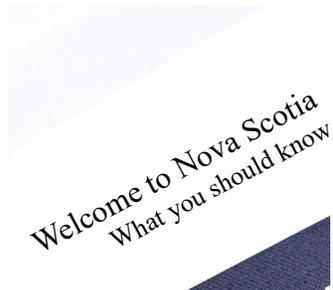


2022

**Report of the Auditor General
to the Nova Scotia
House of Assembly**



**Immigration and Population
Growth: Department of Labour,
Skills and Immigration**



Performance Audit
Independence • Integrity • Impact

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November 8, 2022

Honourable Keith Bain
Speaker
House of Assembly
Province of Nova Scotia

Dear Sir:

I have the honour to submit herewith my Report to the House of Assembly under Section 18(2) of the Auditor General Act, to be laid before the House in accordance with Section 18(4) of the Auditor General Act.

Respectfully,

Kim Adair, FCPA, FCA, ICD.D
Auditor General of Nova Scotia

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Table of Contents

1	Immigration and Population Growth	7
	Reference Guide – Key Findings and Observations.....	9
	Recommendations and Responses	10
	Questions Nova Scotians May Want to Ask.....	15
	Background	16
	Nova Scotia Nominee Program	19
	Atlantic Immigration Pilot	21
	Nominations and Endorsements by Occupation	21
	Landings.....	22
	Performance Indicators – Successfully Surpassing Targets (2016-2020).....	22
	Population Growth Strategy	23
	Improved Policy and Procedure Guidance Needed to Reach Population Growth Targets	25
	Nova Scotia Nominee Program Responsive to Specific Labour Shortages But Process Needed to Determine Provincial Labour Market Needs.....	25
	Applications to Provincial Immigration Programs Are Not Consistently Assessed ...	28
	Unknown Whether \$6.4 Million Per Year in Settlement Services Funding is Achieving its Objective of Retaining Immigrants	33
	Further Steps Needed to Address Fraud	40
	Appendix I: Reasonable Assurance Engagement Description and Conclusions	46

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Immigration and Population Growth

Department of Labour, Skills and Immigration

Key Messages

- We found the Nova Scotia Nominee Program targets individuals with skills and experience needed within the province, but the Department needs a process to identify labour market needs
- Applications to provincial immigration programs not consistently assessed but applicants that are nominated, designated, and endorsed are meeting eligibility criteria
- Unknown whether \$6.4 million per year in settlement services funding achieving objective of retaining immigrants or being used for its intended purposes
- Further steps needed to address fraud
- Successfully surpassed 2016 – 2020 performance targets but more comprehensive performance indicators needed given aggressive population growth targets

Why We Did This Audit

- Immigration vital to address labour market shortages and promote economic growth
- Nova Scotia experiencing highest immigrant landings in Atlantic Canada
- Annual population growth would have to more than double from approximately 10,000 people that arrived in fiscal 2020-21 to 25,000 per year to achieve the 2060 two million population target
- Fraud is an ever-present risk in the immigration field

Nova Scotia Nominee Program Responsive to Specific Labour Shortages But Process Needed to Determine Provincial Labour Market Needs

- No process to determine provincial labour market needs and assess whether these are being addressed by the Nova Scotia Nominee Program.
- A review to assess five recent changes to the streams of the Nova Scotia Nominee Program found each was supported by research and consistent with labour market needs.
- Unable to assess whether other changes to the Nova Scotia Nominee Program should have been made or if the changes made were timely.

Applications to Provincial Immigration Programs Are Not Consistently Assessed

- There are clearly defined eligibility criteria for provincial immigration programs.
- Inconsistencies found in staff assessment of applications to provincial immigration programs. However, for all 40 approved applications tested, eligibility criteria were met.
- Procedures to guide staff's assessment of applications to provincial immigration programs either not properly communicated to staff or not in place for all of the audit period.
- No formalized, mandatory training plan for staff responsible for assessing applications to provincial immigration programs.
- No quality assurance process to review staff assessment of applications to provincial immigration programs to identify where improvements can be made.
- Performance indicators established to assess success at attracting and retaining immigrants, but more comprehensive performance indicators needed.

Unknown Whether \$6.4 Million per Year in Settlement Services Funding is Achieving its Objective of Retaining Immigrants

- The Department has not assessed the settlement needs of immigrants.
- The Department relies on service providers to determine settlement needs of immigrants.
- Process improvements needed to select settlement services providers, including conflict of interest attestations for selection committee members and documentation to explain why some service providers are awarded funding while others are not.
- Funding agreements in place with settlement service providers include terms to protect the province including confidentiality, termination, monitoring, and reporting requirements, but annual audited financial statements are not required.
- Improved monitoring of service providers required to ensure funding is used as intended.

Further Steps Needed to Address Fraud

- Investigations and Compliance Division established in April 2021.
- No procedures to guide staff in identifying and addressing fraud when assessing applications to provincial immigration programs.
- No structured fraud training program for staff; training delivered on an ad hoc basis.
- None of the eight recommendations from a 2020 fraud risk assessment has been implemented.
- A documented procedures manual to guide investigations is needed.

Reference Guide – Key Findings and Observations

Paragraph	Key Findings and Observations
<u>Nova Scotia Nominee Program Responsive to Specific Labour Shortages But Process Needed to Determine Provincial Labour Market Needs</u>	
29	We found examples of changes to the Nova Scotia Nominee Program were responsive to labour market needs
31	Labour market forecasts used to inform the Nova Scotia Nominee Program
32	No process for determining labour market needs
<u>Applications to Provincial Immigration Programs Are Not Consistently Assessed</u>	
40	Eligibility criteria for the Nova Scotia Nominee Program and Atlantic Immigration Pilot clearly defined
42	Procedures for assessing applications to provincial immigration programs not communicated or only recently developed
46	No training plan for staff responsible for assessing applications to the Nova Scotia Nominee Program or the Atlantic Immigration Pilot
49	Inconsistencies in how staff assess applications
53	No quality assurance process for the Nova Scotia Nominee Program or the Atlantic Immigration Pilot
55	More comprehensive performance indicators needed
<u>Unknown Whether \$6.4 Million Per Year in Settlement Services Funding is Achieving its Objective of Retaining Immigrants</u>	
62	No analysis to determine the settlement needs of immigrants
65	No analysis of the current settlement services being provided
68	Consultant hired by the Department in late 2021 to review settlement services
71	Process in place to assess funding proposals from settlement service providers, but improvements are needed
74	Agreements with settlement service providers include terms that protect the interests of the Province of Nova Scotia but annual audited financial statements not required
75	Department not obtaining sufficient documentation from service providers to assess whether funding is used for intended purposes
77	Procedures for the monitoring of settlement service providers need to be updated
<u>Further Steps Needed to Address Fraud</u>	
82	No procedures to guide staff in the identification of fraud or misrepresentation
83	No established procedures for conducting investigations into potential fraud
85	Investigations thorough with appropriate action taken
87	No conflict of interest policy for staff
88	No structured fraud training program for staff
92	None of the eight recommendations from a 2020 fraud risk assessment have been completed
96	More proactive steps needed to identify fraud

Recommendations and Responses

Recommendation	Department Response	
<p>1.1 We recommend the Department of Labour, Skills and Immigration develop and implement a documented process to guide staff in identifying and responding to labour market needs including:</p> <ul style="list-style-type: none"> • staff responsibilities • types and sources of information to be used • stakeholder consultation required • frequency of review • forecasting of future labour market needs • documentation requirements; and • guidance on how labour needs will inform immigration programming. <p style="text-align: right;">See paragraph 39</p>	<p>Immigration and Population Growth Branch (IPG) is responsive to emerging labour market trends by regularly examining labour market information (LMI) as well as consulting employers and industry groups when making immigration program stream changes.</p> <p>IPG will document the operational process for immigration stream changes. As recommended it will include how LMI is used, the source of LMI, and opportunities to forecast labour needs where possible. It will also reference the documents required, staff responsibilities, and frequency.</p>	<p style="text-align: center;"> Department Agrees</p> <p style="text-align: center;"> Target Date for Implementation: April 2023</p>
<p>1.2 We recommend the Department of Labour, Skills and Immigration complete an assessment of the training needs of the Immigration and Population Growth Branch to guide the development and implementation of a training plan for new hires and existing staff. Required training must be delivered to all staff with documentation maintained to support the completion.</p> <p style="text-align: right;">See paragraph 52</p>	<p>IPG ensures all staff have knowledge of program areas, as well as the tools and the technology required to deliver programs effectively. This includes orientation for new hires as well as ongoing professional development.</p> <p>IPG will complete an assessment of the training needs and develop a training plan that specifies the required training for each position, a training schedule to describe the type and frequency of the training and how the completed training will be documented.</p>	<p style="text-align: center;"> Department Agrees</p> <p style="text-align: center;"> Target Date for Implementation: January 2024</p>
<p>1.3 We recommend the Department of Labour, Skills and Immigration regularly review the procedures for the assessment of applications to the Nova Scotia Nominee Program and the Atlantic Immigration Program. Procedures must be regularly reinforced with staff, with clear expectations provided on how applications are to be assessed, including steps taken to verify information provided by applicants and requirements for the documentation of results.</p> <p style="text-align: right;">See paragraph 52</p>	<p>IPG maintains resources to facilitate program delivery (i.e., guides, assessment forms, case management system) and ensures program staff are informed of amendments.</p> <p>IPG will conduct a review of existing program operating procedures for the Atlantic Immigration Program and the Nova Scotia Nominee Program and adopt a review schedule to ensure all documents reflect the most up to date information.</p> <p>IPG will also ensure program staff assessment practices are clear on the requirements to document results.</p>	<p style="text-align: center;"> Department Agrees</p> <p style="text-align: center;"> Target Date for Implementation: January 2024</p>
<p>1.4 We recommend the Department of Labour, Skills and Immigration develop and implement a quality assurance process for provincial immigration programs with the information gathered through the process used to improve the assessment of applications to provincial immigration programs.</p> <p style="text-align: right;">See paragraph 54</p>	<p>IPG uses a variety of methods to identify and address program quality assurance.</p> <p>IPG will develop and implement a quality assurance program to document the procedures, policies, and resources required to monitor and continuously improve the assessment of applications.</p>	<p style="text-align: center;"> Department Agrees</p> <p style="text-align: center;"> Target Date for Implementation: September 2023</p>

Recommendations and Responses

Recommendation	Department Response
<p>1.5 We recommend the Department of Labour, Skills and Immigration develop and implement additional performance indicators to assess the work undertaken to attract and retain immigrants to the province, including considering whether the performance evaluation framework provided by the consultant in 2020 can be used by the Department to improve performance reporting.</p> <p style="text-align: right;">See paragraph 58</p>	<p>IPG uses established performance indicators to report on program effectiveness and identify opportunities for improvement. In the past two years, the office has seen significant change. It has transitioned from being a stand-alone office to a branch within a department, adopted an expanded mandate, increased immigration targets, and established a broader operational structure.</p> <p>IPG will identify additional performance indicators to complement those already in place to reflect the new mandate and structure to enable accurate reporting through the government business planning process.</p> <div style="display: flex; align-items: center;"> <p>Department Agrees</p> </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <p>Target Date for Implementation: December 2023</p> </div>
<p>1.6 We recommend the Department of Labour, Skills and Immigration complete an assessment of settlement services within the province including:</p> <ul style="list-style-type: none"> • developing a better understanding of immigrant needs • surveying immigrants to understand factors impacting their attraction, integration and retention in Nova Scotia; and • assessing factors that impact awareness and access to settlement programming. <p>Detailed plans must be developed to monitor the implementation of the consultant's recommendations to improve settlement services, including timelines for completion, resource requirements, and regular status reporting to track implementation.</p> <p style="text-align: right;">See paragraph 70</p>	<p>IPG provides funding to settlement service provider organizations (SPOs) across the province through funding agreements. The agreements set out eligible activities identified by SPOs that best meet the needs of immigrants throughout the province. Funding decisions are based on a comprehensive call for proposal process to ensure the activities funded are effective and responsive.</p> <p>IPG will examine recommendations from a recent settlement review for ways within IPG's authority, to improve the allocation of funding, and where possible implement recommendations. A detailed plan will be developed to monitor and track implementation.</p> <div style="display: flex; align-items: center;"> <p>Department Agrees</p> </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <p>Target Date for Implementation: March 2023</p> </div>
<p>1.7 We recommend the Department of Labour, Skills and Immigration require all members of the evaluation committee established to review proposals for funding through the Settlement Funding and Labour Market Integration Funding programs to sign conflict of interest attestations.</p> <p style="text-align: right;">See paragraph 73</p>	<p>Evaluation of proposals to the Immigration Settlement Funding and Immigration Labour Market Integration Funding programs from settlement service provider organizations (SPOs) are completed by a committee of public service employees (primarily from IPG) having subject matter expertise in agreement management and finance. The provincial government's Conflict of Interest Policy applies to those on the evaluation committee. Additionally, IPG staff are required to sign confidentiality attestations upon accepting a position of employment.</p> <p>IPG will create an additional conflict of interest attestation specific to the settlement program evaluation committee and require all members sign it when invited to participate on the committee.</p> <div style="display: flex; align-items: center;"> <p>Department Agrees</p> </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <p>Target Date for Implementation: January 2023</p> </div>

