

Provincial Nominee Program

Background

There are many immigration selection programs through which immigrants can arrive in Ontario. They are all administered exclusively by the federal government, except for the Provincial Nominee Program, which was introduced in 1998 to give provinces and territories a way to respond to local economic development needs. The federal *Immigration and Refugee Protection Act* defines three potential classes of immigrants for permanent resident status: economic class immigrants, family class immigrants, and refugees. Immigrants selected through the Ontario Provincial Nominee Program (Program) are considered economic class immigrants. That is, they are to be selected on the basis of their potential economic contribution to the province.

The Program is delivered by the Ministry of Citizenship, Immigration and International Trade (Ministry) under the authority of an annex to the Canada-Ontario Immigration Agreement. Although the agreement expired in 2011, the annex is in effect until May 2015. The annex allows Ontario to select and recommend (“nominate”) to the federal government a number of foreign nationals and their accompanying family members for Canadian permanent residence. Nomination

is to be based on the individual’s ability to be of benefit to Ontario’s economic development and his or her strong likelihood of becoming economically established in the province.

At the time of our audit, all provinces and territories except for Quebec and Nunavut had a provincial nominee program. Among the participating jurisdictions, Ontario was the last one to adopt this program, in 2007.

Program Components

Provinces and territories determine their own program components and eligibility criteria. At the time of our audit, the Ontario Program had three components:

- *Employer-driven component*: allows Ontario businesses to fill permanent positions in professional, managerial or skilled trades occupations with foreign workers (who may be living abroad or in Canada on temporary work permits at the time of applying to the Program) and international students with undergraduate degrees.
- *Ontario graduate component*: allows international students who are graduating or who recently graduated from an Ontario university with a PhD or a master’s degree to qualify for a nomination without a job offer.

- *Investment component*: allows investors to permanently relocate staff (who may be foreign workers at the time of applying to the Program or individual investors themselves) to Ontario to ensure the long-term success of their investment in the province, while creating jobs for Ontarians.

Federal immigration regulations exclude individuals who engage in an “immigration-linked investment scheme” from being nominated. Immigration-linked investment schemes are business ventures primarily designed to bring immigrants to Canada rather than operate as bona fide businesses. For this reason, among others, projects in the investment component—which involve the set-up of new business operations or recent expansions to existing businesses in Ontario—must first be endorsed by an Ontario government ministry that would be familiar with the industry to which the investment project is related (such as the Ministry of Tourism, Culture and Sport for a hotel). The assessing ministry’s job is to determine whether the investment is of significant benefit to the province, whether it is reasonable and viable, and whether the positions requested for foreign workers are key to the long-term success of the investment. The Ministry can override the assessing ministries’ decision to endorse investment projects. After an investment project is endorsed, foreign workers and/or individual investors wishing to work for the project and become permanent residents apply to the Ministry to be nominees.

For a detailed description of eligibility criteria relating to the various nomination categories within the different components and the number of approved nominees in each, refer to **Figure 1**.

Nomination Process

Prospective nominees need to complete a nominee application demonstrating that they meet program requirements, which may include requirements for legal status, work experience, education, language testing and/or residency, before being approved as

a nominee under the Program. For nominees with a job offer, the employer must first submit an application outlining specifics of the position; the Program then assesses whether the job offer meets eligibility criteria regarding position type, wage rates and employer size. Once an applicant is approved, the Program sends him or her a nomination certificate. The nominee then has six months to apply for a permanent resident visa from Citizenship and Immigration Canada, which further assesses the nominee for admissibility. This is to ensure that the nominee does not pose a security risk to the country, does not have a serious medical condition and is not a criminal. The federal government has the final say on whether a provincial nominee is granted a permanent resident visa.

The Program allows applicants to designate individuals as their representatives, which gives those individuals the power to communicate with the Ministry on the applicant’s behalf. The use of a representative is not mandatory. There are two kinds of representatives: paid and unpaid (such as a relative). Paid representatives are typically immigration lawyers, who must be registered with the Law Society of Upper Canada, or immigration consultants, who must be registered with the Immigration Consultants of Canada Regulatory Council. In 2013, 29% of applicants to the Program used a paid representative.

Program Scale and Rationale

In the seven years from when the Program began in 2007 to 2013, Ontario nominated about 5,100 foreign workers, investors and international students to work and live in the province under the Program. An additional 1,500 individuals were nominated under the Program in the first six months of 2014. As shown in **Figure 1**, as of April 30, 2014, a total of 7,100 people, consisting of 3,900 nominees and 3,200 of their family members, have become permanent residents in Canada through the Program. The Ministry expects the federal government

Figure 1: Overview of Nomination Categories, Eligibility Criteria, Fees, and Selected Statistics

Source of data: Ministry of Citizenship, Immigration and International Trade

Nominator Categories (Year Began)	Nomination Based on Job Offer?	Criteria for Employer/Investment	Criteria for Potential Nominee	Nominated (2007–2013)	# Landed (as of April 30, 2014)		
					Principal Applicants	Eligible Family Members	Application Fees
Foreign worker seeking employment with an employer (2007)	Yes	Job position must be skilled, permanent, full-time and command a market wage. Employer must have at least \$1 million in gross revenue and employ five full-time permanent employees if located in the GTA, or \$500,000 in gross revenue and employ three full-time permanent employees if located elsewhere in province.	Foreign worker must <ul style="list-style-type: none"> have at least two years of full-time, verifiable work experience within the last five years in the intended occupation. 	2,265	1,682	2,600	\$1,500 (if non-GTA) or \$2,500 (if GTA)
Foreign worker or investor seeking employment in an investment project (2007)	Yes	Investment must be at least \$3 million in total, create at least five net new permanent full-time jobs for Ontarians for the first nominee position requested (and one permanent full-time job for each subsequent nominee position requested) and be endorsed by an Ontario ministry.	Foreign worker must <ul style="list-style-type: none"> have at least two years of full-time, verifiable work experience within the last five years in the intended occupation. Individual investor must <ul style="list-style-type: none"> invest at least \$1 million or control at least 1/3 of equity in the investment project (lesser of the two); be actively involved on an ongoing basis in the management of the business; and be investing primarily because of the business opportunity represented by the investment project and not to purchase permanent residence. 	52	34	57	\$3,500

Nominator Categories (Year Began)	Nomination Based on Job Offer?	Criteria for Employer/Investment	Criteria for Potential Nominee	# Landed (as of April 30, 2014)			
				Nominated (2007-2013)	Principal Applicants	Eligible Family Members	Application Fees
International student seeking employment with an employer (2007)	Yes	Job position must be skilled, permanent, full-time and provide an entry-level wage. One-year renewable contracts are considered on a case-by-case basis. Employer must have at least \$1 million in gross revenue and employ five full-time permanent employees if located in the GTA, or \$500,000 in gross revenue and employ three full-time permanent employees if located elsewhere in the province.	International student must have an eligible degree or diploma from a publicly funded Canadian university or college. Eligible within two years of graduation or if enrolled in last semester of studies.	600	530	113	\$1,500
International student with PhD (2010)	No		Must have graduated from an Ontario publicly funded university with a PhD.	107	49	35	\$1,500
International student with master's degree (2010)	No		Student must <ul style="list-style-type: none"> • have graduated from an Ontario publicly funded university with a master's degree in any field of study; • demonstrate he or she meets high language proficiency in English or French; • have minimum savings (e.g., \$11,086 for one person or \$20,599 for a family of four); and • meet residence requirements (have lived in Ontario for one year in the last two years). 	2,081	1,572	390	\$1,500
Total				5,105	3,867	3,195	

to allow Ontario to nominate up to 5,500 potential immigrants in 2015.

As Ontario's population ages, the need for the province to attract skilled immigrants is likely to increase. A number of recent reports highlight that there is a shortage of skilled labour in Ontario. For instance, a report published by the Jobs and Prosperity Council (Council) in December 2012 noted that, despite Canada's strong education system and skilled population, there are still a number of sectors that report challenges recruiting workers with specific skill sets, especially in the skilled trades. The Council believes that increasing the number of newcomers with the skills needed by Ontario employers will be an essential element in ensuring Ontario has a talented, world-class workforce.

The Ontario Provincial Nominee Program is becoming more attractive to foreign nationals because, in February 2014, the federal government terminated both the Immigrant Investor Program for passive investors (that is, investors not actively involved in or managing the business), and the Immigrant Entrepreneur Program for experienced business people from other countries who want to own and actively manage businesses in Canada.

For a timeline of key events relating to the Program's evolution, see **Figure 2**.

Program Functions and Costs

The Ministry's Immigration Selection Branch administers the Program. As of March 31, 2014, the Branch employed 45 staff who were responsible for application processing and nominating applicants, program development and promotion, federal-provincial-territorial co-ordination, and program integrity activities to identify immigration fraud. In addition, other ministries' resources are used to assess aspects of applications under the investment component.

In the 2013/14 fiscal year, actual expenditures of the Immigration Selection Branch were \$3.1 million. The Ministry estimated that an additional

\$600,000 was spent by the other assessing ministries and in overhead, for total program costs of \$3.7 million. Program revenue, representing non-refundable application processing fees, was \$3.1 million.

Audit Objective and Scope

The objective of our audit was to assess whether the Ministry of Citizenship, Immigration and International Trade has effective processes and systems in place for the Provincial Nominee Program to:

- ensure that only qualified applicants are nominated for permanent resident status; and
- measure whether the Program is achieving its expected outcome of nominating candidates who will be of benefit to the economic development of Ontario and have a strong likelihood of becoming economically established in Ontario.

Senior management at the Ministry reviewed and agreed to our audit objective and associated audit criteria.

We undertook fieldwork from the end of February 2014 to the end of June 2014, and followed up on some additional areas up to August 2014. Our audit work included interviews with ministry management and staff, reviews of internal program documents and application files, analysis of program data, an ethics survey completed by existing and former program staff, and research of provincial nominee programs in other jurisdictions for best practice. We also met with representatives from Citizenship and Immigration Canada in Ottawa to obtain the federal government's perspective on program design, application processing practices, and evaluation of program outcomes.

During the course of our audit, we received a number of allegations about the Program's operation and the risk that it was continuing to consider applications from individuals and organizations who were suspected to have been

Figure 2: Chronology of Key Events Relating to the Ontario Provincial Nominee Program (Program)

Source of data: Ministry of Citizenship, Immigration and International Trade

Date	Event
November 2005	Canada-Ontario Immigration Agreement (COIA), with Annex to pilot the Program, signed (expired March 31, 2010)
May 2007	Pilot Program launched with two components: employer and multinational investors
2007	Program's annual nomination limit set at 500
2009	Program's annual nomination limit increased to 1,000
February 2009	Program launched under new name, Opportunities Ontario: Provincial Nominee Program, with the following three components: employers, international students with job offer and investors
March 2010	COIA extended to March 31, 2011 and Annex to authorize the Program extended to May 24, 2011
April 2010	Program launched the PhD component
June 2010	Program launched the Master's component
March 2011	Annex to authorize the Program extended to May 24, 2012
2012	Program's annual nomination limit increased to 1,100
May 2012	Annex to authorize the Program extended to May 31, 2015
September 2012	Program established a program integrity unit to focus on quality assurance, fraud deterrence and risk management
2013	Program's annual nomination limit increased to 1,300
2014	Program's annual nomination limit increased to 2,500
February 2014	Bill 161 (Ontario Immigration Act) introduced in the Legislature
May 2014	Bill 161 dies when the Legislature is dissolved due to the 2014 election

involved with immigration fraud and/or illegal immigration-linked investment schemes. We conducted a thorough review of the allegations with assistance from the Ontario Internal Audit Division and an external adviser. In writing this report, we have included recommendations that address not only the issues raised during our value-for-money audit, but also those identified in the allegations. As well, the Ministry, after recommendations from our Office, formally referred certain case information to law enforcement in September 2014.

Summary

The Provincial Nominee Program (Program) has been growing since it began in Ontario in 2007, and is expected to continue to grow: the Ministry of Citizenship, Immigration and International Trade (Ministry), which oversees the Program,

expects the federal government to allow Ontario in 2015 to nominate 5,500 potential immigrants for permanent residency. This is almost as many as Ontario was allowed to nominate in total from 2007 to 2013. In order to ensure that the Program selects only qualified individuals who can become economically established in the province, the Ministry needs to have robust, fair and transparent processes to allow it to consistently make the best nomination decisions. It also needs to track and measure how well people nominated in the past have in fact contributed to Ontario's economic development.

Immigration selection programs are inherently at high risk of immigration fraud. A weak immigration program can be targeted by unscrupulous potential immigrants and the immigration experts who represent them.

Our audit found that there is a significant risk that the Program might not always be nominating qualified individuals who can be of economic benefit to Ontario. This is because it lacks the

necessary tools, including policies, procedures and training, to guide program staff to make consistent and sound selection decisions, especially in a work environment that relies heavily on temporary staff and where turnover is high. We also found that the Ministry did not share program integrity concerns with both internal staff and external parties (law enforcement and regulators) who needed to know and could act on them accordingly. Furthermore, we found that program staff had not been provided with clear guidelines on how to deal with potentially fraudulent situations, and the Program had not established anti-fraud mechanisms. The Program lacks a strong data management system and program integrity function that would help detect high-risk applications. The Program's evaluations have not been thorough and current enough to track what happens to nominees from the various program components after they are selected. Furthermore, the Ministry does not have strong monitoring procedures to ensure that nominees are indeed working in skilled occupations contributing to the economy after arrival.

In particular, we noted the following:

- **Significant weaknesses were noted in the application assessment process:** The Program does not ban questionable applicants and representatives from reapplying to the Program. (Representatives are usually immigration consultants and lawyers authorized to act on the applicant's behalf.) From 2007 to 2013, 20% of the 400 denied applicants were denied due to misrepresentation. Between January 2011 and April 2014, applications from 30 representatives were denied on the basis that they contained misleading or fraudulent information. There is nothing stopping people who have knowingly misrepresented either themselves or their clients from reapplying or representing other clients. We believe that banning those proven to have knowingly misrepresented themselves or their clients would be a prudent practice. In addition, the Program does not follow up on ques-
- tionable files that were approved yet flagged for follow-up to ensure that program criteria continue to be met. Between October 2011 and November 2013, about 260 approved files were flagged for follow-up. We reviewed a sample of them and noted that only 8% had been followed up on. As of April 2014, 71% of all nominees flagged for follow-up had become landed immigrants—the Ministry has missed the opportunity to withdraw their nominations if any concerns with the nominees were to be noted.

