\$ (829)</u>

8. Comparative Figures

Certain amounts for the 2006 fiscal year have been reclassified to make them comparative with the current year.

Points of Service

Passport Canada Offices

Alberta

Calgary

Suite 254
Harry Hays Building
220-4th Avenue South East
AB T2G 4X3

Calgary (South)

14331 Macleod Trail SW
AB T2Y 1M7

Edmonton

Suite 126
Canada Place Building
9700 Jasper Avenue
AB T5J 4C3

British Columbia

Richmond

Suite 310
5611 Cooney Road
BC V6X 3J6

Surrey

Suite 900
13401-108th Avenue
BC V3T 5T3

Vancouver

Suite 200
Sinclair Centre
757 Hastings Street West
BC V6C 1A1

Victoria

5th Floor
Scotiabank Building
747 Fort Street
BC V8W 3E9

Manitoba

Winnipeg

Suite 400
433 Main Street
MB R3B 1B3

New Brunswick

Fredericton

Suite 430
Frederick Square
77 Westmorland Street
NB E3B 6Z3

Newfoundland and Labrador

St. John's

Suite 802
TD Place
140 Water Street
NL A1C 6H6

Nova Scotia

Halifax

Suite 1508, 15th Floor
Maritime Centre
1505 Barrington
NS B3J 3K5

Ontario

Brampton

Suite 401
40 Gillingham Drive
ON L6X 4X7

Hamilton

Plaza Level
Standard Life Building
120 King Street West
ON L8P 4V2

Kitchener

Mezzanine Level
40 Weber Street East
ON N2H 6R3

London

Suite 201, 2nd Floor
400 York Street
ON N6B 3N2

Mississauga

Suite 116, 2nd Floor
Central Parkway Mall
377 Burnhamthorpe Road East
ON L5A 3Y1

North York

Suite 380, 3rd Floor
Joseph Shepard Building
4900 Yonge Street
ON M2N 6A4

Ottawa

Level C, East Tower
C.D. Howe Building
240 Sparks Street
ON K1P 6C9

Scarborough

Suite 210
200 Town Centre Court
ON M1P 4X8

St. Catharines

Suite 600
Landmark Building
43 Church Street
ON L2R 7E1

Thunder Bay

2nd Floor
979 Alloy Drive
ON P7B 5Z8

Toronto

Suite 300
74 Victoria Street
ON M5C 2A5

Whitby

Whitby Mall
1615 Dundas Street East
ON L1N 2L1

Windsor

Suite 503
CIBC Building
100 Ouellette Avenue
ON N9A 6T3

Quebec

Gatineau (Hull)

Commercial Level 2
Place du Centre
200 Promenade du Portage
QC K1A 0G3

Laval

Suite 500, 5th Floor
3 Place Laval
QC H7N 1A2

Montréal

West Tower
Suite 803
Complexe Guy-Favreau
200 René-Lévesque Boulevard W.
QC H2Z 1X4

Pointe-Claire

Fairview Pointe-Claire Shopping Centre
6815 Trans-Canada Highway
QC H9R 1C4

Québec

Suite 200, 2nd Floor
Place de la Cité
Tour Cominar
2640 Laurier Boulevard
QC G1V 5C2

Saguenay

Suite 408
Immeuble Saint-Michel
3885 Harvey Boulevard
QC G7X 9B1

Saint-Laurent

Suite 112
3300 Côte Vertu Boulevard
QC H4R 2B7

Saskatchewan

Regina

Suite 500
1870 Albert Street
SK S4P 4B7

Saskatoon

Suite 405
Federal Building
101 -22nd Street East
SK S7K 0E1

Mailed-in applications

Passport Canada

Foreign Affairs and International Trade Canada
Gatineau, Canada
K1A 0G3

Applications sent by courier

Passport Canada

70 Crémazie Street
Gatineau QC J8Y 3P2
CANADA

Certificate of Identity Section

Passport Canada

Place du Centre, Commercial Level 2
200 Promenade du Portage
Gatineau, Quebec

Mailed-in applications

Certificate of Identity Section

Passport Canada
Foreign Affairs and International Trade Canada
Gatineau, Canada K1A 1L2

Applications sent by courier

Certificate of Identity Section

Passport Canada
Place du Centre, Commercial Level 2
200 Promenade du Portage
Gatineau, Canada J8X 4B7

Receiving Agents

Alberta

Calgary
Service Canada Centre (South)
Suite 100
Fisher Park Place II
6712 Fisher Street SE
AB T2H 1X3

Calgary
Service Canada Centre (North)
One Executive Place
Main Floor
1816 Crowchild Trail NW
AB T2M 3Y7

Calgary
Service Canada Centre (East)
Suite 1502
Marlborough Mall
515 Marlborough Way NE
AB T2A 7E7

Canmore
Service Canada Centre
Suite 113
Canmore Gateway
ShopsBuilding C
802 Bow Valley Trail
AB T1W 1N6

Edmonton
Service Canada Centre
Suite 120
Meadowlark Shopping
Centre
15710-87th Avenue NW
AB T5R 5W9

Edmonton
Service Canada Centre
Argyll Centre
6325 Gateway Boulevard
AB T6H 5H6

Edmonton
Service Canada Centre
Suite 2000
Northgate Centre
9499-137 Avenue NW
AB T5E 5R8

Fort McMurray
Service Canada Centre
Provincial Building
Main Floor
9915 Franklin Avenue
AB T9H 2K4

Grande Prairie
Service Canada Centre
Suite 100
Towne Centre Mall
9845 - 99 Avenue
AB T8V 0R3

Lethbridge
Service Canada Centre
200 5th Avenue South
AB T1J 4L1

Medicine Hat
Service Canada Centre
Suite 4
Provincial Building
346 3rd Street South East
AB T1A 0G7

Red Deer
Service Canada Centre
First Red Deer Place
2nd Floor
4911-51 Street
AB T4N 6A1

British Columbia

Abbotsford
Service Canada Centre
32525 Simon Avenue
BC V2T 6T6

Burnaby
Service Canada Centre
Suite 100
4279 Canada Way
BC V5G 4Y2

Coquitlam
Service Canada Centre
Suite 100
2963 Glen Drive
BC V3B 2P7

Courtenay
Service Canada Centre
Comox Valley
130-19th Street
BC V9N 8S1

Kamloops
Service Canada Centre
317 Seymour Street
BC V2C 2E8

Kelowna**Canada Post Outlets**

Banks Centre
2453 Hwy. 97 North
BC V1X 3B0

Kelowna**Service Canada Centre**

471 Queensway Avenue
BC V1Y 6S5

Langley**Service Canada Centre**

Suite 101
20621 Logan Avenue
BC V3A 7R3

Maple Ridge**Service Canada Centre**

22325 Lougheed Highway
BC V2X 2T3

Nanaimo**Service Canada Centre**

Suite 201
60 Front Street
BC V9R 5H7

New Westminster**Service Canada Centre**

100 - 624 Agnes Street
BC V3M 1G8

North Vancouver**Service Canada Centre**

Suite 100
221 West Esplanade
BC V7M 3N7

Prince George**Canada Post Outlets**

1323-5th Avenue
BC V2L 3L0

Terrace**Service Canada Centre**

4630 Lazelle Avenue
BC V8G 1S6

Vancouver**Service Canada Centre**

Harry Stevens Building
125 10th Avenue East
BC V5T 1Z3

Victoria**Service Canada Centre**

595 Pandora Avenue
BC V8W 1N5

Manitoba**Brandon****Service Canada Centre**

Suite 100
1039 Princess Avenue
MB R7A 6E2

Flin Flon**Service Canada Centre**

111 Main Street
MB R8A 1J9

Morden**Service Canada Centre**

158 Stephen Street
MB R6M 1T3

Steinbach**Service Canada Centre**

Steinbach Place
Main Floor
321 Main Street
MB R5G 1Z2

The Pas**Service Canada Centre**

Suite 305
4th Street West
MB R9A 1K7

Thompson**Service Canada Centre**

Suite 118
North Centre Mall
3 Station Road
MB R8N 0N3

New Brunswick**Campbellton****Service Canada Centre**

157 Water Street
NB E3N 3L3

Edmundston**Service Canada Centre**

Federal Building
22 Emmerson Street
NB E3V 1R7

Grand Falls (Grand-Sault)**Service Canada Centre**

Suite 101
New Brunswick Community
College
160 Reservoir Street
NB E3Z 1G1

Miramichi
Service Canada Centre
150 Pleasant Street
NB E1V 1Y1

Moncton
Canada Post Outlets
281 St George Street
NB E1C 1H0

Moncton
Service Canada Centre
Suite 310
Heritage Court
95 Foundry Street
NB E1C 8R5

Saint John
Canada Post Outlets
125 Rothesay Avenue
NB E2L 2B0

Saint John
Service Canada Centre
1 Agar Place, 1st floor
NB E2L 4V4

St-Stephen
Service Canada Centre
Canada Post Building
93 Milltown Boulevard
NB E3L 1G5

Woodstock
Service Canada Centre
Canada Post Building
680 Main Street
NB E7M 5C1

Newfoundland and Labrador

Corner Brook
Service Canada Centre
1 Regent Square
NL A2H 4P1

Gander
Service Canada Centre
1 Markham Place
NL A1V 1W7

Happy Valley
Service Canada Centre
23 Broomfield Street
NL A0P 1E0

Labrador City
Service Canada Centre
Labrador Mall
500 Vanier Avenue
NL A2V 2W

Marystown
Service Canada Centre
Suite 130
Jerrett Building
140 Ville-Marie Drive
NL A0E 2M0

St. Anthony
Service Canada Centre
Viking Mall
1 Goose Cove Road
NL A0K 4S0

Nova Scotia

Amherst
Service Canada Centre
Suite 202
26-28 Prince Arthur Street
NS B4H 1V6

Bedford
Service Canada Centre
Royal Bank, 2nd floor
1597 Bedford Highway
NS B4A 1E7

Bridgewater
Service Canada Centre
77 Dufferin Street
NS B4V 3J1

Glace Bay
Service Canada Centre
Suite 100
Senator's Place
633 Main Street
NS B1A 6J3

Kentville
Service Canada Centre
Federal Building, 2nd Floor
495 Main Street
NS B4N 3W5