Recommendations and Responses

Recommendation	Department Response	
<p>1.8 We recommend the Department of Labour, Skills and Immigration improve the documentation of the review of proposals to the Settlement Funding and the Labour Market Integration Funding programs. Specifically, there must be documentation that clearly explains why settlement service providers were approved or denied along with an explanation to support the amount of funding approved.</p> <p style="text-align: right;">See paragraph 73</p>	<p>IPG will examine the existing review process to identify and then implement ways to strengthen the proposal assessment process including the method of clearly documenting funding decisions, including an explanation to support the amount of the funding approved.</p>	<p> Department Agrees</p> <p> Target Date for Implementation: January 2023</p>
<p>1.9 We recommend the Department of Labour, Skills and Immigration require settlement service providers provide annual audited financial statements and documentation, such as invoices and proof of payment, to support the information included in quarterly reports. The supporting documentation must be used to assess whether the information included in quarterly reports is accurate.</p> <p style="text-align: right;">See paragraph 76</p>	<p>Settlement service provider organization (SPO) funding agreements are managed using the Labour Market Program Support System (LaMPSS) which includes how the funding expenditures and activities are monitored. The engagements are referred to as “monitors” and the case management system assigns the type and frequency for each agreement. IPG has established strong partnerships with the organizations and has adopted a collaborative approach to conducting these monitors as well as providing a fair, transparent approach to addressing issues.</p> <p>IPG will examine the current process of monitoring agreements and identify options to strengthen the accountability including the provision of documentation, such as invoices, evidence of payments, and audited financial statements where appropriate to support the information included in quarterly reports.</p>	<p> Department Agrees</p> <p> Target Date for Implementation: June 2023</p>
<p>1.10 We recommend the Department of Labour, Skills and Immigration review and update the procedures for monitoring the funding agreements with settlement service providers in order to accurately reflect the current processes followed and provide clear direction to staff.</p> <p style="text-align: right;">See paragraph 78</p>	<p>IPG uses the provincial government approved case management system, Labour Market Program Support System (LaMPSS) to manage settlement funding agreements, which includes agreement management procedures.</p> <p>To complement these existing procedures, IPG will review existing settlement program officer resources to develop an updated procedures manual to provide specific direction to program officers managing settlement service provider organization funding agreements.</p>	<p> Department Agrees</p> <p> Target Date for Implementation: October 2023</p>

Recommendations and Responses

Recommendation	Department Response
<p>1.11 We recommend the Department of Labour, Skills and Immigration develop policies and procedures to guide staff in the identification and investigation of suspected fraud including:</p> <ul style="list-style-type: none"> • methods of identifying potential fraud • how suspected fraud is addressed • the investigative process, including tools and techniques to be used by staff • action to be taken if fraud is confirmed • documentation requirements • regular reviews to update policies and procedures. <p style="text-align: right;">See paragraph 86</p>	<p>IPG uses a risk-based approach when assessing immigration program applications and ensures all staff have the tools and skills required to complete assessments. As IPG’s mandate and allocation continues to expand, steps have been taken to strengthen investigation of fraudulent activities. For instance, an Investigations and Compliance Division was created and has been implementing current practices for identifying fraud and providing resources to IPG staff as required, which has strengthened assessments of applications.</p> <p>IPG will develop and implement a policy and procedures manual to guide staff in the identification of fraud and outlining the procedures for conducting investigations. The manual, informed by best practices and efforts adopted to date, will set out the process to follow, roles and responsibilities, and include any resources required to facilitate and document investigations. It will also include a review cycle to ensure the manual remains current and regularly communicated to staff.</p> <p style="text-align: right;">  Department Agrees  Target Date for Implementation: January 2024 </p>
<p>1.12 We recommend the Department of Labour, Skills and Immigration develop and implement a conflict of interest policy specific to the Immigration and Population Growth Branch.</p> <p style="text-align: right;">See paragraph 87</p>	<p>All public service employees are subject to the provincial government’s Conflict of Interest Policy. To reinforce this policy, IPG requires all staff sign confidentiality attestations upon accepting a position of employment. This practice was adopted in July 2021.</p> <p>IPG will develop a policy to document the confidentiality attestation practice implemented in July 2021, bring awareness to the provincial government conflict of interest policy, include information on how the conflict of interest policy applies to IPG staff, and communicate potential implications for non-compliance.</p> <p style="text-align: right;">  Department Agrees  Target Date for Implementation: April 2023 </p>
<p>1.13 We recommend the Department of Labour, Skills and Immigration develop and implement a comprehensive immigration fraud training program for staff within the Immigration and Population Growth Branch, including:</p> <ul style="list-style-type: none"> • how to identify potential fraud • how instances of suspected fraud are addressed; and • tracking by management to make sure staff have completed all required training. <p style="text-align: right;">See paragraph 91</p>	<p>IPG staff are provided relevant training based on the work they were hired to fulfil, which includes immigration fraud training. The Investigations and Compliance Division has strengthened this practice by providing fraud awareness presentations, case specific seminars and other resources to identify and deter fraud.</p> <p>IPG will create an immigration fraud training program for staff that reflects current practice, including:</p> <ul style="list-style-type: none"> • how to identify potential fraud • how instances of suspected fraud are addressed; and tracking by management to make sure staff have completed all required training. <p style="text-align: right;">  Department Agrees  Target Date for Implementation: September 2023 </p>

Recommendations and Responses

Recommendation	Department Response
<p>1.14 We recommend the Department of Labour, Skills and Immigration work with the Internal Audit Centre to fully respond to the recommendations of the 2020 fraud risk assessment so the risks identified are addressed and adequately managed.</p> <p style="text-align: right;">See paragraph 95</p>	<p>IPG has been working with the Internal Audit Centre (IAC) to identify ways to strengthen practices including the provision of an anonymous fraud reporting service.</p> <p>IPG will continue working with IAC to fully respond and implement, where appropriate, the recommendations of the fraud risk assessment report dated 2020 and issued January 2021.</p> <div style="display: flex; align-items: center;">  <p>Department Agrees</p> </div> <div style="display: flex; align-items: center; margin-top: 10px;">  <p>Target Date for Implementation: January 2023</p> </div>
<p>1.15 We recommend the Department of Labour, Skills and Immigration develop and implement processes to assess employer and individual compliance with the provincial immigration program requirements. A combination of random selection and risk-based methods can be used for selecting employers and individuals for compliance reviews with research, interviews, and review of documentation used to assess compliance with the requirements of provincial immigration programs. When instances of non-compliance are identified, we recommend establishing protocols that outline how this will be addressed.</p> <p style="text-align: right;">See paragraph 97</p>	<p>IPG's Investigation and Compliance Division is responsible for conducting reviews of employer and individual case files for program non-compliance.</p> <p>IPG will formalize and document this process of assessing employer and individual compliance. Additionally, two additional compliance officers will be hired, which will increase IPG's capacity to conduct program non-compliance reviews.</p> <div style="display: flex; align-items: center;">  <p>Department Agrees</p> </div> <div style="display: flex; align-items: center; margin-top: 10px;">  <p>Target Date for Implementation: January 2024</p> </div>

Questions Nova Scotians May Want to Ask

1. What are the current labour shortages facing the province and what is being done to address them?
2. What will be done to improve the retention of immigrants to Nova Scotia?
3. What is being done to reduce barriers for immigrants wishing to work in the health care sector?
4. What additional resources will be needed to increase the population of Nova Scotia to two million people and how will these resources be provided?
5. Given the goal of increasing the population of the province by one million people, what is the government doing to ensure the necessary infrastructure and services are in place to support the growing population?

1 Immigration and Population Growth

Background

Definitions

Allocations: The number of nominations and endorsements given to a province each year as a quota from Immigration, Refugees and Citizenship Canada.

Designated: A designated employer meets specific criteria under the Atlantic Immigration Pilot and is permitted to fill positions by endorsing individuals.

Endorsed: A successful candidate able to fill an existing vacancy at a designated employer's business.

Foreign National: A person who is not a Canadian Citizen or permanent resident.

Immigration: The act of coming to live permanently in a foreign country.

Immigrant: An individual born in a different country who has been granted the right to live permanently in Canada by immigration authorities.

Inter-provincial migration: When people move from one Canadian province to another.

Landings: When immigrants (and their family members/dependents) receive their confirmation of permanent residence, they are considered landed.

Newcomer: People living in Canada who are not yet Canadian citizens; includes immigrants, migrants, permanent residents, refugees, and temporary residents.

Nominated: People who have been successfully assessed and issued a certificate of nomination by the Nova Scotia Nominee Program. The person nominated can then apply to Immigration, Refugees and Citizenship Canada for permanent residence.

Permanent Resident: A person is legally in Canada on a permanent basis as an immigrant or refugee, but not yet a Canadian citizen.