- **There is a high risk of application fraud:** In 2013, the program integrity staff followed up on a sample of previously approved foreign worker nominees who had become landed immigrants to see if they were working in their approved position, and found that 38% of the sampled nominees were suspected to have misrepresented themselves. As well, the National Occupation Classification (NOC) categorizes occupations into five categories (0, A, B, C, and D) with NOC 0 and NOC A being highly skilled and requiring university education, and NOC D being lower-skilled and requiring no formal education. Only applicants with job offers in the three highest-skilled NOC job categories (0,A,B) are eligible for nomination. Since the Program began, 58% of job offers have been in occupations requiring a college education or apprenticeship training (NOC B), and the remaining 42% were either management positions or occupations requiring a university education (NOC 0 or A). We noted that it was often difficult to distinguish a job in the NOC B category from a job in a lower-skilled category that would not be deemed acceptable under the Program. Therefore, there was a strong risk of misrepresentation. In fact, for applicants with job offers who were found to have misrepresented themselves, 90% had job offers in NOC B positions.

- **The program integrity team was not being used to its full advantage:** The Ministry only began to establish a program integrity team in 2012, five years after the start of the Program, and it did not begin developing a program integrity framework to guide the team's work until early 2014. We also noted that concerns identified by the team through investigations and site visits were not shared internally or externally with parties who needed to know or who could act on the information. For example, in 2013, when the team found that 38% of a sample of foreign-worker nominees who had since become permanent residents were suspected to have misrepresented themselves, program management requested that the team not share lessons learned from the results of the investigations with processing staff, thereby missing an opportunity to educate them and enhance due diligence processes.
- **The Ministry delayed formally reporting information relating to potential abuse of the Program to the federal government and the proper law enforcement agencies:** After the Ministry's program integrity team recommended that case information about applicants and applications of concern be referred to outside parties for further work, the Ministry took up to 15 months to report this information to the federal government and law enforcement agencies. Furthermore, the Ministry did not provide vital personal information to them, thereby potentially delaying corrective action against individuals who have been abusing the Program.
- **The Program lacks processes to ensure transparency and avoid actual or perceived conflicts of interest:** Even though the Ministry states publicly that applications are processed on a first-come, first-served basis, certain applications are given priority and processed at least three times faster than non-prioritized files. Although there might be

instances where this practice would be justified, for example, when an applicant's legal status to stay in Canada is about to lapse, we noted one situation where files submitted by a certain representative were prioritized. In this case, the representative was a former program employee. In addition, some representatives were contacting program staff directly to ask for extensions in submitting documents or to request that their clients' applications be prioritized. In contrast, at Citizenship and Immigration Canada, only a small number of people deal with representatives, and representatives can only make inquiries in writing.

- **Many program staff are temporary, and have received no written guidance or job training; turnover is high:** As of March 31, 2014, only 20% of program staff were permanent full-time ministry employees. More than half were seasonal workers (that is, full-time employees on annually recurring fixed-term contracts who work 10 months a year). The remainder comprised seconded staff from the federal government, contract staff and co-op students. Dependence on a temporary work force has contributed to high turnover as staff leave for more permanent positions elsewhere. From January 2012 to June 2014, 31 staff left the Program and 59 started with the Program. In addition, although the Program has existed since 2007, the Ministry still does not have an operating manual to guide processing staff in making consistent eligibility decisions. Moreover, at the start of our audit, none of the application-processing staff who assessed files had received any training specific to the Program. During our audit, two training courses were developed in-house and delivered to staff. However, some topics of concern to staff were not covered.
- **The Ministry used incomplete information to assess program outcomes:** A program evaluation performed in 2013 noted that Ontario's nominees earned higher wages

(\$58,600) than nominees in other provinces (\$43,300) and the Federal Skilled Workers Program (\$35,700). However, the analysis was based on 2010 income tax records, and therefore would exclude most of the nominees without job offers, because the Program only started to nominate them in 2010. Nominees without job offers are now the majority. The evaluation also did not consider nominees who did not submit a tax return because they had no income to report. In addition, in a 2013 program evaluation, the Ministry reported that a survey of landed nominees found that 98% of nominees with a job offer were currently working and living in Ontario. However, the Ministry failed to report publicly that the survey's response rate was only 45% and that the remaining nominees could not be contacted.

- **The economic impact of nominating individuals without a job offer has not been assessed:** Having a job offer is a stronger predictor of economic success than not having a job offer. Nevertheless, two-thirds of nominees in 2013 did not have a job offer—primarily individuals with a post-graduate degree from an Ontario university. This is possible through a nomination category the Ministry established in 2010 called the “Ontario graduate component,” which allows international students who are graduating or who have recently graduated from an Ontario university with a PhD or a master’s degree to qualify for a nomination without having a job offer. In May 2012, the federal government expressed concerns to the Ministry that a nomination component for post-graduates without job offers might diminish the quality of candidates, and questioned whether these candidates could indeed become economically established. At the time of our audit, the Ministry was not tracking whether nominees without job offers who are admitted to Ontario are eventually employed. Doing so would help the Ministry determine whether nominating people based on their having higher education alone is advisable.
- **Employers did not need to attempt to recruit locally for 76% of job offers made to nominee applicants:** The Ministry states publicly that positions being considered for approval by the Program must not adversely affect employment or training opportunities for Canadian citizens or permanent residents of Ontario. To ensure this, employers seeking approval for a job to be filled by a foreign national must show that they have made sufficient effort to recruit locals before applying to the Program. However, this requirement does not apply to employers who are expecting to hire an individual who is studying in Canada or who holds either a Post-Graduation Work Permit or Temporary Work Permit (both of which are issued by the federal government). Of the job offers made to foreign nationals through the Program, 76% were made to such individuals. Exempting employers whose prospective nominees have such work permits from making a sufficient effort to recruit locally before applying to the Program could affect employment opportunities for local citizens and permanent residents.
- **Controls over the case management system and nomination certificates need to be strengthened:** Significant data integrity issues were noted with the case management system that is used to store case decisions, applicant information and key documents. For example, all users can input decisions, change assessment status on applications and print nomination certificates. The system is also incapable of producing exception reports to ensure program integrity. We also noted that blank certificates can go missing undetected because the Ministry does not reconcile the certificate papers’ inventory to ensure all certificates are accounted for. In addition, it is possible to create fictitious nomination certificates without being detected due to weak internal controls.

OVERALL MINISTRY RESPONSE

Immigration is critically important to our economic future and social fabric. Making immigration work better for Ontario and for newcomers is a top priority of the government of Ontario.

The Provincial Nominee Program (Program) is a relatively new and effective way for Ontario to select immigrants that meet the province's unique labour market needs. Expansion of the Program is a key element of Ontario's immigration strategy.

The Ministry is committed to the integrity and continued success of the Program and is taking steps to strengthen the Program. For example, the Ministry has recently worked with Citizenship and Immigration Canada and developed an information sharing arrangement. The Ministry has also provided training to staff and introduced new protocols to ensure program integrity, continued improvement and best practices. As well, the Ministry recently engaged a consultant to review the Program and provide recommendations to ensure that its operations are positioned to take on an increased number of applications annually. Furthermore, the Ministry recently also undertook a jurisdictional review of provincial nominee programs across Canada to evaluate best practices and common challenges; the review found that misrepresentations in immigration applications, especially those in the business investment category, are common to many provincial nominee programs.

The Ontario government plans to reintroduce legislation this session to strengthen Ontario's immigrant selection program and enhance program integrity. The proposed legislation will provide legal tools to better support both information-sharing arrangements and the banning of representatives, recruiters and employers who misuse the Program. The proposed legislation will also provide for administrative monetary penalties and offences.

Given the value of Canadian citizenship, all participating immigration programs are the target of fraud and abuse by unscrupulous individuals and immigration consultants. The Ministry is committed to being vigilant in ensuring the integrity of its immigration programs.

Canada and Ontario are facing a wide range of skills gaps in critical sectors. Because immigration in Canada is a shared responsibility between the federal and provincial and territorial governments, the Ministry is continuously faced with balancing the objectives of the federal government and meeting Ontario's own labour market needs.

The Ministry will continue to work closely with the federal government and all of its partners to ensure the Program continues to play a key role in building a skilled workforce and keeping Ontario globally competitive.

Detailed Audit Observations

Nomination Limits and Approval Rates

The Program Selects a Small Number of Economic Immigrants to Ontario

In 2012, the latest year for which information is available, Ontario had the highest number of new immigrants (99,000); in fact, half of Canada's new immigrants settled in the province. Ontario also had more economic class immigrants in total (49,000) than any other province or territory. However, all provinces other than Ontario had a higher proportion of their new immigrants from the economic class (rather than family class or refugees). Only half of Ontario's new immigrants were from the economic class, compared, for instance, to 87% in Saskatchewan, 78% in Manitoba, and 68% in Alberta.

The federal government establishes nomination limits for each provincial nominee program in Canada, with consideration to the economic focus of each jurisdiction. In 2012, the federal government allowed Ontario to select 1,100 nominees under the Program, or 2% of Ontario’s total economic-class immigrants for that year. The nomination limit for Ontario grew to 1,300 in 2013, and 2,500 in 2014, as shown in **Figure 3**. In comparison, all provinces west of Ontario had higher nomination limits in 2013 and 2014.

Overall Application Approval Rate is High in Ontario

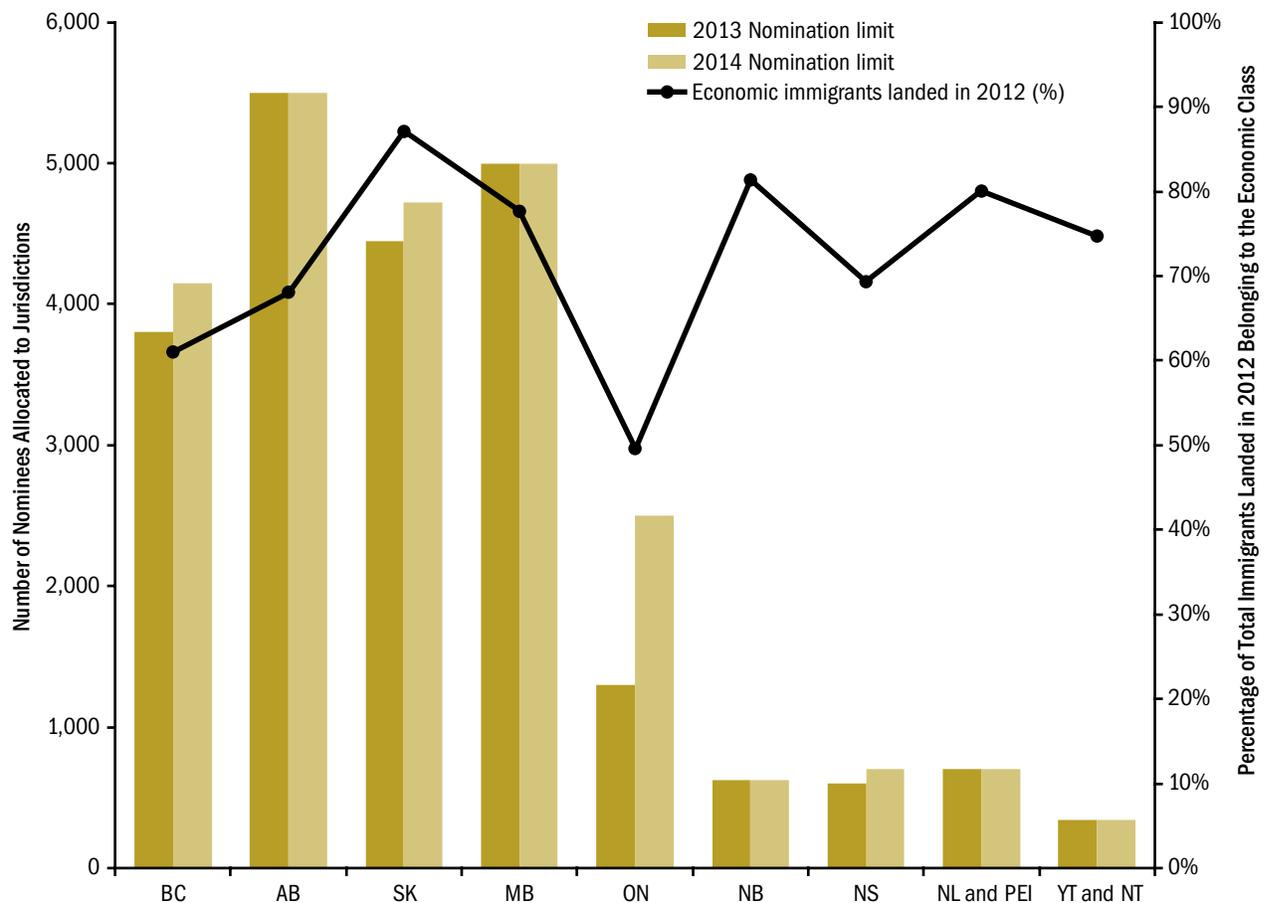
The overall rate of approval for nominee applications assessed between 2007 and 2013 was 93%.

Among all the nominee categories, the investor component had the lowest rate of approval, at 53%, while all other components had a rate of approval of at least 90%. The Ministry explained that concerns around the investor files have led to their low rate of approval.

