



SKILLS IMMIGRATION STREAM OF THE BRITISH COLUMBIA PROVINCIAL NOMINEE PROGRAM

An independent audit report

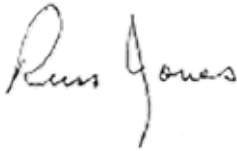


The Honourable Darryl Plecas
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report, *Skills Immigration Stream of the British Columbia Provincial Nominee Program*.

We conducted this audit under the authority of section 11(8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the *CPA Canada Handbook – Assurance Canadian Standard on Engagements (CSAE) 3001 and Value-for-Money Auditing in the Public Sector PS 5400*.

A handwritten signature in black ink that reads "Russ Jones". The signature is written in a cursive, flowing style.

Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
Victoria, B.C.
June 2020

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The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people’s (Esquimalt and Songhees) traditional lands, now known as Victoria, and the W̱SÁNEĆ people’s (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.



AUDITOR GENERAL'S COMMENTS

RUSS JONES, FCPA, FCA, ICD.D
Acting Auditor General

A healthy economy needs enough people to fill jobs for businesses to operate productively and governments to generate revenue for services like health care and education. British Columbia government economists predict that there will be 861,000 job openings in this province between 2019 and 2029.

The B.C. government expects that many of these openings will be filled by young British Columbians entering the workforce or Canadians migrating in from other provinces. But without immigration from other countries, government anticipates a labour shortage.

The British Columbia Provincial Nominee Program (PNP) is a key tool for supporting the province's labour market and economic development needs through immigration. Under the program, the federal government permits B.C. to nominate a certain number of immigrants for permanent residency every year. B.C. nominates people based on their ability to contribute to the economy. From 2015 to 2018, approximately 32,000 people immigrated to B.C. through the PNP.

Permanent residency is highly valued, which creates the risk of fraud and corruption in the application and selection process. Taking steps to protect the integrity of the program against these risks helps to ensure that the Ministry of Jobs, Economic Development and Competitiveness nominates the right workers to support the B.C. economy. It also protects the program's reputation and ensures fairness to all applicants.

Our audit looked at two crucial aspects of the ministry's management of the PNP:

- how effectively the ministry managed the program's performance to support meeting forecasted labour market and economic development needs.
- whether the ministry had assessed and mitigated the risks of misrepresentation, fraud and corruption to protect the integrity of the program.

We found that the ministry was managing the program to address B.C.'s labour market needs, and that B.C. nominees have actively contributed to the economy. The ministry had met its

target to nominate the maximum number of workers allowed by the federal government every year. And most immigrants who became permanent residents through the PNP chose to remain in B.C. and were employed.

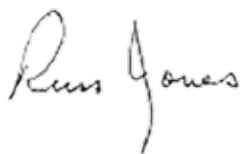
But improvements could be made in the way the ministry manages the program's performance. The emphasis on filling the province's nomination quota could encourage unintended behaviours, such as focusing on quantity over quality of nominees, or approving applications with less scrutiny than warranted.

We also found that the ministry had not done enough to assess and mitigate the risks of misrepresentation, fraud and corruption. The ministry had set up safeguards to protect the program's integrity. However, it had not conducted a structured risk assessment to ensure that it had the right safeguards in place. It also had not monitored to ensure that safeguards were implemented as intended.

We made four recommendations to improve performance management and protect the integrity of the program. The ministry has started work to address these recommendations.

The COVID-19 pandemic emerged while we were drafting this report. At this point, it is difficult to predict how the pandemic will affect B.C.'s immigration needs in the long term. Nonetheless, the results of this audit will remain relevant whether immigration levels increase or decrease. Our findings and recommendations will help the ministry ensure that its program is functioning as well as it can to achieve the province's goals for economic immigration.

I would like to thank ministry staff for their enthusiastic support and commitment to continuous improvement throughout the audit. We are particularly grateful to ministry staff for continuing to work with us to complete the audit process during the pandemic.



Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
Victoria, B.C.
June 2020

REPORT HIGHLIGHTS




To avoid a labour shortage, B.C. needs immigrants to fill about a third of anticipated job vacancies over the next 10 years. The federal government lets B.C. directly select some immigrants through the B.C. Provincial Nominee Program (PNP). The PNP aims to select the right applicants to best support the economy.




Forecast job openings in B.C. from 2019 to 2029: **861,000**

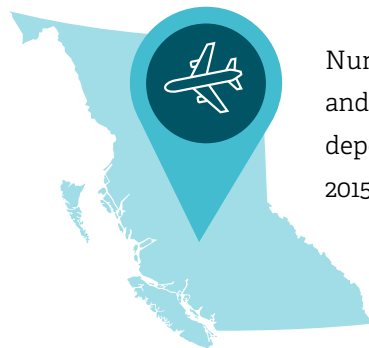


We looked at whether the Ministry of Jobs, Economic Development and Competitiveness managed the PNP's performance to help meet B.C.'s labour market and economic development needs.

 The ministry effectively managed PNP performance to help meet B.C.'s labour market and economic development needs, but it could make improvements.

- It nominated as many people as it was allowed every year, and nominees had positive economic outcomes.


 The ministry's focus on filling nomination quotas could result in the approval of applications with less scrutiny than warranted.



Number of people (including nominees and accompanying spouses and dependents) who came to B.C. from 2015 to 2018 through the PNP:

32,000

We looked at whether the ministry assessed and mitigated the risks of fraud and corruption.

 The ministry did not adequately assess and mitigate the risks of fraud and corruption to protect the integrity of the PNP.

The ministry had safeguards against fraud, but it needs to ensure that it has the right safeguards and implements them as intended.



PNP nominee outcomes:

90% More than 90% of nominees were employed

85% More than 85% of nominees stayed in B.C. after gaining permanent residency – higher than the Canadian average

<1% Fewer than 1% of nominees received social assistance

SUMMARY

British Columbia's economy depends on immigrants to meet labour market needs that can't be met through young British Columbians entering the workforce or people migrating from other provinces. Labour market projections show that B.C. will need over 250,000 immigrants to fill about 30% of job openings in the coming 10 years.

The Provincial Nominee Program (PNP) is an immigration program that lets B.C. choose immigrants to help address labour market needs and contribute to economic development. The PNP is run through collaboration between the provincial and federal governments. The B.C. Ministry of Jobs, Economic Development and Competitiveness recommends—or nominates—successful applicants to the federal government for permanent residency. The ministry nominates applicants based on criteria such as their skills, education and work experience and the type of job they are applying to fill.

Almost all of the people nominated by B.C. come through the Skills Immigration stream of the PNP—the focus of our audit.

Because of the PNP's significance to the province's economy, our audit looked at whether the ministry had:

- effectively managed the performance of the Skills Immigration stream of the PNP to support meeting B.C.'s forecasted labour market and economic development needs
- assessed and mitigated the risks of misrepresentation, fraud and corruption to protect the integrity of the PNP

Bringing in qualified immigrants who will actively participate in the workforce can help meet the province's labour market needs and support long-term economic development. Taking steps to ensure that all nominees meet the program criteria helps to maintain the program's integrity and achieve its goals.

Managing performance

We assessed whether the ministry had:

- managed the performance of the PNP through a framework of goals, objectives, measures and targets

- monitored the program's results
- assessed its program design
- acted on the findings

We concluded that the ministry had effectively managed the performance of the Skills Immigration stream of the PNP to support meeting B.C.'s forecasted labour market and economic development needs, with opportunities for improvement with respect to setting targets and assessing program design.

Performance management framework and program results

An effective performance management framework provides a roadmap to guide the organization and help it succeed. It also supports accountability to legislators and the public. We found that the ministry had a performance management framework for the PNP with a goal, objective, measure and annual target for the PNP. The goal was for B.C. to have the international workforce to support economic growth and innovation. The objective was to attract skilled workers and entrepreneurs from around the world to invest, work and develop their ideas in B.C.

The ministry had one formal measure and target for the PNP that it reported on publicly: the number of people it nominated each year against its federally assigned quota. Meeting the quota is important because B.C.'s economy relies on immigrants to fill labour market gaps. The ministry also tracked economic outcomes such as nominee incomes and employment rates.

We found that the ministry consistently achieved its annual nomination target, and data shows that PNP nominees had generally positive income and employment outcomes. Federal government data showed that more than 85% of nominees have remained in B.C., and their employment rates were more than 90% in recent years. Nominees' use of social assistance and employment insurance has been low.

However, the ministry had not defined a comprehensive suite of measures and set related targets that would allow it to more fully assess its performance. The PNP's primary focus on nomination targets could encourage unintended behaviours—for example, a focus on quantity over quality of nominees, or approval of applications with less scrutiny than warranted.

The ministry has been working on setting policy priorities for economic immigration so that it can more fully articulate its desired objectives, measures and targets for the PNP.

Evaluation of program design

Evaluation is about monitoring program results and assessing whether results are attributable (in whole or in part) to the program. This provides decision-makers with information they can use to decide on how to make programs more effective.

We found that the ministry had monitored program results and taken steps to assess aspects of the program and act on results. However, it hadn't fully assessed how economic results for provincial nominees were attributable to the program's design (such as the criteria, categories and point system for selecting applicants). Analysis of the PNP's data could provide insights that would allow the ministry to refine its program and ensure that it can attract and select the best candidates to meet B.C.'s needs.

The ministry's case management system provided data that can give valuable insights into the program's operations and effectiveness. At the same time, we found a range of data quality issues that would hinder the ministry's ability to use its data to assess the effectiveness of the program.

Preventing misrepresentation, fraud and corruption

We looked at whether the ministry had:

- done a risk assessment to identify the potential threats to program integrity
- designed safeguards to mitigate the threats
- implemented those safeguards effectively

We concluded that the ministry had not adequately assessed and mitigated the risks of misrepresentation, fraud and corruption to protect the integrity of the PNP.

We found that the ministry had set up safeguards to protect the integrity of the program, such as due diligence in reviewing applications, post-nomination follow-up and sanctions for misrepresentation. However, we also found the following:

- The ministry had not done a comprehensive risk assessment that identified and assessed threats, in order to know whether its safeguards were sufficient.
- There were gaps in the ministry's safeguards.
- The ministry had not consistently monitored to ensure that its safeguards were applied.

Safeguards against misrepresentation, fraud and corruption

We found that the ministry had set up safeguards to protect against misrepresentation and fraud, including due diligence by staff, quality assurance review, information-sharing with other organizations, and sanctions against applicants and employers. To safeguard against corruption by staff, the ministry applied government-wide expectations for standards of conduct, conflict of interest and pre-hiring reference checks.