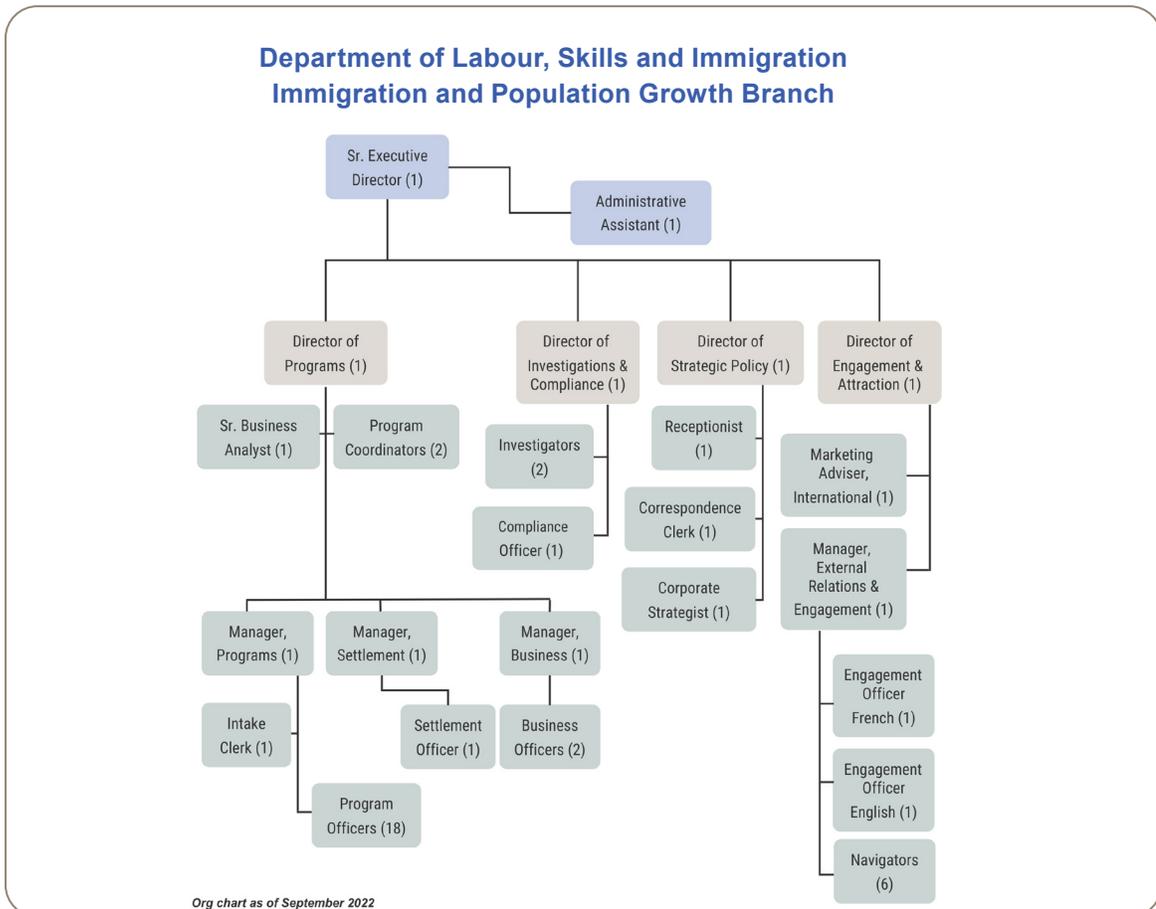
Source: Office of the Auditor General, Nova Scotia

- 1.1 Immigration is important to Nova Scotia to address our aging population, grow the labour force, and contribute to the province's population growth targets and economic health. Immigration has become increasingly important to businesses as they recover from the COVID-19 pandemic and struggle to find workers to bring operations back to pre-pandemic levels. Properly functioning and effective provincial immigration programs are essential to attract individuals with the education, skills and experience needed to help Nova Scotia businesses meet their labour needs.

1.2 Immigration was the responsibility of the Office of Immigration and Population Growth until August 2021, when the Office was dissolved and integrated as a branch within the Department of Labour, Skills and Immigration. The Immigration and Population Growth Branch is responsible for attracting, integrating, and retaining immigrants to Nova Scotia by taking a lead role in engaging and working with partners to ensure the province is well positioned for growth. The core functions of the Branch are:

- Attracting and recruiting newcomers to Nova Scotia
- Creating strong and responsive programs to select individuals looking to immigrate
- Integrating and retaining newcomers
- Marketing Nova Scotia as a destination of choice for other Canadians
- Conducting policy, advocacy, and research to advance provincial immigration priorities
- Supporting immigration program integrity

1.3 The Immigration and Population Growth Branch is based in Halifax with a staff of 50 people, over half of which work within the programs division of the branch to administer programs.



Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration

- 1.4 The budget for the Immigration and Population Growth Branch, along with actual spending for the last five years, is documented in the table below. In 2021-22 actual spending exceeded the budgeted amount by \$2.6 million due to a marketing campaign to attract more immigrants and encourage people living in other parts of Canada to move to Nova Scotia. Approximately 90 per cent of spending goes towards staff salaries and settlement funding to organizations that provide services to help newcomers settle in Nova Scotia.

Budget for the Immigration and Population Growth Branch

	2017-18	2018-19	2019-20	2020-21	2021-22
Budget (\$ millions)	\$9.1	\$9.6	\$10.2	\$10.2	\$9.9
Actual (\$ millions)	\$8.2	\$9.3	\$9.8	\$8.9	\$12.5



+2.6M
in 2021-22

Actual spending exceeded budgeted amount due to a marketing campaign to attract more people to NS

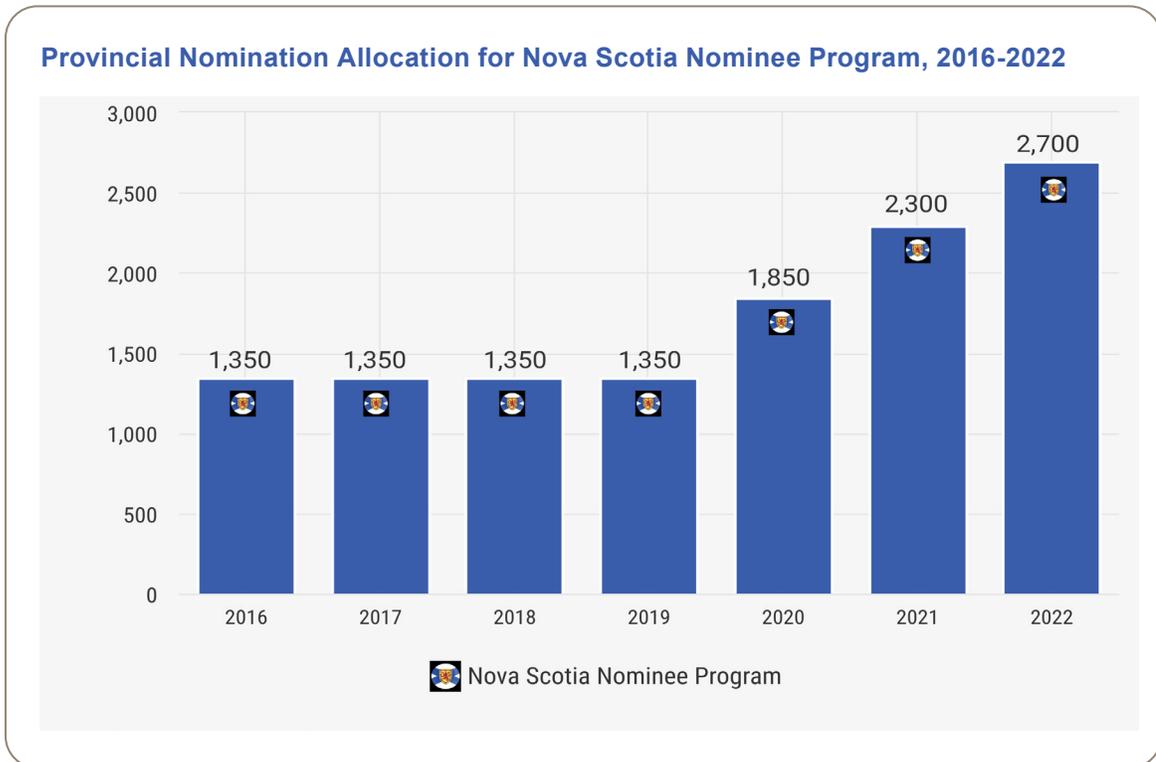
Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration; unaudited

- 1.5 Immigration is a shared responsibility between the federal and provincial governments. The federal government, through the Department of Immigration, Refugees and Citizenship Canada, is responsible for establishing immigration policy, developing annual immigration plans in consultation with provinces, and approving foreign nationals for permanent residency. There are numerous programs administered by the federal government that individuals wishing to immigrate to Canada can use. These include programs that target:
- individuals with skills that support the Canadian economy
 - family members of Canadian citizens and permanent residents living in other countries
 - refugees and other individuals wishing to come to Canada for humanitarian and compassionate reasons
- 1.6 Provincial immigration programs administered by the Department of Labour, Skills and Immigration are limited to economic immigration, meaning attracting immigrants that have skills and experience to meet the labour market needs of Nova Scotia. Potential immigrants are attracted and selected through two provincially run programs:
- Nova Scotia Nominee Program
 - Atlantic Immigration Pilot – Pilot ended on December 31, 2021 and replaced with a new permanent program on January 1, 2022

- 1.7 Our audit focused on the Nova Scotia Nominee Program and the Atlantic Immigration Pilot and did not include federal immigration programs.

Nova Scotia Nominee Program

- 1.8 The Nova Scotia Nominee Program includes nine program streams directed at potential immigrants with skills and experience that are required in the Nova Scotia workforce. Individual applicants apply through the stream relevant to them. Approved applicants receive a nomination certificate and can then apply to Immigration, Refugees and Citizenship Canada for a permanent residency visa. A nomination does not guarantee permanent residency.
- 1.9 Immigration, Refugees and Citizenship Canada sets a yearly allocation for the number of individuals each province can nominate. While this does place some constraints on the number of individuals that can be nominated under the Nova Scotia Nominee Program, there is some flexibility: If some provinces do not use their full allocation, other provinces can make a request to Immigration, Refugees and Citizenship Canada to get the unused allocation from other provinces to augment their own program. From 2016 to 2020, the number of individuals nominated in Nova Scotia exceeded the province’s allocations. Furthermore, Nova Scotia’s allocation has increased in each of the past three years (2020, 2021 and 2022).



Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration; unaudited

- 1.10 The streams of the Nova Scotia Nominee Program and nominations for 2018 to 2021 are outlined in the table below:

Nova Scotia Nominee Program Streams 2018 to 2021

NS Nominee Program Streams	Description	2018	2019	2020	2021	Total
Nova Scotia Experience: Express Entry	For highly skilled individuals who want to live in Nova Scotia permanently and who have worked for a Nova Scotian employer for at least one year in a highly skilled position.	378	475	651	965	2,469
Nova Scotia Demand: Express Entry Category A	Requires all applicants to have a full-time, skilled job from a Nova Scotia employer. In addition, applicants must meet the general program requirements which are largely aligned with the requirements for Express Entry candidates.	3	2	3	---	8
Nova Scotia Demand: Express Entry Category B	Requires all applicants to have a minimum of 12 months of full-time, skilled work experience in one of Nova Scotia's in-demand occupations, in addition, applicants must meet general program requirements which are largely aligned with the requirements for Express Entry candidates.	527	110	---	---	637
Skilled Worker	For applicants, including recent international graduates, with skills needed in the province who have a permanent full-time job offer.	286	332	505	710	1,833
Nova Scotia Labour Market Priorities	Selects candidates in the federal express entry system who meet Nova Scotia labour market needs. Candidates must have received a letter of interest from the Department of Labour, Skills and Immigration to apply for nomination. Examples of occupations recently targeted by this stream include carpenters, programmers, and registered nurses.	186	625	557	463	1,831
Occupations in Demand	Targets specific occupations in high demand. Eligible occupations are identified by the Department of Labour, Skills and Immigration, and may change over time as provincial labour needs evolve. Occupations targeted by this stream include nurse's aides, transport truck drivers, heavy equipment operators. Work experience with NS employer not required.	--	34	168	314	516
Physician	For general practitioners/family physicians and specialist physicians with signed job offers from the Nova Scotia Health Authority or the IWK Health Centre.	20	32	18	18	88
Labour Market Priorities for Physicians	Selects physicians in the federal express entry stream. Candidates must have an approved offer from the Nova Scotia Health Authority or the IWK Health Centre and a letter of interest from the Department of Labour, Skills and Immigration to apply for nomination.	---	4	12	7	23
Entrepreneur	For experienced business owners or senior business managers who want to live in Nova Scotia. The individual must start a new business or buy an existing one and actively participate in its day-to-day management. After operating the business for one year, the individual may be nominated for permanent resident status. Applicants must be invited to apply to this stream.	---	2	12	5	19
International Graduate Entrepreneur	For recent graduates of a Nova Scotia university or Nova Scotia Community College. The individual must have started or purchased a Nova Scotia business and operated it for at least a year. If the individual intends to settle in Nova Scotia, they may be nominated for permanent resident status. Applicants must be invited to apply to this stream.	1	4	---	1	6
International Graduates in Demand	Created in May 2021 for recent international graduates whose skills and education match specific job categories, as identified by the Department of Labour, Skills and Immigration. This stream currently targets nurses aides, orderlies, patient service associates and early childhood educators and assistants.	---	---	---	2	2
Total		1,401	1,620	1,926	2,485	7,432

Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration; unaudited

Note: The Nova Scotia Demand: Express Entry Category A was closed in January 2021 while Category B stopped taking applications in 2018.