The most common reason for denying applicants was that they did not meet eligibility criteria. For example, they failed to demonstrate intention to work and settle in Ontario, failed to demonstrate required prior work experience, or were participating in an “immigration-linked investment scheme,” which is prohibited under federal immigration legislation. Applicants were also denied because they submitted incomplete applications or misrepresented themselves, for example, by submitting fraudulent reference letters or fictitious job offers, or

Figure 3: Nomination Limits (2013, 2014) and Proportion of Admitted Immigrants Belonging to the Economic Class (2012), by Province or Territory

Source of data: Ministry of Citizenship, Immigration and International Trade



by including other false or misleading information. Of all 400 applicants denied from 2007 to 2013, 71% were denied on eligibility criteria alone; 20% were denied because of misrepresentation alone, or misrepresentation coupled with other reasons.

Once nominated, nominees can also be denied by the federal government if they fail admissibility criteria or if the federal government chooses to overrule the province, but this rarely happens. Between 2007 and 2013, the federal government denied 58 nominees (1% of total approved nominees) who were approved by the province. In contrast, federal officials told us that they refuse about 3% of provincial nominees across the country.

Impact of the Current Program Design

Majority of Nominees Selected Had a Post-graduate Degree and No Job Offer, and Their Economic Impact Was Not Assessed

In 2013, two-thirds of nominees did not have a job offer. This appears contrary to the intent of the Program, which is to select individuals who are likely to be an economic benefit to the province. The nominees without a job offer were primarily individuals with a master's or PhD degree from an Ontario university. As **Figure 4** shows, since the Program was changed in 2010 to allow master's and PhD graduates without a job offer to be nominated, the proportion of selected nominees that do not have a job offer has grown significantly. Indeed, since 2012, nominees without a job offer have surpassed nominees with a job offer. The Ministry has not established what proportion of nominees should come from each component because it wants flexibility in order to be able to meet its annual nomination limit.

In May 2012, the federal government expressed concerns to the Ministry that the program component of post-graduates without job offers might diminish the quality of candidates, and questioned if these candidates could become economically established. The federal government informed us

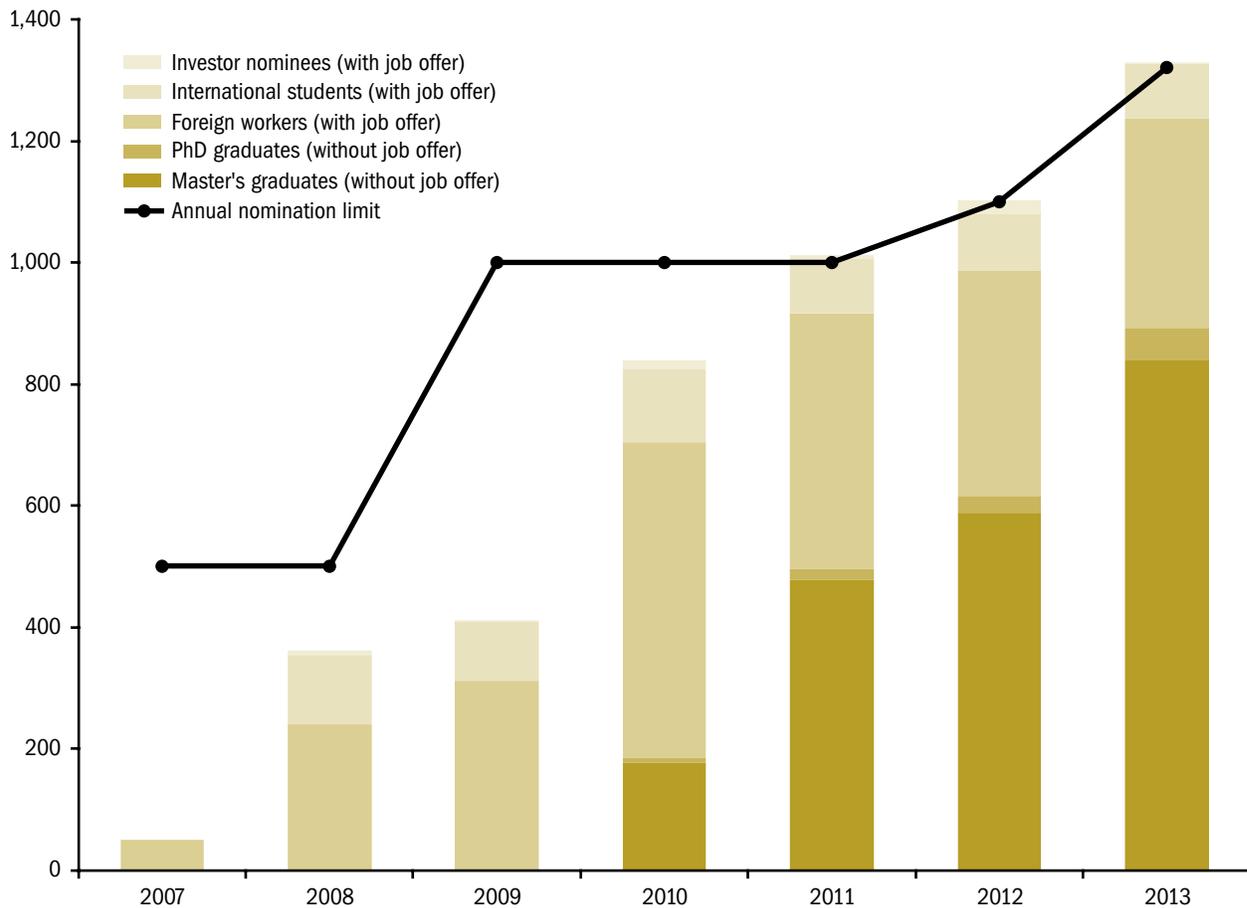
that of the various predictors of economic success (for example, language skills, education and previous Canadian work experience), having a job offer is a strong one because it enables school-to-work transition, and it would be expected that a Program whose goal is to meet immediate local labour needs would therefore require nominees to have a job offer.

The Ministry considers international post-graduates from Ontario universities particularly attractive because they have transferable skills, are marketable, have established roots and social networks in the province, speak the language, have education credentials that are recognized by Ontario employers, and are well-positioned to contribute to Ontario's future growth as the province moves into a knowledge-based economy. Because of the overall desirability of these post-graduates, the Ministry has not specified that only those who have studied in specific fields are eligible under the Program.

Ontario is not unique in having program components for people without a job offer. At the time of our audit, we noted that Alberta and Manitoba also nominate certain skilled individuals without a job offer. For instance, in Alberta, individuals with a valid certificate in a designated trade and those who have local work experience in an eligible engineering occupation can apply without a job offer. In Manitoba, individuals who can demonstrate a strong connection to the province through family or friends or past education or employment and meet language, education, work experience and adaptability criteria, can apply without a job offer. Also, some federal immigration programs, such as the Federal Skilled Workers Program and the Canadian Experience Class Program, allow individuals with certain education and work experience to be chosen as permanent residents without a job offer. At the time of our audit, the Ministry informed us that it was considering adding yet another component that did not require a job offer: francophone foreign workers.

Figure 4: Total Number of Nominees by Nomination Category and Approved Nomination Limits, 2007–2013

Source of data: Ministry of Citizenship, Immigration and International Trade



Notwithstanding, we noted the following regarding the Program's component of international graduate students without job offers:

- The Ministry has not adequately monitored whether nominees without job offers admitted to Ontario are eventually employed. Doing so could demonstrate whether nominating people who do not have job offers but have post-graduate degrees results in positive economic outcomes. The Ministry had administered surveys in 2010 and 2013 to measure outcomes, but the surveys did not cover a large enough sample from this program component (less than 5% of all nominees without job offers responded to the survey). Of those few who did respond, 87% reported that they were employed, and 86% reported that they

worked in an occupation at least somewhat related to their studies.

- In 2010, Cabinet instructed the Ministry to introduce the master's stream only after an evaluation was completed on the PhD stream. However, the master's stream was introduced just two months after the PhD stream without an evaluation of the latter. The Ministry stated that introducing the master's stream was a ministerial direction, but could not produce formal authorization.

Many Nominees' Job Offers Were for Occupations Requiring a College Education or Apprenticeship Training

From 2007 to 2013, of all nominees who had job offers, 58% were in occupations that require a

college education or apprenticeship training (see **Figure 5**). The top five occupations of nominees were all in this category: bricklayers, carpenters, machinist and machining and tooling inspectors, cooks, and roofers. The remaining 42% were in occupations requiring higher-level education: 14% in management positions and 28% in occupations requiring a university education. For applicants applying on the basis of a job offer, the Program requires the job to be full-time and in a highly-skilled occupation, which is defined as a job that is classified by the National Occupational Classification (NOC) system as being in:

- level 0—management occupation;
- level A—occupation requiring a university education; or
- level B—occupation requiring a college education or apprenticeship training.

The Program does not accept applicants with job offers in levels C and D occupations: those that require up to a secondary school education and/or occupation-specific training, and occupations providing on-the-job training, respectively. We noted that the Program correctly did not approve any applicants who indicated a lower-than-required occupation level in their applications.

We also noted that of the 90 known applicants with a job offer who had misrepresented them-

selves from the start of the Program to April 30, 2014, most were applicants with job offers in the NOC B category. Distinguishing a NOC B job position from one in a lower-skilled category is not an exact science. For example, according to a federal government website that describes positions by level, a cook, which is a NOC B position, is someone who would prepare and cook complete meals and oversee kitchen operations. On the other hand, a kitchen helper, which is a NOC D position, is described as someone who would take customers' orders, clean and slice food, use the oven, and serve customers at counters or buffet tables. These job descriptions can sometimes be quite similar, and because they are publicly available on the Internet, applicants can intentionally exaggerate the job description to have it fit well within an approved job category.

Unclear Whether the Program is Helping Meet Regional Labour Needs

It is unclear whether the Program is actually meeting regional labour needs because regional labour data is not available to the Ministry, and the Program is nominating foreign nationals for occupations that the government knows have below-average prospects of employment. Several recent studies also illustrate these points:

- A June 2013 report released by the Conference Board of Canada noted that Ontario faced skills gaps rather than a labour shortage. The report noted that these skills gaps are found in some of the province's most important economic sectors (including manufacturing; health care; professional, scientific, and technical services; and financial industries), and that they exist in many communities across Ontario. But employers no longer invest in training and development as much as they used to. In fact, the Conference Board of Canada noted that direct learning-and-development expenditures had fallen by almost 40% between 1993 and 2013. Ministry

Figure 5: Occupation Type for Nominees with Job Offers, 2007–2013 (%)

Source of data: Ministry of Citizenship, Immigration and International Trade

Year	NOC 0 ¹	NOC A ²	NOC B ³
2007	0	16	84
2008	5	26	69
2009	7	23	70
2010	14	22	64
2011	18	37	45
2012	21	34	45
2013	17	27	56
Total	14	28	58

1. Management positions.

2. Occupations requiring a university education.

3. Occupations requiring a college education or apprenticeship training.

staff told us that the fact that employers demand skills right away but do not always have the budget to train local Ontarians makes immigration an alternative option.

- An April 2014 report released by the C.D. Howe Institute on temporary foreign workers in Canada noted that there is no data on vacancies by occupation or skill level. As well, the Auditor General of Canada noted in his Spring 2014 report that Statistics Canada had limited data on job vacancies for small geographic areas, rendering it impossible to determine where in a province or territory those jobs vacancies are located. In fact, the 2012 *Report of the Commission on the Reform of Ontario's Public Services* (Drummond Report) recommended that Ontario should advocate for the collection of sub-provincial (regional) data to enable more effective decision making and policy development. At the time of our audit, the Ministry of Citizenship, Immigration and International Trade and the Ministry of Training, Colleges and Universities both confirmed that they do not have regional information on labour force supply and skills demand.
- The Ministry of Training, Colleges and Universities periodically compiles employment prospect ratings for various jobs in Ontario. It identifies those occupations in which it will be difficult for recent graduates and new immigrants to find work relative to other occupations. In 2009, the Ministry of Training, Colleges and Universities estimated that about 30 jobs had below-average prospects for employment extending into 2013. Yet we found that between 2009 and 2013, 115 nominees were approved to immigrate to Canada to work in such positions. Even though employers had made job offers in these cases, these positions may not be long-lasting, and the nominees could find themselves having difficulty moving to another occupation should they be terminated.

Employers Not Required to Prove They Could Not Recruit Locally in Most Cases

Although the Program's website states that positions being considered for approval by the Program must not adversely affect employment or training opportunities for Canadian citizens or permanent residents of Ontario, employers were not required to provide proof that they had tried to recruit locally for 76% of approved positions from 2009 to 2013 (period for which data was available).

The application form to obtain approval for a position for a foreign national specifies that employers need to prove to the satisfaction of the Program that they have made sufficient efforts to recruit Canadian citizens or permanent residents located in Ontario to fill the position. But this requirement does not apply to an employer if the individual being brought forward for nomination holds a Temporary Work Permit or a Post-Graduation Work Permit, or if the individual is studying in Canada.

The federal government requires employers to conduct a labour market impact assessment prior to issuing a Temporary Work Permit to show that there is no Canadian worker available to do the job. This assessment requires employers to provide proof that they have advertised in acceptable media for a defined period of time. But this assessment remains valid for up to four years, during which time labour market conditions could change significantly. Allowing these employers with applicants holding this permit to be exempt from demonstrating to the Program that they have attempted to recruit locally could affect employment opportunities for local citizens and permanent residents.

Ontario is not unique in allowing this—British Columbia and Alberta have a similar policy. According to the Ministry, employers who have invested four years in training a temporary foreign worker would want the opportunity to retain people with Canadian experience.

The federal government does not require employers to conduct a labour market impact assessment prior to issuing a Post-Graduate Work

Permit or when employers are bringing forward individuals studying in Canada, so the Ministry has little reason to exempt employers from making efforts to recruit locally in these cases. According to the Ministry, however, this exemption is justified because Canada would want to retain individuals who have received education here.

RECOMMENDATION 1

To ensure that the Provincial Nominee Program is achieving its expected outcome of nominating candidates who will be of benefit to the economic development of Ontario and have a strong likelihood of becoming economically established in Ontario, the Ministry of Citizenship, Immigration and International Trade should:

- establish limits for the proportion of nominees who can be accepted without job offers;
- better scrutinize applicants applying for jobs classified as NOC B for misrepresenting work experience, and job offers that are in fact in lower-skilled categories;
- obtain labour force data by region and occupation, and utilize labour market information from the Ministry of Training, Colleges and Universities regarding occupations with better prospects for employment to prioritize positions for approval; and
- define acceptable forms of local recruitment effort, and require employers hiring international students to prove attempts to recruit Canadian citizens or permanent residents located in Ontario.