New Glasgow
Service Canada Centre
340 East River Road
NS B2H 3P7

Sydney
Canada Post Outlets
269 Charlotte Street
NS B1P 1T0

Yarmouth
Canada Post Outlets
15 Willow Street
NS B5A 1T

Northwest Territories

Fort Simpson
Service Canada Centre
Federal Building
9606 100 Street
NT X0E 0N0

Fort Smith
Service Canada Centre
Federal Building
136 McDougal Road
NT X0E 0P0

Hay River
Service Canada Centre
Suite 204
Federal Building
41 Capital Drive
NT

Inuvik
Service Canada Centre
Phoenix Building
170 McKenzie Road
NT

Yellowknife
Service Canada Centre
5101 50 Avenue
NT X1A 3Z4

Nunavut
Cambridge Bay
Service Canada Centre
P.O. Box 2010
NU X0B 0C0

Iqaluit
Service Canada Centre
Iqaluit House
Suite 300
NU X0A 0H0

Rankin Inlet
Service Canada Centre
P.O. Box 97
NU X0C 0G0

Ontario

Acton
Canada Post Outlets
53 Bower Street
ON L7J 1E0

Ajax
Service Canada Centre
320 Harwood Avenue
ON L1S 2J1

Ancaster
Canada Post Outlets
27 Legend Court
ON L9K 1J0

Aurora
Canada Post Outlets
20 Wellington Street East
ON L4G 1H0

Barrie
Canada Post Outlets
150 Collier Street
ON L4M 1G0

Belleville
Canada Post Outlets
317 Pinnacle Street
ON K8N 3B0

Bracebridge
Canada Post Outlets
98 Manitoba Street
ON P1L 1A0

Bradford
Canada Post Outlets
50 Barrie Street
ON L3Z 1A0

Brantford
Canada Post Outlets
58 Dalhousie Street
ON N3T 2J0

Cambridge
Canada Post Outlets
33 Water Street South
ON N1R 3B0

Chatham
Canada Post Outlets
120 Wellington Street West
ON N7M 4V0

Collingwood
Service Canada Centre
44 Hurontario Street
ON L9Y 2L6

Elliot Lake
Service Canada Centre
Algo Centre, 1st Floor
Office Level
151 Ontario Avenue
ON P5A 2T2

Fort Frances
Service Canada Centre
301 Scott Street
ON P9A 1H1

Georgetown
Canada Post Outlets
112 Guelph Street
ON L7G 3Z0

Guelph
Canada Post Outlets
88 Wyndham Street North
ON N1H 4E0

Kanata
Canada Post Outlets
145 Roland Michener Drive
ON K2T 1G0

Kenora
Service Canada Centre
308 Second Street South
ON P9N 3X9

Kingston
Canada Post Outlets
120 Clarence Street
ON K7L 1X0

Markham
Canada Post Outlets
21 Main Street North
ON L3P 1X0

Midland
Canada Post Outlets
525 Dominion Avenue
ON L4R 1P0

Newmarket
Service Canada Centre
Suite 100
The Tannery Mall
465 Davis Drive
ON L3Y 7T9

North Bay
Canada Post Outlets
101 Worthington Street East
ON P1B 1H0

Oakville
Canada Post Outlets
193 Church Street
ON L6J 1N0

Orangeville
Canada Post Outlets
216 Broadway Avenue
ON L9W 1L0

Orillia
Canada Post Outlets
25 Peter Street North
ON L3V 4Y0

Oshawa
Service Canada Centre
78 Richmond Street West
ON L1G 1E1

Ottawa
Canada Post Outlets
2701 Riverside Drive
ON K1V 1J0

Ottawa
Canada Post Outlets
1424 Sanford Fleming Ave.
ON K1G 1C0

Ottawa
Service Canada Centre (East)
Beacon Hill Shopping Centre
2339 Ogilvie Road
ON K1J 8M6

Ottawa
Service Canada Centre (West)
Lincoln Heights Galleria,
1st Floor
2525 Carling Avenue
ON K2B 7Z2

Owen Sound
Canada Post Outlets
901 3rd Avenue East
ON N4K 2K0

Parry Sound
Service Canada Centre
74 James Street
ON P2A 1T8

Pembroke
Service Canada Centre
141 Lake Street
ON K8A 5L8

Peterborough
Canada Post Outlets
150 King Street
ON K9J 2R0

Pickering
Canada Post Outlets
1740 Kingston Road
ON L1V 1C0

Sarnia
Canada Post Outlets
105 Christine Street South
ON N7T 2M0

Sault-Sainte-Marie
Canada Post Outlets
451 Queen Street East
ON P6A 1Z0

Sault-Sainte-Marie
Service Canada Centre
22 Bay Street
ON P6A 5S2

Stratford
Canada Post Outlets
75 Waterloo Street South
ON N5A 4A0

Sudbury
Canada Post Outlets
1 Lisgar Street
ON P3E 3L0

Sudbury
Canada Post Outlets
1776 Lasalle Boulevard
ON P3A 2A0

Timmins
Service Canada Centre
Suite 300
273 3rd Avenue
ON P4N 1E2

Toronto
Canada Post Outlets
2384 Yonge Street
ON M4P 2E0

Toronto
Service Canada Centre
(Centre)
Arthur Meighen, 1st Floor
25 St Clair Avenue East,
ON M4T 3A4

Toronto
Service Canada Centre
(Lakeside)
Suite 0001
Dufferin Mall
900 Dufferin Street
ON M6H 4B1

Toronto
Service Canada Centre
(Lawrence Square)
Suite 103-105
Lawrence Square Mall
700 Lawrence Avenue West
ON M6B 4L4

Uxbridge
Canada Post Outlets
67 Brock Street West
ON L9P 1A0

Woodstock
Canada Post Outlets
480 Peel Street
ON N4S 1K0

Prince Edward Island

Charlottetown
Canada Post Outlets
135 Kent Street
PE C1A 1M0

Montague
Service Canada Centre
541 Main Street
PE COA 1R0

O'Leary
Service Canada Centre
O'Leary Service Canada
Centre
371 Main Street
PE COB 1V0

Souris
Service Canada Centre
IGA Mall
173 Main Street, 2nd floor
PE COA 2B0

Summerside
Canada Post Outlets
57 Central Street
PE C1N 3K0

Quebec

Anjou
Canada Post Outlets
7200 Joseph-Renaud
Boulevard
QC H1K 3W0

Baie Comeau
Service Canada Centre
235 Lasalle Boulevard,
2nd Floor
QC G4Z 2Z4

Boucherville
Canada Post Outlets
131 Jacques-Ménard Street
QC J4B 5B0

Brossard
Canada Post Outlets
10 Place du Commerce
QC J4W 4T0

Cap Rouge
Canada Post Outlets
Suite 100
1220 Provancher Street
QC G1Y 1C0

Chibougamau
Service Canada Centre
623, 3rd Street
QC G8P 3A2

Chicoutimi
Service Canada Centre
100 Lafontaine Avenue
QC G7H 6X2

Drummondville
Service Canada Centre
1525 Saint-Joseph Boulevard
QC J2C 2E9

Kirkland
Canada Post Outlets
16997 Transcanadienne
QC H9H 5J0

Lasalle
Canada Post Outlets
7565 Newman Boulevard
QC H8N 2X0

Lasalle
Service Canada Centre
7655 Newman Boulevard
QC H8N 1X7

La Tuque
Service Canada Centre
290, St-Joseph Street
QC G9X 3Z8

Lévis
Canada Post Outlets
4870 de la Rive-Sud
Boulevard
QC G6V 3P0

Montréal
Service Canada Centre
(East-Centre)
5455 Chauveau Street,
1st floor
QC H1N 1G8

Pointe-Claire
Canada Post Outlets
15 Donegani Avenue
QC H9R 2V0

Québec
Canada Post Outlets
Haute Ville
5 Du Fort Street
QC G1R 2J0

Québec
Canada Post Outlets
Succursale Québec Centre
Suite 145
710 Bouvier Street
QC G2J 1C0

Québec
Canada Post Outlets
Suite 119
Les Galeries de la Capitale
5401 Des Galeries
Boulevard
QC G2K 1A0

Repentigny
Service Canada Centre
Suite 54
155 Notre-Dame Street
QC J6A 7G5

Rimouski
Canada Post Outlets
136 St-Germain Street West
QC G5L 5H0

Saint-Bruno
Canada Post Outlets
50 de la Rabastalière Street
West
QC J3V 1Y0

Saint-Hyacinthe
Service Canada Centre
1225 Gauvin Street, 2nd floor
QC J2S 8T8

Saint-Romuald
Service Canada Centre
Les Promenades du Sud
940 du Sault Road
QC G6W 5M6

Sherbrooke
Canada Post Outlets
50 Place de la Cité
QC J1H 4G0

Sherbrooke
Service Canada Centre
124 Wellington St. North
QC J1H 5X8

Thetford Mines
Service Canada Centre
Suite 200
222 Frontenac boulevard West
QC G6G 6N7

Trois-Rivières
Canada Post Outlets
1285 Notre Dame Street
QC G9A 4X0

Trois-Rivières
Service Canada Centre
Le Bourg du Fleuve
55 Des Forges Street
QC G9A 6A8

Val d'Or
Service Canada Centre
400 Central Avenue
QC J9P 1P3

Verdun

Service Canada Centre

4110 Wellington Street,
2nd floor
QC H4G 1V7

Saskatchewan

North Battleford

Service Canada Centre

9800 Territorial Drive
SK S9A 3N6

Regina

Service Canada Centre

1783 Hamilton Street
SK S4P 2B6

Yorkton

Service Canada Centre

214 Smith Street East
SK S3N 3S6

Yukon

Whitehorse

Service Canada Centre

300 Main Street, Suite 125
YT Y1A 2B5

Appendix A

Passport Canada - Passport Services

Update on Status of Action Plan to
Address the report of the Auditor General
March 2007

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Introduction

In the post 9/11 environment, Passport Canada (PPTC) has undergone a rapid and significant transformation from an organization with a primary focus on service to one with an increasingly stronger focus on security: from an organization issuing travel documents to a security-driven department involved in identity confirmation and international safety measures. The passport document itself has evolved, becoming a key signifier of identity and a basic requirement of participation in the global market place. Passports have become a primary asset for Canada and Canadians, providing proof of identity and citizenship, evidence in support of entitlement to all manner of government services and benefits, facilitating international travel and commerce, supporting global cooperation in anti-terrorism efforts and contributing to international and domestic security.