Risk assessment

We found that the ministry had not done a structured assessment to comprehensively identify and assess risks of misrepresentation, fraud and corruption.

Carrying out a structured and comprehensive risk assessment is at the heart of good practice guides for managing fraud and corruption risks. An organization may be aware of certain risks as they arise during the normal course of business. But the value of a structured risk assessment is that it prompts the organization to proactively turn its full attention to identifying, understanding and prioritizing fraud risks. This helps the organization ensure that appropriate safeguards are in place and function as intended.

Gaps in safeguards

We found areas where the ministry was missing safeguards to address the risk of fraud and misrepresentation by external parties. These gaps heightened the risk of the ministry not detecting fraudulent applications and then approving them. Gaps included:

- inadequate deterrents for fraud by immigration representatives
- lack of a clear fraud reporting mechanism for the public
- insufficient access to information from other organizations
- lack of flagging of applications with high-risk indicators
- lack of proactive data analysis to identify trends and detect suspicious patterns and risks

We also found gaps in the ministry's safeguards against staff corruption. For example, the online case management system was lacking safeguards to monitor staff activity and ensure separation of duties. Setting up safeguards against corruption is important not only in protecting the integrity of B.C.'s role in the immigration system but also in protecting staff from coercion by outside parties.

Monitoring safeguards

We looked at whether the ministry had applied its safeguards consistently and monitored to ensure that safeguards were effective. We found that staff used their professional judgment and carried out a wide range of due-diligence activities to verify whether applicants met the program criteria.

However, the ministry would not be able to determine whether safeguards had been implemented effectively because of a lack of clear, documented guidance on due-diligence expectations, and inconsistent practices for recording due diligence. Site visits, both before and after nomination, were not being carried out as often as staff considered necessary because of time pressure to meet quotas and targets. Guidance for staff was unclear on when to refuse an application for misrepresentation. We also found that the ministry hadn't consistently monitored the effectiveness of due-diligence activities to detect and deter fraud.

The ministry has been taking steps to enhance program integrity and is working on setting up a program integrity unit. The ministry is also working to improve its information-sharing with other key organizations, clarify its process for applying the misrepresentation sanction for employers, and assess risks related to the role of immigration representatives.

SUMMARY OF RECOMMENDATIONS

We recommend that the Ministry of Jobs, Economic Development and Competitiveness:

- 1** define a comprehensive set of key performance measures and targets for the British Columbia Provincial Nominee Program to more fully understand progress made in meeting labour market needs and supporting economic development
- 2** assess the effectiveness of the Skills Immigration stream's program design (i.e., categories, criteria and point system) through periodic analysis of program and outcome data, and make improvements as needed to achieve program objectives
- 3** make changes to its systems and procedures to ensure that it collects reliable data to enable regular analysis of program performance
- 4** develop and implement a risk management framework consistent with good practice expectations to:
 - a) identify and assess the risks of misrepresentation, fraud and corruption
 - b) design and implement safeguards to mitigate the identified risks
 - c) monitor effectiveness of safeguards and take action to address any deficiencies identified

RESPONSE FROM THE AUDITEE

May 20, 2020

Ministry Response to the Office of the Auditor General Final Report – Skills Immigration Stream of the British Columbia Provincial Nominee Program

The Ministry of Jobs, Economic Development and Competitiveness thanks the Office of the Auditor General (OAG) for its review of the British Columbia Provincial Nominee Program (BC PNP) Skills Immigration Stream. The ministry accepts the OAG's recommendations and appreciates its recognition of the strong outcomes of the program and its value to the BC economy. The ministry is committed to implementing the OAG's recommendations to strengthen and enhance the BC PNP.

The BC PNP attracts international skilled and semi-skilled workers and entrepreneurs to communities across BC. The program helps contribute to the ministry's mandate to build a strong, sustainable and innovative economy.

The BC PNP has grown significantly since it began in 2001, and during this time it has evolved and matured. It is delivering on a solid foundation that includes operational policies and program design, legislation, operating procedures and online systems. Experienced and dedicated staff work to deliver the program with consistency and fairness. Program evaluations and ongoing data analysis of the BC PNP have demonstrated that provincial nominees have strong outcomes and contribute to the province's economic prosperity. Positive outcomes for applicants and employers highlight the effectiveness of the BC PNP Skills Immigration Stream in creating a variety of benefits for the province.

While overall the BC PNP program is a strong and beneficial program, the ministry acknowledges that the program's effectiveness can be further strengthened. Enhancements can be made to identify, monitor and address risks to program integrity to ensure that the BC PNP continues to be fair and responsive to applicants and stakeholders and adaptive to emerging provincial needs.

The OAG has recommended opportunities for improvement in the BC PNP. The ministry is already using the valuable insights gained throughout the year-long audit process to build on the well-established strengths of the program.

RECOMMENDATION #1: *define a comprehensive set of key performance measures and targets for the Provincial Nominee Program to more fully understand progress made in supporting labour market needs and economic development*

RECOMMENDATION #1 RESPONSE: Formal program evaluations, conducted every five years, have measured a range of key performance measures including: retention of nominees in the province, labour market attachment, income, and employer satisfaction. These performance measures have demonstrated favourable program outcomes. Additionally, ministry staff routinely monitor other available data sources to compare the outcomes of BC provincial nominees to immigrants who arrived through other pathways, and the results are consistently positive for the BC PNP.

That said, the ministry agrees that the BC PNP would benefit from having performance measures that are more clearly outlined. There is action underway to address this recommendation, which includes the ministry working to ensure alignment of the BC PNP objectives in relation to the province's economic and labour market priorities. The ministry is updating the BC PNP logic model and developing corresponding performance measures for the intended outcomes of the program.

Addressing the audit recommendation will provide additional insights, specificity and transparency on the performance of the program.

RECOMMENDATION #2: *assess the effectiveness of the Skills Immigration stream's program design (i.e. categories, criteria and points system) through periodic analysis of program and outcome data and make improvements as needed to achieve program objectives*

RECOMMENDATION #2 RESPONSE: The ministry accepts this recommendation and has benefited from the data analysis conducted by the OAG, which demonstrates how different factors within the program design can be assessed relative to their influence on program outcomes. The ministry will enhance data analysis to strengthen attribution of nominee outcomes to different aspects of the program's design and criteria and will make adjustments to the program as warranted by the results of the analysis and agreed upon with Canada.

Measuring the success of an immigration program in a timely manner is inherently difficult. As immigration is a long-term endeavour, nominees' outcomes and contributions to the province evolve over the span of 10+ years, as do factors that influence their success. However, waiting many years for long-term data does not allow for nimble, responsive program updates. To balance these considerations, the ministry will continue to utilize both short- and long-term measures when evaluating program effectiveness, as well as other relevant information such as academic studies about the factors that make immigrants successful.

The ministry appreciates the OAG's findings that access to data is important in facilitating timely program evaluation. The ministry will pursue options to obtain wider access to timely and relevant data about immigrant outcomes.

RECOMMENDATION #3: *make changes to its systems and procedures to ensure that it collects reliable data to enable regular analysis of program performance*

RECOMMENDATION #3 RESPONSE: The ministry accepts this recommendation and is committed to continued improvement and following best practices in its data collection processes. Significant improvements to processes and data collection have been on-going and recently implemented as a result of the issues raised during the detailed system review by OAG staff.

For example, the fully on-line Client Management System originally developed under urgent timelines in 2015, has seen incremental enhancements with up to four major updates every year. Additional staff user training, improved user documentation, formal role definition and improved data collection practices are in process to ensure data is captured with a high degree of accuracy. A detailed action plan is under development to address all issues identified during the OAG systems audit.

RECOMMENDATION 4: *We recommend that the Ministry of Jobs, Economic Development and Competitiveness develop and implement a risk management framework consistent with good practice expectations to:*

- a) identify and assess the risks of misrepresentation, fraud and corruption*
- b) design and implement safeguards to mitigate the identified risks*
- c) monitor effectiveness of safeguards and take action to address any deficiencies identified*

RECOMMENDATION #4 RESPONSE: The ministry recognizes that immigration to Canada is highly sought after, and the risks of misrepresentation and fraud in the immigration system are real. The ministry accepts that a risk management framework should be developed and implemented in order to comprehensively identify and manage risks. The ministry also agrees that the safeguards the BC PNP has in place must be part of a larger formal framework that would ensure consistent good practice across the program.

The ministry is committed to actioning the OAG's recommendations and work is already underway in building the risk management framework in collaboration with the Ministry of Finance Risk Management Branch. Additionally, the ministry is expanding a dedicated Program Integrity Unit which will operationalize the risk management framework with thorough investigations to enhance the identification and assessment of cases of misrepresentation, fraud and corruption. The Program Integrity Unit will enable, for example, increased site visits, increased staff training on identifying misrepresentation and fraud, and the development of more public information on reporting suspected fraud and how to avoid becoming a victim of fraud.

The ministry is also examining BC PNP application data for trends and patterns in relation to fraud. These types of examinations will be expanded as part of the risk management framework to monitor the effectiveness of existing and new safeguards. The ministry is steadfast in its commitment to fortify program integrity.

In conclusion, the ministry would again like to thank the OAG for the diligent work undertaken during this performance audit. We commit to actioning all recommendations in order to further strengthen the BC PNP, which continues to provide significant value to BC's labour force and economic development.

ABOUT THE AUDIT

Background

Why immigration is important to B.C.

British Columbia's government has stated that having enough trained workers to meet future economic needs will be a challenge. Economists forecast a labour shortage due to factors such as an aging workforce and declining birth rates. This will impact businesses' ability to operate productively and the provincial government's ability to generate tax revenue to fund government programs and services.

In the most recent *British Columbia Labour Market Outlook* report (2019 edition), the government predicted 861,000 job openings in B.C. between 2019 and 2029. About a third of the projected openings will be newly created jobs, while the other two-thirds will be created by the movement of people out of the workforce, mostly through retirement.

Government economists predict that 56% of the openings will be filled by young British Columbians entering the workforce. An additional 8% will be filled by people migrating from other provinces. And 31% of the openings will need to be filled by newcomers to Canada. The rest of the openings are projected to be filled by more people joining or returning to the labour force; and more rapid automation may reduce the number of job openings.