Atlantic Immigration Pilot

- 1.11 The Atlantic Immigration Pilot was a federal government employer-based immigration program delivered by Atlantic provinces and established in 2017. Atlantic Canadian businesses that have been in operation for at least two years can apply to Immigration and Population Growth to become designated under the program. The employer must outline their labour needs and commit to working with a service provider organization on settlement and retention.
- 1.12 Once designated by Immigration and Population Growth, employers can submit an endorsement application for recruitment candidates. Candidates who have been endorsed can apply directly to Immigration, Refugees and Citizenship Canada for permanent residency. Like nomination under the Nova Scotia Nominee Program, endorsement does not guarantee permanent residency.
- 1.13 Between the start of the Atlantic Immigration Pilot in 2017 and November 2021, approximately 1,500 businesses were designated. A breakdown of endorsements is outlined in the table below.

	2018	2019	2020	2021	Total
Atlantic Immigration Pilot: Endorsements	916	1,324	1,677	1,715	5,632

Source: Department of Labour, Skills and Immigration; data unaudited

- 1.14 On December 31, 2021, the Atlantic Immigration Pilot ended and all designations expired. A new permanent program with new criteria and assessment tools was implemented on January 1, 2022. Our audit did not examine the new permanent program.

Nominations and Endorsements by Occupation

- 1.15 Many of the nominations and endorsements between 2018 and 2021 have been across six occupation areas:

Nominations and Endorsements By Year	Healthcare	Skilled Trades	Transport Truck Drivers	Information Technology	Early Childhood Educators	Hospitality	Other	Total
2018	116	118	113	140	232	397	1,201	2,317
2019	339	111	189	101	181	582	1,441	2,944
2020	558	131	289	124	51	784	1,666	3,603
2021	391	208	249	136	71	1,168	1,977	4,200
Total	1,404	568	840	501	535	2,931	6,285	13,064

Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration; unaudited

Landings

- 1.16 The number of individuals who received their permanent residency and arrived in Nova Scotia between 2018 to 2021 is outlined below. This includes individuals who obtained their permanent residency through both federal immigration programs as well as the Nova Scotia Nominee Program and the Atlantic Immigration Pilot. Landings decreased in 2020 because of border closures due to the COVID-19 pandemic.

	2018	2019	2020	2021	Total
Permanent Residents	5,965	7,580	3,510	9,025	26,080

Source: Department of Labour, Skills and Immigration; data unaudited

- 1.17 The number of landings per year by individuals who were either nominated through the Nova Scotia Nominee Program or endorsed through the Atlantic Immigration Pilot are outlined below, as well as a comparison with other provinces and territories. While the Atlantic Immigration Pilot is specific to the Atlantic provinces, other provinces in Canada, except for Quebec, have provincial nominee programs. Individuals nominated or endorsed through provincial immigration programs account for almost 55 per cent of permanent residents arriving in Nova Scotia in 2021, down from approximately 67 per cent in 2019 and 2020. When compared to the other Atlantic provinces, Nova Scotia has the highest number of landings through the provincial nominee program and the Atlantic Immigration Pilot.

Provincial Landings by Immigration Program

Province/Territory	2019 Landings		2020 Landings		2021 Landings	
	Provincial Nominee	Atlantic Immigration Pilot	Provincial Nominee	Atlantic Immigration Pilot	Provincial Nominee	Atlantic Immigration Pilot
Newfoundland & Labrador	570	400	360	170	510	410
Prince Edward Island	1,725	345	1,005	120	1,480	265
Nova Scotia	3,515	1,570	1,590	740	2,280	2,675
New Brunswick	2,850	1,825	1,395	670	1,815	1,580
Quebec	NA	NA	NA	NA	NA	NA
Ontario	12,340	NA	6,750	NA	11,025	NA
Manitoba	12,545	NA	5,835	NA	10,330	NA
Saskatchewan	10,960	NA	5,355	NA	6,505	NA
Alberta	11,235	NA	7,825	NA	8,590	NA
British Columbia	12,575	NA	8,460	NA	11,000	NA
Yukon	265	NA	100	NA	365	NA
Northwest Territories	65	NA	45	NA	120	NA
Nunavut	NA	NA	NA	NA	NA	NA

Source: Department of Labour, Skills and Immigration and Statistics Canada; data unaudited

Performance Indicators – Successfully Surpassing Targets (2016 – 2020)

- 1.18 The Immigration and Population Growth Branch reports annually against five performance indicators to assess its success in attracting and retaining immigrants to Nova Scotia. Management reported that, between 2016 – 2020, the Immigration and Population Growth Branch has been

successful in surpassing its targets. Nominations under the Nova Scotia Nominee Program have steadily increased since 2016 while designations and endorsements under the Atlantic Immigration Pilot have grown since the pilot's inception in 2017. New immigrant landings decreased in 2020 due to border closures associated with the COVID-19 pandemic. As more immigrants arrive in Nova Scotia, the percentage of those remaining long term has remained consistently around 70 per cent.

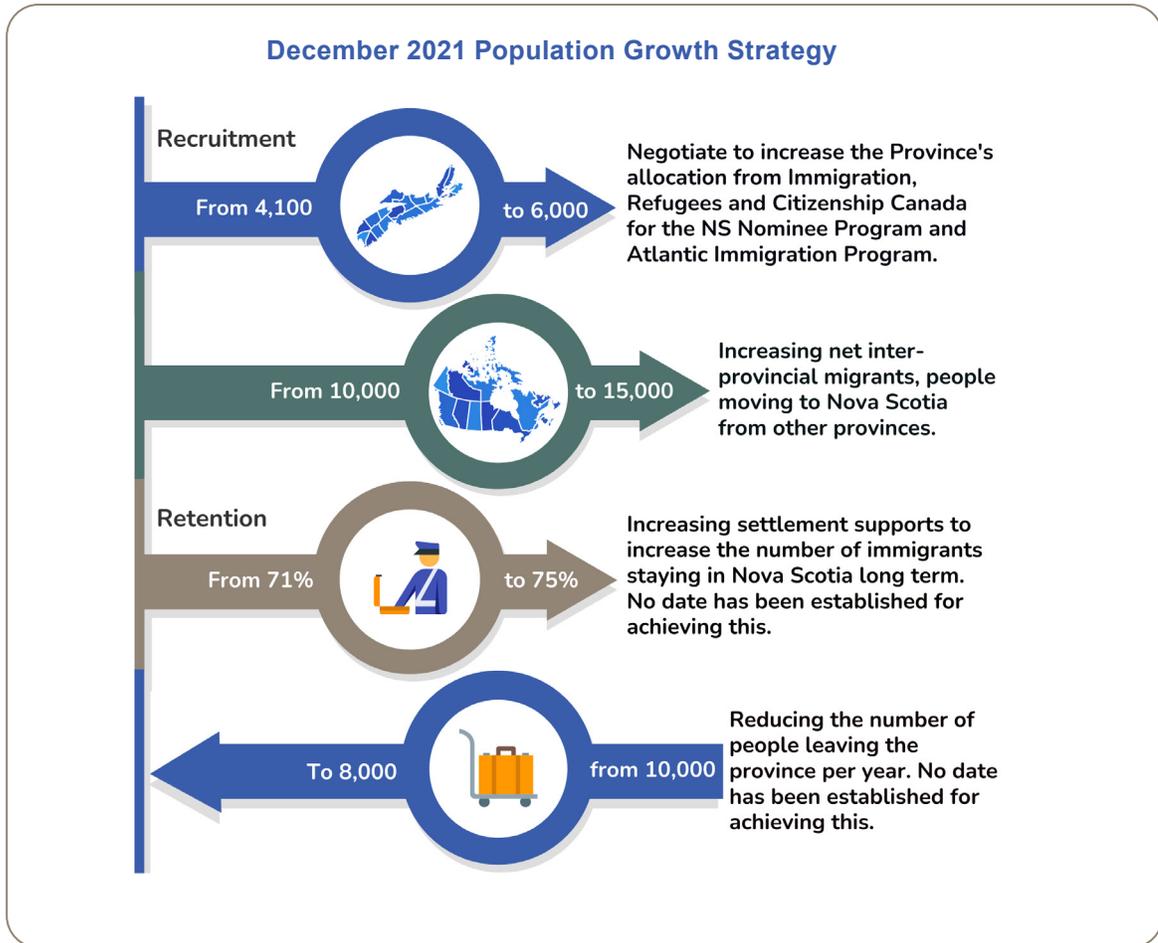
Performance Indicator	2016 Target/Result	2017 Target/Result	2018 Target/Result	2019 Target/Result	2020 Target/Result
Number of New Immigrant Landings	3,000 / 5,483	4,000 / 4,514	4,200 / 5,968	4,200 / 7,580	7,000 / 3,510
Number of Nominations through N.S. Nominee Program	1,350 / 1,375	1,350 / 1,451	1,350 / 1,400	1,350 / 1,610	1,350 / 1,900
Number of Designations through Atlantic Immigration Pilot (target is cumulative year over year)		Not measured	No target / 737	737 / 1,140	1,140 / 1,387
Number of Endorsements through Atlantic Immigration Pilot (by year)		792 / 201	792 / 872	792 / 1,208	1,173 / 1,617
Percentage of all tax-filing immigrants arriving in NS in a six-year period, remaining in the sixth year	70% / 73%	70% / 71%	70% / 71%	70% / 71%	70% / 71%

The Atlantic Immigration Pilot was not launched until March 2017
 Target is based on the province's allocation from the Immigration, Refugees and Citizenship Canada
 Influx of Syrian refugees arriving in Nova Scotia increased landings

Source: Department of Labour, Skills and Immigration; results unaudited

Population Growth Strategy

- 1.19 The premier's September 2021 mandate letter to the Department included a goal of increasing the population of the province to two million people by 2060 by attracting on average 25,000 people per year.
- 1.20 In December 2021 the province developed its Population Growth Strategy outlining how the province intends to reach a population of two million people by 2060. Specific actions outlined in the strategy include:



Source: Office of the Auditor General, Nova Scotia

- 1.21 The targets outlined in the population growth strategy represent an aggressive increase and will create pressure on the Department of Labour, Skills and Immigration. Management indicated the specific plan to reach a provincial population of two million is still under development with various scenarios being explored. However, eventually increasing the number of people arriving in Nova Scotia each year from the approximate 10,000 that arrived during the 2020-21 fiscal year to 25,000, with most of these arriving through provincial immigration programs, is a significant increase. As a result, efficiently functioning immigration programs that attract and retain immigrants with the correct skills, education, and experience to promote economic growth will be vital to achieving the defined goals.
- 1.22 Doubling the provincial population by 2060 will not only place added pressure on the province's immigration programs but also stress the overall provincial infrastructure and services in areas such as healthcare, education, and housing. As the province works to significantly grow its population, government will need to make sure the infrastructure and related services are in place and can accommodate the growing population.

Improved Policy and Procedure Guidance Needed to Reach Population Growth Targets

- 1.23 The Department of Labour, Skills and Immigration needs improved policy and procedure guidance to help Nova Scotia reach its population goal of two million people by 2060. We found a lack of policy and procedures to guide staff in areas including: the determination of labour market needs; the assessment of applications to provincial immigration programs; and identifying and addressing instances of possible fraud and misrepresentation. Public confidence may be weakened if applications to provincial immigration programs are not consistently assessed, or the risk of fraud and misrepresentation is not sufficiently mitigated.
- 1.24 Once immigrants arrive in Nova Scotia, the long-term retention of these individuals is essential to promoting economic growth. Despite the importance of retention, we found the Department had not completed assessments of the settlement needs of immigrants or assessed whether these needs are being addressed through the settlement services funding provided by the Department. The Department provides funding of approximately \$6.4 million per year to settlement service provider organizations to help immigrants settle in Nova Scotia. However, due to the Department's lack of assessment of the settlement needs of immigrants and analysis of the services being funded, the Department does not know if value is obtained from the funding.