Passport Canada has experienced significant challenges and pressures as a result of new expectations and its evolving role. Demand for Canadian passports continues to rise, and the cost of providing secure, world-class documents has risen in the wake of more stringent security requirements while the fees charged have remained flat.

In a report issued on April 5, 2005, the Auditor General captured the essence of these difficulties, noting that Passport Canada is struggling to meet increasing security expectations and demands for service. The audit, conducted in 2004, focused on the main issues of the security measures and identity verification undertaken by Passport Canada, the quality of service to the public, and the extent of compliance with authorities for setting user fees. The report contained both specific recommendations and general observations for needed improvements.

In analyzing the report, Passport Canada noted that concerns and recommendations covered virtually all dimensions of our business: Security, Service, Management Practices, and Standards and Fees. These four areas are the basis for the Canadian Passport program as a whole, and underlined the need for Passport Canada to take a more holistic approach to improvement efforts. Thus, while Passport Canada has regularly reassessed and reconsidered its products and business practices over a number of years, the Report of the Auditor General ultimately provided a clear focus and additional impetus to evolve and improve in a more strategic fashion.

Accordingly, one of several priorities for improvement efforts in management practices was the development of a Strategic Management Framework, to help the organization take a more integrated and horizontal view. It represents a results-based approach to the management of the Canadian passport program, and it provides a foundation to build the Agency as a more strategic, proactive organization. The framework will guide priority setting, help to establish key performance indicators, improve performance reporting, and modernize accountability, thereby improving results. This is a key achievement and a tangible result of improvement initiatives in response to the Auditor General's report.

This updated version of Passport Canada's *Action Plan* in response to the Auditor General Report on Passport Services presents the status of action items, with additional detail, and timeframes for completion of those items outstanding.

Passport Canada's commitment to laying a strong and new foundation has led to significant accomplishments since the release of the Auditor General's report. More is yet to come: in the actions we are taking, we are not only addressing the recommendations of the Auditor General, but are positioning Passport Canada to deliver a stronger and better passport program in the years ahead.

Change Management

3.65 Performance Information

OAG Comment:

The business plans of the Passport Office further elaborate on three major areas of performance: service to the public, security, and the stability of its operation. It has included extensive information in its annual reports about service to the public; however, there is limited performance information to Parliament about security and the stability of its operations. Actions:

Passport Canada Response:

Identification of performance measures is an essential component of the Strategic Management Framework that will be implemented and will assist with reporting requirements.

Actions:

2005–2006

Four strategic theme teams have completed strategy maps that were rolled up to become the Corporate Scorecard.

The subsequent Corporate Scorecard was delivered to, and approved by, Passport Canada’s Executive Committee in January 2006.

A Communications Plan was developed in March 2006.

The Corporate Scorecard, including performance measures linked to strategic objectives, was delivered to the Executive Committee in March 2006. Performance measures address all areas of the organization and will assist the Committee to assess performance in the areas of security, service to the public, finance and overall operations.

2006–2007

The Balanced Scorecard methodology will be cascaded down to the Bureau level for the development of Bureau level scorecards. This item is moved to 2007–08. Other priorities such as the new service model and the need for integrated planning resulted in a change in approach.

2007–2008

Full implementation of Balanced Scorecard throughout the organization down to the divisional level.

Cascading of the Scorecard will become part of the integrated planning approach. This process will be introduced in early 2007–08.

DELAYED. The planning cycle has changed this year and a Business Plan will be developed for June 2007.

3.70 Contingency Planning

OAG Comment:

There was no contingency plan, emergency fund or temporary service locations to deal with unprecedented demand. Passport Canada did not have an integrated risk management approach to ensure that it would be able to react to emergencies and cope with service demands before those emergencies became service failures.

Passport Canada Response:

Decisions regarding service points and improvements based on a risk management approach will be implemented.

Actions:

2005–2006

A financial contingency plan was presented to the EC on 11 January 2006.

COMPLETED

Business Continuity Plans for emergency preparedness have been completed for all thirty-three offices in the regions.

A project to develop a formal, national process to improve how Passport Canada manages fluctuating demand in its passport offices, print centres and call centres is currently in the definition stage. The process will allow Passport Canada to better manage its capacity by facilitating load-balancing between regions and offices.

2006–2007

The approved contingency plan was completed with the new Budget Management Framework. A contingency reserve of 2.5% of forecast revenues was established in the 2006–07 budgeting exercise.

Defining this project was one of the main agenda items in the National Operations Management Conference in May 2006 and has been identified as the top priority for the current fiscal year.

Passport Canada will have a formalized process for improving its management of fluctuating demand within its current capacity by November 2006.

COMPLETED. Successful within narrow parameters; study of like organizations to identify best practices in the area of volume management and contingency planning will be undertaken for 2007–08.

2007–2008

Recommendations will be implemented in the first half of 2007–08. **Meetings will be held with Canada Revenue Agency in May.**

3.71 Forecasting and Influencing Demand

OAG Comment:

Inability to forecast and influence demand places an undue burden on service.

The Passport Office does not have complete control over this phenomenon. However, it can influence demand to some degree. As early as its 2000–2002 business plan, it discussed the concept of “flattening the demand cycle.”

Passport Canada Response:

- 1) In December 2004, the forecasting model integrated some policy parameters in order to better measure demand.
- 2) The next steps for the Passport Renewals program have been identified. The focus has shifted in order to be more client-centred and will now be a self-identified process.
- 3) Systematic consultation of the public will be undertaken in order to better understand the causes of fluctuations of demand and the impact of policies on demand. Working with the Conference Board of Canada, this will enable Passport Canada to obtain more precise forecasts that would reflect social and political factors.
- 4) There will be a pilot of an applicant appointment process for first-time applicants to arrange a time to submit their application in person.

Actions:

2005–2006	2006–2007	2007–2008
1) Completed in December 2004.		

Actions:		
<p>2005–2006</p> <p>2) A project team was established for the Renewals project.</p> <p>A business case was developed for the Renewals project.</p> <p>The principles for the Renewals process were established with the Executive Committee. Among these principles are assumptions that a Renewal program for Canadians will be based on a self-identification process, a combined and simplified application form, and the inclusion of questions on criminality to address Passport Canada's enforcement of sections 9 and 10 of the <i>Canadian Passport Order</i>.</p>	<p>2006–2007</p> <p>2) A business case with organizational impact was prepared and presented to the Executive Committee</p> <p>A new application form will be introduced which will combine all In Canada application forms into one application.</p> <p>ONGOING The principles for the Renewals process established with the Executive Committee last year have evolved to now exclude both questions on criminality and a combined, simplified application form. A renewal pilot project, based on a self-identification process using a two-page renewal application form, will be implemented and evaluated before a full renewal program rollout. The pilot will occur in 2007–08.</p>	<p>2007–2008</p> <p>2) Implementation of the Renewals process.</p> <p>A pilot of the Renewals process is planned for August 2007. Based on the evaluation of the pilot project, full renewal rollout is expected later in the fiscal year.</p>
<p>3) Surveys were conducted in December 2004 and April 2005.</p> <p>Surveys scheduled for December were delayed due to the election call. The most recent Omnibus survey was conducted in March 2006.</p> <p>Passport Canada will review the forecast three times per year using the methodology established for Passport Canada by the Conference Board and by using survey data in support of the forecast findings.</p>	<p>3) The volume forecast will be reviewed and revised, if required, based on survey data and a Conference Board update.</p> <p>ONGOING</p>	<p>3) Ongoing surveys and reviews will be part of the forecasting process.</p> <p>ONGOING</p>

Actions:		
2005–2006	2006–2007	<p>2007–2008</p> <p>1) Pending the availability of internal capital funding, a pilot project will be established for an appointment process for first-time applicants to arrange a time to submit their applications in person.</p> <p>DELAYED. A pilot was planned for two office locations but was delayed due to high volume. The pilot is planned for the current fiscal year.</p>

3.75 Reporting on Performance

OAG Comment:

Develop and report on additional service standards, including information services such as e-mail, other correspondence, and telephone.

Passport Canada Response:

The Annual Report for 2004–05 included more performance information for security and stability, as well as phone service standards and performance. Passport Canada will report more extensively on performance indicators for all service standards.

Actions:

2005–2006	2006–2007	2007–2008
<p>The CEO and the Executive Committee have approved the Annual Report.</p> <p>Standards for telephone enquiries have been established and reported in the Annual Report.</p> <p>Passport Canada will develop and report on additional service standards. It will introduce additional measures in 2005–06 to improve service in the areas of correspondence, including e-mail and telephone inquiries.</p>	<p>Performance measures related to security and corporate improvement were developed as a result of the Strategic Management Framework and were reported in the 2005–06 Annual Report.</p> <p>COMPLETED</p>	

Actions:

2005–2006

Passport Canada has developed four performance indicators to measure Call Centre performance:

Access to the phone system

95% of callers will not get a busy signal

Access to agents

80% of callers who request an agent will be put in the queue

Waiting times in the queue

75% of callers will speak to an agent in less than 8 minutes

Access to information through the IVR (no agent required)

60% of callers will find the information they require without speaking to an agent

The indicators were developed using Treasury Board guidelines for measuring phone service performance.

2006–2007

To further improve Call Centre performance, Passport Canada will undertake four other initiatives:

1. Revamped Web site: Passport Canada launched a new, user-friendly Web site in the first quarter of 2006–2007. The new site is designed to reduce call volumes by making key information more accessible on the Web.

2. Automated load-balancing: In May 2006, Passport Canada upgraded its servers with software that will automatically re-route callers to another server if their assigned server is full, or in case of server failure. This will significantly increase the percentage of callers who have access to agents and reduce wait times in the queue.

3. New messages to reduce call length and volume: In September 2006, Passport Canada included a script within the IVR that will provide answers to common questions, encourage callers to visit the Web site if appropriate, and ensure people are prepared when an agent becomes available so that call times are reduced.

4. Priority queue for lost/stolen passports: In May 2006, Passport Canada instituted a priority queue for lost/stolen passports.

2007–2008

Actions:

2005–2006

Passport Canada has been reporting monthly against these indicators since November 2005. To improve Call Centre performance, Passport Canada has undertaken three improvement initiatives:

- 1) Load-balancing with existing capacity: Calls from three area codes were re-assigned to the Gatineau server from the overloaded Montreal server in February 2006.
- 2) Addition of new resources: Passport Canada has added 14 full-time and 2 part-time resources to handle call volumes. In March 2006, five full-time resources started working at the Montreal call centre. In April 2006, eight full-time and two part-time resources started work at the Gatineau call centre.
- 3) Training of agents: In April 2006, call centre staff were trained to ensure that all agents have the knowledge they need to respond to all types of calls.