The Provincial Nominee Program

The Provincial Nominee Program (PNP) is an immigration program that lets British Columbia choose immigrants to help address labour market needs and contribute to economic development. The PNP is run through collaboration between the provincial and federal governments. The B.C. Ministry of Jobs, Economic Development and Competitiveness (called the Ministry of Jobs, Trade and Technology during the period of our audit) recommends—or nominates—successful applicants to the federal government for permanent residency. Permanent residency allows nominees to stay and work in Canada and provides a pathway to Canadian citizenship.

TYPES OF IMMIGRATION PROGRAMS

The federal government sets the number of people allowed to immigrate to Canada each year and provides immigration pathways through various programs.

Some programs provide pathways to permanent residency for refugees or people who are sponsored by relatives already living in Canada.

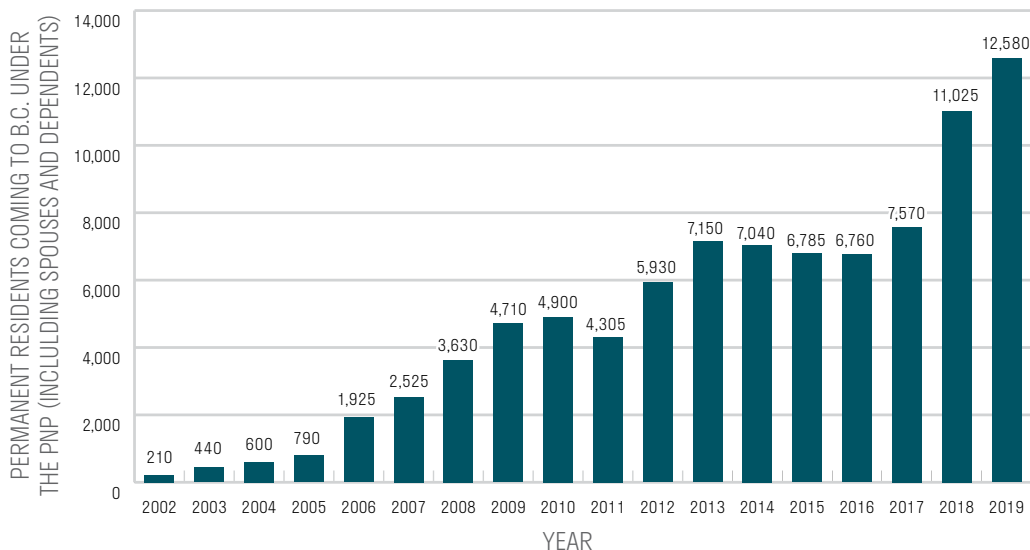
Other programs, such as provincial nominee programs, target “economic-class” immigrants—people who are selected based on their ability to become economically established in Canada—and are run by the federal government itself or in collaboration with the provinces and territories.

Nominee programs were created to help share the benefits of immigration across all regions of Canada and give provinces and territories the opportunity to select immigrants based on their unique labour market needs.

The federal government sets an annual maximum number of nominees for each province. The two parties also negotiate the terms of an agreement to govern the program. The *Canada–British Columbia Immigration Agreement (CBCIA)* is a six-year agreement that will expire in 2021, and negotiations are underway for the next agreement.

B.C.'s PNP has existed since 2001, and the first nominees arrived in the province in 2002. [Exhibit 1](#) shows the number of people who have come to B.C. through the PNP since it began. These numbers include spouses and dependents of people who have been nominated by the PNP. The numbers for each year reflect people who were nominated between six months to two years earlier, because of the time it takes to become a permanent resident after being nominated by the PNP.

EXHIBIT 1: Permanent residents coming to B.C. through the PNP, 2002–2019



Source: Office of the Auditor General of British Columbia, based on information from Immigration, Refugees and Citizenship Canada

Around 62,500 people came to Canada in 2018 through a provincial nominee program, of which approximately one in five went to B.C. From 2015 to 2018, the PNP accounted for almost a third (or approximately 32,000) of the more than 105,000 economic-class immigrants to B.C. (these figures include both workers and their spouses and dependents).

Most B.C. nominees are people who were already living in the province when they applied to the program. Many came under the Temporary Foreign Worker (TFW) program, a federal program that brings in international workers to fill temporary labour and skill shortages. A person who is in Canada under the TFW program may apply for nomination while in Canada if they meet the PNP’s requirements. Other nominees first arrive in Canada as international students. A much smaller percentage of nominees, approximately 10–15% in recent years, apply while living overseas.

In 2019, the top countries of origin for B.C. nominees were India, with 33% of nominations, followed by China (16%) and Brazil (6%).

How the PNP works

The PNP is divided into two main streams: Skills Immigration and Entrepreneur Immigration. Almost all B.C. nominees come through the Skills Immigration stream, the focus of this audit.

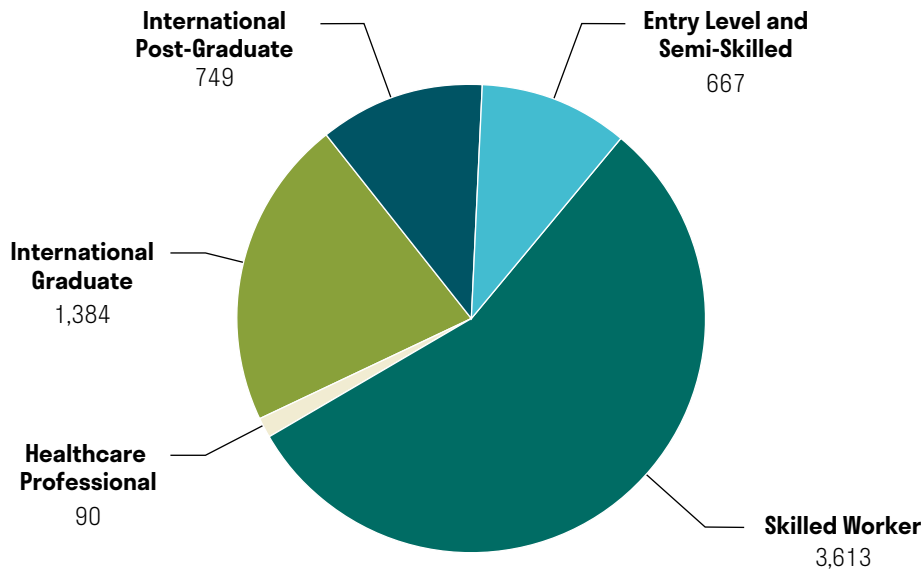
Applicant categories

Skills Immigration nominees cover a wide range of fields, including international students, health-care professionals and entry-level food service workers. To address the diversity of labour market needs, the Skills Immigration stream is subdivided into five categories with different requirements for nomination. The five categories are:

- Entry Level and Semi-Skilled
- Skilled Worker
- International Graduate
- International Post-Graduate
- Healthcare Professional

The requirements for applicants to qualify for nomination under each of the five categories are shown in [Appendix A](#). All categories except International Post-Graduate require a full-time job offer from a B.C. employer. There are also requirements for language, education, wage and annual income level. [Exhibit 2](#) shows the relative proportions of B.C. provincial nominees by category in 2019.

EXHIBIT 2: B.C. provincial nominees by category within the Skills Immigration stream, 2019



Source: Office of the Auditor General of British Columbia, based on information from the Ministry of Jobs, Economic Development and Competitiveness

Registration and application process

In 2016, the ministry moved from a first-in, first-out application system to a points-based registration and application process that prioritizes the highest-scoring applicants—those who are considered the most likely to be approved for nomination (see [Exhibit 3](#)).

Step 1: Registration

- Potential nominees register online.
- Registrants supply information about their qualifications.
- The case management system automatically awards points according to qualifications. For example, registrants receive points for their highest level of education and their language test score, for the wage of the job offer, and for skill level and jobs in high demand. Candidates can see their score after registering.
- Once complete, registrations enter a selection pool. If the person has not been invited to apply within a year, the registration expires.

Step 2: Invitation to apply

- Periodically, PNP staff issue invitations to apply to the highest-scoring applicants from each category in the pool, based on the program's annual quota as well as its ability to process applications within the target time frame of 90 days.

Step 3: Application by nominee

- Invited registrants may submit an application.

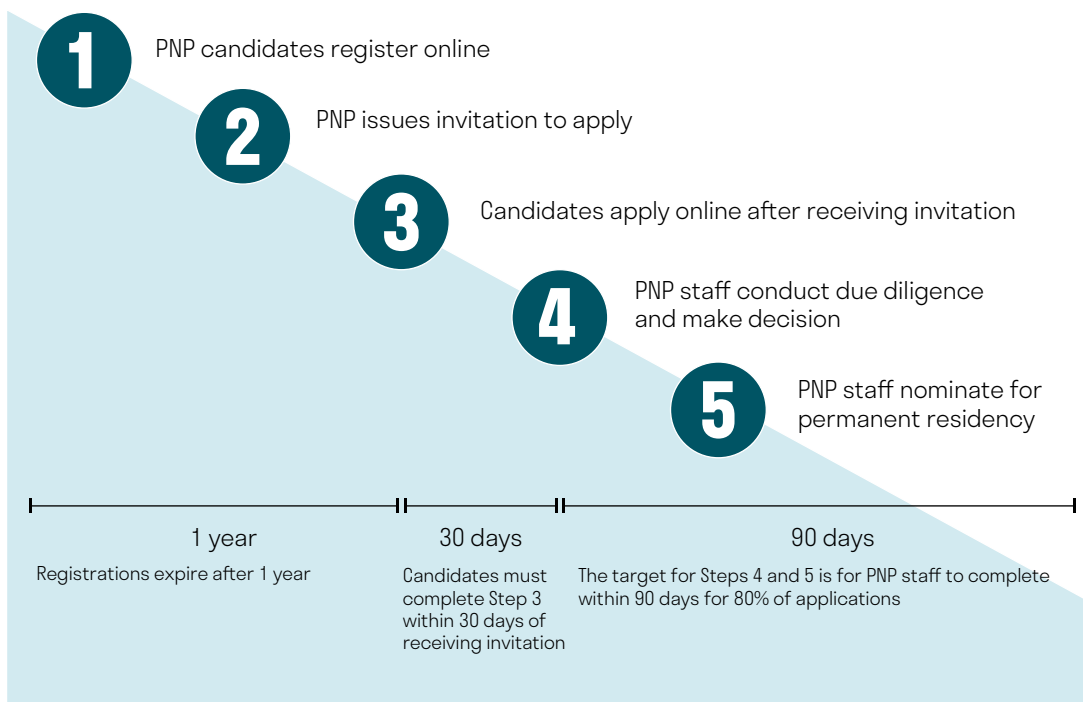
Step 4: Review of application by staff

- PNP staff perform due diligence checks on the truthfulness of the information in the application.