Nova Scotia Nominee Program Responsive to Specific Labour Shortages But Process Needed to Determine Provincial Labour Market Needs

- 1.25 The Nova Scotia Nominee Program aims to attract individuals with skills and abilities to contribute to the provincial economy. The streams of the Nova Scotia Nominee Program are determined by the Department to focus on individuals with specific skills, education, and experience needed to meet the labour needs of the province. Final approval of the streams comes from Immigration, Refugees and Citizenship Canada.
- 1.26 Some of the streams of the Nova Scotia Nominee Program focus on specific occupations such as physicians and other health care professions, early childhood educators, and truck drivers. Other streams are not occupation specific but provide employers with the flexibility to hire foreign workers for positions they have not been able to fill with Canadian citizens or permanent residents.
- 1.27 Labour market needs evolve over time. The COVID-19 pandemic also changed labour needs. For example, restaurants and hotels have struggled to find staff as pandemic restrictions have been lifted. It is important for the Department to continually monitor and assess the skills, education and experience needed by Nova Scotian businesses that cannot be filled domestically and assess whether some of these needs can be addressed through the streams of the Nova Scotia Nominee Program.
- 1.28 Our work did not include the development of the streams of the Atlantic Immigration Pilot, a federal immigration program administered by the province. The streams of the Atlantic Immigration Pilot were set by Immigration, Refugees and Citizenship Canada as part of the pilot program and are consistent across the four Atlantic provinces.



We found examples of changes to the Nova Scotia Nominee Program were responsive to labour market needs

- 1.29 We found the Nova Scotia Nominee Program was responsive to skills, experience and education required within Nova Scotia. We reviewed a sample of five changes made to the streams of the

Nova Scotia Nominee Program during our audit period ([April 1, 2019 – December 31, 2021](#)) and found each change was made to respond to a labour market need. Specifically, changes were made based on stakeholder consultations, analysis of the supply and demand of labour, and consideration of government priorities.

- 1.30 For example, the International Graduates in Demand stream was added to the Nova Scotia Nominee Program in May 2021. It targets continuing care assistants and early childhood educators, two occupations in high demand in Nova Scotia. In November 2021, the Occupations in Demand stream of the Nova Scotia Nominee Program was modified to include cleaning staff to the targeted occupations. Research reviewed by the Department as well as consultations with stakeholders indicated a significant increase in demand for cleaning staff since the onset of the COVID-19 pandemic.

Labour market forecasts used to inform the Nova Scotia Nominee Program

- 1.31 The Department of Labour, Skills and Immigration receives a forecast from the federal government identifying the expected labour market needs in the province for the next three years. Management indicated this information is used to assess whether the streams of the Nova Scotia Nominee Program are appropriately targeting skills and whether new occupations should be added.

No process for determining labour market needs

- 1.32 While we found changes made to the streams of the Nova Scotia Nominee Program were completed to try to address specific and forecasted labour market needs, the Department of Labour, Skills and Immigration does not have a process documented to guide staff in determining the province's labour market needs. Specifically, there is no process outlining:

- how labour market needs are determined and forecasted;
- what information must be considered to assess need;
- which sources of information should be used;
- how often a needs assessment should be done;
- how priorities are set; and
- how needs are to be addressed.

- 1.33 As a result, we could not assess whether changes to the Nova Scotia Nominee Program should have been made or if the changes were timely. Without a process to guide staff, there is a risk the needs of some businesses and sectors of the economy will not be identified.

- 1.34 Responsibility for determining labour market needs is not assigned to a single person or division within the Department. It is a shared responsibility amongst the senior management team within the Immigration and Population Growth Branch. Management indicated labour market needs are continually assessed using a combination of information from employers and stakeholder groups, media articles, employment forecasts from the federal government, and the Department's internal research team.

1.35 Management also indicated immigration is only one of many tools available to government to address labour market shortages. When a labour need is identified, management will determine if immigration can help address the need through an existing stream of the Nova Scotia Nominee Program, through the modification of a stream, or the creation of a new stream. In some cases, immigration may not be the best tool to address a labour need. For example, streams of the Nova Scotia Nominee Program require applicants to have full-time employment. If businesses have a need for seasonal labour, this cannot be addressed through the Nova Scotia Nominee Program. The federal government's Temporary Foreign Worker Program can help businesses hire foreign workers on a temporary basis.

1.36 In other cases, government has implemented specific initiatives outside of immigration to address labour shortages in Nova Scotia. For example, the 2021 decision to guarantee jobs to every nursing student graduate in the province over the ensuing five years, and to offer free tuition and books to people pursuing a career in early childhood education. Each of these initiatives is intended to encourage more workers in occupations where there is a shortage of labour in the province.



1.37 The identification of labour market needs is the foundation for the streams of the Nova Scotia Nominee Program.

1.38 There are several risks to the Department not clearly defining a process to guide staff in identifying and responding to the labour needs of Nova Scotia businesses:

- labour needs may not be identified or may not be identified in a timely manner;
- process used to identify labour market needs may have inconsistencies;
- lack of transparency in identifying which labour needs can be addressed through the Nova Scotia Nominee Program while others are not addressed; and
- loss of knowledge if key management positions leave the Department.

1.39 Management indicated flexibility is required to respond to the changing labour needs of Nova Scotia businesses. A documented process can allow for flexibility while also promoting a consistent approach to identifying and forecasting labour market needs and making the necessary adjustments to the Nova Scotia Nominee Program.

Recommendation 1.1

We recommend the Department of Labour, Skills and Immigration develop and implement a documented process to guide staff in identifying and responding to labour market needs including:

- staff responsibilities
- types and sources of information to be used
- stakeholder consultation required
- frequency of review
- forecasting of future labour market needs

- documentation requirements; and
- guidance on how labour needs will inform immigration programming.

Department of Labour, Skills and Immigration Response: Agree. Immigration and Population Growth Branch (IPG) is responsive to emerging labour market trends by regularly examining labour market information (LMI) as well as consulting employers and industry groups when making immigration program stream changes.

IPG will document the operational process for immigration stream changes. As recommended it will include how LMI is used, the source of LMI, and opportunities to forecast labour needs where possible. It will also reference the documents required, staff responsibilities, and frequency. Target Date: April 2023

Applications to Provincial Immigration Programs Are Not Consistently Assessed

➔ Eligibility criteria for the Nova Scotia Nominee Program and Atlantic Immigration Pilot clearly defined

- 1.40 Application guides for the Nova Scotia Nominee Program and the Atlantic Immigration Pilot clearly outline the eligibility criteria for each program as well as provide information on the application process and the documentation applicants must submit to support the satisfaction of eligibility criteria.
- 1.41 Eligibility criteria for the Nova Scotia Nominee Program vary by stream. To be nominated, applicants have to meet requirements in a variety of areas including age, education, work experience and language skills. For the Atlantic Immigration Pilot, employers must meet various criteria related to business operations, compliance with labour laws, labour needs, and settlement supports for new immigrants.



➔ Procedures for assessing applications to provincial immigration programs not communicated or only recently developed

- 1.42 The goal of provincial immigration programs is to attract and retain immigrants to the province with specific education, skills, and experience to meet the needs of Nova Scotia businesses. We expected to see detailed procedures outlining how staff should assess applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot to determine if applicants meet the eligibility criteria. This would include outlining the required documentation to support an application; the expected level of scrutiny required by staff to verify the information provided; and how the assessment of the applications is to be documented. However, for parts of our audit period ([April 1, 2019 – December 31, 2021](#)) we found this to be lacking or not properly communicated to staff responsible for assessing applications.
- 1.43 In 2017, a procedure manual was created for the Nova Scotia Nominee Program that outlines detailed steps for staff to follow when assessing applications against eligibility criteria. For example, the manual outlines the need to verify the validity of passports, educational credentials, and language skills. However, management acknowledged that additional communication to staff

on the procedure manual is required since staff we interviewed were not aware the procedure manual existed.

- 1.44 We found procedure manuals for assessing applications to the Atlantic Immigration Pilot were not completed until 2021, despite the Pilot starting in 2017. In January 2021, a procedure manual was developed to guide staff in assessing applications for designation against eligibility criteria. A similar manual for endorsement was not completed until September 2021. While the creation of these procedure manuals is an excellent step in establishing expectations and guidance for staff on how applications to the Atlantic Immigration Pilot should be assessed, it is concerning that this guidance was not in place for the first four years of the Pilot.
- 1.45 Clearly defined procedures for assessing applications are necessary to promote consistency in the process. Without them, there's no standard against which to assess applicants, and this could result in applicants who do not meet eligibility criteria getting nominated, designated, or endorsed. Alternatively, qualified applicants may be rejected who could otherwise benefit the Nova Scotia economy. This lack of consistency could impact public confidence in provincial immigration programs.

No training plan for staff responsible for assessing applications to the Nova Scotia Nominee Program or the Atlantic Immigration Pilot

- 1.46 We found there is no formalized, mandatory training plan for staff responsible for assessing applications to the Nova Scotia Nominee Program or the Atlantic Immigration Pilot. Furthermore, management has not assessed the training needs of staff. Management indicated new staff are mentored by a more experienced staff member while ongoing training for existing staff is more informal in nature through regular meetings with managers, peer coaching, and information bulletins when new issues or challenges arise. While we saw some evidence of training materials, we could not determine if it was up to date, when and how it was delivered to staff, or whether staff had taken the training.
- 1.47 The immigration field is constantly evolving, and staff responsible for assessing applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot need to stay informed. Training requirements should be regularly reviewed to determine whether staff are receiving sufficient and appropriate training to consistently and thoroughly assess applications to the province's immigration programs.
- 1.48 A 2020 fraud risk assessment of the Immigration and Population Growth Branch completed by the province's Internal Audit Center, discussed later in this chapter, also highlighted similar concerns. It found the lack of written procedures and onboarding training documents for staff responsible for assessing applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot could result in the subjective and discretionary assessment of applications.

Inconsistencies in how staff assess applications

- 1.49 We reviewed a sample of 20 applications to the Nova Scotia Nominee Program (which resulted in 20 nominations) and 20 applications to the Atlantic Immigration Pilot (which resulted in 10 designations and 10 endorsements) and found inconsistencies in how the assessments were documented. The review of applications to both the Nova Scotia Nominee Program and the Atlantic Immigration Pilot is to be documented on an assessment form that notes whether eligibility criteria have been met. It's meant to include a recommendation on whether the applicant should be nominated, designated, or endorsed. Some of the assessment forms we reviewed simply noted that criteria had been met while others included additional notes and documentation to

explain how the applicant met the eligibility criteria and the steps taken by the staff member to verify information provided by the applicant on the application.

1.50 Examples of inconsistencies in the documentation of assessments included:

- Verification of language tests – For the Nova Scotia Nominee Program, staff must verify the authenticity of language test results to confirm the applicant can communicate in English. On some assessment forms, it was only noted that the test result was verified and the minimum score was met, while on others it noted additional details such as test score, test identification number, and the date verified by the staff member.
- Verification of work experience – For the Nova Scotia Nominee Program, applicants are required to provide documentation including reference letters to support their skills and experience. Some staff assessing applications only provided a summary of an applicant's work experience; one contacted past employers to confirm some of the information provided; and one assessment included a detailed assessment of how the applicant's experience qualified them for the position for which they were being considered.
- Applicant's intention to settle in Nova Scotia – For the Nova Scotia Nominee Program, part of the assessment process includes assessing the applicant's intention to settle in Nova Scotia. Some of the assessment forms tested only noted this criterion was satisfied while others provided a detailed summary to support the staff member's rationale for concluding the applicant wanted to settle in Nova Scotia.
- Verification of the location of the employer and job – For the Atlantic Immigration Pilot, the employer and job must be in Atlantic Canada. On some assessment forms the staff member only noted the employer address, while others included a screen shot from Google Maps to confirm the location.