With the implementation of the Mission Passport Print Solution, an international service standard of 15 days has been established. The service level is being monitored weekly.

2006–2007

Passport Canada will use Call Centre performance reports to validate or update the framework so that targets reflect Passport Canada and client expectations. Passport Canada will also be able to develop a business case for increasing or maintaining service targets, as required.

The indicators were developed using Treasury Board guidelines and client surveys for measuring phone service performance.

The new Call Centre Service Standards will be reflected in the Annual Plan of Fiscal Year 2006–07.

2007–2008

Actions:		
2005–2006	2006–2007	2007–2008
<p>As of April 1, 2005 Passport Canada has established the following performance standards for correspondence:</p> <ul style="list-style-type: none"> - Letters with Minister's signature: 25 working days - Letters with CEO's signature: 25 working days - E-mails (INFOPASS): 2 working days <p>A report was prepared in March 2006 evaluating performance against the correspondence service standards.</p> <p>COMPLETED</p>	<p>Passport Canada is undertaking a review of its existing service standards relating to client service to determine if the current standards are valid, and what if any gaps exist. Initial findings were presented to Passport Canada Executive Committee for approval. Passport Canada will develop an implementation plan by November 2006.</p> <p>DELAYED. The deliverable date is now February 2007 due to a change in activity lead.</p>	<p>Implement recommendations in first quarter.</p> <p>A presentation was made to an internal Operations Committee where the decision was made that the core office hours for all offices are between 8.30 and 4.30. Further phases of the review are ongoing.</p>

3.77 and 3.82 Management of Improvement Initiatives

OAG Comment:

Passport Canada has not prioritized those projects and weighed their relative importance. We found that the Office used no formal criteria to separate priority from non-priority projects, for ranking projects according to greater or lesser importance, or for sequencing projects in the order they must take place.

Passport Canada Response:

- 1) A Project Management Bureau was established and will assess projects against stated criteria found in the Project Management Framework
- 2) The Strategic Management Framework will assist in the identification of priorities in line with strategic goals and targets.

Actions:

2005–2006

1) A Project Management Bureau was created in February 2005.

The resulting project management framework will standardize and formalize the process. Better impact assessments, costings and prioritization of projects will result.

2006–2007

1) An updated corporate project governance structure and project framework was reviewed and approved by the Executive Committee in March 2006 and was implemented in June 2006.

COMPLETED

A priority-setting tool for corporate initiatives was integrated with the strategic management framework and the new Management Committee is in the process of determining the prioritization of the strategic initiatives aligned to the four strategic themes.

2007–2008

1) Better impact analysis, costings and prioritization of projects.

Development of a Project Request Assessment Tool to be completed by the end of this fiscal year.

Implementation of a project management software called Project Administrator.

Actions:		
2005–2006	2006–2007	2007–2008
	<p>COMPLETED. A Business Case Assessment Tool was approved by the Management Committee on January 31, 2007. This is an evaluation grid to aid the Committee in making a recommendation to the Executive Committee based on several important factors. A series of project management documents were standardized. Conceptual business and technical diagrams were developed, and a master corporate plan for projects was developed.</p>	
<p>2) Four strategic theme teams have completed the strategy maps that were rolled up to become the Corporate Scorecard.</p> <p>The subsequent Corporate Scorecard was delivered to, and approved by, the Executive Committee in January 2006.</p> <p>A Communications Plan was developed in March 2006.</p> <p>The Corporate Scorecard, including performance measures linked to strategic objectives, will be delivered to the Executive Committee in March 2006. Performance measures address all areas of the organization and will assist the Executive Committee to assess performance in the areas of security, service to the public, finance and overall operations.</p> <p>The Executive Committee has defined strategic initiatives aligned to the four strategic themes.</p>	<p>2) A quarterly performance review will be undertaken of the Balanced Scorecard with the Executive Committee.</p> <p>A yearly strategic planning conference in the fall will be held with the Executive Committee and a review of priorities will be undertaken in relation to external and internal factors.</p> <p>COMPLETED</p> <p>The Management Committee is assessing a weighting criteria tool for initiatives to be used to determine the prioritization of the strategic initiatives aligned to the four strategic themes.</p>	<p>2) Ongoing strategic and business planning activities. Implementation of an integrated planning process will assist in the identification of priorities. This will occur in early 2007–08.</p> <p>DELAYED. The planning cycle has changed this year and a Business Plan will be developed for June 2007.</p>

3.78 and 3.82 Management of Improvement Initiatives

OAG Comment:

We found that management had not fully analyzed the impact of concurrent improvement projects on each other. We found that the quality of analysis for setting up new offices was poor and did not address many of the key requirements of a business case: cost benefit analysis; key assumptions and constraints; or implications on future operational cost.

Passport Canada Response:

- 1) A Strategic Management Framework will be implemented to integrate strategic, human resources and business planning throughout Passport Canada.
- 2) An Activity-Based Management (ABM) system will be implemented to assist with financial and human resources planning, facilitating alignment between resources used and activities undertaken by Passport Canada and the products and services offered.
- 3) A business case process was developed for all Passport Canada projects and initiatives.

Actions:

2005–2006	2006–2007	2007–2008
<p>1) A Corporate Scorecard linking strategic objectives with initiatives was delivered to the Executive Committee in January 2006.</p>	<p>Executive Committee meetings will be organized around corporate performance as reported through the Balanced Scorecard.</p> <p>COMPLETED. The Performance Report has been developed and is circulated monthly to the Executive Committee.</p> <p>Business, financial and human resources planning will be integrated as part of the Balanced Scorecard process. An integrated planning process has been developed and is under review. Implementation was moved to 2007–08.</p>	<p>Implementation of the integrated planning process is expected in early 2007–08.</p> <p>DELAYED. The planning cycle has changed this year and a Business Plan will be developed for June 2007.</p>

Actions:		
<p>2005–2006</p> <p>2) Phase 1 of Activity-Based Costing was completed, and it established costs of all products, services and delivery channels.</p>	<p>2006–2007</p> <p>Phase 2 in the implementation of ABM, which is activity-based planning and budgeting in the entire organization, was to occur in the summer of 2006.</p> <p>ONGOING.</p> <p>Due to internal pressures to deliver on time priorities, such as the costing of other products, the implementation date has been moved to mid 2007–08</p>	<p>2007–2008</p> <p>Passport Canada is currently testing the ABM model using the Operations Bureau. ABM will be implemented by mid 2007–08.</p>
<p>3) A business case process was completed on December 31, 2005.</p> <p>The template will be integrated in the new Passport Canada Project Management Framework in the first quarter of 2006.</p>	<p>Results will be reported in fiscal year 2006–2007.</p> <p>A process for costing has been integrated within the Project Management Framework.</p> <p>COMPLETED. A Business Case Assessment Tool was approved by the Management Committee on January 31, 2007. This is an evaluation grid to aid the Management Committee in making a recommendation to the Executive Committee based on several important factors.</p>	

3.79 Management of Improvement Initiatives

OAG Comment:

Project management and policy change initiatives have a direct impact on the jobs of Passport Office staff. We found no long-term, consolidated human resources plan to address the impact of Project Management and Policy change initiatives.

Passport Canada Response:

The Human Resources Plan will be reviewed and will be modified against emerging priorities.

Actions:

2005–2006

A revised interim plan was developed and is being implemented for 2005–06.

A National Recruitment and Resourcing Plan was developed for examiners.

Given the significant changes introduced to HR management by the introduction of the *Public Service Modernization Act* (PSMA), *Public Service Employment Act* (PSEA) and other new legislation in 2005–06, Passport Canada focussed its energies on these implementation issues. The training of the entire Executive Committee in Integrated HR and Business Planning at the Canada School in March 2006 will provide the impetus for development of an Integrated HR and Business Planning process in 2006–07.

2006–2007

Development of integrated HR and Business Plan process.
ONGOING. Elements required before the development and implementation of a plan such as an environment scan, an analysis of HR trends and practices and a demographic report, have been completed.

Increase Human Resources capacity to respond to Passport Canada needs. An organizational study and design is in progress for the Human Resources Bureau to identify and address the agency's needs.

COMPLETED

Training needs were identified for managers to provide them with the necessary understanding of the effect of the necessary changes required by PSMA and to exercise their delegated authority.

Managers will take the required training during the course of the fiscal year.

COMPLETED. Taking into consideration operational pressures, most key managers have completed the required training.

2007–2008

Implementation of the new integrated process within Passport Canada's strategic planning framework.

DELAYED. The MOU with the Canada School to provide training and assistance will not go forward. The plan has been amended and consultants will be engaged to assist in providing training and in assisting managers to develop their hr plans. The exercise is to take place in the summer of 2007.

A presentation of the results will be made to Executive Committee in April or May 2007. Approval of the results of the study and initial implementation of recommendations will take place in the first quarter.

A proposal will be made to undertake the implementation of a workforce renewal plan. Monitoring and auditing of the plan will be ongoing.

3.81 Management of Improvement Initiatives

OAG Comment:

Many technological and quality assurance improvements will need to be made to increase the security around the issuing of passports. As well, the Passport Office plans to make several changes to service delivery. In our view, even considering the improvements to service that have been made, its current management systems and practices are not adequate to meet those challenges of changes to service delivery.

Passport Canada Response:

- 1) A Continuous Improvement Council has been convened. Their mandate is to provide advisory oversight on issues of improvement and provide recommendations to the Executive Committee.
- 2) An Integrated Service Strategy and Model will be developed to analyse service from the client perspective and will establish service principles upon which to base service improvements.

Actions:

2005–2006	2006–2007	2007–2008
<p>1) In January 2006, the Council requested directorates to identify areas of improvement to address in the next fiscal year, 2006–07.</p> <p>In February 2006, the Council met and established priorities for improvement for 2006–07</p>	<p>1) In April 2006, a presentation of the strategy and approach was made to the Executive Committee. The strategy and approach will be incorporated and integrated into each Bureau's business plans.</p> <p>In April 2006 Bureaus began implementing the selected daily improvements. ONGOING</p>	
<p>2) The Integrated Service Strategy project began with an identification of the current process from the client perspective.</p>	<p>2) Service Model principles were developed and presented to the Executive Committee.</p> <p>Client service commitments and capabilities will be developed.</p> <p>Short-term and long-term initiatives to advance the strategy will be defined. ONGOING</p>	<p>2) The Service Strategy initiatives will be implemented. ON TRACK</p>

Security and Identification

3.28 Personnel Clearances

OAG Comment:

Security clearance levels need to be reviewed and updated as required.