Step 5: Nomination or refusal

- PNP staff decide to approve or refuse the application.
- The approved applicant is nominated for permanent residency.

EXHIBIT 3: PNP registration and application process



Source: Office of the Auditor General of British Columbia, based on information from the Ministry of Jobs, Economic Development and Competitiveness

Jurisdiction and legislation

The federal government shares jurisdiction over immigration to Canada with the provinces and territories under the authority of the *Constitution Act*. It administers most immigration programs through Immigration, Refugees and Citizenship Canada. The *Immigration and Refugee Protection Act* is the main legislation that governs immigration federally.

The B.C. *Provincial Immigration Programs Act*, enacted in 2017, enables the ministry to:

- sanction applicants and employers whose applications were refused for misrepresentation
- conduct inspections of employment sites, called site visits
- review applications that have been refused, through a formal process and timeline
- collect and set fee amounts for applications and review requests

This legislation supplemented the existing *Ministry of International Business and Immigration Act*, which provided the authority for the province to enter into immigration agreements with the federal government. The PNP had previously been administered exclusively through policy.

Cost recovery

The PNP is run on a cost recovery model, where the cost of running the program is covered by fees paid by applicants. At the time of publication of this audit report, Skills Immigration applicants paid a \$700 processing fee to apply to the program. This fee was set by the minister through the Provincial Immigration Programs Regulation in 2017. There is no cost for registering.

Audit scope

In this performance audit, we focused on the Skills Immigration stream of the British Columbia Provincial Nominee Program (PNP), which accounts for more than 98% of the program's nominations. We did not look at Entrepreneur Immigration, as it is much smaller, and the Ministry of Jobs, Economic Development and Competitiveness was piloting a new approach within that stream.

Our office audited the PNP because of its significance to British Columbia's economy. Admitting qualified immigrants who will actively participate in the workforce can help meet the province's labour market needs and support long-term economic development. Taking steps to ensure that all nominees meet the program criteria helps to maintain the program's integrity. For these reasons, we looked at both the ministry's performance management for the Skills Immigration stream of the PNP and its efforts to prevent misrepresentation, fraud and corruption.

DEFINITIONS

In this report, we use the words *misrepresentation* and *fraud* when describing risks to program integrity from external parties, such as applicants, employers and immigration representatives. We use the word *corruption* when describing internal risks to program integrity, posed, for example, by employees. This is to help distinguish between external and internal fraud risks for the Provincial Nominee Program, which in other contexts would both be referred to as fraud.

Performance management refers to what an organization does to achieve its goals. This includes setting clear objectives and targets, developing strategies to meet the targets, measuring progress, and identifying what is working and what needs to change to continuously improve.

We did not audit the labour market analysis by the Ministry of Advanced Education, Skills and Training, which the Ministry of Jobs, Economic Development and Competitiveness uses as the basis for its immigration levels request to the federal government. We also did not audit the ministry's efforts to attract applicants to the PNP or its settlement services for immigrants after they have arrived in Canada.

The period of our audit was from January 2017 to November 2019.

Audit method

Our audit work involved:

- researching good practices on fraud risk management and immigration literature
- reviewing over 120 ministry documents
- reviewing a representative sample of PNP application files for the period 2017–2019
- reviewing targeted samples of PNP application files where the ministry had found misrepresentation
- conducting over 40 interviews with ministry executives, PNP operational staff and external stakeholders
- accompanying PNP staff to observe site visits to eight nominee employment sites
- carrying out an Information Technology General Controls review¹ for the Officio case management system focused on user access, account management and monitoring

¹ Information Technology General Controls are the basic controls that can be applied to IT systems. They are intended to ensure the integrity of the data and processes that the systems support.

- analyzing data from the ministry's case management system to identify trends and patterns in applications and in staff activity related to assessment of applications
- consulting with subject matter experts on the audit plan and findings

We also carried out data analysis and provided the ministry with a separate report on that analysis. That work included linking PNP administrative data with data from Statistics Canada's Longitudinal Immigration Database to analyze the relationship between nominee characteristics and their economic outcomes, with the support of subject matter experts.

The criteria we used for the audit are listed in [Appendix B](#).

This report is dated May 20, 2020, the date on which the audit team finished obtaining the evidence used to determine the findings and conclusions of the report.

AUDIT OBJECTIVE AND CONCLUSION 1

Audit objective 1

To determine whether the Ministry of Jobs, Economic Development and Competitiveness effectively managed the performance of the Skills Immigration stream of the British Columbia Provincial Nominee Program to support meeting B.C.'s forecasted labour market and economic development needs.

Audit conclusion 1

We concluded that the Ministry of Jobs, Economic Development and Competitiveness effectively managed the performance of the Skills Immigration stream of the British Columbia Provincial Nominee Program (PNP) to support meeting labour market and economic development needs, with some exceptions.

The ministry requested its nomination quota from the federal government based on labour market needs, consistently achieved its nomination target, and assessed how nominees were faring economically. A 2017 evaluation, and the ministry's ongoing monitoring found that PNP nominees had generally positive income and employment outcomes. The ministry also piloted a program to understand and address labour market needs specific to the technology sector. The ministry had assessed aspects of its program, such as the technology pilot, and acted on the results.

However, there are opportunities for improvement. The ministry had not defined a comprehensive set of key performance measures and related targets to more fully understand how the PNP is meeting labour market and economic development needs. Also, the ministry had not fully assessed whether its program criteria and categories for selecting applicants for nomination are best designed for meeting B.C.'s labour market and economic development needs. Problems with the quality of its data and obstacles to accessing timely data hamper the ministry's ability to use the data for analysis.

The ministry is working on refining its performance management framework.

KEY FINDINGS AND RECOMMENDATIONS 1

Performance management framework

An effective performance management framework provides a roadmap to guide the organization and help it succeed. Performance management involves setting out what an organization wants to achieve (goals and objectives), what it plans to do to get there (strategies), and how it will assess its progress along the way (measures and targets).

We looked at whether the Ministry of Jobs, Economic Development and Competitiveness:

- had a performance management framework for the Provincial Nominee Program with goals, objectives, measures and targets
- had measured the program's performance against the targets

We found that the ministry had a performance management framework with a goal, objective, measure and annual target for the overall number of PNP nominees and had measured and met its target annually. However, there is opportunity for improvement through defining additional relevant key performance measures and related targets.

MINISTRY GOAL, OBJECTIVE, MEASURE AND TARGET

Goal: For B.C. to have the international workforce to support economic growth and innovation

Objective: Attract skilled workers and entrepreneurs from around the world to invest, work and develop their ideas in B.C.

Measure: The proportion of PNP allocations used by B.C. (i.e., the annual quota it receives from the federal government for the number of immigrants nominated through the PNP)

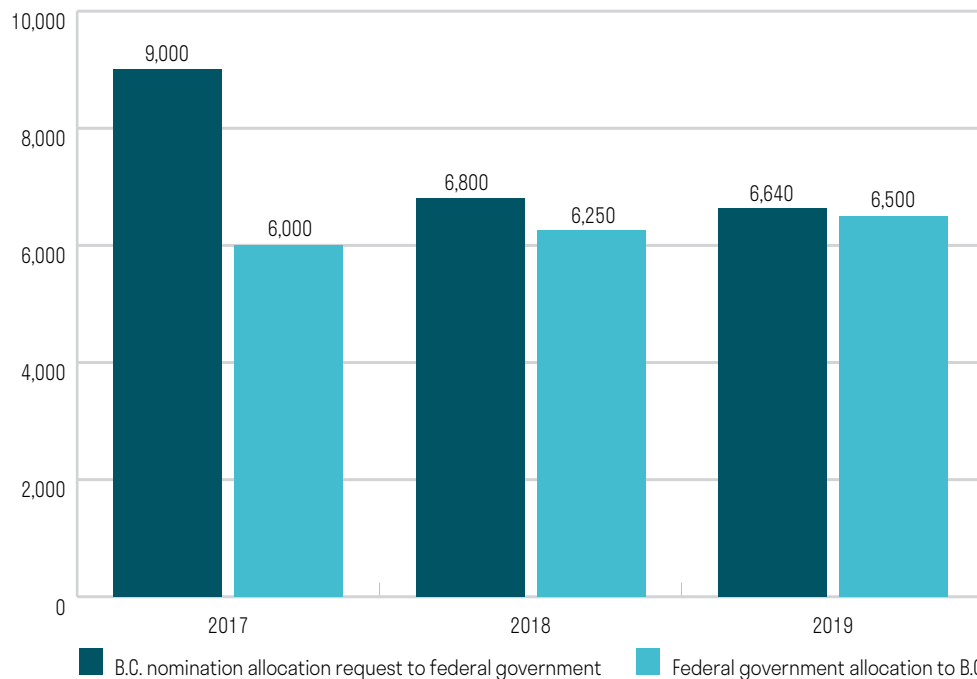
Target: To use 100% of the annual nomination quota

The ministry met its target for bringing people to B.C. through the PNP

The ministry achieved its target of using 100% of its annual quota for PNP immigrants throughout our audit period, 2017–2019. The ministry’s 2019/20 service plan no longer included this target, but the PNP still tracks its progress closely against the annual quota. Meeting the quota is important because B.C.’s economy relies on immigrants to fill labour market gaps (as described in the Background section).

Each year, the ministry requests its PNP quota from the federal government based on labour market projections. Throughout the year, the ministry plans and allocates its resources to nominate the number of immigrants needed to meet the quota, and regularly tracks its progress against the target. The federal government considers B.C.’s analysis in deciding on the quota it allocates to B.C., but it has not always granted the full quota because of limits on the number of immigrants the federal government plans to admit nationally. In recent years, the province has generally asked for more nominations than it received (see [Exhibit 4](#)).

EXHIBIT 4: B.C. nomination allocation requests versus federal government allocation, 2017–2019



Note: In 2019, the federal government offered B.C. an additional nomination allocation of 250 specifically for lower-skilled jobs, beyond the 6,500 initially allocated to B.C. for that year.

Source: Office of the Auditor General of British Columbia, based on information from the Ministry of Jobs, Economic Development and Competitiveness

The ministry did not have a comprehensive set of measures and targets to fully understand its performance

The ministry had one formal measure and target for the PNP that it reported on publicly: the number of people it nominated each year against its federally assigned quota. The ministry also tracked various other measures, such as nominees' employment rates and incomes. However, it had not defined a comprehensive suite of measures and set related targets that would allow it to more fully assess its performance. The PNP's primary focus on nomination targets could encourage unintended behaviours—for example, a focus on quantity over quality of nominees, or approval of applications with less scrutiny than warranted.