MINISTRY RESPONSE

The Ministry will assess and consider establishing limits for the proportion of nominees who can be accepted without job offers, in conjunction with research findings, evaluations and analysis of outcomes data. But the Ministry will need to retain its emphasis on attracting immigrants with high human capital—this is the method of selection that was used for most

economic immigration in Canada in the 1990s and the 2000s.

In September 2014, the Ministry engaged a consultant to review all program components and develop a risk assessment tool that will be implemented in early 2015. Program staff will use this tool to determine which applications should be subject to additional checks and investigation.

The Ministry acknowledges the challenges with the National Occupational Classification (NOC) system, especially the NOC B category of occupations. The Ministry will work with the federal government to review the broad band of jobs within this category and will consider refinement of program criteria based on an analysis of actual economic outcomes. In addition, program staff are expected to review all applications to ensure job specifications accurately reflect the formal job offer for an applicant. The Ministry will reinforce this practice with all staff through training sessions in early 2015, regular training updates and operational bulletins.

There are significant inherent challenges with respect to the reliability and robustness of local labour market information, and forecasts of such information, that limit the scope for meaningful occupation-level demand-and-supply forecasting. These limits must be taken into account when considering policy and program use of labour market information tools. The Program has not undertaken a ranking of desirable occupations to inform its selection decision. There remain ongoing debates about labour market imbalances, and Canada and the provinces do not agree about the nature and extent of imbalances at the national, provincial and local level. Improved labour market information could help policy-makers move past disagreements. Notwithstanding the potential value of such forecasts, a number of experts have warned about the inherent risks in occupational forecasting, which are particularly relevant at the local level.

The Ministry is developing a policy regarding acceptable recruitment efforts that should be undertaken by employers to ensure that the recruitment of Canadian citizens or permanent residents is not affected when employment offers are to be made to international students. Information on acceptable forms of local recruitment will be defined in the operational manual and made available publicly.

Processing Environment

Unstable Staffing Model

As **Figure 6** shows, the Program is heavily staffed with temporary or short-term employees. This has contributed to increased turnover and the risk of inconsistent decision-making, which in turn requires increased oversight and continual training.

When the Program began, it was approved to hire up to nine full-time positions or the equivalent (FTEs). At that time, the nomination limit was 500. In 2014, approved staffing increased to 16 FTEs when the nomination limit reached 2,500. (At the time of our audit, the Program was only utilizing nine of the 16 FTEs.) In order to meet staffing needs, the Ministry redeployed its staff from other programs and staff from one other ministry. In addition, in 2010, the Program began seconding people from the federal government, and in 2012, it began to hire seasonal employees (that is, full-time employees on annually recurring fixed-term contracts, who work 10 months a year). These temporary staff are not

included in the approved staffing complement of 16, but the Ministry has obtained funding to cover the costs of the temporary work force.

As of March 31, 2014, the Program had 45 staff in total, as shown in **Figure 6**. The Program expects to continue to employ a mix of permanent and seasonal staff, but dependence on a temporary work force could result in more turnover because staff might leave, as has happened, for more permanent positions elsewhere. From January 2012 to June 2014, 31 staff left the Program. In the same period, 59 individuals started with the Program, excluding returning seasonal staff. This instability created a risk to the Program of inconsistency in decision-making, which warrants increased oversight and constant training of staff.

No Operating Manual for the First Seven Years

Even though the Program has been in existence since 2007, at the time of our audit the Ministry still did not have an operating manual to guide processing staff in making consistent eligibility decisions. Program staff received guidance primarily through coaching from senior processing staff. Although the Ministry developed an operating manual in 2011, it was never implemented and no parts of it were made available to processing staff. It covered a range of topics that, in our view, would have helped ensure that staff understand how to process files consistently and effectively. Although templates were made available to processing staff,

Figure 6: Breakdown of Program Staff by Employment Type and Function as of March 31, 2014

Source of data: Ministry of Citizenship, Immigration and International Trade

	Full-time	Seasonal*	Secondment	Contract	Co-op Students	Total
Senior Management	3	0	0	0	0	3
Program Development	3	2	0	2	1	8
Program Integrity	0	2	2	0	0	4
Application Processing	3	19	3	0	0	25
Others	0	2	0	2	1	5
Total	9	25	5	4	2	45

* A seasonal worker is defined as a full-time employee on an annually recurring fixed-term contract who works 10 months in the year.

they were not as comprehensive as the checklists included in the 2011 operating manual, which could have helped processing staff assess whether certain documents were acceptable as proof. We were informed that the manual was validated by processing staff at the time it was developed, but program management did not like the manual and felt it was unusable. In February 2014, when our audit began, the Ministry began developing a new procedural manual. Our review indicated that the new 2014 manual is substantially based on the contents of the unreleased 2011 manual. At the completion of our audit, the new manual was being approved by the Ministry.

No Program-specific Staff Training for the First Seven Years

There are three types of processing staff: those who provide administrative support, those who assess files and recommend approval or denial, and those who make final decisions. Prior to the start of our audit, application processing staff who assessed files were trained through job shadowing. Although staff received some formal training from Citizenship and Immigration Canada on the federal immigration legislation, there was no formal training provided on areas specific to the Program, such as program criteria, fraud detection and use of the case-management information system. During our audit, in April 2014, two staff with training expertise delivered a one-week training course to processing staff that covered these program-specific topics. In addition, one of the trainers delivered a three-day course on interviewing techniques.

All processing staff who have authority to make recommendations on applications attended both training courses in April 2014. But none of the staff who have authority to actually make decisions on applications attended either session because the Ministry felt that they were experienced. These staff could have contributed to the discussion among processing staff and ensured a consistent treatment of application processing.

The one-week training course was prepared without input from processing staff. As a result, some topics that were of concern to them were not covered in the training, such as how to evaluate whether the efforts of employers to recruit local Ontarians prior to hiring prospective nominees were sufficient.

Program Staff Do Not Undergo Security Clearance Checks

Program staff do not undergo security clearance checks. Government policy states that security clearance checks should be conducted if staff have access to sensitive information. Although program staff handle sensitive information relating to potential immigrants, at the time of our audit they were not required to undergo security checks. In contrast, immigration employees in the federal government are required to undergo such clearance checks. In June 2014, the Ministry completed, for some positions, the standard risk assessment template used to determine if staff need security clearance. Based on the Ministry's assessment, some of its program staff require enhanced screening checks, but at the completion of our audit, security clearance had not yet been conducted.

Some Staff Perceive Ethical Lapses in the Program

Ethics are particularly important in programs such as immigration selection, where the inherent risk of fraud is high. Representatives from the Ministry's human resources department told us that new staff receive orientation on conflict of interest, but aside from government-wide policies surrounding ethics and conflicts of interest, the Program is not subject to any more stringent requirements. Guidance on how to disclose and investigate wrongdoing in the Ontario public service is outlined in the *Public Service of Ontario Act, 2006*.

During our audit, we became aware that some representatives were contacting program staff

directly to ask for extensions in submitting required documents or to request that their clients' applications be prioritized. Some staff perceived favouritism towards prior employees who were involved in submitting nomination applications on behalf of applicants. In contrast, Citizenship and Immigration Canada told us that only a small number of people are allowed to deal with representatives, and representatives cannot inquire in person or by phone but must correspond with the immigration programs in writing. This promotes transparency, helps ensure an arm's-length relationship between representatives and program staff, and avoids actual or perceived conflicts of interest.

Our concerns about the Program led us to conduct a survey of existing program staff and former staff who had left within the previous year to gauge their experiences and perceptions of the ethical environment in their workplace. The response rate to our survey was 88%. All of the staff surveyed agreed that ethics and integrity are critical in the public sector and an important part of fulfilling their work as a public servant. Over one-third (35%) indicated that the type of work done in their workplace is at high risk for misconduct or fraudulent activity involving program staff. Other notable responses include:

- 39% indicated that they had not been provided adequate training to know what to do if a co-worker or direct report approached them with an ethical dilemma or conflict-of-interest situation.
- 30% indicated that management did not demonstrate the importance of integrity and did not lead by example in ethical behaviour; 24% did not feel comfortable talking to their supervisor/manager about ethical issues that arose within their work environment. Furthermore, 27% did not believe that management would take appropriate corrective action if instances of ethical misconduct were reported to them.
- 24% did not know to whom they should report incidents of ethical misconduct or suspected fraud involving program staff, and 22% were unsure.

- 19% observed or were personally aware of at least one type of ethical lapse or fraudulent activity involving program staff within their workplace in the past year, and a further 19% were unsure. The top three reasons for not reporting an ethical lapse or fraudulent activity were that they did not feel it would be appropriately dealt with (55%), they were afraid of reprisals (45%), and they were not sure to whom to report it (45%).
- 24% did not believe that the current policies and practices with respect to values and ethics were working effectively in creating an ethical environment within the Program.

RECOMMENDATION 2

To ensure that the Provincial Nominee Program operates with the necessary resources and tools in a strong ethical environment, the Ministry of Citizenship, Immigration and International Trade should:

- assess its staffing needs and review the appropriateness of the current staffing model;
- implement an operating manual and update it periodically with input from program staff;
- enhance the training plan for all program staff, considering their training needs, including training on ethical matters and management expectations;
- require that program staff obtain security clearance; and
- strengthen procedures that support the maintenance of an ethical environment within the Program that respect the provisions in the *Public Service of Ontario Act, 2006* for preventing conflicts of interest and disclosing wrongdoing.

MINISTRY RESPONSE

In September 2014, the Ministry engaged a consultant to conduct a review of the organization and provide advice on a proposed future organizational structure for the Program. The

engagement includes a review of the staffing needs and the current staffing model. The Ministry expects that the Program's staffing needs will change significantly over the next 12 months, due to (i) the expected reintroduction of immigration legislation that will include provisions for enforcement activity and information-sharing, (ii) the launch of Express Entry (a new model of selecting nominees) in January 2015, and (iii) the streamlining and integration of investment-component work processes.

In June 2014, the Ministry released a draft operating manual for use by staff as a resource tool. The manual is currently being revised after receiving input from internal and external partners. The manual is also under review by a consultant who is providing advice and tools for the investment component. Once these reviews and revisions are completed, the Ministry expects to regularly update the manual through operational bulletins.

The Ministry strongly believes in staff training. The Ministry will be formalizing the current mentoring and job coaching structure for senior and junior processing officers. It will also supplement and enhance existing training programs with an annual training plan and schedule for all program staff. The Ministry intends to update the training that it delivered in April 2014 to processing staff who assess and make recommendations on applications, and develop a training program for staff who provide administrative support. All processing staff will be trained in their respective training programs in early 2015. Staff who make final nomination decisions will be involved in the training initiatives. The Ministry plans to develop training opportunities through participation in an Ontario inter-ministerial working group for investigators and inspectors. Finally, the Ministry plans to create in-house training capacity.

In addition, the consultant is expected to make recommendations on a training strategy for existing and new staff. The training strategy

will reinforce and integrate training on the government's ethical framework.

The Ministry places a high priority on program integrity and ethical practices. The Ministry has completed a security clearance risk assessment of all positions in the Program and is proceeding per the requirements of the government policy on employment screening checks to implement checks for its workforce.

To strengthen conflict-of-interest provisions, the Program will (i) include conflict-of-interest requirements in offer letters and performance contracts, (ii) incorporate conflict-of-interest education into staff orientation upon hire, and (iii) require annual e-course training on conflict of interest. The Ministry will evaluate these measures over the next year to determine if any supplemental conflict-of-interest or Code of Conduct tools are needed.

Application Assessment and Processing

Deficient Application Assessment Process

Our audit identified weaknesses in the file assessment process for nominee applicants with and without job offers, and for employers applying to have positions approved to be filled by potential immigrants.

The Ministry informed us that the normal process to confirm the legitimacy of applicant information should be to conduct interviews and site visits (starting in 2012), verify documents primarily by researching the Internet, and seek further documentation and clarification from applicants.

We reviewed a sample of application files processed in 2013 to determine how processing staff assessed whether eligibility criteria were met and whether case notes contain sufficient details to support nomination decisions. We noted that for the majority of the files we sampled, there was evidence that program staff had documented the assessment of all eligibility criteria, and had

verified the existence of foreign workers' prior work experience to ensure it met program requirements. However, we noted the following weaknesses with respect to the assessment process:

- Processing staff do not always verify submitted information through means such as phone interviews and site visits. Conducting interviews or site visits for all files might not always be necessary, but because the Ministry does not have a process that identifies high-risk files that are susceptible to fraud, staff lack guidance regarding when to perform such verification procedures.

Although there is no means of tracking which files involved personal interviews, one staff member could only recall a total of eight in-person interviews conducted between August 2013 and May 2014. These all resulted in the applicants being denied, which highlights the value of conducting more in-person interviews. For the eight cases noted, staff requested in-person interviews because the position did not appear to make sense for the applicant, or staff suspected there was fraud or misrepresentation. Ministry staff could also conduct phone interviews. We noted that only 11% of approved files sampled had evidence of phone interviews. Between January 2012 and April 2014, only 66 site visits were conducted. These site visits were primarily of employers but also of some investment project sites. About 40% were done as part of due diligence during the file assessment process, and about 60% were done to follow up on previously approved applicants. No site visits were conducted before the program integrity unit was established in 2012. And no site visits were conducted from April 2014 to June 2014 because the staff who typically conducted them had left the Program.

- In about 10% of the nominee applications we sampled, the copy of the passport photograph submitted with the application was too blurry or unclear to be useful at a later date if needed

to confirm the identity of a nominee being followed up on. Ontario allows applicants to submit photocopies or scanned copies of passport pages. This is also the practice in Manitoba, Alberta and Saskatchewan. On the other hand, Canada and British Columbia require that actual photographs be submitted.