We are concerned that contrary to government policy, individuals with inadequate security clearance potentially have access to some critical assets.

Passport Canada Response:

- 1) Security clearances for those working with the issuance system have been updated.
- 2) An analysis will be undertaken to look at all Passport Canada positions and clearance requirements.

Note: The new requirement for Secret security clearances for all persons handling blank passports is linked to the declaration of passport blanks as a National Security Asset.

The Government of Canada National Security Policy now defines **Classified information** as “information related to the national interest that may qualify for an exemption or exclusion under the *Access to Information Act* or *Privacy Act*, and the compromise of which would reasonably be expected to cause injury to the national interest.”

Secret is now defined as the “level of classification that applies to information or assets when its accidental or deliberate compromise, removal, modification, interruption or destruction could reasonably be expected to cause serious injury to the national interest.”

The delivery of Canada’s passport program abroad necessitates hiring both non-resident Canadians and non-Canadian locally engaged staff. The requirement for a Secret security clearance is more tightly controlled since 9/11. Secret clearances are generally not possible for non-Canadian employees at Canadian missions abroad. For this reason Passport Canada (along with Foreign Affairs and International Trade Canada) is analysing options, including the repatriation of entitlement privileges, so that missions abroad can continue to provide passport services while remaining in compliance with security policies.

Actions:

2005–2006

1) Completed. The 42 full service examiners now have the appropriate security clearance.

2006–2007

2007–2008

Actions:

2005–2006

2) The analysis is almost complete. Personnel clearances in the call centres and print centres have been upgraded.

A new Treasury Board Secretariat standard will affect security clearances, but the standard has not yet been released. Prior to the change in government, the anticipated date for implementation was June 2006. However, Passport Canada is proceeding with security clearances based on expectations of this new standard.

Clearances for employees in Central Operations have been upgraded.

2006–2007

2) Implementation of the new TBS standard for personnel security clearances for all passport examiners in Canada.

COMPLETE. The new standard has not yet been released; however, we continue to ensure that new officers are cleared to Secret in preparation for the new standard. Existing Passport Canada officers, with access to classified assets, are cleared to Secret.

Steps to improve the security of handling passport assets at missions abroad are addressed in section 3.57 of this document.

For locally engaged staff Passport Canada is working with Foreign Affairs and International Trade Canada to minimize the risk this process imposes. Risk has been minimized through the repatriation of printing and will be further reduced through the repatriation of entitlement.

2007–2008

Passport Canada is studying a phased approach, in consultation with Foreign Affairs and International Trade Canada – Consular, for the repatriation of the entitlement process.

ON TRACK

3.30 Quality Assurance

OAG Comment:

Quality assurance of the examiner function is lacking.

A system that checks whether an examiner is making the proper decisions about the identity documents presented by an applicant and other entitlement functions.

Passport Canada Response:

A credible quality assurance program will be implemented. Independent audits will be performed by the Inspector General Office of the Department of Foreign Affairs based on established criteria with the goal of identifying the baseline in this fiscal year.

Actions:

2005–2006

In January 2006, the Executive Committee approved the funding and methodology for a quality assurance baseline activity-based on the premise of a statistically sound and systematic review of passport application examination activities. The details of the activity were developed in consultation with the Inspector General of Foreign Affairs and International Trade Canada and the sampling methodology was developed in consultation with Statistics Canada.

The quality assurance baseline activity evaluates critical points on the identity page of the passport. Elements include: surname, given name, date of birth, city of birth, country of birth, and citizenship.

2006–2007

A snapshot of quality was undertaken by the Operations bureau in July 2006 and this will form the baseline for comparison purposes.

COMPLETE

A methodology for the program will be developed using the snapshot as a baseline. The methodology will be established under current conditions and will be revised as processes are improved, for example the introduction of Facial Recognition technology.

DELAYED due to Operational requirements.

Capacity within Passport Canada to support the program will be developed using coaches/mentors already in place in offices/regions.

DELAYED. Will occur in 2007–08 as part of methodology development.

2007–2008

Improvements to the methodology and review of compliance to methodology will be ongoing.

Methodology formation will begin in the first quarter of 2007–08.

Capacity within Passport Canada to support the program will be developed using coaches/mentors already in place in offices/regions.

Investment will be made in current capacity to support the compliance portion of the program.

Actions:

2005–2006	2006–2007	2007–2008
	<p>Investment will be made in current capacity to support the compliance portion of the program.</p> <p>DELAYED. Will occur in 2007–08 as part of methodology development.</p>	

3.31 Document Verification Tools

OAG Comment:

Examiners do not have all the proper tools readily available.

A black light is needed to see the security features on the latest Canadian citizenship card.

Magnifying glasses for document examination were generally not part of examiners' standard equipment.

Passport Canada Response:

- 1) Document Identification Tools to strengthen the ability for examiners to verify the authenticity of identity documentation have been distributed.
- 2) Training material was developed to accompany Document Identification Tools. Passport Canada is currently arranging "Fraud Awareness" training sessions with the RCMP.
- 3) Based on the Fraud Awareness training provided by the RCMP, the Human Resources Bureau will develop training modules for regions.
- 4) In addition to the Quality Assurance Program, Passport Canada is implementing both a Regional Security Advisor Program and a Compliance Program within the Security Bureau.

Actions:

2005–2006	2006–2007	2007–2008
1) Completed.	A random check will be undertaken to determine whether these tools are available and in use. COMPLETED and ONGOING.	A random check will be undertaken to determine whether these tools are available and in use.
2) Completed. Distributed in April 2005.		
3) Three Fraud Awareness training sessions were conducted and at least one employee was trained in each office in November and December 2005.	3) Modules have been distributed. Training for all regions will be completed in November 2006. COMPLETED	3) Ongoing refresher training will be undertaken as required based on regional requirements in collaboration with Regional Security Officers.

Actions:

2005–2006

4) Eight Regional Security Advisor positions have been classified and funded, and staffing is underway, to be completed in June 2006. Two Security Advisors will be located in each region.

The Compliance Manager position has been created and staffed. Related training has been identified, some courses completed, and others confirmed or planned. The first compliance review was undertaken in October 2005 and action had been initiated based on results. Job descriptions for four Compliance Officers have been classified. Staffing actions were initiated in January 2006 and the results are expected with candidates in place by April 2006.

2006–2007

4) Regional Security Advisor staffing is underway with expected completion in the third quarter of 2006–07. The staffing process is in progress. Letters of offer will be sent in late fall. The Canada-wide, inter-departmental, staffing process has taken longer than expected due to the level of interest.

COMPLETED. The first round of Regional Security Advisor staffing is complete and six positions were staffed effective January 2, 2007.

The Regional Security Advisor program will be deployed, and training and operational plans will be developed.

COMPLETED

For this fiscal year, the Security Bureau will only hire two Compliance Officers. The staffing process is underway and will be complete this fall. Incumbents will be trained and will undertake one full compliance review at each issuing authority in Canada.

COMPLETED. The first round of Compliance Officer staffing is complete and one position was staffed effective January 22, 2007.

2007–2008

An evaluation of Regional Security Advisor and Compliance Officer presence to determine the effectiveness of program will be launched.

DELAYED This will be pushed to 2008–09 because of late deployment of the program and as such it will not have been in place long enough to warrant evaluation.

An advertising process to staff the remaining Security Advisor positions will be launched in 2007–08.

An advertising process to staff the remaining Compliance Officer positions will be launched in 2007–08. The manager and the officer will be trained and will undertake their first review in 2007–08.

Some training and reviews have commenced.

3.34 Guarantor Checks

OAG Comment:

Checks on guarantor information are not performed as required.

Passport Office procedures require that examiners conduct guarantor checks on a significant percentage of applications. However, there is no national reporting on this activity, and the Passport Office could not demonstrate that this objective was achieved.

Passport Canada Response:

- 1) A job aid regarding guarantor checks has been distributed to the Operations Bureau.
- 2) Evaluation of the value of the metric and the activity will be undertaken.

Actions:

2005–2006

1) **COMPLETED.**

A job aid regarding guarantor checks was distributed in February 2005. Training was completed across the country in the summer and fall of 2005.

Passport Canada established a database to report monthly on recorded guarantor checks in June 2005. Examiners record their guarantor checks in the passport issuing system.

Passport Canada now reports monthly on guarantor checks as part of its overall Report on Passport Canada Performance Indicators, which is submitted to Passport Canada's Executive Committee.

2006–2007

1) An assessment of the value of metric will be undertaken to validate the 25% target.

A review of the policy will be conducted following the evaluation of the value of the metric.

Passport Canada will continue to work towards the 25% verification rate until the assessment of the metric and the policy review is complete. A strategy will be developed to ensure compliance to the policy through the Quality Assurance Program.

2007–2008

The new guarantor policy will be developed based on the results of the assessment and with the awareness that Passport Canada is evolving through the use of new methods, due to the interoperability of systems, to verify identity. The Quality Assurance Program will also monitor compliance to the policies and procedures for guarantor checks.

Actions:

2005–2006

By re-allocating resources, Passport Canada has been able to significantly increase its guarantor check verification rates without impacting service delivery over the past year. In April 2005, the national verification rate was around 12%; in January 2006, it was over 19%.

Substantial additional gains are impaired by potential impacts to service as well as resource constraints.

2006–2007

At the end of January 31, 2007, the target continued to be met. The evaluation is ongoing. Until such time as the 25% target for guarantor checks can be confirmed, efforts will focus on mandatory and recommended verifications.

2007–2008

The 25% of guarantor check target was suspended temporarily due to operational considerations, to be replaced by a 100% requirement for mandatory files and those deemed necessary by the examiner.

3.35 and 3.38 Vital Statistics Verification

OAG Comment:

Examiner confirmation of vital statistics is difficult to perform.

Work toward establishing electronic links with CIC and the provinces to validate automatically the identity data on an application.