GOOD PRACTICE FOR KEY PERFORMANCE MEASURES

Relevant key performance measures are central to effective public sector performance reporting and accountability. A relevant key performance measure provides information that is "significant and useful to the reporting organization's stakeholders and attributable to its activities."² Organizations will typically have a suite of performance measures to tell a comprehensive story of their performance. The B.C. Reporting Principles highlight the need for performance measures to reflect the range of issues that concern the public and legislators (e.g., outcomes as well as outputs).³

The ministry had been awaiting the government's economic development strategy, which was recently released, and has been working on setting policy priorities for economic immigration so that it can more fully articulate desired objectives, measures and targets for the PNP.

RECOMMENDATION 1: *We recommend that the Ministry of Jobs, Economic Development and Competitiveness define a comprehensive set of key performance measures and targets for the British Columbia Provincial Nominee Program to more fully understand progress made in meeting labour market needs and supporting economic development.*

² Conference Board of Canada, *Beginning at the Top: The Board and Performance Management*, 2001, p. 5.

³ Province of British Columbia and Office of the Auditor General of British Columbia, *Performance Reporting Principles for the British Columbia Public Sector*, 2003, p. 8.

Evaluation

Once a performance management framework is set, it is important to evaluate program results. Evaluation is about monitoring program results and assessing whether results are attributable (in whole or in part) to the program design. This provides an understanding of why program outcomes were, or were not, achieved.

Evaluation gives decision-makers information they can use to make judgments about whether to continue programs or how to change them to make them more effective.

We looked at whether, for the Skills Immigration stream of the Provincial Nominee Program (PNP), the Ministry of Jobs, Economic Development and Competitiveness had:

- monitored program results
- assessed its program design
- acted on the findings

We found that the ministry had monitored the PNP's results, assessed aspects of the program and acted based on findings from its monitoring activities. However, it had not fully assessed whether results were attributable to the program design.

The ministry's monitoring showed that most nominees have stayed in B.C. and remained employed

B.C. is required to evaluate its Provincial Nominee Program on a five-year schedule, as part of its immigration agreement with the federal government. The most recent evaluation was done in 2017 by a consulting company on contract to the ministry. The evaluation looked at program relevance, performance, design and delivery.

The evaluation found a range of positive outcomes for the PNP, based on analysis of statistical data, surveys of nominees and employers, and government and stakeholder interviews. It found that 86% of Skills Immigration stream nominees surveyed remained in B.C. in the same community where they had initially settled, 82% were employed, and 87% reported that their current job met or exceeded their expectations. It also found that a majority of employers planned to use the PNP in the future, and that nominees had met or exceeded employers' expectations.

In addition, the evaluation found that employment incomes for B.C.'s nominees compared favourably with provincial nominees in other Canadian jurisdictions except Alberta, where nominees had higher incomes. It also found that the percentage of new B.C. immigrants who reported employment income was higher among provincial nominees in the short term than among those who had applied as Federal Skilled Workers (FSWs). The evaluation's data on economic results were current to 2013, and they included nominees coming in through both the Skills Immigration and Entrepreneur Immigration streams, with the focus on principal applicants, rather than their spouses and dependents. The ministry has continued to monitor nominee income trends compared with FSWs on an annual basis.

FEDERAL SKILLED WORKER PROGRAM

The Federal Skilled Worker (FSW) program is an economic immigration program that selects people based on human capital factors, such as work experience, language ability, education and age.

A key difference between the FSW program and the PNP is that FSW applicants don't need to have a job offer before they apply for permanent residency, while most of the PNP categories do require a job offer. This means that the PNP is responding to immediate labour market needs by requiring a job offer, as well as assessing human capital factors that are expected to result in long-term economic integration. For the FSW program, the focus is on bringing in human capital that is expected to result in long-term economic benefits.

Between 3,000 and 6,000 principal applicants came to B.C. annually through the FSW program between 2015 and 2018, which was around 25% of the province's economic-class immigrants.

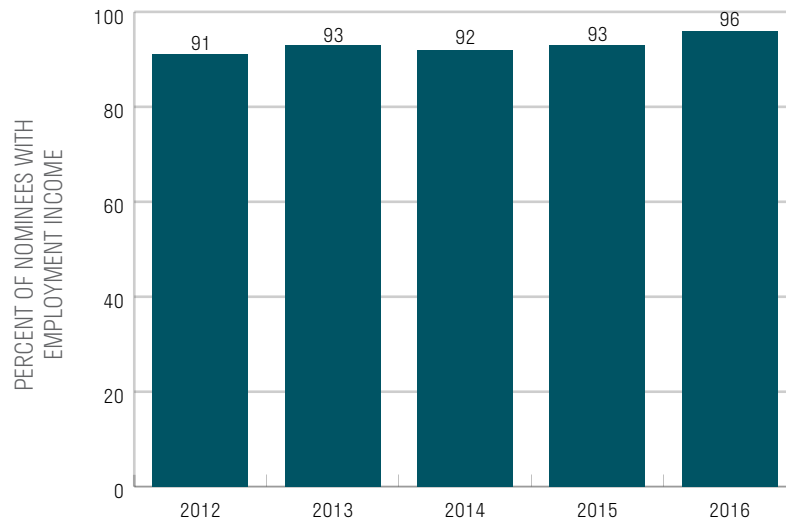
Data analysis by our office in 2019 confirmed that immigrants coming to B.C. through the PNP's Skills Immigration stream have continued to have higher short-term incomes and employment rates than those coming to the province as FSWs. For most cohorts of PNP nominees, the longer they have stayed in the province, the more their incomes have grown, which is a sign of increasing integration into the economy. At the same time, over the past 10 years, each new cohort has had a lower average starting income than that of the previous year's cohort.

The employment rate⁴ for provincial nominees who have arrived in B.C. since 2012 has been higher than 90% (see [Exhibit 5](#)). It has been higher than the average for both economic-class immigrants as a whole in B.C. and for provincial/territorial nominees across Canada.

⁴ Employment rate here is defined as the incidence of people receiving income from wages, salaries, commissions and self-employment.

In addition, more than 85% of provincial nominees have remained in B.C. throughout the past five years. B.C. has seen almost three times more nominees from other provinces move here than move away to other provinces.

EXHIBIT 5: Proportion of B.C. provincial nominees with employment income in 2017, by year of admission, 2012-2016



Note: For this exhibit, the provincial nominee category includes all B.C. provincial nominees, not just those in the Skills Immigration stream, because of availability of data. As noted in the Background section, the Skills Immigration stream accounted for more than 98% of total B.C. provincial nominees. These data are for provincial nominee principal applicants only, and do not include spouses and dependents.

Source: Office of the Auditor General of British Columbia, based on data from the Longitudinal Immigration Database

We also confirmed the ministry’s 2017 evaluation findings regarding the use of employment insurance and social assistance by PNP immigrants. The percentage of PNP nominees who received employment insurance and social assistance benefits was low throughout the 10-year period, though with a slight upward trend. The proportion of PNP nominees receiving unemployment benefits in 2016 was less than 7%, and the average annual amount was less than \$600. With respect to social assistance, less than 1% of PNP nominees had received any benefits.

The ministry had partially assessed whether its program is designed to best meet B.C.'s needs

We found that the ministry had taken steps to assess aspects of the program and act on the results. However, it hadn't fully assessed how economic results for provincial nominees are attributable to the program's design (such as the criteria, categories and point system for selecting applicants).

The ministry had assessed aspects of the program design and acted on results

The ministry had looked at the results of a pilot program in the tech sector and acted on the results of that review. It also had a review of the Entry Level and Semi-Skilled category underway and had started to assess data from its case management system to identify efficiency drivers and factors associated with nomination approval and refusal rates in each category.

Tech Pilot

In 2017, the PNP launched the Tech Pilot to help address an identified shortfall in talent for the technology sector. In 2018, the ministry reviewed how well the pilot was working based on its own data and feedback from stakeholders. It made adjustments to the pilot as a result, such as shortening the length of the job offer requirement from "indeterminate" (i.e., a job offer with no end date) to one year because of the structure of the job market in the tech sector. The ministry recognized that this was not a comprehensive evaluation of the Tech Pilot, which it plans to do in the future.

Case management system data analysis

In late 2019, the ministry began to assess its system data from 2016, which included using statistical analysis to identify trends in the factors associated with nominations and refusals. This information may be used to adjust the point system or other aspects of program design.

The ministry had not fully assessed program design

Although the ministry monitored the PNP's results and assessed aspects of its program, as described in the previous sections, it had not fully assessed how provincial nominees' economic results were attributable to the program's design (such as the criteria, categories and points system for selecting applicants). This assessment would require analyzing the relationship between program design and program outcomes, typically through statistical analysis.

Such analysis would allow the ministry to determine whether the program is optimally designed for selecting the best applicants to meet B.C.'s economic needs. It can use this information to adjust program design as needed.

KEY PROGRAM DESIGN ELEMENTS FOR THE PROVINCIAL NOMINEE PROGRAM

- **Categories** for type of applicant (e.g., Skilled Worker, International Graduate; see Background section and details in [Appendix A](#))
- **Criteria** that candidates must meet to qualify for nomination
 - For example, a job offer is required for all categories except International Post-Graduate (see [Appendix A](#) for full list of criteria)
- **Points** assigned to different factors that are used to rank candidates (e.g., education, experience, job location—see details in [Appendix A](#))
 - For example, a job offer in a rural region gives a candidate more points than a job offer within Greater Vancouver

Existing research has shown that factors such as language ability, education and experience—which the ministry uses to rank PNP candidates—are associated with immigrant economic success in Canada. Therefore, the ministry has grounds for assuming that its criteria and basis for ranking candidates are reasonable. However, little of that research was specific to provincial nominee programs or to B.C., which means it might not show any areas where B.C.'s situation is different from other parts of Canada.

A reason why the ministry had not yet evaluated the point system specifically was that it didn't have access to data it would need to do so. Access was challenging for the following reasons:

- Data on nominee outcomes in the Longitudinal Immigration Database (IMDB) belongs to the federal government. The aggregate data is public, which allows the ministry to track outcomes at program level. The ministry's current agreement with the federal government does not include regular access to individual-level data that would allow it to carry out statistical analysis.
- There is a three-year time lag in the availability of IMDB data on nominee outcomes because of the time it takes government to process both immigration applications and

federal tax returns. Economic outcome data on people nominated since B.C.'s new point system launched in 2016 was only released in December 2019.