1.51 In the 40 applications tested, we did not find any instances where the individual did not meet all eligibility criteria. However, through other work, we did identify one case where an applicant was nominated that did not meet the eligibility criteria. Specifically, the applicant was 56 years old, one year older than the maximum age allowed for the Nova Scotia Nominee Program. Nevertheless, they were still nominated. While we do not consider this a significant issue, it does highlight the need for the consistent assessment of applications so only those applicants meeting eligibility criteria are nominated, designated, or endorsed. The inconsistencies we found on the assessment forms could suggest staff are not following the same steps to verify the information included in applications. Furthermore, staff interviewed indicated there are differences in how staff document the assessment of applications which can result in inconsistencies and a lack of support for the assessment. This further supports the need for improved training for staff and a clearly defined process outlining steps to be taken to assess applicants against the required eligibility criteria.

1.52 As the province works towards its population goal of two million people by 2060, formal training for staff and a clearly defined process for assessing applications will only become increasingly important to deal with the added pressure on the province's immigration programs. Procedures for the assessment of applications will need to be regularly reviewed and updated as the immigration needs of the province evolve. As more people immigrate to



Nova Scotia, a consistent approach to assessing applications will be essential so only applicants meeting eligibility criteria are accepted and resources dedicated to assessing applications are efficiently and effectively utilized.

Recommendation 1.2

We recommend the Department of Labour, Skills and Immigration complete an assessment of the training needs of the Immigration and Population Growth Branch to guide the development and implementation of a training plan for new hires and existing staff. Required training must be delivered to all staff with documentation maintained to support the completion.

Department of Labour, Skills and Immigration Response: Agree. IPG ensures all staff have knowledge of program areas, as well as the tools and the technology required to deliver programs effectively. This includes orientation for new hires as well as ongoing professional development.

IPG will complete an assessment of the training needs and develop a training plan that specifies the required training for each position, a training schedule to describe the type and frequency of the training and how the completed training will be documented. Target Date: January 2024

Recommendation 1.3

We recommend the Department of Labour, Skills and Immigration regularly review the procedures for the assessment of applications to the Nova Scotia Nominee Program and the Atlantic Immigration Program. Procedures must be regularly reinforced with staff, with clear expectations provided on how applications are to be assessed, including steps taken to verify information provided by applicants and requirements for the documentation of results.

Department of Labour, Skills and Immigration Response: Agree. IPG maintains resources to facilitate program delivery (i.e., guides, assessment forms, case management system) and ensures program staff are informed of amendments.

IPG will conduct a review of existing program operating procedures for the Atlantic Immigration Program and the Nova Scotia Nominee Program and adopt a review schedule to ensure all documents reflect the most up to date information.

IPG will also ensure program staff assessment practices are clear on the requirements to document results. Target Date: January 2024

No quality assurance process for the Nova Scotia Nominee Program or the Atlantic Immigration Pilot

- 1.53 The Department of Labour, Skills and Immigration does not complete quality assurance work on the Nova Scotia Nominee Program or the Atlantic Immigration Pilot. Quality assurance involves regularly looking back at a sample of past applications to provincial immigration programs to assess whether the eligibility of applicants is consistently assessed; to ensure assessment forms clearly document how eligibility criteria were met and that sufficient documentation is retained in the file; and to verify the recommendation to nominate, designate, or endorse the applicant is reasonable. While the Department developed procedures for quality assurance in the past, management indicated these procedures have not been implemented due to a lack of resources.

- 1.54 As previously noted, we are concerned with the assessment of applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot. A properly implemented quality assurance process would be another step in promoting a consistent approach to the assessment of applications and help identify and address areas for improvement. Information gathered through a quality assurance process can also be used to continually improve the guidance provided to staff for reviewing applications to the provincial immigration programs.

Recommendation 1.4

We recommend the Department of Labour, Skills and Immigration develop and implement a quality assurance process for provincial immigration programs with the information gathered through the process used to improve the assessment of applications to provincial immigration programs.

Department of Labour, Skills and Immigration Response: Agree. IPG uses a variety of methods to identify and address program quality assurance.

IPG will develop and implement a quality assurance program to document the procedures, policies, and resources required to monitor and continuously improve the assessment of applications. Target Date: September 2023



More comprehensive performance indicators needed

- 1.55 While the performance indicators currently used by the Department are appropriate and provide a general overview of the province's attraction and retention of immigrants, a more comprehensive assessment of performance is needed.
- 1.56 In 2020, a consultant was hired to develop a more comprehensive performance evaluation framework for the Immigration and Population Growth Branch. This framework was delivered in August 2020 and included additional indicators that could be used to monitor performance along with the data needed, identified who should be responsible for assessing the indicator, and charted the frequency of reporting against the indicators. However, the proposed performance evaluation framework was not implemented. Management indicated implementation of the performance evaluation framework was hindered when the Immigration and Population Growth Branch was moved to the Department of Labour, Skills and Immigration. Specifically, there was a reduction in the resources dedicated to this work, with some of the available resources diverted to address challenges related to the COVID-19 pandemic.
- 1.57 Examples of additional performance indicators included in the performance evaluation framework developed by the consultant included:
- Developing and implementing marketing campaigns
 - Boosting the number of followers on digital platforms
 - Establishing application processing times
 - Achieving new immigrant landings through the Nova Scotia Nominee Program and the Atlantic Immigration Pilot

- Augmenting investment in settlement services for immigrants
- Increasing immigrant retention rate and Nominee Program retention rate

1.58 The province's goal of increasing its population to two million people by 2060 represents a significant increase in population which will place additional pressures on the province's immigration programs. Implementing and assessing performance against a more comprehensive set of performance indicators will be needed to monitor progress towards the goal and highlight areas where improvements can be made to help attract and retain more immigrants.

Recommendation 1.5

We recommend the Department of Labour, Skills and Immigration develop and implement additional performance indicators to assess the work undertaken to attract and retain immigrants to the province, including considering whether the performance evaluation framework provided by the consultant in 2020 can be used by the Department to improve performance reporting.

Department of Labour, Skills and Immigration Response: Agree. IPG uses established performance indicators to report on program effectiveness and identify opportunities for improvement. In the past two years, the office has seen significant change. It has transitioned from being a stand-alone office to a branch within a department, adopted an expanded mandate, increased immigration targets, and established a broader operational structure.

IPG will identify additional performance indicators to complement those already in place to reflect the new mandate and structure to enable accurate reporting through the government business planning process. Target Date: December 2023

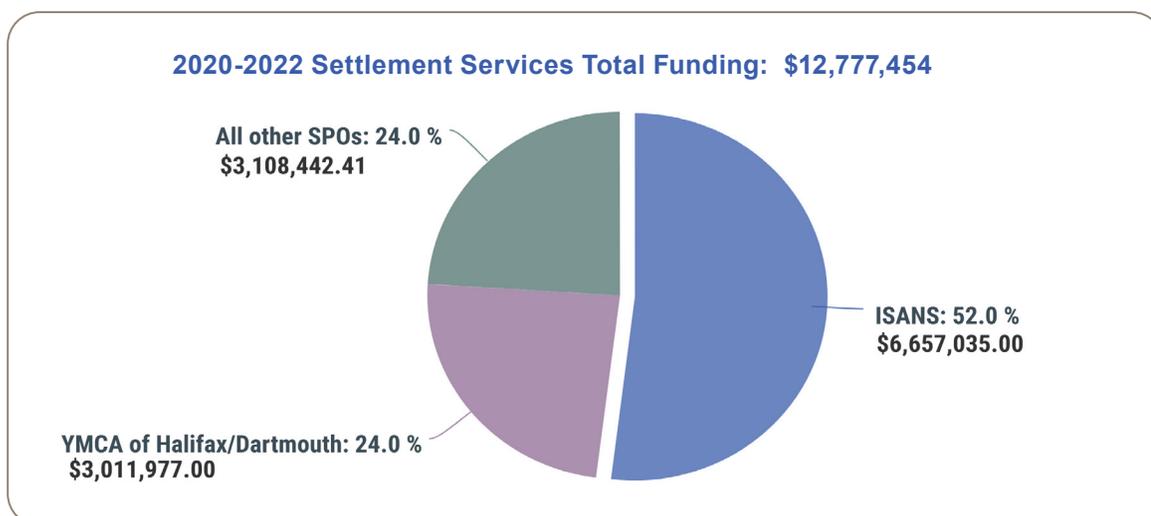
Unknown Whether \$6.4 Million Per Year in Settlement Services Funding is Achieving its Objective of Retaining Immigrants

1.59 The Department of Labour, Skills and Immigration partners with settlement service provider organizations and community groups to provide services to immigrants to help them settle in Nova Scotia. The Department provides funding of approximately \$6.4 million per year to the settlement service providers through two programs.



- Settlement Funding Program – assists community organizations, other public or non-governmental organizations, and language schools to provide services that promote the integration and long-term residency of immigrants in Nova Scotia. Services may include language training, networking opportunities, and activities that promote diversity and inclusion.
- Labour Market Integration Funding Program – assists organizations providing services to increase immigrant participation in the workforce, enhance skills development, and facilitate upward workforce mobility.

- 1.60 Settlement service providers apply for funding through a call for proposals issued every two years by the Department. Selected organizations receive funding for a two-year period. The most recent call for proposals and funding was for 2020 – 2022.
- 1.61 In total, 18 settlement service provider organizations were provided funding for the 2020 – 2022 period totaling \$12.8 million, with two of the 18 service providers receiving approximately 76 per cent of the total funding (\$9.7 million).



Service Provider	Approved Funding for 2020-22
Antigonish Women's Resource Centre and Sexual Assault Services Association	\$133,772.00
Cape Breton Business Partnership Inc.	\$222,311.82
Federation Acadienne de la Nouvelle-Ecosse	\$258,450.00
Halifax Regional Library	\$328,395.00
ISANS Immigrant Services Association of Nova Scotia	\$6,657,035.00
Le Conseil de Developpement Economique de la Nouvelle-Ecosse	\$155,119.00
Learn English Nova Scotia Testing & Counselling CE	\$189,133.06
New Dawn Enterprises Ltd.	\$190,000.00
New Voice Languages & Tutoring Inc.	\$193,704.37
Nova Scotia Community College	\$378,847.31
Pictou County Regional Enterprise Network	\$85,000.00
The Halifax Partnership	\$85,000.00
The YMCA of Greater Halifax/Dartmouth	\$3,011,977.00
Universite Sainte-Anne	\$217,884.00
Valley Community Learning Association	\$316,338.85
Veith House	\$101,837.00
Western Regional Enterprise Network	\$74,375.00
YMCA of Halifax	\$178,275.00
Total	\$12,777,454.41

Source: Office of the Auditor General, Nova Scotia; data from Department of Labour, Skills and Immigration; unaudited



Source: Office of the Auditor General, Nova Scotia, unaudited

No analysis to determine the settlement needs of immigrants

- 1.62 The Department has not completed an analysis to determine what services are needed by immigrants to assist them in settling in Nova Scotia. Management indicated they rely on the settlement service providers to identify the settlement needs of immigrants in their proposals for funding to the Settlement Funding and Labour Market Integration Funding programs.
- 1.63 While we recognize settlement service providers have expertise and knowledge in understanding the needs of immigrants, the Department is placing too much reliance on these service providers. When public funds are being used to deliver settlement services, it is important the Department has a strong understanding of the settlement needs of immigrants, otherwise the Department cannot assess whether funding is being used in the right areas to encourage the long-term settlement of immigrants in Nova Scotia.