- In 85% of applications we sampled, we saw no evidence that the processing officers checked whether the applicant had previously applied to the Program and had been denied. Such checks would have been an important step in ensuring that processing staff exercise more due diligence. This is especially important in an environment with high staff turnover and incidents of application fraud.
- The Program requires applicants to provide a translation of documents that are not in either English or French. The translator is required to declare before a person taking an affidavit that he or she has made a true and correct translation of the submitted documents. However, unlike Alberta and Saskatchewan, Ontario does not require that the translator be a member of a recognized professional association and does not specify that the translator must not be, or work for, the paid representative (for example, immigration consultant) of the applicant. We noted examples where applicants' documents were translated by individuals working in the same firm as the paid representative.
- The Program does not assess related nominee applications (for example, those with job offers from the same employer) by the same staff and at the same time. Instead, these applications are distributed to available processing staff on a first-come, first-served basis. If related applications were assessed by the same processing staff, the Program might be able to identify trends quicker and exercise an appropriate level of scrutiny sooner once it detects a questionable application.
- In some cases where the eligibility criteria are not fully met, the Program might still approve

the application through a special consideration process, whereby the manager approves the file based on his or her discretion. The Ministry told us that this occurs, for example, when the salary rate for the applicant deviates slightly from the salary rate specified for the position or when a graduate student nominee has been living in Ontario for 11 months instead of the required 12 months. However, there is no mention in the draft operational manual of when special consideration can be given. The Program did not have statistics on how often this occurs.

Employer Applications

For employers applying to have positions approved to be filled by potential immigrants, we identified the following problems:

- Although program staff are required to check with the Ministry of Labour that the employer is not in violation of Ministry of Labour health and safety regulations, we noted that about 20% of employer applications processed in 2013 were approved without such verification. As well, by law, companies in the construction industry must register with the Workplace Safety and Insurance Board if they meet certain criteria. Many nominees with job offers are employed in this sector, but the Program does not verify that employers have insurance coverage to protect prospective nominees.
- The Program does not define what constitutes sufficient local recruitment effort by an employer applicant, resulting in varying degrees of recruitment efforts by employers being deemed acceptable. Where employers are required to submit information about their local recruitment efforts to demonstrate that they are unable to fill the requested position with local people, such information could include jobs advertised on company websites; online classified ads or employment sites; print media; or the federal government's Job Bank (an online database of job postings).

Processing staff told us that it is unclear what constitutes sufficient effort. In particular, the Program does not specify the length of time a job should be advertised. We reviewed a sample of approved positions, and noted that a variety of methods were used to advertise job openings for varying lengths of time. For example, for similar jobs in construction in the Greater Toronto Area, one employer advertised the position on a classifieds website for 45 days, whereas another employer placed a print ad in a local newspaper with no evidence as to the length of time the job was advertised. Both were accepted as evidence of local recruitment efforts. In contrast, for temporary foreign workers in higher-skilled positions, the federal government requires employers to advertise jobs for a minimum of four weeks on the national Job Bank plus two other specified methods, such as advertising in print media, general employment websites, and/or specialized websites dedicated to specific occupations.

International Students with a Job Offer

For international students with a job offer, ministry staff are not applying the job-related criteria consistently. For international students to be considered eligible to become nominated for permanent residency, their job offers do not have to be permanent and full-time; they may be one-year renewable contracts. Although the Ministry publicly states that such renewable contracts will be considered on a case-by-case basis, we noted that processing staff do not have guidance on what constitutes an acceptable renewable job offer. One staff member we spoke with considered all such contracts as acceptable job offers, requiring no discernment on a case-by-case basis.

Nominee Applicants with a Post-graduate Degree

For nominee applicants who have a post-graduate degree (master's or PhD) from an Ontario university and no job offer, we identified the following

weaknesses from a sample of applications processed in 2013:

- In order to determine if the applicant resided in Ontario for the required period of time, the Program typically obtains all passport pages to calculate the net period the applicant was in Ontario. For 22% of applications sampled, we noted that either the passport pages were illegible or some pages were missing. Thus the Program would not be able to determine if the applicant resided in Ontario for the required period of time.
- In 7% of cases, program staff considered a statement from the applicant that he or she had friends in Ontario as adequate proof of the applicant's intent to stay in Ontario.
- Although those with either a master's degree or PhD can apply to the Program without a job offer, only those with a master's degree must meet asset requirements. This is to ensure that an individual with a master's and no job offer can afford to live in Ontario while transitioning to gainful employment. The Program accepts funds received from family as evidence that the individual has the means to be self-supporting even though it cannot hold the family accountable to continue providing financial support after the individual settles in Ontario. Furthermore, the Program does not specifically consider the individual's student debt load, which might be significant. This is because the Ministry expects the individual's own funds to be sufficient to cover all expenses including paying down any debt until the graduate finds a job. For 17% of approved files sampled, we did not see evidence that the applicant had adequate financial resources. Individuals with a PhD are exempt from asset requirements because it is assumed they have earned sufficient funds through sources such as being a teaching assistant while they earned their degrees.

RECOMMENDATION 3

To ensure that only qualified individuals are nominated and to detect misrepresentation, the Ministry of Citizenship, Immigration and International Trade should:

- define when site visits or in-person interviews are warranted, and track the use of these techniques;
- require that nominee applicants submit clear photographs;
- verify applicants' history of applying to the Program;
- only permit translated documents from persons independent from the applicants or their representatives;
- assign nominee applications from the same employer to the same processing staff;
- clarify for staff what constitutes sufficient evidence to confirm that eligibility requirements have been met, and monitor that staff apply the rules consistently;
- define the circumstances under which special consideration can be given and track how frequently it is given; and
- require all applicants without job offers to meet asset-requirement conditions.

MINISTRY RESPONSE

The Ministry is committed to improving and enhancing program processing tools and processes to ensure that qualified individuals are nominated and to detecting misrepresentation early in the process.

The Ministry is developing a risk-assessment tool that will provide recommendations on appropriate levels of due diligence based upon risk. The Ministry will refine and formalize existing processes when conducting site visits or in-person interviews. The Ministry plans to update the Program's case management information system by mid-2015 to integrate the results of site visits and in-person interviews

with alerts regarding questionable employers and representatives.

The Ministry plans to require that nominee applicants submit clear photographs with their application forms, and that documents submitted with the applications are translated only by persons independent from the applicants or their representatives. The Program will initiate a new quality-assurance review in early 2015 to verify that these two requirements are being met.

In summer 2014, the Ministry began a quality-assurance exercise with Citizenship and Immigration Canada to validate nomination decisions previously made. As part of this exercise, the Ministry is confirming whether program staff verified applicants' history of applying to the Program.

As of August 2014, the Program assigns nominee applications from the same employer to the same processing staff. The Ministry will incorporate this policy in the operating manual and training programs for all staff.

Since the Program began, verification checklists have been available to assist processing staff when assessing applications. The Ministry plans to review and update these checklists to mitigate program risks and reflect any change in criteria. The Ministry will supplement the checklists with regular operational bulletins and updates, and will cover these in additional staff training in early 2015. These actions are expected to enhance consistency in the application assessment process.

Upon consultation with partners and through the reintroduction of immigration legislation, the Program will no longer be using special consideration for file decisions and will instead look to incorporate such considerations within program design through regulations.

The Ministry will review the requirements for PhD applicants to determine whether they should meet the same asset requirement conditions as those currently applicable to students with a master's degree.

Questionable Representatives and Applicants Were Not Banned From Reapplying to the Program

Although some representatives are known to have misrepresented their clients in applications to the Program, the Program has not banned them. Nor has it followed up to confirm the accuracy of applications submitted by representatives known to have misrepresented information in other applications.

We reviewed a sample of applications that were processed in 2013 that involved paid representatives. In almost all cases, processing staff verified whether the representative was in good standing with his or her regulatory body (the Law Society of Upper Canada, for immigration lawyers, or the Immigration Consultants of Canada Regulatory Council, for immigration consultants) at the time the application was being assessed, but we have the following concerns:

- The Program has a list of representatives who are of concern, such as those who have misrepresented applicants in the past. At the time of our audit, there were more than 50 representatives on this list. However, most processing staff either had not heard of the list or indicated that they did not use it because it was not official. As well, the Ministry could not tell us when the list was last updated. Of significant concern is that the Ministry has never notified the representatives' regulatory bodies of concerns related to any of their members.
- The Program has not banned any representatives, but evidence suggests that it should. For example, one immigration consulting firm has co-owners who had been found guilty of immigration fraud, professional misconduct and trafficking drugs. This firm has submitted over 100 application files since the Program began, many of which have been approved. The Program's own investigation team found several cases where it believed this representative had deliberately misled the Program. The team recommended in a March 2014

investigation report that the representative be referred to the relevant regulatory body. However, the Ministry did not do so.

We believe that the Ministry should have had a process in place to ban applicants and/or their representatives from applying to the Program. The Program's application form and application guide clearly outline the expectation for honest information disclosure by an applicant and his or her representative. Specifically, both the form and the guide clearly state the possibility of disqualification from future participation in the Program as a result of individuals providing fraudulent or misleading statements or concealment of information. Ministry staff indicated to us that the Program had the ability to ban applicants, but had not taken any action in this regard. We were also informed that a banning protocol to enable staff to ban a representative or applicant was needed, but seven years after the Program began, the Program still does not have such a protocol.

In February 2014, the Minister of Citizenship and Immigration introduced in the Legislature a bill to give the Ministry the legal authority to impose penalties on applicants who misrepresent personal information or on those who might take advantage of immigrants; and to ban a person, body or any other prescribed person or body (not defined) from making an application or providing prescribed services to the applicant for a period of up to two years. The bill was not passed before the provincial election was called in May 2014. In our view, the initiative is a positive step.

Between January 2011 and April 2014, the Program denied applications from 30 representatives on the basis that they had submitted fraudulent information on behalf of their clients. These representatives had previously represented 234 nominee applicants whom the Program had approved. We reviewed a sample of these approved files and noted that processing staff did not always verify information submitted by applicants through phone or in-person interviews or through site visits, which are the primary means the Program is supposed

to use to detect misrepresentation. This raises concerns that some of the 234 nominee applications might also be fraudulent. Toward the end of our audit, the federal government and the Ministry began a quality assurance exercise, whereby certain files approved by the Program but not yet processed by the federal government for permanent residency status were selected for review. However, less than 10% of the 234 files in question were part of this exercise because many of these files, which originated as far back as 2011, had already been processed by the federal government.

Questionable Files Were Flagged but Ministry Staff Did Not Follow Up

Although the Program's processing staff used to flag for follow-up files in which they suspected something was wrong, they did not actually follow up on many of them. Prior to November 2013, the general practice was to approve some suspect files but to flag them for future monitoring in six months. These files, submitted by both nominee and employer applicants, usually met program criteria but warranted further monitoring to ensure that the criteria continued to be met after a certain period of time. The Program discontinued this practice in November 2013, opting instead for more due diligence work when the files are first assessed. In this way, staff are only to grant approval once they are confident that eligibility criteria has been and will continue to be met.

Between October 2011 and November 2013, 262 approved files were flagged for follow up. Although staff indicated that some follow-up work had been conducted, they could not tell us for which files and what the findings were because they did not have a tracking system. We reviewed a sample of flagged files and found evidence of follow-up work in only 8% of the files. As of April 2014, 71% of all nominees flagged for follow-up had become landed immigrants, so the Ministry had missed the opportunity to withdraw their nomination if concerns with the nominees were noted. Less than

6% of the files from the 262 were part of the quality assurance exercise the federal government and the Ministry had started toward the end of our audit because those of long standing had already been processed by the federal government and so were deemed outside the scope of this quality assurance exercise. In our view, it would have been worthwhile to continue this exercise.

RECOMMENDATION 4

To ensure that processing staff appropriately scrutinize applications represented by potentially unscrupulous representatives and to deter unscrupulous nominee applicants from taking advantage of the Provincial Nominee Program, the Ministry of Citizenship, Immigration and International Trade should:

- develop a process to track representatives and applicants of concern, and to alert processing staff;
- define situations where the banning of representatives and applicants is warranted, and implement necessary steps to allow banning;
- conduct a review of the 234 nominee applications that were submitted by questionable representatives; and
- conduct a review of the 262 applications that were flagged for follow-up.

MINISTRY RESPONSE

Immigration selection programs are inherently at risk of immigration fraud, so ongoing efforts to detect, deter and sanction individuals, immigration consultants and companies are required. The Program must be vigilant and constantly review, assess and update systems, protocols and tools, and share best practices.

At the end of October 2014, the Ministry introduced changes to the case-management information system that result in representatives and employers of concern being flagged for processing staff.

The implementation of a banning process requires the Ministry to balance the need for program integrity with the right to procedural fairness for those individuals who may be banned. The Ontario government plans to reintroduce immigration legislation in this session. The proposed legislation will include authority for the establishment of a banning procedure. The Ministry plans to implement a banning protocol when legislation is passed.

The Ministry will complete by early 2015 a review of the 234 nominee applications that were submitted by questionable representatives. The Ministry will also review any applications that were flagged for follow-up. As of the end of October 2014, changes were made to the case-management information system to flag cases for follow-up.

Some Applications Get Priority in Processing

Even though the Ministry states publicly that applications are processed on a first-come, first-served basis, certain applications were given priority. This includes such instances as when an applicant's legal status to stay in Canada is about to lapse, or if the employer is on a priority list. In 2013, prioritized files were processed on average at least three times faster than non-prioritized files. We noted the following problems with the prioritization process:

- The Ministry does not inform the public that some files are prioritized. In contrast, Saskatchewan and New Brunswick do notify the public that they prioritize applications applying to certain program components.
- The basis on which employers would be prioritized was unclear. The Ministry informed us that priority was given to employers, such as hospitals, universities and publicly-traded and private companies in strategic sectors (as determined by the Ministry of Economic Development, Employment and Infrastructure,

including information technology, financial services, and green economy), with which it had actively promoted the Program to increase the number of applicants. However, we noted that only 20% of entities on the priority list were ones with which the Ministry has performed such outreach. As well, over 20 companies where the Ministry had promoted the Program did not appear on the priority list.