Passport Canada Response:

An interdepartmental and interprovincial project to establish electronic links with the provinces called the National Routing System (NRS), in order to authenticate birth certificates, is underway.

Actions:

2005–2006

A pilot is underway with Alberta and B.C., the Canada Revenue Agency, Statistics Canada and Passport Canada. The pilot project has been extended to April 2006.

2006–2007

Actions for NRS – Global for 2006–07 include:

- Developing a federal government approach to Federal / Provincial vital events data-sharing.
- Developing a recommendation for ministerial consideration of the NRS Project.
- Expansion of the federal and provincial partners involved in the project.

COMPLETED

- The request for funding has been suspended.
- The Treasury Board Secretariat has taken the lead to review a more comprehensive business case and governance structure that would be aligned with the identity management framework.

2007–2008

Implement the recommendation of ministers. This action has been modified. A pan-national business case will be developed, led by Treasury Board.

3.36 Vital Statistics Verification

OAG Comment:

Confirming vital statistics is difficult for examiners.

Such links would provide immediate confirmation of data and allow examiners to check for reported deaths.

Passport Canada Response:

A survey of the number of vital statistics verifications made and an analysis of the reasons for verifications has been undertaken.

Actions:

2005–2006

A survey of the number of vital statistics verifications made was undertaken in each region in February 2005.

2006–2007

The National Routing System (NRS) project will address data sharing of vital events information.

A specific internal project has been initiated for Passport Canada, as an NRS partner, to develop a complete set of Passport Canada requirements (business, technical and financial and schedule). This documentation is required by the NRS – Global project to perform their activities for the development of an overall business case. The NRS-Passport Canada requirements documentation were completed in August 2006. In addition, the NRS-Passport Canada internal project is repatriating the pilot equipment (test and production) from Statistics Canada. The current NRS functionality will be maintained as the interim solution while the final solution is developed and implemented.

ON HOLD pending Government decision.

2007–2008

A pan-national business case will be developed, led by Treasury Board Secretariat.

3.41 Access to the Passport Issuance System

OAG Comment:

Access to the passport issuing system needs to be restricted. We found very poor control over the granting of access rights to users. Data administrators, system administrators, case management officers, entitlement review analysts, and operational and non-operational office managers all have user access profiles that allow them to issue a passport.

Passport Canada Response:

- 1) Access to the issuance system IRIS® has been rectified through a cleanup of user accounts and profiles.
- 2) An audit process will be established.

Actions:

2005–2006

1) The Business Information Technology Bureau performed several cleanups of inactive IRIS accounts and established a procedure whereby account administration requests for certain privileged IRIS applications have to be approved by security.

In December 2005, the Operations Bureau completed the reviews of its IRIS account profiles and user profile assignments to ensure they reflect security requirements and are based on “need to have.”

To help ensure that these accounts remain current, Operations has instituted an ongoing monthly review process, which started in May 2005. Each month, Operations selects a sample of 20 of its employees from HRIS and confirms their IRIS profile and status with the relevant manager. Anomalies are corrected immediately and a copy of the report is filed with Registry.

2006–2007

The monthly review has been modified so that a sample of IRIS accounts is taken and then verified against HRIS.

COMPLETED. Following two years of monthly reviews, the review is now done quarterly.

2007–2008

The quarterly review has been modified so that a sample of IRIS accounts is taken and then verified against HRIS.

ONGOING

Actions:

2005–2006	2006–2007	2007–2008
	<p>2) The Information and Technology Division will be revising the PPT083 Account Creation / Deactivation Request form to include more information for the creation of IRIS accounts. This information will include, but is not limited to account expiry dates, profile change information and justifications for the change. Various reports will be generated to monitor and delete expired and inactive accounts.</p> <p>COMPLETED</p>	

3.43 Watchlists

OAG Comment:

The Passport Office cannot effectively enforce certain provisions of sections 9 and 10 of the *Canadian Passport Order*.

If applicants do not have alerts against their names on the automated watch list, examiners have no way of knowing whether decisions need to be made under section 9. Similarly, security personnel cannot know if they should consider revoking a person's passport under section 10. In addition, we could not find any documented criteria for making discretionary decisions to refuse or revoke a passport.

Passport Canada Response:

- 1) The Public Key Infrastructure has been installed and provides the secure electronic link to allow Passport Canada to share information in a secure environment with Correctional Services Canada and with Canada Border Services Agency/Citizenship and Immigration Canada
- 2) Negotiation of additional MOUs with partner departments will expand Passport Canada's authority, ability, systems and resources to populate the System Lookout list with current and appropriate data to enable examiners to make entitlement decisions.
- 3) The entry of this data in Passport Canada's System Lookout list allows Entitlement Review Analysts to confirm eligibility of applicants.
- 4) An analysis and breakdown of the process for the application of section 9 and 10 of the *Canadian Passport Order* was undertaken.

Actions:

2005–2006

1) Memoranda of Understanding (MOU) have been negotiated with:

Correctional Services Canada – signed March 2005.

Canadian Police Information Centre – completed and requires signature only.

Canada Border Services Agency/ Citizenship and Immigration Canada – signed June 2004. The MOU relates to data-sharing for lost and stolen passports.

Royal Canadian Mounted Police – signed December 2005.

2006–2007

1) The MOU between Passport Canada and Citizenship and Immigration Canada –Intelligence is to be negotiated in 2006.

DELAYED. The scope of the MOU is larger than originally envisioned, which will take more time for development and negotiation. Information is being provided by Citizenship and Immigration Canada on citizenship revocations.

2007–2008

The goal is to have an MOU in place in the first half of 2007–08.

A list of information had been compiled. Informal discussions with CIC have begun.

Actions:

2005–2006	2006–2007	2007–2008
<p>In January 2005, the Security Bureau established a working group and initiated a quality and quantity review of all information currently recorded and stored in their System Lookout list. The review will include confirming the legal authority to collect and retain the information, and ensure that names are removed from the list as required by law. This review will be undertaken concurrent with the development of the case management system.</p>	<p>2) Passport Canada’s mandate is such that adaptations will be required to the standard RCMP MOU for access to Canadian Police Information Centre records.</p> <p>COMPLETED at Passport Canada. Currently at the RCMP in the approval process.</p> <p>3) Passport Canada is participating in Phase 2 of the interdepartmental National Routing System project that should include citizenship verifications.</p> <p>The project charter for the review of the System Lookout system was completed in June 2006. This will clarify past use of fields, document procedures for continued use, and remove data for which there are no further legal grounds for retention. Funds will be requested through the internal Passport Canada budget review exercise and the project is expected to require 12 to 18 months to deliver. Moved to 2007–08. Funding has been approved to allow the Security Bureau to proceed with phase 1 of the System Lookout Review, which consists of hiring one PM-3 to draft policy and procedures for the use of the System Lookout.</p> <p>COMPLETED</p> <p>4) The MOU between Passport Canada and the Canadian Security and Intelligence Service is to be negotiated in 2006.</p> <p>ONGOING. Discussions are being held with CSIS.</p>	<p>A proposal has gone forward to seek funding for subsequent phases.</p>

Actions:

5) Sections 9 and 10 of the *Canadian Passport Order* (CPO):

9a - completed application	No issue. All passports are issued based on completed, signed application forms.
9b - stands charged in Canada	<p>Passport Canada established a secure link with the RCMP in April 2006 and ran 1,000 passport applicants against one of three Canadian Police Information Centre (CPIC) databases as a pilot. The CPIC data is available only in a free text format that requires manual intervention to analyze and process. ONGOING</p> <p>Initial indications are that this program is not achievable within the current business model. The proposed Case Management System, with improved data exchange technology and a significant investment in incremental resources, would be required to fully implement the program.</p> <p>Passport Canada will include full implementation of Canadian Police Information Centre checks as one part of an interoperability project that will be implemented in parallel with the design and delivery of the Case Management System, and the amendment of the passport fee. ONGOING. The magnitude of the process is under review before implementation can occur.</p>
9c - charged outside Canada	<p><i>The Privacy Act</i> protects the rights of Canadian citizens who access consular services through Canada's missions abroad. The Security Bureau is exploring the feasibility of obtaining information on persons charged outside Canada through Interpol.</p>
9d - forbidden to leave Canada	<p>As per the MOU signed on March 31, 2005, a secure link was established with Correctional Services Canada in February 2006 to download, encrypt and save Correctional Services Canada data electronically. The Privacy Impact Assessment was signed off by Foreign Affairs and International Trade Canada and forwarded to the Office of the Privacy Commissioner in February 2006. The initial download of 23,000 records took place in February 2006. A chain of technical problems was encountered from February to May 2006. As each problem was resolved, another surfaced. A technical solution was being tested in June that is expected to resolve all outstanding issues.</p> <p>The information provided by CSC relates to federal offenders only. An alternative for provincial offenders would be covered by the Canadian Police Information Centre as per 9b above.</p>

Actions:

5) Sections 9 and 10 of the *Canadian Passport Order* (CPO):

9e - Section 57	The Security Bureau will conduct an off-line search of the Canadian Police Information Centre database to identify the names and dates of persons convicted under Section 57 within five years from the date of conviction.
9f - indebted to the Crown	Information is provided by Foreign Affairs and International Trade Canada in the form of CAMANT notes or e-mails.
9g - has valid passport	The Central Index will generate an alert if the applicant already holds a valid passport.
10a - charged outside Canada with equivalent	See 9c above.
10b - assists to commit indictable offence outside Canada	Information is received through Foreign Affairs and International Trade Canada, Canada Border Services Agency and other partners.
10c - permits someone to use	Information is received through Foreign Affairs and International Trade Canada, Canada Border Services Agency and other partners.
10d - obtained falsely	This is the focus of Security Bureau's intelligence program.

3.43 Watchlists

OAG Comment:

The Passport Office cannot effectively enforce certain provisions of sections 9 and 10 of the *Canadian Passport Order*.

If applicants do not have alerts against their names on the automated watch list, examiners have no way of knowing whether decisions need to be made under section 9. Similarly, security personnel cannot know if they should consider revoking a person's passport under section 10. In addition, we could not find any documented criteria for making discretionary decisions to refuse or revoke a passport.

Passport Canada Response:

Amendments to the application form regarding sections 9 and 10 of the *Canadian Passport Order* will be implemented.

Subsequent to the decision to amend the application form, Passport Canada determined that links with the Canadian Police Information Centre would better address this deficiency.