- 1.64 Service providers are using the funding provided to deliver services such as language training, employment counselling, and community welcoming programs, which appear reasonable for helping immigrants settle in Nova Scotia. However, without a thorough assessment to determine the needs of immigrants, it is very difficult to know what settlement services are required, which service providers should receive funding, and whether any gaps exist.

No analysis of the current settlement services being provided

- 1.65 In addition to not determining the settlement needs of immigrants, the Department has not completed an analysis of the settlement services currently funded to assess whether a comprehensive group of services is being provided which could inform the selection of future service providers. There was no analysis of the types of services provided, the location of services, or the demand for the services in different regions of the province. For example, assessing whether language training is available in all regions of the province, or determining whether demand for specific settlement services is greater in some regions than others.
- 1.66 We also noted the Department does not survey immigrants to obtain first-hand evidence of the factors impacting their integration and retention in Nova Scotia, or their satisfaction with the settlement services available within the province. Feedback from immigrants in these areas could be valuable when determining where future funding should be targeted.
- 1.67 In 2020, the Department hired a consultant to research why immigrants choose to leave or stay in Nova Scotia, and the role played by settlement services in integration and retention. The research found 42 per cent of immigrants who stayed in the province, and 55 per cent of immigrants who left, did not access settlement services. Reasons for not accessing settlement services included: not knowing they existed, not available in the area where the individual was living (often outside of Halifax), or unable to get an appointment with a service provider. This represents important information that could be used to improve the settlement services available for immigrants. However, no changes were made to the types of services provided, the location of services, or the selection of service providers for funding under the Settlement Funding Program or the Labour Market Integration Funding Program.

Consultant hired by the Department in late 2021 to review settlement services

- 1.68 In October 2021, a consultant was hired by the Department to undertake the first phase of a research project to improve the Department's understanding of settlement services programming and the needs of immigrants. The results of the first phase of this project will then be used to guide a second phase of the project including an assessment of the settlement services currently being offered and their effectiveness.
- 1.69 January 2022, the Department received the first phase report from the consultant. Recommendations included:
- Developing a better understanding of immigrant needs
 - Surveying immigrants to gain knowledge of factors impacting their attraction, integration, and retention in Nova Scotia
 - Assessing the factors that impact awareness and access to settlement programming

- 1.70 Management indicated the second phase of the project is nearing completion and will address the recommendations from phase one. The work by the consultant further supports our overall conclusion that the Department needs to better understand the settlement needs of immigrants and assess whether the most effective mix of services is being funded by the Department. While we are encouraged the Department undertook the initiative of hiring the consultant, it is even more important to now follow through on the recommendations.

Recommendation 1.6

We recommend the Department of Labour, Skills and Immigration complete an assessment of settlement services within the province including:

- developing a better understanding of immigrant needs
- surveying immigrants to understand factors impacting their attraction, integration and retention in Nova Scotia; and
- assessing factors that impact awareness and access to settlement programming.

Detailed plans must be developed to monitor the implementation of the consultant's recommendations to improve settlement services, including timelines for completion, resource requirements, and regular status reporting to track implementation.

Department of Labour, Skills and Immigration Response: Agree. IPG provides funding to settlement service provider organizations (SPOs) across the province through funding agreements. The agreements set out eligible activities identified by SPOs that best meet the needs of immigrants throughout the province. Funding decisions are based on a comprehensive call for proposal process to ensure the activities funded are effective and responsive.

IPG will examine recommendations from a recent settlement review for ways within IPG's authority, to improve the allocation of funding, and where possible implement recommendations. A detailed plan will be developed to monitor and track implementation. Target Date: March 2023



Process in place to assess funding proposals from settlement service providers, but improvements are needed

- 1.71 While no process exists to identify the settlement needs of immigrants, the Department has a process to assess funding proposals from service providers under the Settlement Funding and Labour Market Integration Funding programs. The process outlines eligibility criteria for organizations, eligible services for funding, mandatory documents to submit with proposals, and an evaluation form to document the assessment of proposals. An evaluation committee is established to review proposals and recommend service providers for funding to the Deputy Minister.
- 1.72 We reviewed a sample of five settlement service organizations that received funding for the 2020 – 2022 period and found all five were reviewed appropriately by the evaluation committee. Specifically, we found the settlement service provider organizations met eligibility criteria, offered eligible programming to immigrants, and were recommended by the evaluation committee for funding.
- 1.73 While we found no issues with the settlement service providers selected for funding, we did identify three issues with the process that need to be addressed by the Department.

- Members of the evaluation committee did not complete conflict of interest attestations for the 2020 – 2022 funding cycle. Management indicated employees are bound by the Government of Nova Scotia Conflict of Interest Policy and, in their view, separate attestations are not necessary. However, when reviewing proposals for government funding, completing separate conflict of interest attestations are a better practice. Not only does it provide an opportunity to reinforce conflict of interest requirements with members of the evaluation committee but also enhances the transparency of the process.
- There is limited documentation to explain why some service providers are selected for funding while others are not. The evaluation committee reviews all service provider submissions for eligibility as well as the mandatory requirements such as budget and project descriptions. However, we saw no detailed assessment of proposed programming or comments supporting the final recommendation. In cases where proposals were not recommended, we could not determine how the committee reached the conclusion as the evaluation form does not require a rationale to be documented. Decisions made without documentation lack transparency and can increase the risk of poor decisions being made.
- There was no documentation to explain how the funding amounts awarded to each approved service provider were determined. Without clear documentation to explain how funding amounts were determined, the transparency of the process is reduced. Furthermore, it increases the risk of inconsistency in the assessment of applications which could result in some settlement service providers being treated differently than others. This could impact the quality and availability of settlement services offered to immigrants in Nova Scotia.

Recommendation 1.7

We recommend the Department of Labour, Skills and Immigration require all members of the evaluation committee established to review proposals for funding through the Settlement Funding and Labour Market Integration Funding programs to sign conflict of interest attestations.

Department of Labour, Skills and Immigration Response: Agree. Evaluation of proposals to the Immigration Settlement Funding and Immigration Labour Market Integration Funding programs from settlement service provider organizations (SPOs) are completed by a committee of public service employees (primarily from IPG) having subject matter expertise in agreement management and finance. The provincial government's Conflict of Interest Policy applies to those on the evaluation committee. Additionally, IPG staff are required to sign confidentiality attestations upon accepting a position of employment.

IPG will create an additional conflict of interest attestation specific to the settlement program evaluation committee and require all members sign it when invited to participate on the committee. Target Date: January 2023

Recommendation 1.8

We recommend the Department of Labour, Skills and Immigration improve the documentation of the review of proposals to the Settlement Funding and the Labour Market Integration Funding programs. Specifically, there must be documentation that clearly explains why settlement service providers were approved or denied along with an explanation to support the amount of funding approved.

Department of Labour, Skills and Immigration Response: Agree. IPG will examine the existing review process to identify and then implement ways to strengthen the proposal assessment process including the method of clearly documenting funding decisions, including an explanation to support the amount of the funding approved. Target Date: January 2023

Agreements with settlement service providers include terms that protect the interests of the Province of Nova Scotia but annual audited financial statements not required

1.74 Service providers receiving funding from the Settlement Funding or Labour Market Integration Funding programs are required to sign agreements with the Department of Labour, Skills and Immigration outlining the terms and conditions of the funding. We found the agreements include terms and conditions that protect the interest of the province including clauses related to confidentiality, termination, and expected results, as well as the requirement for service providers to submit quarterly reports outlining the services provided and how funding is spent. While service provider agreements require supporting documentation be maintained for funded expenses, the agreements do not require annual audited financial statements be submitted to the Department. We reviewed a sample of five of the service providers that received funding for the 2020 – 2022 period and found signed funding agreements for each.

Department not obtaining sufficient documentation from service providers to assess whether funding is used for intended purposes

1.75 The Department of Labour, Skills and Immigration receives quarterly reports from settlement service providers outlining how funding is spent, the number of program participants, and updates on the status of projects. We selected a sample of five service providers that received funding during the audit period ([April 1, 2019 to December 31, 2021](#)) and found quarterly updates were provided as required. However, supporting documentation, such as invoices, to support the information included in the quarterly reports is not required. This creates a risk the information provided may not be accurate and that funding is not being spent in compliance with terms and conditions of the funding agreement.

1.76 Site visits are also completed where the Department requests documentation to support how funding is spent, such as staff salaries and benefits, rent and other expenses. While this does provide some level of assurance that funding is spent on the approved settlement services, the Department does not request specific invoices or confirmation of payment. Instead, it only asks for examples and allows the service providers to choose which documents to provide. Furthermore, the documentation requested is not based on, or compared to, the information outlined in the quarterly reports. When the service providers select which documentation to provide, there is a risk that it does not offer an accurate picture of how funding is spent. A more appropriate approach would be to request specific documentation to support the expenses outlined in the quarterly reports.

Recommendation 1. 9

We recommend the Department of Labour, Skills and Immigration require settlement service providers provide annual audited financial statements and documentation, such as invoices and proof of payment, to support the information included in quarterly reports. The supporting documentation must be used to assess whether the information included in quarterly reports is accurate.

Department of Labour, Skills and Immigration Response: Agree. Settlement service provider organization (SPO) funding agreements are managed using the Labour Market Program Support System (LaMPSS) which includes how the funding expenditures and activities are monitored. The

engagements are referred to as “monitors” and the case management system assigns the type and frequency for each agreement. IPG has established strong partnerships with the organizations and has adopted a collaborative approach to conducting these monitors as well as providing a fair, transparent approach to addressing issues.

IPG will examine the current process of monitoring agreements and identify options to strengthen the accountability including the provision of documentation, such as invoices, evidence of payments, and audited financial statements where appropriate to support the information included in quarterly reports. Target Date: June 2023

Procedures for the monitoring of settlement service providers need to be updated

- 1.77 While there is a procedure manual that outlines steps for staff to follow for monitoring settlement service providers, it was last updated in 2013 and is outdated. Procedures have not been updated to reflect the change from paper-based to electronic reporting by service providers, and revisions and updates to some forms used in the monitoring process have not been reflected in the procedure manual.
- 1.78 It is important the procedure manual provide clear and consistent guidance to staff that accurately reflects the current processes for monitoring the spending of funding provided to service providers. Otherwise, there is a risk some service providers may be held to a different standard and the Department may not identify when funding is not being used for its intended purposes. As the Department works towards increasing the number of immigrants that remain in Nova Scotia, the implementation of clearly defined processes for monitoring the use of settlement funding will be needed to determine whether funding is being used effectively and as efficiently as possible.

Recommendation 1.10

We recommend the Department of Labour, Skills and Immigration review and update the procedures for monitoring the funding agreements with settlement service providers in order to accurately reflect the current processes followed and provide clear direction to staff.

Department of Labour, Skills and Immigration Response: Agree. IPG uses the provincial government approved case management system, Labour Market Program Support System (LaMPSS) to manage settlement funding agreements, which includes agreement management procedures.

To complement these existing procedures, IPG will review existing settlement program officer resources to develop an updated procedures manual to provide specific direction to program officers managing settlement service provider organization funding agreements. Target Date: October 2023

Further Steps Needed to Address Fraud

- 1.79 The risk of fraud and misrepresentation is always present within the immigration field. [Our 2008 audit of the Nova Scotia Nominee Program](#) identified significant fraud concerns that were referred to the RCMP for investigation and resulted in significant changes to the program. While the current Nova Scotia Nominee Program is very different from the 2008 version, the risk of fraud remains. Immigration audits in other Canadian provinces have also identified poor assessments of fraud risk and a lack of safeguards against fraud.

1.80 Fraud and misrepresentation in immigration can take many forms. Examples include:

- Applicants providing false information about their education, experience, or qualifications
- Employers failing to make sufficient efforts to hire Canadian citizens or permanent residents prior to using immigration
- Employers accepting payments from potential immigrants for jobs
- Applicants not complying with program requirements

1.81 Regular activities to prevent, detect and mitigate fraud are necessary to ensure only applicants meeting the eligibility criteria for the Nova Scotia Nominee Program and the Atlantic Immigration Pilot are nominated, designated, or endorsed. When fraud and misrepresentation in the province's immigration programs go undetected, unqualified individuals could gain entry to Canada.