- We noted one instance where a representative's files were processed much faster than the average time, although there was no justification for them being prioritized. In this case, a former program employee went to work as a representative in a law firm. Excluding the files that related to companies that the Program typically prioritized, the remainder of this representative's files were processed in 20 days as compared to the average processing time of 100 days for regular files.

Subsequent to our inquiries, the Ministry updated the priority list to reflect only those organizations that in its view should be prioritized; that is, employers with whom the Ministry promoted the program. As of May 2014, the updated priority list contained about 80 companies, compared to over 100 before that.

RECOMMENDATION 5

To ensure that application processing practices are fair and transparent and that nominees meet the province's economic needs, the Ministry of Citizenship, Immigration and International Trade should:

- revisit the practice of maintaining a priority list of employers;
- seek input from those ministries that oversee sectors that the government considers strategic to determine which employers are to be included on the priority list; and
- inform the public if a priority list is to be maintained.

MINISTRY RESPONSE

The Ministry will revisit the practice of maintaining a priority list of employers and develop operating policies that will be updated semi-annually.

Starting in November 2014, the Ministry will participate in the Ministers' Employer Table meetings to discuss labour market needs and priority sectors, in order to inform decisions relating to the further development and maintenance of a priority list for processing applications.

The Ministry will ensure the public is informed if a priority list is to be maintained.

Move to Single-Tiered Application Assessment Process May Be Premature

At the time of our audit, the Program was considering moving from its current two-tiered application assessment process to a single-tiered process to allow more applications to be processed without hiring more staff in an effort to meet the higher nomination limits expected for future years. However, we believe it is essential that the Program first take steps to ensure that its staff make sound decisions consistently before proceeding with this change.

At the time of our audit, all position and nominee applications were first assessed by an investigator analyst, who did not have the authority to issue a decision. A senior processing officer then reviewed the analyst's assessment and approved or denied the application and, if approved, issued a nomination certificate. We reviewed the application approval process for nominee and position applications processed in 2013 and noted 11 cases where various senior staff had ultimately approved applications that junior staff members had recommended be denied. Rationale for the eventual approval was documented in all but one case, and in our opinion, the rationale for overturning the initial denial was not reasonable in two cases.

With the intention of moving to a single-tiered approval process, the Program has sought approval to have investigator analysts added to the list of ministry staff who have the power to approve, deny or reconsider decisions. The Minister denied the request the last time the Program requested this delegation of authority in November 2013. The Ministry told us they will pursue this again, but we feel that more work needs to be done to improve the quality and consistency of decisions made by processing staff before proposing such a change. Such work includes implementing an operating manual and providing better training to program staff.

Processing of Applications Not Timely

Our audit indicates that applications are not being processed within the target times set in the Program's service standards, and that processing times reported by the Ministry might not be accurate. The Program has two service standards:

- 80% of employer and nominee applications, provided they are complete, should be processed within 90 days; and
- Investment files should be referred to assessing ministries within 15 working days of receipt.

Although applicants generally expect a reasonable turnaround time for application assessment, there is also a need to balance processing speed with time needed to conduct due diligence. Processing times are tracked manually by the Ministry because its electronic case management system does not have a field to record when a complete set of documents is received. For a sample of files, we tested the accuracy of the dates when complete documents were submitted, and noted that in about 60% of the cases, processing times were understated by between one and 14 days. In 15% of the cases, processing times were overstated. On this basis, we have concerns about the accuracy of processing times reported by the Ministry.

With respect to the first service standard, we calculated the percentage of complete applications that were processed within 90 days of receipt to be 56% in 2012 and 67% in 2013, as shown in **Figure 7**. The average number of days to process an application was 116 in 2012 and 85 in 2013. As one might expect, processing times were slightly faster for applications without a job offer than for those with a job offer.

With respect to the second service standard, between January 1, 2009, and April 30, 2014, only

Figure 7: Processing Time for All Employer and Nominee Applications, 2012 and 2013

Source of data: Ministry of Citizenship, Immigration and International Trade

Type of Applications	Average Processing Time (Days)		% of Applications Assessed Within 90 Days	
	2012	2013	2012	2013
Employer Applications	153	88	43	63
Nominee Applications				
All nominees without job offers	71	69	69	71
Masters graduates	72	69	69	71
PhD graduates	60	66	79	71
All nominees with job offers	111	112	61	63
Foreign workers	114	82	61	69
International students ¹	96	95	62	62
Investors	120	488 ²	69	3
All Applications	116	85	56	67

1. Students with a post-secondary degree or diploma who have a job offer.

2. There was a significantly higher proportion of denied files in 2013; denied applications take longer to process.

57% of investment applications were referred to assessing ministries within the targeted 15 days. On average, investment applications were referred to assessing ministries 27 working days after the Program received them, with a number of applications referred after 100 days.

As of April 30, 2014, about 30% of the 79 investment applications being assessed by other ministries were at least two years old. Both the Program and one of the assessing ministries told us that investment applications are more complex than other types of applications. At the time of our fieldwork, the Ministry had not followed up with the assessing ministries to find out why it was taking so long.

The Program plans to implement electronic filing to enable applicants to submit and track the status of their applications online. The business requirements of this initiative were finalized in November 2013 and were similar to other application-based systems that use electronic filing elsewhere in the government. The Ministry plans first to roll it out to employer applicants, followed by nominee applicants. However, the Ministry still had not launched the initiative by the end of our audit. Provincial nominees in Manitoba and Saskatchewan already use electronic filing.

Process to Reconsider Denied Applications Not Timely

Our audit indicated that appeals made by applicants after their applications have been denied are not being reassessed in a timely fashion. Employers and prospective nominees whose applications are denied can appeal the decision. In the appeals process, the Ministry assigns the file to a different

officer, who determines if the program “erred” or made a “prejudicial” (unfair) decision against the applicant in applying eligibility criteria. Most other provinces also have an appeals process for their provincial nominee programs, although New Brunswick has no appeals process and denied applicants cannot reapply for two years.

We reviewed appeals originating in 2012 and 2013 and noted that 30% and 45%, respectively, of denied applicants appealed the decision. At the time of our audit, some appeals made in each of these years had not yet been reassessed (Figure 8). The number of applications appealed and the percentage of decisions overturned varied significantly between the two years, but program management could not provide a reason.

RECOMMENDATION 6

To ensure an efficient and effective application screening process, the Ministry of Citizenship, Immigration and International Trade should:

- delay implementation of a single-tiered application assessment process until more robust training and guidance for staff is in place and being used effectively;
- have a system that will allow it to readily track how long it takes to process an application and an appeal, and follow up in a timely manner on those that are significantly overdue;
- refer investor applications to assessing ministries for review in a timely manner, establish a standard processing time for the assessing ministries to complete their review, and follow up when assessments are significantly overdue; and

Figure 8: Status and Results of Appeals, 2012 and 2013

Source of data: Ministry of Citizenship, Immigration and International Trade

Year	# of Applications Appealed	% of Appeals Not Yet Processed as of April 2014	% of Decisions Overturned on Appeal	
			Employer Applications	Nominee Applications
2012	200	13	10	24
2013	92	18	2	9

- implement electronic filing for all program components as soon as possible.

MINISTRY RESPONSE

The Ministry is in the process of reviewing all aspects of its application screening system in order to ensure program integrity and enable introduction of a revised stream (the investor stream) and proposed new streams (entrepreneur and express entry). This review will look at all aspects of processing, including database systems as well as tools, guidelines and training. Work has been under way for over a year—some elements have been launched, and additional aspects will be implemented in 2015.

The Ministry plans to maintain the two-tiered processing system during the transition to a new operational manual and the implementation of new tools and procedures.

The Ministry recently updated its approach to tracking the time taken to process applications to align with the federal government's methodology. At the end of October 2014, the case-management information system was updated to alert staff of applications that have exceeded standard processing times.

The Ministry is currently undertaking a redesign of the investment component of the Program. This redesign will incorporate a one-window approach to application processing. New operational guidelines will be developed to specify the required timelines for the review and evaluation of investment applications.

The Ministry will undertake a pilot project to implement electronic filing in early 2015. Following the pilot, the Ministry will evaluate the initiative. The Ministry expects to fully implement electronic filing by summer 2015.

Investment Component Could Be Better Defined

Our audit indicated that the Ministry's efforts to increase interest in the investment component could pose increased risk, especially considering that the Program has not established prescribed criteria to be used by assessing ministries to determine whether investment projects are eligible, and ministries might lack the necessary staff expertise.

Between 2008 and 2013, the Program nominated 52 individuals (or 1% of all approved nominees) to come to Ontario to work for 10 approved investment projects, with proposed investment amounts totaling \$338 million. Between 2009 and April 30, 2014, the Ministry has denied about 75% of investment projects it assessed for one or more of three reasons: they were not endorsed by the assessing Ministry, the application was incomplete, and/or eligibility criteria were not met.

Our concerns with the investment component include:

- There are no prescribed criteria to help assessing ministries determine whether an investment project will be of significant economic benefit to Ontario. This might result in subjective and inconsistent decision-making among evaluators.
- Ministries that have to make decisions on investment projects might not always have staff who are knowledgeable in evaluating the viability of an investment. A consulting firm engaged by the Ministry in 2013 recommended that the Ministry consider using the expertise of private-sector financial institutions to assess an investment's viability. Alternatively, we believe it would be more cost-effective for the Ministry to require that investment component applicants engage external experts to assess and confirm the financial viability of their investments.
- The Program is not monitoring foreign-language media outlets of ethnic groups that typically apply through this component, to

identify possible investment schemes being advertised to potential nominee applicants. We reviewed local newspapers from three ethnic communities and noted two questionable ads in one of the newspapers.

- The Program does not advertise in ethnic-language newspapers to clarify program criteria and possibly alert applicants to illegal activity. In an effort to expand eligibility and interest in the investment component, the Ministry reduced the investment threshold from \$10 million to \$3 million in 2009. The federal government voiced concern in 2012 regarding the investment threshold and stated that the investment component might be vulnerable to passive investment due to its design. A consulting firm engaged by the Ministry in 2013 to perform a risk assessment of the investment component made a similar observation. An increase in the investment threshold might reduce the risk of passive investment.

At the end of May 2014, the Ministry was seeking approval to transform the investment component. The redesign involves the use of a single ministry to assess and endorse investment projects. It also includes entering into an agreement with the Ministry of Economic Development, Employment and Infrastructure on roles and responsibilities related to assessing investment projects. At the time of the audit, the Ministry had not signed the agreement with that Ministry.

RECOMMENDATION 7

To ensure that all investment component applications are consistently assessed on how well they achieve program objectives, the Ministry of Citizenship, Immigration and International Trade should:

- develop screening criteria to assess whether an investment project is of significant economic benefit to Ontario;
- arrange for cost-effective expertise to assist in assessing an investment's viability;

- consider increasing the investment threshold to discourage passive investing; and
- explore advertising program criteria in media that reach ethnic groups that commonly use the Program, and monitor such media for questionable advertisements relating to the Program.

MINISTRY RESPONSE

The investment component is an important avenue for foreign and multinational investors to establish new ventures and invest in existing enterprises to Ontario.

In September 2014, the Ministry retained a consultant to assist with the redesign of the investment component assessment tools that will be launched in early 2015. The Ministry expects that the overall program redesign for the investment component will result in better screening criteria and follow-up methods, including assessments of jobs created.

The branch that previously assessed over 75% of the investment proposals is being moved from the Ministry of Economic Development, Employment and Infrastructure to the Ministry of Citizenship, Immigration and International Trade. The consultant will determine what external advice is still needed to effectively assess the viability of investment proposals.

As part of the redesign, the Ministry will also consider whether the investment threshold needs to be increased and whether that would serve to discourage passive investments.

The Ministry is engaging the International Organization of Migration (an intergovernmental organization that provides various services to immigration programs in Canada) to conduct overseas verifications in China and 15 other countries. The Ministry will also explore whether media monitoring or advertising would be helpful.

Detecting Misrepresentations and Fraud

Program Integrity Unit Operating Without Effective Tools and Guidelines

Although the Ministry took steps to establish a program integrity unit, the Program does not make best use of the unit nor of data and best practices available to bolster program integrity and counter-act potential fraud.

For the first few years of the Program, staff were mostly responsible for processing applications and verifying the authenticity of documents. In September 2012, the Ministry established a program integrity unit to focus on quality assurance, fraud deterrence and risk management for the purpose of ensuring that only those individuals who meet eligibility criteria are selected for nomination. The program integrity unit has provided expertise in investigative interviewing and initiated site visits to enhance due diligence in the processing of some applications and for post-nomination quality assurance. Although this is a good initiative, we have the following concerns with its effectiveness:

- The unit operates without any operating guidelines. The Ministry began developing a program integrity framework in early 2014, seven years after the Program started. The framework is expected to fully integrate risk management, quality assurance and fraud deterrence and detection activities into the Program. At the time of our audit, the framework and the related action plan were not yet finalized.
- The Program does not analyze data to identify potential risk areas (such as representatives with high denial rates, and employers with high levels of misrepresentations) and, in turn, to scrutinize applications from these sources more closely.

Semi-annually, each provincial nominee program across the country submits a program summary to Citizenship and Immigration Canada, which compiles the information and distributes it

to all the programs. To identify potential best practices regarding program integrity and anti-fraud mechanisms, we reviewed the latest compilation as of May 2014. Below are some noteworthy program activities other provinces report performing, but which are not conducted in Ontario:

- consulting with international organizations to verify an applicant's education qualifications and employment history; and
- submitting complaints about immigration representatives to the respective regulatory bodies.

We noted that in January 2013 the program integrity unit developed a screening tool designed to help processing officers make consistent decisions about whether a file should be referred to the program integrity unit for further review. The screening tool included 20 risk indicators, such as omissions or gaps in the application, the existence of contradictory source information, the use of a representative of concern, and whether the applicant had previously applied for immigration status and been refused. Program staff told us that the tool was used for a short time but was discontinued because program management felt it slowed down processing time.