Nonetheless, the ministry could have—by negotiating access to the information that was available—analyzed other aspects of its program design, including the categories and criteria. We did such an analysis and provided it to the ministry as an example of what the ministry could do to assess the effectiveness of its program design and the kinds of things it might learn from doing so.

RECOMMENDATION 2: *We recommend that the Ministry of Jobs, Economic Development and Competitiveness assess the effectiveness of the Skills Immigration stream's program design (i.e., categories, criteria and point system) through periodic analysis of program and outcome data, and make improvements as needed to achieve program objectives.*

The ministry had not ensured the quality of its data

Meaningful data analysis requires access to reliable data. The ministry replaced its paper-based system with an online case management system in 2015 to more efficiently manage the PNP. This gave the ministry a new tool for assessing its data.

We found a range of problems with the ministry's PNP data quality that make it harder to use for robust performance management. We found that the program's data quality was affected by inconsistent data entry, invalid data, incomplete and inconsistent information on decisions, gaps in what is collected, and technical/system deficiencies. Lack of reliable data and analysis means missed opportunities to ensure that the program is operating as efficiently and effectively as possible.

A key cause of data quality problems and gaps in data analysis is the program's major system transition between mid-2015 and early 2016. The ministry transitioned from a paper-based first-in, first-out system to an online points-based registration and application system. This transition brought improvements for the PNP. The new intake system, which allowed the ministry to control the volume of applications, resulted in a significant decrease in application processing time. And the case management system increased the program's ability to collect and analyze data to support program administration.

However, the ministry was faced with a backlog of more than 7,500 paper files to process at the same time as it continued to receive new applications online. Addressing that backlog was a priority for the ministry until it was cleared in September 2017 for the Skills Immigration stream, and in late 2019 for the Entrepreneur Immigration stream.

Getting the new system customized and working well was also a key focus. The new system was tendered, procured, and operational within a tight time frame of three months and it took time to ensure that it was functioning smoothly. Improvements have been made, such as the addition of new fields to improve data granularity, including a field for decision reasons to help capture data and enhance analysis opportunities. Since 2015, more than a hundred identified system improvements have been addressed. For these reasons, the ministry told us that it has not yet had the time and resources to address all data quality issues with the new system. The system is subject to regular updates and continuous improvement.

RECOMMENDATION 3: *We recommend that the Ministry of Jobs, Economic Development and Competitiveness make changes to its systems and procedures to ensure that it collects reliable data to enable regular analysis of program performance.*

AUDIT OBJECTIVE AND CONCLUSION 2

Audit objective 2

To determine whether the Ministry of Jobs, Economic Development and Competitiveness assessed and mitigated the risks of misrepresentation, fraud and corruption to protect the integrity of the British Columbia Provincial Nominee Program.

Audit conclusion 2

We concluded that the Ministry of Jobs, Economic Development and Competitiveness had not adequately assessed and mitigated the risks of misrepresentation, fraud and corruption to protect the integrity of the Skills Immigration stream of the British Columbia Provincial Nominee Program (PNP).

The ministry had set up safeguards to protect the integrity of the program, such as due diligence in reviewing applications and a two-year sanction for misrepresentation. However, the ministry had not done a comprehensive risk assessment to identify and assess threats, and to find out whether its safeguards were sufficient to mitigate risks to an acceptable level.

In addition, there were gaps in the ministry's safeguards against misrepresentation, fraud and corruption. And the ministry had not consistently monitored to ensure that its safeguards to protect against misrepresentation and fraud were applied.

KEY FINDINGS AND RECOMMENDATIONS 2

Preventing misrepresentation, fraud and corruption

Immigration systems are designed to screen for people who meet specific criteria based on government's goals and policies. In the case of economic immigration, these criteria typically focus on characteristics that are expected to make new immigrants most likely to succeed and meet labour market and economic needs.

Sometimes people—including applicants, immigration representatives and employers—will try to achieve selection using misrepresentation and fraud when candidates do not meet the established criteria that reflect those characteristics. There is also a risk that a government employee could engage in corrupt behaviour to obtain personal benefit by assisting applicants who would not otherwise be selected. Staff in immigration programs such as the Provincial Nominee Program have access to personal and potentially sensitive information about applicants, as well as influence over an applicant's ability to live permanently in Canada.

Any instances of misrepresentation, fraud or corruption would work against the intent of economic immigration. Such instances could also damage the public's confidence in government's ability to manage the integrity of its immigration process. Implementing effective safeguards can reduce the vulnerability of government employees to coercion and help to ensure that only qualified people are selected for immigration to Canada.

Under the terms of the *Canada–British Columbia Immigration Agreement*, B.C. is responsible for the administration of the PNP. The agreement sets out responsibilities for both B.C. and the federal government for detecting and deterring fraud. We looked at whether the Ministry of Jobs, Economic Development and Competitiveness had assessed and mitigated the risks of misrepresentation, fraud and corruption. Specifically, we looked at whether the ministry had:

- done a risk assessment to systematically identify and assess the risks of misrepresentation, fraud and corruption
- set up and implemented adequate safeguards to detect and mitigate the risks

We found that the ministry had set up safeguards to detect and mitigate risks. However, the ministry had not done a comprehensive assessment to identify and assess the risks to its program integrity and thereby know that its safeguards were sufficient to mitigate risks to

an acceptable level. We also found gaps where safeguards were lacking, and found that the ministry had not consistently monitored to ensure that its safeguards were applied.

The ministry had safeguards in place to protect against misrepresentation, fraud and corruption

We found that the ministry had set up safeguards to protect the program against misrepresentation, fraud and corruption. These safeguards are described in the following sections.

TYPES OF MISREPRESENTATION AND FRAUD IN THE PNP

Scenarios where PNP staff identified misrepresentation and fraud included:

- applicants inflating their qualifications (experience, education, language ability) or income to match the job requirements or get a higher score in the registration system
- applicants providing false documents to demonstrate their qualifications
- employers lying about having advertised the job to Canadian residents first before recruiting abroad, or stating they would pay wages higher than industry standards so the applicant would qualify under program rules
- immigration representatives or other agents paying an employer to create a fake job

Due diligence

The ministry used due diligence by staff as a safeguard against misrepresentation and fraud.

PNP applicants submit information about themselves in an online application form to show how they meet program criteria for nomination. PNP staff review the application and supporting documentation to determine whether the applicant meets program requirements, and to assess whether the information provided is truthful. This verification work is called “due diligence.”

Due diligence might include interviews, database checks, document verification and work site visits. PNP staff may also request additional documents if they have doubts about the truthfulness of the application.

To support effective due diligence, the ministry has provided training for staff on techniques such as imposter detection and on site visit techniques. Staff are coached by managers, and new staff receive this training as part of the onboarding process. Information about detecting fraud was also shared at periodic internal staff meetings.

SITE VISITS

Program staff are allowed under the *Provincial Immigration Programs Act* to inspect work sites identified in an application. This helps to determine whether the job exists as it was described in the application and/or whether the applicant is actually working at the site.

We accompanied PNP staff on a day of visits to eight work sites. In one case, the visit helped to confirm that the job offer was legitimate. In two cases, staff were able to verify that some program requirements were met, but they were not able to determine whether the job was bona fide.

In the other five cases, the visits confirmed that PNP staff concerns about the validity of the job or applicant qualifications were warranted.

Post-nomination follow-up

PNP staff sometimes suspect fraud but do not have enough evidence to confirm that the job is not bona fide. For example, there are situations where the applicant is applying from overseas and is therefore not yet working in the job. In those cases, PNP staff may conduct post-nomination follow-up work.

During the post-nomination period, PNP staff check to see whether the nominee is actually working for the employer listed in the application and in the intended role. If staff discover that the person is not working, the PNP can withdraw the person's nomination.

Quality assurance

The ministry also set up a quality assurance review system. Managers were sent a random selection of 10% of staff decisions on applications, for the purpose of reviewing aspects of the decision, including whether appropriate due diligence was conducted, and providing feedback to staff. The process was designed to provide staff with feedback on the quality of their work, including due diligence, written opinion and decision.

Information-sharing

The ministry has gathered information from staff and peers across Canada on program integrity risks and has shared information with the federal government according to their agreement. The ministry has also shared information on request with key organizations, such as the Canada Border Services Agency, the Law Society and the Ministry of Labour, as part of those organizations' investigations of potential violations of their respective acts, including misrepresentation.

The ministry has established senior management-level collaboration with the Ministry of Labour that includes the sharing of general information and informing operational processes such as assessing employment standards compliance by employers supporting a PNP applicant. The ministry is also looking at opportunities to strengthen information-sharing with the Ministry of Labour as it implements its Temporary Foreign Worker registry.

Two-year sanction for misrepresentation

In February 2017, the ministry established a sanction for misrepresentation under the *Provincial Immigration Programs Act*. If the ministry finds that an applicant provided false information—and knew or ought to have known about the falsehood—the ministry can refuse the applicant for misrepresentation. Where the ministry finds that misrepresentation has occurred, it has the authority to refuse to accept further applications from the applicant or associated employer for the next two years. This sanction creates a deterrent, or reason for an applicant or employer to weigh the cost of submitting untruthful information.

The ministry has refused 83 applicants for misrepresentation since 2017. It issued its first two-year sanction letter for misrepresentation to an applicant in November 2017. The ministry started applying the sanction against employers in October 2019 and has sanctioned eight employers for misrepresentation since then. The ministry told us it began the implementation of this sanction against applicants first, before using it with employers, to inform consistent treatment and to better understand when it is fair to apply the full sanction.

CASE STUDY: EMPLOYER MISREPRESENTATION

In one case we reviewed, the employer stated that the applicant was working as an administrative assistant. PNP staff reviewed all documentation and thought it appeared to be bona fide. However, when staff followed up with the workplace, they found that the applicant was not working as an administrative assistant. In the applicant's actual role, they wouldn't have qualified for nomination. The ministry sent the employer a letter stating that no further applications would be accepted from the company for two years. The applicant was also refused on the grounds of misrepresentation and informed that the program would not accept another application from them for two years.

Government rules for ethics, conduct and screening

PNP staff were subject to the same ethics requirement as all B.C. government employees. New employees were required to sign the Oath of Employment and abide by the Standards of Conduct for Public Service Employees, which means they agree to disclose any conflict of interest. Employees were also required to take annual training on ethical behaviour, which includes information about conflict of interest.