Actions:

2005–2006

Passport Canada approved and will implement the amendment of all application forms to include information on criminal charges or probation orders.

2006–2007

Links with the Canadian Police Information Centre continue to be tested with the goal to develop a unit to do this work by end of the fiscal year. A full-time manager has been hired and a consultant engaged to support this initiative.
ONGOING.

2007–2008

The magnitude of the process is under review before implementation can occur.

3.50-3.51 Weaknesses in the Investigation of Sensitive Cases

OAG Comment:

In the absence of an effective case management system, the [Security] Unit has only some manual records on its investigative activity. Such records do not allow Passport Canada to assess the outstanding workload, the rate of effective resolutions of investigations, or resources requirements.

Passport Canada Response:

- 1) A structure has been developed for security files.
- 2) An MOU with the Royal Canadian Mounted Police (RCMP) is being updated to deal with case investigations.
- 3) The management structure of the Security Bureau has been modified.

Actions:

2005–2006

1) While a case management system is being developed, Security Bureau records and tracks investigative workload on a spreadsheet and uses this to provide basic management information on investigations.

The project team began documenting the Business Requirements.

In January 2006 the Project Management Bureau contracted Allstream MTS to conduct a needs analysis and to identify business requirements for a Security Case Management System by May 2006.

2006–2007

1) The Security Bureau initiated the development of a priority rating scale that is compatible with the RCMP PROOF (Priority Rating of Operational Files) system.

COMPLETED

The Case Management System high-level business requirements were completed in April 2006.

COMPLETED

Procurement of the hardware and software for the Case Management System will be completed by February 2007.

DELAYED due to procurement process. Will occur in 2007–08.

2007–2008

1) The Case Management System will result in improved tracking and management of intelligence and investigations of suspicious activity.

The Case Management System will assist in the determination of program effectiveness and resource requirements through management reporting.

Procurement of the hardware and software for the Case Management System in June 2007.

Development of the solution for the Case Management System is planned for August 2007.

Actions:		
2005–2006	2006–2007	2007–2008
		<p>DELAYED awaiting completion of the procurement process.</p> <p>Testing of the new Case Management System is planned for December 2007.</p> <p>DELAYED awaiting completion of the procurement process.</p> <p>Deployment and training of the Case Management System is planned for April 2008.</p> <p>DELAYED awaiting completion of the procurement process.</p>
<p>2) An MOU was signed with the RCMP on December 15, 2005 and includes arrangements for case investigations.</p>	<p>2) The Security Bureau is drafting internal procedures for the management of files under the 2005 MOU with the RCMP. These procedures were completed in September 2006. COMPLETED</p>	<p>2) Passport Canada will strengthen its regional and central processes for referrals to the RCMP, and through follow-up with the RCMP will ensure that the disposition of criminal investigations is documented on security files. Results will be analysed to promote effective referrals. ONGOING</p>
<p>3) The staffing of a Manager of Investigations is complete.</p> <p>A competition to staff high-level investigators is in progress. The Regional Security Unit structure has been approved and one position has been filled.</p>	<p>3) Regional Security Advisor staffing is underway with expected completion in the third quarter of 2006–07. The Canada-wide, interdepartmental staffing process has taken longer than expected due to the level of interest. COMPLETED. The first round of Regional Security Advisor staffing is complete and six positions were staffed effective January 2, 2007</p>	<p>An advertised process to staff the remaining Security Advisor positions will be launched in 2007–08.</p>

3.57 Issuance Abroad

OAG Comment:

Control over issuance of passports by missions abroad presents several risks.

Consular staff do not consistently receive the same formal training and qualification as domestic examiners.

Missions still print passports using the older booklet.

Passport Canada Response:

1) A Foreign Operations Division will be created within Passport Canada's Security Bureau with a mandate to:

- Act as Passport Canada's primary liaison with Foreign Affairs and International Trade Canada and Missions
- Communicate passport program policies, procedures, directives, and tools to missions
- Align the Security Bureau with key corporate security and service initiatives impacting the passport program abroad
- Manage secure mission passport inventory
- Participate in Foreign Affairs and International Trade Canada-led mission program audits
- Generate Annual Baseline Reports to facilitate strategic objectives
- Provide subject matter expertise to internal/external stakeholders

2) Passport production will be repatriated from missions abroad to Canada.

3) A Baseline Report will be prepared on mission passport activity.

The baseline report is intended to be a primary source of information on all passport-related activities undertaken at each issuing mission abroad. The report will provide the information from which mission risk assessments can be produced.

4) Consular training will be revised to be more in line with Passport Canada examiner training.

Actions:

2005–2006

1) The Division was created in May 2005. Phase 1 of full staffing was completed by March 31, 2006.

2006–2007

Full staffing will be completed by end of 2006–07.

DELAYED. Moved to 2007–08 due to lack of funding.

2007–2008

Full staffing of the Foreign Operations Division will be completed by end of 2007–08.

Actions:

2005–2006

2) The pilot for the Mission Print Passport Solution (MPPS) was successfully conducted November 4, 2005. The project was implemented worldwide by March 31, 2006. Missions now issue only ICAO-compliant temporary passports to Canadians with an urgent requirement for travel. Passports for Canadians who apply from abroad are issued at the Mississauga Print Centre, using the same high-quality documents received by Canadians in Canada.

2006–2007

Live on-line quality assurance of mission files and correction of errors prior to print was implemented on April 1, 2006 as part of the alerts clearance process. A risk management plan was implemented on June 1, 2006 to manage this quality assurance process; it includes the establishment of a permanent committee to monitor evolving risks and implement changes as the program evolves.

MPPS has reduced the number of passports produced by missions by about 90% as they now only issue temporary and emergency passports.

Return of the stock of old blue books and labels has been initiated. In conjunction with Foreign Affairs and International Trade Canada's PMP provider, an inventory module was developed for installation in June 2006. Procedures have been distributed to missions and two staff were hired in June 2006 to track and manage the process.

COMPLETED

A second phase of the inventory control program will enable Passport Canada to track inventory from its release by Passport Canada vault to receipt and use by missions.

DELAYED to 2007 due in part to technical development delays on the part of the Foreign Affairs and International Trade Canada contractor and in part to insufficient staff to review, approve and test the modules.

2007–2008

Passport Canada will be undertaking a phased approach, in consultation with Foreign Affairs and International Trade Canada – Consular, for the repatriation of the entitlement process.

In conjunction with Foreign Affairs and International Trade Canada, an inventory module will be developed for installation in 2007. The inventory control program will enable Passport Canada to track inventory from its release by Passport Canada vault to receipt and use by missions. **The inventory module testing phase is in progress. The module should be ready to launch in June 2007.**

Actions:		
<p>2005–2006</p> <p>3) The Baseline report <i>draft</i> was presented to the CEO on December 23, 2005.</p>	<p>2006–2007</p> <p>The Baseline report was circulated to Directors General in June 2006.</p> <p>COMPLETED and will be a primary source of information on all passport-related activities undertaken at each issuing mission abroad.</p>	<p>2007–2008</p>
<p>4) Review of the training program with an on-line component is ongoing and has two phases.</p> <p>Phase 1: Develop a distance-learning program that is more in depth than the current training manual. PDF modules will be available on the Intranet and participants will be required to complete an on-line exam.</p> <p>Design of training modules for missions on Entitlement Policy is to be completed by March 31, 2006</p> <p>Consultations with Foreign Affairs and International Trade Canada's Consular Bureau on content and design in February 2006.</p>	<p>4) Pilot of training modules started at five missions in July 2006.</p> <p>COMPLETED</p> <p>Implementation at missions abroad will occur in the third quarter of 2006.</p> <p>COMPLETED</p> <p>The launch of the distance learning program occurred in December 2006.</p>	<p>4) Evaluation of performance against training to be conducted in 2007–08.</p> <p>Interactive training modules to be developed for training of staff at missions.</p> <p>ON TRACK</p>

3.58 Security Risk Assessment

OAG Comment:

Conduct a detailed security risk assessment of the passport examination and security functions, identify gaps in the fulfilment of its mandate under the passport order, and take appropriate action. Such an assessment should address Passport Office examiners' security clearances, the conduct and recording of guarantor checks, system profiles, the completeness and accuracy of its watch list and methods used to share data with other federal and provincial agencies, its lessons learned process, and its management of investigations.

Passport Canada Response:

- 1) Foreign Affairs and International Trade Canada has assisted in the development of the first risk assessment
- 2) A risk assessment has been launched to address strategic risk in the area of security.
- 3) Risk analysis will be used in determining the requirements for the new issuance system
- 4) The creation of new Regional Security units reporting to both regional offices and Passport Canada headquarters will further ensure that the security continuum, from identity verification to passport printing, is strengthened. In fiscal year 2005-06, eight new regional security officers will be hired for this purpose.

The units will be located in regional headquarters across the country and will support the compliance program, conduct on-site interviews of applicants with complex cases, and investigate fraudulent applicants or applications.