Weaknesses in the Exchange of Information with Other Parties

Although sharing information with external parties, such as the federal government and law enforcement agencies, could be beneficial in detecting and addressing fraud, the Ministry does not clearly and consistently collaborate in a timely manner.

On occasion, the Ministry obtains information from external parties, such as law enforcement authorities, that would be useful to its investigative work in assessing whether applicants are qualified. There is no legal prohibition preventing the Ministry from disclosing a broad range of information to the federal government, including both Citizenship and Immigration Canada and the Canada Border Services Agency. In fact, on the

nominee application form, the applicant authorizes the Ministry to disclose to federal immigration officials any information that it deems necessary, and further authorizes federal immigration officials to collect the same information from the Ministry. As well, the federal-provincial immigration agreement allows both governments to share information in the interest of managing program integrity. Furthermore, we noted that, in 2009, program staff had indicated to other provinces and territories that the Program is authorized to share information about applicants and applications with Citizenship and Immigration Canada, including information on fraud. Representatives from the federal government with whom we met indicated that the province is expected and obligated to share relevant information with the federal government. Nonetheless, we found that:

- Program staff had concerns about a number of representatives who the Ministry suspected could be taking advantage of the Program, primarily through applications into the Program's investment component. Although the Program ultimately denied these applications, it did not alert other provincial, territorial and federal immigration departments of potential representatives or their applicants who may also be approaching immigration programs in other Canadian jurisdictions.
- There is no operating policy outlining the circumstances under which program staff should refer cases to the federal government and, where warranted, to law enforcement agencies.
- The Ministry does not keep a list of requests for information from other parties or referrals of information to other parties. This limits the Program's ability to manage and follow up on cases. For instance, in one case, program staff recommended in March 2014 that case information be referred to the Canada Border Services Agency (CBSA) when an immigration consulting firm misrepresented itself and its clients to the Program. The CBSA is

responsible for enforcing the federal *Immigration and Refugee Protection Act* and conducts criminal investigations on immigration matters. In another case, program staff noted that there may have been past and ongoing risk to the program's integrity when an entrepreneur was misrepresenting herself for financial gain. Specifically, the entrepreneur was alleged to have sold fabricated nomination certificates to foreign nationals for amounts ranging from \$150,000 to \$400,000 per certificate. In this case, program staff proposed in June 2013 to meet with the CBSA to discuss a possible future course of action. In both cases, the Ministry did not inform the CBSA; instead, it sent case information with personal information removed, to Citizenship and Immigration Canada (CIC), but not until July 2014. The Ministry expected CIC to refer the cases to the CBSA. We would have expected these cases also be referred to a law enforcement agency or agencies. After our recommendation, the Ministry formally referred these cases to the Ontario Provincial Police, with a copy to the RCMP, at the end of September 2014. However, the Ministry redacted key personal information that will make it necessary for law enforcement to seek that information from the Ministry or other sources.

- The Ministry did not act swiftly to collaborate with external parties. In one case, RCMP officers working in a foreign country requested collaboration on an investigation, but program management did not authorize this until 10 months later. By then, the key RCMP contacts had left their posts. In another case, the Ministry took six months to respond to an informant who offered possible evidence of an alleged illegal investment scheme, only to tell him that it would not accept the evidence. Although program staff discussed advising him to take the evidence to a law enforcement agency, they did not do so.

The Ministry noted that it had not been sharing information with the federal government because of concerns that doing so might contravene the *Freedom of Information and Protection of Privacy Act*. However, we did not find documented evidence that it had consulted with the Office of the Information and Privacy Commissioner of Ontario to obtain clarification in this matter. In our view, sharing information on potential fraud with the federal government and law enforcement agencies, where warranted, would be in the public's best interest. We discussed this matter with the Office of the Information and Privacy Commissioner of Ontario, and were immediately advised in both verbal and written form that "it is reasonable to conclude that an institution is permitted to disclose personal information to a law enforcement agency if there are reasons to believe that an offence has occurred for the purpose of enabling the law enforcement agency to decide whether to undertake an investigation. It is assumed that the personal information being disclosed is limited to that which is relevant and necessary for that law enforcement purpose."

In February 2014, the Minister of Citizenship and Immigration introduced in the Legislature a bill to give the Ministry the legal authority to co-operate with, and disclose information it has collected to, the federal government and law enforcement agencies, as long as the Ministry has an agreement with these parties. The bill was not passed before the provincial election was called in May 2014.

Subsequent to our fieldwork, the Ministry and Citizenship and Immigration Canada began working on an information-sharing protocol defining types of program-integrity and fraud-related information that should be shared.

RECOMMENDATION 8

To enhance the effectiveness of its program integrity unit in ensuring the quality of nomination decisions, the Ministry of Citizenship, Immigration and International Trade should:

- implement the program integrity framework and action plan, taking into consideration best practices in other jurisdictions;
- use risk indicators to identify high-risk files for further review; and
- clarify under what circumstances processing staff should refer files to the program integrity unit.

MINISTRY RESPONSE

The Ministry will finalize the program integrity framework and action plan once consultations currently under way with external advisors and federal partners are completed. The framework and action plan will help support staff and complement new legislative authorities.

The Ministry, in conjunction with a consultant, is currently developing a risk-assessment and triage tool for use by the Program. This tool, which will be introduced in 2015, will also enhance the process for staff to refer files to the program integrity unit. The formalized process will be included in the operating manual in early 2015.

RECOMMENDATION 9

To ensure that appropriate and timely action is taken regarding possible immigration fraud, the Ministry of Citizenship, Immigration and International Trade should:

- obtain an interpretation of the privacy legislation from the Office of the Information and Privacy Commissioner of Ontario to confirm what matters can be disclosed to the federal government and law enforcement agencies when instances of misrepresentation or fraud are detected or suspected; and
- file formal complaints with law enforcement agencies, including the RCMP, and any applicable regulatory bodies as soon as it has evidence of potential immigration fraud.

MINISTRY RESPONSE

In September 2014, the Ministry signed an information-sharing arrangement with Citizenship and Immigration Canada (CIC) that authorizes the disclosure of personal information by the Program to CIC. Protocols have also been established for providing information regarding potential fraudulent activities. The Ministry understands that CIC is sharing relevant information with the Canada Border Services Agency. Since the signing of the arrangement, the Ministry has forwarded a number of files to CIC that identified suspected instances of fraud.

In October 2014, the Legal Services Branch of the Ministry of Government and Consumer Services initiated a discussion with the Office of the Information and Privacy Commissioner regarding the scope of the Program's authority to disclose personal information to law enforcement agencies and the federal government under the *Freedom of Information and Protection of Privacy Act*. The parties will engage in further discussions. The Ministry already has authority to share certain types of personal information under a variety of circumstances. This authority was broadened when the Ministry and CIC entered into their information-sharing arrangement. Once the Ministry has clarified its ability to more broadly report case information to law-enforcement agencies such as the Royal Canadian Mounted Police, the Ontario Provincial Police, the Ontario Securities Commission and the Canada Border Services Agency, it will refer cases where potential immigration fraud is suspected, as appropriate. Finally, if the legislation that the government proposes is enacted, the Ministry will have additional avenues available for sharing information to support its program integrity activities.

Case Processing System

The Ministry developed a case management system (CMOD) that became operative in January 2013. It is used to store case decisions, applicant information, and key documents such as notification letters and nomination certificates. We noted the following significant data integrity issues in this system:

- The system does not restrict access to specific functions and does not lock a file when a decision is reached. As a result, all users can input decisions, change assessment status, and print nomination certificates. We further noted that four staff who had left the Program still had access rights to the system.
- The system contained incomplete or inaccurate data because information was not always entered properly or at all, thereby hampering staff efforts to analyze information. We noted examples of unreasonable or missing information with respect to case decisions, language proficiency test scores, and gross revenues submitted by employer applicants.

Also, the system is incapable of producing reports to assist the Program in ensuring program integrity. For instance, no reports exist to allow staff to identify issues such as representatives who have frequently misrepresented information. As well, the system does not produce exception reports that can identify for management which files have had changes made to them after they are closed. In addition, when the system was being implemented, the Program had defined a number of system reports it wanted on various topics, such as investment statistics and service standards, but these reports were still not being produced at the completion of our audit.

Furthermore, we noted instances where information on immigration files was emailed from the government email system to a program employee's personal email account. Such actions pose a risk of unintended disclosure of personal information.

RECOMMENDATION 10

To ensure that the Provincial Nominee Program maintains accurate and reliable program data, the Ministry of Citizenship, Immigration and International Trade should:

- implement system controls to restrict access to specific functions only to those with the authority to make decisions;
- withdraw access rights immediately when staff end employment;
- restrict changes to case decisions after they are made;
- enhance input validation checks for selected fields to ensure that only reasonable data is accepted;
- identify and implement useful exception reports that program staff have requested; and
- reinforce with staff the importance of not transmitting information on immigrant files to personal email accounts.

MINISTRY RESPONSE

In 2011, the Ministry began working to develop a secure customized database and electronic program-management tool, CMOD, which has not been fully implemented. Given the unique nature of the work and the highly sensitive data, development and implementation of this database system has been an ongoing process requiring development, user testing and evaluation at each step.

The Ministry will ensure that employees leaving the Program will have their access to CMOD revoked as part of the formal process of the employee exit plan.

The Ministry needs to allow for additions to be made to case notes and changes to be made to case decisions to accommodate future withdrawals of nomination and reconsideration requests of denied cases. Nevertheless, to ensure decisions are not changed inappropriately, the Ministry plans to upgrade the system by mid-

2015 to establish an email alert notification system and a flagging process to alert those with program integrity authority of changes made to case decisions after they are reached to ensure that there has been no unauthorized or inappropriate activity.

Input validation checks are currently done manually, and the Ministry expects to automate this process in early 2015.

The Ministry further plans to introduce exception reports in a future system update.

Program management will remind staff that all information on immigrant files is confidential and should not be transmitted to personal email accounts. The Ministry will carry out regular training reminders and email bulletins to branch staff reminding them of the Acceptable Use of Information and Information Technology Resources Policy, and Information Security and Privacy Classification Policy and Operating Procedures.

Nomination Certificates

The Program issues nomination certificates to approved applicants so they can apply to the federal government for permanent residency. The applicant needs to submit the Ontario nomination certificate along with his or her application to the federal government. Each nomination certificate is randomly numbered and printed on paper with certain security features to prevent photocopying. According to the Ministry, Citizenship and Immigration Canada has never informed it of any fraudulent nomination certificates.

Controls Regarding Issuance of Certificates Need to Be Strengthened

To prevent the circulation of counterfeit nomination certificates, the Ministry submits an encrypted file to Citizenship and Immigration Canada on a monthly basis containing all issued certificates. This allows the federal government to readily detect if a

certificate presented at one of its visa offices, either abroad or within Canada, is counterfeit.

However, we still have the following concerns with the Ministry's controls over its nomination certificates:

- Blank certificates could go missing with no record of it happening, because they are not locked during the day, and the Ministry does not reconcile the certificate papers' inventory to ensure that all certificates are accounted for.
- Although the case management system (CMOD) has data on all approved nominees and is used to generate the nomination certificates, it cannot produce a listing of the certificates issued for the federal government. The Ministry therefore has resorted to compiling that listing outside of the system. However, the listing is not password protected, and anyone can access and change it with no trace of this having occurred.
- Due to weak access controls in both the file containing information on approved nominees that the Program sends to the federal government and CMOD, it is possible to create fictitious nomination certificates without being detected. For example, anyone with access to CMOD can create a nominee record, generate a nomination certificate, and add a fictitious approved nominee to the listing provided to the federal government. Furthermore, because there is no exception report that flags applications created and approved by the same person, fraudulently created certificates could go undetected.
- We compared the list sent to the federal government of all approved nominees for 2013 against the case management system's records of approved nominees and noted that the Ministry issued a nomination certificate to an applicant who was actually denied. After we brought this matter to the Ministry's attention, it informed us that the applicant was notified, the nomination certificate was withdrawn, and the federal government did not issue

permanent resident status. After finding this error, we also checked all such files from 2011 and 2012, but did not find any similar problems. The Ministry informed us that it is now revising its process to avoid such errors in the future. Because of the internal control weaknesses, it would be very difficult for the Ministry to know if there have been any abuses.

Nomination Withdrawal Still Resulted in Individuals Becoming Landed Immigrants

Our audit indicated that the Ministry is not always acting promptly in signing withdrawal certificates, which are used to revoke nomination certificates when it or the federal government becomes aware of situations that render the applicant no longer compliant with program criteria, such as losing a job. Once a decision is made to withdraw a nomination, the Ministry signs a withdrawal certificate (which is kept on site) and notifies the nominee in writing. It also informs the federal government by providing it with a list of withdrawn nominations once a month along with the list of approved nominees. This practice began in May 2012; prior to that, withdrawals were communicated to the federal government ad hoc by phone or email by various ministry staff. We reviewed all 46 withdrawals made in 2012 and 2013, and noted the following:

- Withdrawal certificates were not all signed promptly after a decision was made. We noted for withdrawal certificates that were signed, one-quarter were not signed until six months after the date the withdrawal decision was made. Some were signed more than 15 months later. We noted one case where an individual whose nomination had been withdrawn was allowed into Canada as a permanent resident because the federal government had not yet been notified of the withdrawn nomination.
- We could only verify that 43% of withdrawals were reported to the federal government because the Ministry does not have records of when or if the other 57% were communicated.

RECOMMENDATION 11

To ensure that nomination certificates are issued and revoked as appropriate and only approved nominees are forwarded to the federal government for further immigration screening, the Ministry of Citizenship, Immigration and International Trade should:

- establish a functionality in its case management system to allow staff to generate a list of all approved nominees to be submitted to the federal government;
- strengthen internal controls, including segregating the duties of staff who generate nomination certificates from those who add new nominee application records to the case management system;
- notify the federal government promptly after making a decision to issue or withdraw a nomination; and
- maintain an accurate record of when nominations issued and withdrawn are communicated to the federal government.