In addition, the PNP uses the same pre-hiring screening practices for its employees as are used across government. This means potential hires should have a reference check and—in the case of employees with access to sensitive information—a criminal record check.

Program integrity unit

The ministry had committed to setting up a dedicated PNP integrity team by late 2017 after an evaluation and audit recommended that the ministry “define a strategy, program integrity framework and action plan for ensuring program integrity which defines the systems, processes and reporting which will be implemented and allocates responsibilities.”

In early 2019, the ministry hired a manager to develop a program integrity unit; that manager left in October 2019. The ministry hired a replacement in January 2020 and is getting ready to staff the unit.

The ministry had not fully identified and assessed the risks of misrepresentation, fraud and corruption

We found that the ministry had not done a comprehensive risk assessment to proactively identify and assess risks.

Professional bodies such as the Institute of Internal Auditors and the Association of Certified Fraud Examiners have good practice guides for setting up a structured approach to managing fraud and corruption risks. At the heart of their approach is the recommendation that organizations conduct a periodic fraud risk assessment.

An organization may be aware of risks as they arise during the normal course of business. But the value of a structured risk assessment is that it prompts the organization to proactively turn its full attention to identifying, understanding and prioritizing fraud risks. This helps the organization ensure that appropriate safeguards, often called “controls” in risk management literature, are in place and functioning as intended.

The assessment should identify where there are gaps in controls that could increase the risk of fraud or corruption occurring or not being detected. Good practices also include routinely updating the assessment to ensure that new risks are addressed as they arise.

FRAUD AND CORRUPTION RISK ASSESSMENT GOOD PRACTICES

According to the Institute of Internal Auditors and the Association of Certified Fraud Examiners, the three key stages of a risk assessment are to:

1. Identify all fraud and corruption risks
2. Assess the likelihood and significance of risks
3. Respond to reasonably likely and significant risks

The organization should consider the following questions:

- How might a person exploit weaknesses in the system of controls?
- How could a person override or circumvent controls?
- What could a person do to conceal the fraud or corruption?
- What are the incentives, pressures and opportunities to commit fraud?
- What is the risk of management override of controls?

In our discussions with the ministry, we found that there was a lack of familiarity with good practice expectations for comprehensive fraud risk assessment.

The ministry did design and implement safeguards, which were described in the previous section. However, the absence of a structured and comprehensive risk assessment meant that the ministry could not demonstrate that its safeguards mitigated all fraud and corruption risks to an acceptable level.

There were gaps in the ministry’s safeguards against misrepresentation and fraud

We found areas where the ministry was missing safeguards against the risk of fraud and misrepresentation identified by both staff and good practice recommendations for managing fraud risk. Gaps included the lack of a sanction for fraud by immigration representatives or of a fraud reporting mechanism for the public, and no flagging of high-risk applications in the case management system. These gaps heightened the risk of the ministry not detecting or addressing fraudulent applications and then approving them.

Lack of sanction for fraud by immigration representatives

Applicants to the PNP can use representatives to assist them with the registration and application process, although this is not a requirement. During our audit period, more than half of applicants had declared that a representative assisted them with their application.

PNP staff encountered situations where an immigration representative knowingly supported an applicant’s lying about qualifications or a job offer. Staff also encountered situations where they believed an applicant, employer and representative had colluded to get around PNP rules.

While the *Provincial Immigration Programs Act* allows the ministry refuse to accept applications for two years from applicants or employers who commit misrepresentation, it does not provide a similar sanction for immigration representatives. The ministry must rely on the regulatory bodies—the Law Society and the Immigration Consultants of Canada Regulatory Council (ICCRC)—to investigate and discipline representatives who behave unethically. The ministry’s policy is to not communicate with the immigration representative if they are suspended or not in good standing with the regulatory body. It is unclear whether this is an effective deterrent.

Lack of a clear fraud reporting mechanism for the public

Good practice guidance recommends that organizations establish a mechanism through which the public can report suspicions of fraud. The PNP website included a page with information about how applicants can protect themselves from people who fraudulently guarantee a provincial nomination in exchange for fees, and other types of immigration scams. A contact email address for the program was provided. But the website does not communicate how the public can report concerns about fraud related to PNP applicants.

Gaps in access to information from other organizations

The ministry does not have regular and timely access to certain information from other organizations that would allow it to adequately address misrepresentation and fraud risks. For example, the ministry does not yet have a system in place to receive details of relevant compliance investigations from the ICCRC, the Law Society or the Employment Standards Branch (ESB). Such information would allow the ministry to better understand fraud trends and disciplinary actions. It could also help identify high-risk applications to support staff in choosing the appropriate level and type of due diligence.

The ministry also does not have systems or agreements with other Canadian jurisdictions for sharing information needed to manage the risks of misrepresentation and fraud across different nominee programs.

Reasons for the gaps in information-sharing include the following:

- **Weak regulatory framework for the ICCRC**—Challenges include a slow resolution system for dealing with complaints, and difficulties in summoning witnesses because of the lack of statutory authority. The ministry did not see value in pursuing an information-sharing agreement until weaknesses were addressed because the information would not have been robust. The regulatory framework for immigration consultants is being revised and strengthened with the passing of the new federal *College of Immigration and Citizenship Consultants Act*.
- **Challenges with ESB's current information system**—The current system can't link employers across cases, which makes it difficult for ESB staff to look up information on employers. The ministry advised us that the ESB is in the process of modernizing its system, which should address this challenge.
- **Legal complexities of sharing information across jurisdictions**—Each jurisdiction has its own privacy legislation, which can create challenges for sharing case-specific information.

The ministry is currently working on information-sharing agreements with the ICCRC and the Law Society. It is also in discussions with the Ministry of Labour on information-sharing when the planned Temporary Foreign Worker registry is fully operational.

No flagging of high-risk applications in case management system

PNP staff look for warning signs in applications that indicate a higher risk of fraud. One key warning sign is that the supporting employer, applicant or representative was previously associated with a fraudulent application.

However, the ministry does not have a system flag for applications with high-risk indicators such as employers, applicants or representatives associated with a confirmed fraudulent application. Rather, PNP staff must search the case management system and review multiple files to check for that information. We observed that the case management system is not set up in a way that will allow staff to quickly identify background information on employers or representatives.

Lack of systematic data analysis to identify trends and detect suspicious patterns and risks

Regular data analysis allows an organization to identify trends that could indicate fraud risk. In the case of the PNP, this might include a routine analysis to check for linkages between high-risk individuals, businesses and addresses.

We were told that when the ministry discovers fraud, it searches its system to identify related cases and investigate if needed. However, the ministry did not proactively run routine data analysis to detect potential for fraud risk. In addition, the data quality problems we described previously (in the Key Findings and Recommendations section for Objective 1) affect the ministry's ability to detect patterns and linkages.

There were gaps in the ministry's safeguards against corruption

Setting up safeguards against corruption is important—not only to protect the integrity of B.C.'s role in the immigration system but also to protect staff from coercion by outside parties. The ministry had set up safeguards against corruption, as discussed earlier in this report. However, we found several gaps where good practice guidance recommends more comprehensive safeguards.

Gaps in monitoring of staff activity in the case management system

Safeguards are needed to detect unexpected or unauthorized activities by employees. There are some safeguards within the PNP's case management system. The system creates a log of staff activity involving files. If an employee enters or edits data in an applicant's file, a record of that action is created.

However, we found some key gaps in the system's design. To avoid revealing information that could be used to exploit system weaknesses, we have reported the details of these gaps directly to the ministry and made recommendations for addressing them.

Weaknesses in the system to ensure segregation of duties

Good practice guidance recommends setting up safeguards that make it harder for one person to handle a job from start to finish without the involvement of other people. To do this, organizations build division of labour and limits on authority into workflow.

Division of labour was built into PNP expectations for how staff should review files. The ministry expected that the person who made the decision on an application would not be the same person who confirmed the decision before nomination was finalized.

However, the case management system was not set up to prevent certain employees from assigning themselves a file and making a decision on the same file, without any review or input from other staff. We found examples where individual staff members handled all the key stages of decision-making on files. The ministry has partially fixed this problem.

No whistleblower system

Whistleblower systems clearly communicate the method by which staff can report concerns about wrongdoing within their workplace. We found that staff were not aware of how they would report concerns about wrongdoing, other than to speak to their direct supervisor. That situation could be problematic if the staff member had concerns about the actions of a direct supervisor or senior leader.

The government's *Public Interest Disclosure Act* came into force on December 1, 2019. This will help to address this issue for the PNP by setting up a procedure for public sector employees to report serious or systemic issues of wrongdoing to their supervisor, a designated officer within the organization or the Ombudsperson.

Unclear conflict of interest guidance

The ministry identified a few incidents where staff neglected to declare a potential or perceived conflict of interest situation in 2019, and it dealt with these on a case-by-case basis. These incidents led the ministry to examine specific challenges related to conflict of interest for the program, including:

- lack of understanding among employees of what a real or perceived conflict might be
- a need for management to be more familiar with process and expectations
- a need to clarify how a declaration of conflict of interest is managed in the hiring process

Until now, the ministry has relied on the general government requirements for staff to disclose conflict of interest. The ministry has begun to explore—in consultation with the Public Service Agency—whether the program should develop enhanced examples or systematic follow-up as part of its training for PNP employees.

The ministry did not consistently monitor the effectiveness of its safeguards against misrepresentation and fraud

We looked at whether the ministry had applied its safeguards consistently and monitored their effectiveness. We reviewed several samples of files and found that staff carried out a wide range of due-diligence activities based on their professional judgment to verify whether applicants met the program criteria (see previous section on Due Diligence).

However, we found that the ministry would not be able to determine whether safeguards had been implemented effectively because of a lack of clear, documented guidance on due-diligence expectations and inconsistent practices for recording due diligence.

We also found that the ministry hadn't consistently used its quality assurance system to determine whether due diligence was being conducted as expected to detect and deter fraudulent applications.

Guidance and training

The ministry had provided training for staff on aspects of due diligence expectations, as described above. It also had a list of expected steps for case review officers, who carry out the initial assessment for many applications before the program advisor makes the decision to approve or refuse. But the ministry lacked clear, documented guidance for program advisors on how to determine the appropriate types of due diligence for different situations and scenarios and on how to record due diligence in the case management system.

Misrepresentation refusals

We found that the ministry had defined misrepresentation in its policies and procedures manual but did not have clear guidance for staff on how to interpret and apply the definition. This resulted in lack of clarity for staff on what the expectations were for refusing applications for misrepresentation. The ministry cannot fetter staff decisions to approve or refuse applications for nomination, because this would interfere with their statutory decision-making role. It can, however, create tools and training to support consistent and reasonable actions and decisions.