Actions:

2005–2006	2006–2007	2007–2008
<p>1) Passport Services at Missions: A risk and control assessment of the Mission Print Passport Solution by Foreign Affairs and International Trade Canada has taken place. Recommendations were made and action items will be implemented in response in 2006–07.</p> <p>Terms of Reference for a Risk Assessment Study of the entire issuance process, from receipt of the application to printing, have been completed.</p>	<p>1) Procedural compliance: Audit of compliance to entitlement policy, procedures and training. The audit will assess and assist toward standardization. To be done in 2006–07.</p> <p>Management of IT Security: An extension of the audit at Foreign Affairs and International Trade Canada; necessary to meet Treasury Board and Auditor General requirements. To be done in 2006–07.</p> <p>COMPLETED</p>	

Actions:		
<p>2005–2006</p>	<p>2006–2007 The Risk Assessment Study of the issuance process will be completed in the fall of 2006.</p> <p>ONGOING. The work towards conducting a risk assessment study of the issuance process has begun and workshops with program experts began in January 2007. The assessment will be completed in March 2007.</p> <p>A Risk Management Framework will be developed for all of Passport Canada, which will integrate the results of both risk assessments (MPPS and issuance). ONGOING</p> <p>An audit of passport mission services abroad is being undertaken by Foreign Affairs and International Trade Canada and will be completed in 2006–07.</p> <p>COMPLETED</p>	<p>2007–2008 Completion of the risk assessment study has been delayed due to availability of key staff to participate in a timely manner. Work is ongoing and the project is expected to be completed May 2007.</p> <p>The Risk Management Framework will be approved for further implementation in June 2007.</p>
<p>2) Completed the risk analysis that is Phase 1 of the project.</p> <p>The Baseline Report on operations abroad, prepared by the Security Bureau, provides a prerequisite to the development of a detailed security risk assessment.</p>	<p>2) Passport Canada is redefining the mandate of the Security Bureau to identify core functions and processes. From this review, a three-year strategic plan and restructuring recommendation will be developed. COMPLETED. The core functions and processes have been identified.</p>	<p>Implementation of the plan will begin once staffing of the Director General of the Security Bureau is complete.</p>

Actions:

2005–2006	2006–2007	2007–2008
<p>3) High-level requirements and associated workflows were identified for the next generation system. However, the Executive Committee decided to establish a service model that would identify process needs from the client's perspective. This model will help determine the system needs in support of the process.</p>	<p>3) Service Model principles will be developed and presented to the Executive Committee.</p> <p>ONGOING</p>	
<p>4) Eight Regional Security Advisor positions have been classified and funded, and staffing is underway to be phased in between September 2006 and March 2007. Two Security Advisors will be located in each region.</p>	<p>4) Regional Security Advisor staffing is underway with expected completion in the third quarter of 2006–2007. The Canada-wide, interdepartmental staffing process has taken longer than expected due to the level of interest.</p> <p>COMPLETED. The first round of Regional Security Advisor staffing is complete and six positions were staffed effective January 2, 2007</p> <p>The Security Bureau is initiating a project to conduct a full review of the System Lookout system. This will include clarification of past use of fields, documenting procedures for continued use, and removal of data for which there is no further legal grounds to retain. Funds will be sought internally for this initiative. Funding has been approved to allow the Bureau to proceed with Phase 1 of the System Lookout Review, which consists of hiring one PM-3 to draft policy and procedures for the use of the System Lookout.</p> <p>COMPLETED</p>	<p>An advertising process to staff the remaining Security Advisor positions will be launched in 2007–08.</p> <p>A proposal has gone forward to seek funding for subsequent phases.</p>

Introduction of Fees

3.93 Treasury Board Conditions with respect to Consular Fees were not Allowed

OAG Comment:

When the Treasury Board approved the introduction of the consular fee in 1995, it required the Department of Foreign Affairs and International Trade, as it was then called, to absorb future costs and fully disclose the cost of consular services in its Main Estimates. However, there has been little cost information about consular services in the departmental annual reports to Parliament. Passport applicants were not consulted as required and are not in a position to know what they are paying for or how the funds collected relate to the operations of consular activity.

Passport Canada Response:

A plan is being developed to ensure compliance to all aspects of the new User Fees Act, including the client consultation requirements.

Actions:

2005–2006	2006–2007	2007–2008
<p>The Plan for the <i>User Fees Act</i> was presented to Executive Committee on May 11. A more detailed briefing on implementation of the consultation exercise was presented to Executive Committee on February 1, 2006. Although public consultations were forecast to be initiated in March 2006, because of the delays resulting from the federal election, the process will commence in 2006–07.</p>	<p>Passport Canada is currently undergoing a review of its funding arrangement. Should a fee increase be required, Passport Canada would undertake the necessary consultations, as outlined in the User Fees Act.</p> <p>COMPLETED. At this time no fee increase is being contemplated.</p>	

3.94 New User Fee Legislation Imposes Additional Requirements

OAG Comment:

The Passport Office was not fully meeting the requirements under the Treasury Board policy on external charging. This legislation imposes additional requirements for transparency on how costs justify fees and on expected service levels. The Passport Office is not ready to comply with the new legislation because it lacks reliable cost information related to service standards.

Passport Canada Response:

An Activity-Based Management (ABM) system will result in better information in regards to costing and capacity within Passport Canada.

Actions:

2005–2006

Phase 1 - ABC Models are completed. Costs have been established for all products, services and delivery channels. Output data has been validated.

2006–2007

It was planned that Phase 2, to implement ABM, would occur in the summer of 2006.

ONGOING. Due to internal pressures to deliver on time priorities, such as the costing of other products, the implementation date has been moved **to mid 2007–08.**

Passport Canada has surveyed clients against several attributes. This data will be assessed and used to make service decisions.
ONGOING

2007–2008

Passport Canada is currently testing the ABM model using the Operations Bureau.

ABM will be implemented by mid 2007–08.

3.96 New User Fee Legislation Imposes Additional Requirements

OAG Comment:

The Passport Office should:

- Develop reliable cost information tied to service standards to justify current user fees and any future increases to user fees, and
- Improve its method of client consultation to comply with new user fee legislation and ensure it has an appropriate mechanism for resolving fee disputes.

Passport Canada Response:

- 1) An Activity-Based Management system will result in better information in regards to costing and capacity within Passport Canada.
- 2) Public consultation on user fees will be undertaken.

Actions:

2005–2006	2006–2007	2007–2008
1) Phase 1: Development of ABC model by December 2005 is complete.	1) It was planned that Phase 2, to implement ABM, would occur in the summer of 2006. ONGOING. Due to internal pressures to deliver on time priorities, such as the costing of other products, the implementation date has been moved to mid 2007–08 .	Passport Canada is currently testing the ABM model using the Operations Bureau. ABM will be implemented by mid 2007–08.
2) The Plan for the <i>User Fees Act</i> was presented to Executive Committee on May 11. A more detailed briefing on implementation of the consultation exercise was presented to Executive Committee on February 1, 2006. Although public consultations were forecast to be initiated in March 2006, because of the delays resulting from the federal election, the process will commence in 2006–07.	2) Public consultations are subject to the results of Passport Canada's review of its funding arrangement and the Minister's support for a fee increase. COMPLETED. At this time no fee increase is being contemplated.	

Service to the Public

3.62 and 3.63 Service Standards

OAG Comment:

Key service standards exist but gaps remain.

The service standards were lowered in December 2001 without the required consultation with stakeholders.

Standards for such examiner functions as identity verification and citizenship determination do not exist. There is also no national standard on examiner output and error rate—the number of applications examiners are expected to process each day and the number of errors that could be expected.

Passport Canada Response:

The first review of examiner error rates has been undertaken. The issue will be addressed with the Quality Assurance Program.

Actions:

2005–2006

In January 2006, Passport Canada approved the funding and methodology for a quality assurance baseline activity of passport application examination activities. The details of the activity were developed in consultation with the Inspector General of Foreign Affairs and International Trade Canada and the sampling methodology was developed in consultation with Statistics Canada. The quality assurance baseline activity evaluates critical points on the identity page of the passport.

2006–2007

A snapshot of quality was undertaken by the Operations Bureau in July 2006 and this will form the baseline for comparison purposes.

COMPLETED

A methodology for the program will be developed using the snapshot as a baseline. The methodology will be established under current conditions and will be revised as processes are improved, for example the introduction of Facial Recognition technology.

DELAYED due to operational requirements.

2007–2008

Improvements to the methodology and review of compliance to methodology will be ongoing.

Methodology formation will begin in the first quarter of 2007–08.

Actions:		
2005–2006	<p>2006–2007 Capacity within Passport Canada to support the program will be developed using coaches/mentors already in place in offices/regions.</p> <p>DELAYED. Will occur in 2007–08 as part of methodology development.</p> <p>Investment will be made in current capacity to support the compliance portion of the program.</p> <p>DELAYED. Will occur in 2007–08 as part of methodology development.</p>	<p>2007–2008 Capacity within Passport Canada to support the program will be developed using coaches/mentors already in place in offices/regions.</p> <p>Investment will be made in current capacity to support the compliance portion of the program.</p>
	<p>Passport Canada is undertaking a review of its existing service standards relating to client service to determine if the current standards are valid, and what if any gaps exist. Initial findings were presented to Passport Canada’s Executive Committee for approval in August 2006. Passport Canada will develop an implementation plan by November 2006.</p> <p>DELAYED. The deliverable date is now February 2007 due to a change in activity lead.</p>	<p>Recommendations will be implemented in the first quarter of 2007-08.</p>

3.73 Services through Members of Parliament

OAG Comment:

There is no formal agreement governing the process and the office has not analyzed the security issues presented by this method of delivery.

Passport Canada Response:

A review of the Member of Parliament process has taken place and procedures to better formalize the process, in order to reduce risk, have been implemented.

Actions:

2005–2006

1) The Business Information In 2005, Passport Canada conducted a review of its Member of Parliament (MP) service channel. As a result we have formalized the process of application requests made by MPs on behalf of constituents, taking into account security, privacy and legal issues.

The constituent is now required to sign a consent form to ensure that the information exchanged between the MP and Passport Canada on behalf of the constituent is compliant with the *Privacy Act*. To improve security, passports are mailed directly to the applicant's mailing address or can be picked up by applicants at our regional walk-in service locations.

All changes will ensure the service standard of 20 days is maintained. Urgent and expedited service requests will be re-routed to the regional walk-in service locations in order to comply with the relevant policy.

2006–2007

Results of the trial will be used to assess the future of service delivery through MPs.

COMPLETED

Recommendations were submitted to the Minister and changes were implemented in 2006–07. Changes include the introduction of the consent form and the return of documentary evidence of citizenship directly to the applicant.

2007–2008

Results of the trial will be used to assess the future of service delivery through MPs.

Actions:

2005–2006

A six-month trial of the new process has been presented to the Minister. To launch the trial, an information package has been developed to communicate the changes in service to MPs on March 24, 2006.

2006–2007

2007–2008

3.74 Client Consultation

OAG Comment:

The Passport Office has not analyzed which of its different delivery methods are more desirable. The Passport Office needs to involve clients in setting reasonable standards that it can meet at reasonable cost without compromising passport integrity.

Passport Canada Response:

A plan is being developed to ensure compliance to all aspects of the new *User Fees Act*, including the client consultation requirements.

Actions:

2005–2006

The Plan for the *User Fees Act* was presented to Executive Committee on May 1, 2006. A more detailed briefing on implementation of the consultation exercise was presented to Executive Committee on February 1, 2006. Although public consultations were forecast to be initiated in March 2006, because of the delays resulting from the federal election, the process will commence in 2006–07.

2006–2007

Passport Canada has surveyed clients against several attributes. This data will be assessed and used to make service decisions.

ONGOING

Passport Canada will proceed with Canadian public consultation if an increase in passport fees is supported.

2007–2008