MINISTRY RESPONSE

To date, the Ministry is not aware of any known abuse of nomination certificates. The Ministry expects that by 2015, its case management system will be able to generate lists of approved nominees. The October 2014 update is expected to improve work processes by strengthening internal controls, including appropriate segregation of duties, as recommended by the Auditor General.

The Ministry will ensure that Citizenship and Immigration Canada is notified promptly of decisions to issue or withdraw nominations. The Ministry will ensure that an accurate record is maintained for the issuance and withdrawal of nominations, including the timing of communications regarding these nominations, with the federal government.

Post-nomination Monitoring and Program Evaluation

Some Nominees Who Have Become Landed Immigrants Found Not to Be Working in Their Approved Positions

In 2013, the program integrity staff followed up on a sample of previously approved foreign worker nominees who had become landed immigrants to see if they were working in their approved position. They found that 38% of the sampled nominees were suspected to have misrepresented themselves. Of those, program integrity staff suspected that:

- 50% had conspired with the employer (that is, there had been no sincere intention on either side for the applicant to work for that employer);
- 31% had either left the place of employment or never commenced employment after becoming a permanent resident; and
- 19% worked for the employer but in a position that was unrelated to the approved position and that would not normally qualify for nomination.

Program management requested that the program integrity staff not share these results with processing staff. As a result, an opportunity to educate processing staff and enhance due diligence processes was lost. This 2013 follow-up investigation was the only such exercise since the Program began in 2007.

Program management questioned the results of the follow-up. In June 2014, they had program integrity staff conduct additional work to substantiate the initial negative findings. Staff told us that they were given one week to complete this review. This resulted in some of the findings being inconclusive, but the Ministry chose not to conduct any more work, because too much time had elapsed since nomination. We reviewed the results of this June 2014 review and concluded that there was no strong evidence to cause us to question the original results.

Insufficient Monitoring of Investment Projects and Related Nominees

Our audit found that the ministries responsible for assessing investment projects were not adequately and consistently following up on projects that had been approved. Nor did the Program follow up with the assessing ministries or on the individuals who were supposed to be working in these projects.

According to a June 2011 protocol between the Program and a number of other ministries that assess the suitability of investment projects, the Program is responsible for monitoring foreign workers nominated to be key employees of an approved investment project. The assessing ministries, in turn, are to monitor if the investment project was adhering to the business plan, including creating the promised number of local jobs and investing the promised dollar amounts. Between 2008 and 2013, the Program nominated 52 individuals to come to Ontario to work for 10 approved investment projects.

We followed up on all 10 approved projects in June 2014. We found that the Program did not follow up on any of the 52 individuals to ensure that they were still working in the investment project, and did not follow up with the assessing ministries to obtain updates on the results of their monitoring efforts.

The assessing ministries informed us that they monitored nine of the 10 investment projects, but formal documentation was available for only four of them because they were endorsed after the establishment of the June 2011 protocol. One assessing ministry was unable to locate any evidence for monitoring one project because the documents pre-dated the current structure of the ministry. Of the four projects that were monitored, by two different ministries, we noted that monitoring efforts differed. One assessing ministry monitored six and 12 months after endorsement (and not thereafter), using methods that included phone calls, site visits, and requesting various information. The other assessing ministry was verifying that

the investment project was active by visiting the site every month. In addition, for all four projects combined, the ministries confirmed only 56% of planned local hires and 13% of planned investment amounts. We inquired why they did not ensure that planned commitments were met, and were told that they did not consider it their role.

We noted that one assessing ministry relied on unaudited financial information and the investment operator's self-declaration that aspects of the business plan were met. This ministry typically required endorsed investment projects to submit a report at 12 months after endorsement providing information such as the status of local jobs created, a summary of how the business plan was implemented, and the number of nominees who were retained to work there. This ministry made no effort to verify the information obtained. The ministry-commissioned risk review on the investment component completed in July 2013 noted that "the Program's monitoring framework and procedures remain immature and fractured." For example, there were no processes in place to ensure that investors filled the proposed number of local jobs, and to verify through site visits an investment's activity. We noted that the provincial nominee program in British Columbia is designed to nominate entrepreneurs only after certain conditions are met, usually in two years. These conditions include implementation of a business plan, transfer of required investment funds after arrival, and submission of a final report. At the time of our audit, the Ministry was seeking ministerial approval to add a new component similar to the one in British Columbia, where eligible entrepreneurs would be given a temporary work permit to establish a business. Only if they met predefined terms and conditions at the end of a two-year period would they be nominated as permanent residents through the Program. The proposal was not yet approved at the completion of our audit.

RECOMMENDATION 12

To ensure that post-nomination monitoring efforts are effective, the Ministry of Citizenship, Immigration and International Trade should:

- use findings from investigations regarding misrepresentation and fraud to educate processing staff and improve due-diligence processes;
- define the scope of monitoring that should occur after investment projects are approved;
- require that assessing ministries monitor at set intervals using prescribed methods (such as obtaining audited financial statements and conducting site visits) to verify information received;
- request copies of the results of assessing ministries' monitoring activities and follow up when they are overdue; and
- consider nominating investment component applicants only after they have demonstrated that they have met project commitments, as is done in British Columbia.

MINISTRY RESPONSE

Monitoring nominee performance is an issue for all provinces. The Ministry is working with the federal government and other provinces and territories to develop common performance indicators for provincial nominees. This work, initiated by the federal government in 2011, is expected to be completed within the next six to 12 months.

The Ministry will ensure that findings from investigative work conducted by program integrity staff are disseminated to all processing staff through means such as discussion, operational bulletins and training updates.

The Ministry will redesign the investment component with advice and input from a consultant. This redesign will include a one-window approach, which involves relocating business immigration staff and expertise of the Ministry of Economic Development, Employment and

Infrastructure—the largest assessing ministry for immigrant investor applications—to the Ministry of Citizenship, Immigration and International Trade. The redesign will also incorporate advice from partner ministries and will include a formal Performance Reporting Framework that will address regular reporting on jobs created, retention rates and economic benefits.

The Ministry will be conducting an extensive jurisdictional review of provincial nominee programs, including that of British Columbia, which nominates investment component applicants only after they have demonstrated they have met project commitments.

Program Unable to Track All Nominees

The federal-provincial immigration agreement states that Ontario should track nominees for a minimum of three years from their date of entry, but the Program has not done this. The rationale for such tracking is to be able to assess the effectiveness of targeted recruitment, integration and retention activities.

Since the Program began in 2007, the Ministry has conducted two surveys of nominees after they have become landed immigrants. The first survey, in 2010, covered nominees selected from May 2007 to June 2010 who had become permanent residents; its response rate was 24%. The second survey, in 2012 to 2013, covered nominees selected from July 2010 to April 2012 who had become permanent residents; its response rate was 45%. In comparison, British Columbia and Saskatchewan survey their nominees every five years. Alberta surveys landed nominees three months to one year post-landing through an online survey, and Newfoundland and Labrador contact all landed nominees by email and telephone on a quarterly basis.

We have the following concerns about the Ontario surveys:

- In the survey of nominees conducted in 2012 to 2013, 46% could not be contacted because

there was no answer or they were not available, and 9% had an invalid email or phone number. This raises concerns whether the nominees were even in the province.

- In both surveys, the responses indicated that 98% of nominees with job offers were employed and living in Ontario. However, it is important to note that the surveys were self-identifying, meaning that applicants were answering questions about themselves, with no one else vouching for the information given. It is therefore possible that some of these individuals might not have been truthful out of fear of consequences affecting their permanent resident status.
- The second survey did not contain a large enough sample of nominees without job offers to evaluate how likely it would be for nominees who were selected based on their higher education alone to become economically established in Ontario.

Ontario is not alone in having issues with tracking nominees. The latest available annual report by the federal government on provincial nominee programs noted that landing and retention data were not well reported by most Canadian jurisdictions. Specifically, no province or territory except Yukon was able to provide data on whether nominees were working in their intended occupation.

We noted that one province uses health-card data to track landed immigrants. We noted that the Program does not utilize data from government-issued identification, such as health cards, social insurance numbers and driver's licences, that would allow it to track nominees once they come to Ontario.

Average Income of Nominees Outdated

A program evaluation performed in 2013 likely overestimated how much more Ontario's nominees earned in wages than nominees in other comparable programs. Specifically, the Ministry's consultant who conducted the evaluation reported that average annual employment earnings were

\$58,600 for nominees of the Ontario program, \$43,300 for all nominee programs Canada-wide, and \$35,700 for the Federal Skilled Workers Program. We question the conclusions reached for two reasons. First, the analysis included only those nominees who filed a tax return; those who did not file a tax return because they did not end up working and therefore had no income to report, or who never settled in Ontario, were excluded. Second, because the income tax data used was for the 2010 tax year, nominees without a job offer—representing 67% of all nominees—would most likely not be included in the analysis. This is because it was only in mid-2010 that individuals with a master's degree or PhD who did not have a job offer became eligible under the Program.

Program Lacks Meaningful Performance Indicators

The service standards the Ministry has developed for the Program deal primarily with the timeliness of processing applications, yet additional performance measures would also be useful. For example, the percentage of nominees accepted or rejected by the federal government (broken down by reason, such as failing admissibility checks or overriding the provincial decision) could be helpful. Another could be the percentage of nominees who are economically established in Ontario three years after being nominated.

The federal government evaluated all provincial nominee programs in 2011 and found that it was difficult to compare them because of a lack of common performance indicators and inconsistent reporting. In general, we did not identify additional performance measures used by other jurisdictions.

Ontario has been participating in cross-jurisdictional working groups related to performance measures. The goal is to come up with a set of common performance indicators for all provincial nominee programs by the end of 2014. Indicators being considered include:

- tracking information on specific verification activities, such as the frequency of in-person interviews and site visits conducted;
- the number of refusals or withdrawals involving fraud or misrepresentation;
- application inventories by component in order to assess demand; and
- application approval rates by program component.

We noted that the Ministry was only collecting some of the information that would be needed to assess performance with the proposed indicators.

RECOMMENDATION 13

To ensure that the Provincial Nominee Program is effective in selecting individuals who are likely to be an economic benefit to the province, the Ministry of Citizenship, Immigration and International Trade should:

- obtain nominee information, such as provincial health insurance and driver's licence numbers, to help follow up on the outcomes for landed nominees;
- evaluate whether nominees without job offers who were selected based on their higher education have become economically established in Ontario; and
- establish performance indicators for each program component and for assessing fraud-detecting activities, including those recommended by federal-provincial-territorial working groups, and collect and analyze the required information.

MINISTRY RESPONSE

The Ministry will consult with the Office of the Information and Privacy Commissioner to determine if it has the authority to collect personal information from other provincial government entities that would allow the Ministry to follow up on nominee outcomes.

The Ministry will evaluate the outcomes of its international-student-without-a-job-offer

stream using a combination of nominee surveys, employer surveys and federal data sets. The Ministry will continue to urge the federal government to update its data sets on a more regular basis than its current practice of updating only every three to four years.

The Ministry has recommended to the federal government that a program integrity workshop be hosted in 2015. This would allow for the sharing of best practices, the review and analysis of current information and experiences, and the clarification of expectations. Ontario remains an active member of a performance indicator federal-provincial-territorial working group, which is expected to standardize anti-fraud tracking mechanisms across provincial nominee programs and the federal government.

Fee Revenue

Although Ministry of Finance policies state that when a program charges fees, the revenue generated should be enough to recover the full cost of the program, the Program has not yet fully recovered its costs.

The Program charges a non-refundable processing fee for each nominee application submitted (but not for employer applications) in an attempt to ensure that the Program remains cost neutral to taxpayers. Application fees range from \$1,500 to \$3,500 per applicant depending on nominee type and the applicant's intended destination, as shown in **Figure 1**.

The Ministry has a goal to fully recover program costs incurred to date by the end of the 2014/15 fiscal year. Program costs include estimated overhead costs and estimated expenses incurred by other ministries that help assess investment projects. On a cumulative basis since 2009/10, projected program costs at the time of our audit exceeded actual revenue by \$2.9 million as of March 2014, as shown in **Figure 9**. To address the deficit, rather than raising program fees, the Ministry plans to improve

Figure 9: Actual Program Revenues and Estimated Program Expenses, 2009/10–2013/14 (\$ million)

Source of data: Ministry of Citizenship, Immigration and International Trade

	Revenue (Actual)	Expense (Estimated)*	Surplus/ (Deficit)
2009/10	1.0	1.7	(0.7)
2010/11	1.9	2.2	(0.3)
2011/12	2.2	2.6	(0.4)
2012/13	2.8	3.7	(0.9)
2013/14	3.1	3.7	(0.6)
Total	11.0	13.9	(2.9)

* Program expenses consist of direct program costs, overhead costs and costs incurred by ministries assessing investment applications.

efficiencies by adopting new ways to process files, including the introduction of electronic filing and single-tiered application processing. Based on revenues collected up to mid-September 2014, we do not expect the Program to break even by the end of the 2014/15 fiscal year.

Our audit detected several errors in the Ministry's tracking sheet of revenue, including duplicating receipt entries, application files erroneously deleted where deposits were made, and data entry errors. In addition, the Ministry does not ensure that revenue collected is recorded accurately in the government's financial reporting system. After our inquiry, the Ministry informed us that in June 2014 it implemented a new process for reconciling payments so it can better investigate discrepancies in a timely manner.

RECOMMENDATION 14

To ensure that appropriate user fees are charged and the established amounts are collected, the Ministry of Citizenship, Immigration and International Trade should:

- establish processing fees that recover the full cost of the Program;
- consider implementing a processing fee for employers; and
- reconcile fees collected to revenue recorded in the financial system on a regular basis.

MINISTRY RESPONSE

The Ministry is committed to a fee structure that enables the fees charged and revenue generated to fully recover program costs. The Ministry will monitor and adjust fees during the anticipated period of growth, based on patterns of revenue and cost that recover the full cost of the Program and ensure compliance with a 1998 Supreme Court of Canada decision.

The Ministry will consider implementing a processing fee for employers. The Ministry will also review possible administrative fees for investment-component applications.

The Ministry will develop a process to regularly reconcile program fees collected to revenue recorded in the financial system.