STATUTORY DECISION-MAKERS

The term *statutory decision-maker* refers to individuals, excluding tribunals, who have authority under a statute to make administrative or quasi-judicial decisions.

In the case of the Provincial Nominee Program, the ministry cannot override the decisions of the Director because of the Director's role as a statutory decision-maker. (In practice, these decisions are made on behalf of the Director by the PNP staff who act for the Director in reviewing and deciding on applications.)

Site visits

Ministry expectations for due diligence were also not clear with respect to site visits, either before staff made their nomination decision or during the post-nomination period. Some staff expressed concern that one of their most useful tools for verifying applications, the site visit, was not being used as frequently as they thought it should be because of pressures to meet nomination targets. We were told that some staff felt discouraged from doing site visits because the visits took up an entire workday in addition to time spent on advance planning and subsequent follow-up. Site visits were the least frequent type of diligence, used for 2% of applications. In addition, the majority of these visits were conducted in the Lower Mainland because of the time and resources required for travel.

We were also told that targeted post-nomination site visits were done infrequently; data showed there were fewer than 80 post-nomination site visits recorded during the year

and a half prior to April 2019. The ministry did not have a centralized system to track post-nomination site visits and ensure that they took place in a timely way. This is important because once a nominee has received permanent residency from the federal government, it is a lengthy and involved process to revoke it if fraud is discovered later.

Similarly, we learned that the ministry rarely conducted random post-nomination site visits. Staff did not receive credit for post-nomination work toward their targets, which could be a disincentive for making the visits. Regular random post-nomination checks—including, but not necessarily limited to, site visits—could allow the ministry to assess the overall level of misrepresentation and fraud, and to assess whether fraud trends are increasing or decreasing over time. This would help the ministry to monitor the effectiveness of its safeguards.

Once staffed, the ministry expects its program integrity unit to take a leadership role on site visits, increasing frequency of the visits as well as coordinating planning, overseeing quality and providing related training.

Recording of due diligence

There was inconsistency in the way due diligence was recorded in the case management system. For example, not all staff were using the drop-down menus to record their due-diligence activities. We also observed differences in the way staff entered information about their due-diligence activities in the free-form notes section. This inconsistency could create challenges when staff need to efficiently search the system for details related to previous applications. It also makes it difficult for management to ensure that staff are doing appropriate due diligence.

Quality assurance monitoring

Managers were not consistent in conducting and recording quality assurance reviews on application decisions throughout the course of the year. We were told that managers were often not able to meet the ministry's expectations for the quality assurance system because of pressure on their time. For 2018 and 2019, 85 (25%) of the 344 planned quality assurance reviews were done. These reviews were carried out over three months in 2018 and seven months in 2019.

This was consistent with the findings of the ministry's 2017 audit—that “as a result of resource constraints and a focus on achieving targets, [the] percentage [of quality assurance reviews] has declined sharply.”

We were told that managers review staff due diligence and decisions in other ways. For example, managers pay special attention to files prepared by new staff and are consulted on all files where misrepresentation is suspected. However, these reviews were not systematically recorded or monitored.

In the quality assurance reviews that were carried out, managers generally found that staff had conducted appropriate due diligence (80 out of a total of 85 files reviewed by managers in 2018 and 2019) and applied program criteria correctly.

RECOMMENDATION 4: *We recommend that the Ministry of Jobs, Economic Development and Competitiveness develop and implement a risk management framework consistent with good practice expectations to:*

- a) identify and assess the risks of misrepresentation, fraud and corruption*
- b) design and implement safeguards to mitigate the identified risks*
- c) monitor effectiveness of safeguards and take action to address any deficiencies identified*

AUDIT QUALITY ASSURANCE

We conducted this audit under the authority of section 11(8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the *CPA Canada Handbook – Assurance* Canadian Standard on Assurance Engagements (CSAE) 3001 and *Value-for-Money Auditing in the Public Sector PS 5400*. These standards require that we comply with ethical requirements and conduct the audit to independently express a conclusion on whether the subject matter complies in all significant respects to the applicable criteria.

The Office applies the CPA Canadian Standard on Quality Control 1 (CSQC), and accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. In this respect, we have complied with the independence and other requirements of the code of ethics applicable to the practice of public accounting issued by the Chartered Professional Accountants of British Columbia that are founded on the principles of integrity, objectivity and professional competence, as well as due care, confidentiality and professional behaviour.

APPENDIX A: B.C. PROVINCIAL NOMINEE PROGRAM REQUIREMENTS FOR THE SKILLS IMMIGRATION STREAM

Requirement	Entry Level and Semi- Skilled	Skilled Worker	Healthcare Professional	International Graduate	International Post-Graduate
Applicant requirements					
Job offer	Must have a full-time, indeterminate job offer from a B.C. employer	Must have a full-time, indeterminate job offer from a B.C. employer	Must have a full-time, indeterminate job offer from a B.C. employer Offer must be from a public health authority	Must have a full-time, indeterminate job offer from a B.C. employer	N.A.
Job type/ NOC*	Must be in tourism/ hospitality, long-haul trucking, or food processing in NOC Skill Levels C or D	NOC Skill Levels O, A or B	Must be a physician, specialist physician, registered nurse, registered psychiatric nurse, nurse practitioner, allied health professional or midwife	NOC Skill Levels O, A or B	N.A.
Wage level	Competitive with B.C. rates for the occupation				N.A.
Minimum income	PNP establishes a minimum threshold income for applicant based on calculated annual wage, cost of living in the geographic location of the job, and the number of dependents.				N.A.
Language level	Benchmark Level 4 under <i>Canadian Language Benchmark</i> in listening, speaking, reading and writing	If job is Skill Level O or A, applicant doesn't have to submit language test results. If job is Skill Level B, must have Benchmark Level 4 under <i>Canadian Language Benchmark</i> in listening, speaking, reading and writing.			N.A.

*The Canadian government uses a standardized vocabulary and classification system for describing all occupations, called the National Occupational Classification, or NOC. About 30,000 job titles are sorted into 10 broad occupation categories and five skill levels. Relevant to the table above, Skill Level O is "Managerial," Skill Level A is "Professional," Skill Level B is "Skilled" and Skill Levels C and D are "semi- and low-skilled."

Requirement	Entry Level and Semi- Skilled	Skilled Worker	Healthcare Professional	International Graduate	International Post-Graduate
Education/training	<ul style="list-style-type: none"> Graduated from high school Must have any mandatory certification and licences required for the job offer 	<ul style="list-style-type: none"> Typically post-secondary is required for these positions, but depends on the job offer Must have any mandatory certification and licences required for the job offer 	<ul style="list-style-type: none"> Must have any mandatory certification required for the job offer 	<ul style="list-style-type: none"> Must have degree, diploma or certificate from eligible post-secondary institution in Canada obtained within the last three years Must have any mandatory certification and licences required for the job offer 	<ul style="list-style-type: none"> Must have graduated from eligible B.C. post-secondary institution with master's or doctorate in specific designated fields within natural, applied or health sciences and within the last three years
Work experience	<ul style="list-style-type: none"> Must have B.C. work experience in the eligible occupation Must already have been working full-time for the last nine months with the B.C. employer supporting PNP application Long-haul truck drivers must also have at least two years of work experience as a long-haul driver in the last three years 	<ul style="list-style-type: none"> Minimum two years of directly related full-time work in skilled occupation offered, and credentials/qualification required for the position 	<p>Minimum two years of directly related full-time work in skilled occupation offered</p>	<p>Resumé must demonstrate progressively increasing experience if the job is a supervisor or management position</p>	N.A.
Geographic location	Ability and intent to live and work in B.C.				

Requirement	Entry Level and Semi- Skilled	Skilled Worker	Healthcare Professional	International Graduate	International Post-Graduate
Employer requirements					
Is established in good standing	Must be permanently established in B.C. and have operated in the province for at least one or two years, depending on the work category Must have one of the following business structures: <ul style="list-style-type: none"> ▪ incorporated or extra-provincially registered ▪ registered as a limited liability partnership in B.C. ▪ an eligible public sector or non-profit employer 				N.A.
Number of employees	In Greater Vancouver, must have at least five full-time, indeterminate employees in B.C. Outside Greater Vancouver, must have at least three indeterminate, full-time employees in B.C.				N.A.
Work environment	Must have a history of good workplace and business practices, including complying with all B.C. and federal employment, labour, immigration, health and safety laws and regulations				N.A.
Signed declaration	Has signed a declaration that the company meets all requirements				N.A.
Recruitment	Demonstrates that genuine and bona fide efforts were made to recruit from the local labour market and that hiring the applicant will not adversely affect employment or development opportunities for local candidates				N.A.

Registration scoring system

Scoring sections		Maximum points available
Economic factors (120)	Skill level of the B.C. job offer	60
	Wage of the B.C. job offer	50
	Regional district of employment	10
Human capital factors (80)	Directly related work experience	25
	Highest level of education	25
	Language	30
Total points available		200

APPENDIX B: COMPLETE AUDIT CRITERIA

Objective 1

1. Performance management and evaluation
 - 1.1 The ministry has a performance management framework for Skills Immigration that supports achieving the program's labour market and economic development objectives
 - 1.2 The ministry has measured performance for Skills Immigration to assess whether it has achieved the program's labour market and economic development objectives
 - 1.3 The ministry has evaluated the effectiveness of its program design for Skills Immigration in achieving program goals and objectives
 - 1.4 The ministry has taken action to improve Skills Immigration based on performance monitoring and evaluations of effectiveness

Objective 2

2. Preventing misrepresentation and fraud
 - 2.1 The ministry has an ongoing and systematic process to identify and analyze the risk of misrepresentation and fraud by applicants to the Skills Immigration stream
 - 2.2 The ministry has designed adequate controls to detect and mitigate misrepresentation and fraud risk for the Skills Immigration stream
 - 2.3 The ministry ensures that staff in the Skills Immigration stream apply the misrepresentation and fraud controls correctly and consistently
 - 2.4 The ministry has taken action to address any deficiencies in the operation of key controls for Skills Immigration
3. Preventing internal corruption
 - 3.1 The ministry has assessed risks related to the integrity of its staff in the Skills Immigration stream
 - 3.2 The ministry has designed key controls to mitigate those risks in the Skills Immigration stream
 - 3.3 The ministry's key controls to address staff integrity risks operate as intended in the Skills Immigration stream



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