No procedures to guide staff in the identification of fraud or misrepresentation

1.82 The Department of Labour, Skills and Immigration does not have procedures in place to help guide staff in identifying and addressing fraud risk when assessing applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot. While management does provide information on fraud trends and indicators for staff to heed, this caution is only done when issues or concerns arise; they are not compiled into a comprehensive document for staff to consider when assessing applications. If there are documented procedures to help guide staff in identifying indicators of potential fraud or misrepresentation when assessing applications, it would promote an awareness of the risk amongst staff. It would also provide a consistent approach to identifying fraud in applications and outline the steps to be taken to address the concerns. Furthermore, when new staff start, it would provide a comprehensive document to be studied and used in their training.

No established procedures for conducting investigations into potential fraud

1.83 When fraud is suspected, investigations are conducted by staff in the Investigations and Compliance Division. Investigations may stem from the assessment of applications to the Nova Scotia Nominee Program or the Atlantic Immigration Pilot, or from external sources such as the public or law enforcement. We found 90 investigations into suspected fraud have been completed or were ongoing between April 2021, when the Investigations and Compliance Division was created, and January 2022. The types of issues investigated included misrepresentation in applications, non-compliance with program requirements, and insufficient efforts to find a Canadian citizen or permanent resident to fill the position.

1.84 Like other areas of our audit, we found no documented procedures outlining how investigations should be completed. For example, techniques to be used, evidence requirements, communication of results, documentation requirements, and action to be taken based on the results of investigations. Management indicated they rely on the judgment and experience of investigators to determine how investigations are conducted. While the experience and judgment of investigators play a key role in conducting investigations, policy and procedure guidance is still needed to promote consistency so individuals or employers being investigated are subjected to the same standards.

Investigations thorough with appropriate action taken

1.85 Despite the lack of policy and procedure guidance, we found investigations into potential fraud to be thorough with appropriate action taken when fraud was found. We reviewed a sample of eight investigations and found investigators used a variety of techniques to gather information, such as conducting interviews, reviewing documentation, making site visits and undertaking additional research. Action taken once the investigations were completed included rescinding employer designations under the Atlantic Immigration Pilot and referrals to Immigration, Refugees and Citizen Canada and Canada Border Services Agency.

1.86 While we had no concerns with the quality of investigations completed, there is still a need for policy and procedure guidance for investigations. Clearly defined policies and procedures that outline expectations for staff responsible for completing investigations help add consistency and efficiency to the investigation process.



Recommendation 1.11

We recommend the Department of Labour, Skills and Immigration develop policies and procedures to guide staff in the identification and investigation of suspected fraud including:

- methods of identifying potential fraud
- how suspected fraud is addressed
- the investigative process, including tools and techniques to be used by staff
- action to be taken if fraud is confirmed
- documentation requirements
- regular reviews to update policies and procedures.

Department of Labour, Skills and Immigration Response: Agree. IPG uses a risk-based approach when assessing immigration program applications and ensures all staff have the tools and skills required to complete assessments. As IPG's mandate and allocation continues to expand, steps have been taken to strengthen investigation of fraudulent activities. For instance, an Investigations and Compliance Division was created and has been implementing current practices for identifying fraud and providing resources to IPG staff as required, which has strengthened assessments of applications.

IPG will develop and implement a policy and procedures manual to guide staff in the identification of fraud and outlining the procedures for conducting investigations. The manual, informed by best practices and efforts adopted to date, will set out the process to follow, roles and responsibilities, and include any resources required to facilitate and document investigations. It will also include a review cycle to ensure the manual remains current and regularly communicated to staff. Target Date: January 2024

No conflict of interest policy for staff

1.87 While management indicated staff sign a confidentiality agreement and are subjected to criminal record checks, we found that there is no conflict of interest policy for staff in the Immigration and Population Growth Branch. Management indicated staff follow the conflict of interest policy for all provincial government employees. While we recognize the provincial policy does provide guidance, a policy specific to the Immigration and Population Growth Branch would be beneficial in helping staff recognize and address real and perceived conflicts of interest in assessing

applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot. There is always a risk a staff member may be responsible for assessing the application of a family member or friend. A specific conflict of interest policy for the Immigration and Population Growth Branch would create awareness of how this should be addressed and promote a consistent process while also adding transparency to the assessment of applications.

Recommendation 1.12

We recommend the Department of Labour, Skills and Immigration develop and implement a conflict of interest policy specific to the Immigration and Population Growth Branch.

Department of Labour, Skills and Immigration Response: Agree. All public service employees are subject to the provincial government's Conflict of Interest Policy. To reinforce this policy, IPG requires all staff sign confidentiality attestations upon accepting a position of employment. This practice was adopted in July 2021.

IPG will develop a policy to document the confidentiality attestation practice implemented in July 2021, bring awareness to the provincial government conflict of interest policy, include information on how the conflict of interest policy applies to IPG staff, and communicate potential implications for non-compliance. Target Date: April 2023



No structured fraud training program for staff

- 1.88 Training on fraud is provided to staff by the Investigations and Compliance Division within Immigration and Population Growth Branch through information bulletins, staff meetings and presentations. However, this is done on an ad hoc basis, rather than as a part of a structured fraud training program for staff. While attendance at sessions delivered by the Investigations and Compliance Division is considered mandatory, management does not track attendance to assess whether all staff have completed the training. Management also indicated staff complete the mandatory fraud prevention training required for all provincial government employees. While this is another resource for staff, this training does not have an immigration focus.
- 1.89 We also found new staff do not receive specific training on fraud within immigration as part of their orientation. When new staff begin, it is especially important to highlight the risk of fraud within immigration and outline fraud indicators when scrutinizing applications to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot.
- 1.90 The lack of a structured fraud training program was also identified as a weakness in a 2020 fraud risk assessment of the Immigration and Population Growth Branch completed by the province's Internal Audit Centre, which is discussed in more detail below. Specifically, it recommended the use of semi-annual training sessions to provide examples of fraudulent activity, trends, and irregularities for staff to be aware of when assessing applications to provincial immigration programs.
- 1.91 While we recognize ad hoc fraud training will always be necessary to quickly communicate new issues and trends in immigration fraud as they arise, a more structured approach to fraud training is needed to promote a comprehensive and consistent knowledge base across all staff and reinforce key indicators staff should be looking for to identify and address potential fraud.

Recommendation 1.13

We recommend the Department of Labour, Skills and Immigration develop and implement a comprehensive immigration fraud training program for staff within the Immigration and Population Growth Branch, including

- how to identify potential fraud
- how instances of suspected fraud are to be addressed; and
- tracking by management to make sure staff have completed all required training.

Department of Labour, Skills and Immigration Response: Agree. IPG staff are provided relevant training based on the work they were hired to fulfil, which includes immigration fraud training. The Investigations and Compliance Division has strengthened this practice by providing fraud awareness presentations, case specific seminars and other resources to identify and deter fraud.

IPG will create an immigration fraud training program for staff that reflects current practice, including:

- how to identify potential fraud
- how instances of suspected fraud are addressed; and tracking by management to make sure staff have completed all required training. Target Date: September 2023



None of the eight recommendations from a 2020 fraud risk assessment have been completed

1.92 The province's Internal Audit Centre completed a fraud risk assessment of the Immigration and Population Growth Branch in December 2020 that outlined fraud risks facing the Nova Scotia Nominee Program and Atlantic Immigration Pilot along with eight recommendations to address the risks. Despite risks identified and the prevalence of fraud within the immigration field, none of the recommendations have been implemented by the Department.

1.93 Recommendations in the fraud risk assessment included:

- Review the design and effectiveness of controls intended to prevent and identify fraud and implement new controls where necessary
- Create a checklist to outline the minimum work required by an employer to demonstrate sufficient effort was made to recruit a Canadian citizen prior to using immigration to fill a position
- Conduct semi-annual training sessions to provide staff with examples of fraudulent activity, trends, and irregularities

1.94 Management indicated they initially intended to implement the recommendations included in the 2020 fraud risk assessment. However, no implementation plan was developed, the recommendations were not prioritized, and no timelines for implementation were established. Furthermore, we found management did not establish a process to track progress towards addressing the recommendations.

1.95 Following the creation of the Investigations and Compliance Division in 2021, management indicated it was no longer the intention to implement the recommendations from the fraud risk

assessment as they felt the new division would address the risks identified. While we view the creation of the Investigations and Compliance Division as a positive step toward improving the Department's prevention and detection of fraud, the work undertaken by the Department to date has not addressed recommendations identified in the fraud risk assessment.

Recommendation 1.14

We recommend the Department of Labour, Skills and Immigration work with the Internal Audit Centre to fully respond to the recommendations of the 2020 fraud risk assessment so the risks identified are addressed and adequately managed.

Department of Labour, Skills and Immigration Response: Agree. IPG has been working with the Internal Audit Centre (IAC) to identify ways to strength practices including the provision of an anonymous fraud reporting service.

IPG will continue working with IAC to fully respond and implement, where appropriate, the recommendations of the fraud risk assessment report dated 2020 and issued January 2021. Target Date: January 2023



More proactive steps needed to identify fraud

- 1.96 It is important for the Department to take more proactive measures to assess whether employers and those nominated or endorsed through the province's immigration programs are complying with requirements. This work could include unannounced site visits to interview employers and nominated or endorsed employees and obtaining documentation to support employment details. Employers and individuals reviewed can be selected using a combination of random selection and risk-based approach using external tips, staff recommendations, and past instances of non-compliance with provincial immigration program requirements.
- 1.97 Despite its importance, this work is not being completed. Management indicated when the Investigations and Compliance Division was created in April 2021, the primary focus was on building the investigative capacity of the Division with work now underway to develop and implement processes to assess whether provincial immigration program participants are compliant with the requirements of the Nova Scotia Nominee Program and the Atlantic Immigration Pilot. Specifically, in early 2022 an individual was hired by the Department to undertake this work. It is important for the Department to continue the work in this area.

Recommendation 1.15

We recommend the Department of Labour, Skills and Immigration develop and implement processes to assess employer and individual compliance with the provincial immigration program requirements. A combination of random selection and risk-based methods can be used for selecting employers and individuals for compliance reviews with research, interviews, and review of documentation used to assess compliance with the requirements of provincial immigration programs. When instances of non-compliance are identified, we recommend establishing protocols that outline how this will be addressed.

Department of Labour, Skills and Immigration Response: Agree. IPG's Investigation and Compliance Division is responsible for conducting reviews of employer and individual case files for program non-compliance.

IPG will formalize and document this process of assessing employer and individual compliance. Additionally, two additional compliance officers will be hired, which will increase IPG's capacity to conduct program non-compliance reviews. Target Date: January 2024

Reasonable Assurance Engagement Description and Conclusions

In Fall 2022, we completed an independent assurance report of the Immigration and Population Growth branch at the Department of Labour, Skills and Immigration. The purpose of this performance audit was to determine whether the Department of Labour, Skills and Immigration is attracting and retaining immigrants that meet the labour needs of the province while also maintaining the integrity of the immigration system.

It is our role to independently express a conclusion about whether the Immigration and Population Growth branch complies in all significant respects with the applicable criteria. Management at the Department of Labour, Skills and Immigration have acknowledged their responsibility for the management of immigration programs.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada; and sections 18 and 21 of the Auditor General Act.

We apply the Canadian Standard on Quality Control 1 and, accordingly, maintain 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 conducting the audit work, we have complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:

To determine if the Department of Labour, Skills and Immigration follows clear and documented processes to ensure the Nova Scotia Nominee Program meets the labour market needs of Nova Scotia.

Criteria:

1. The Department of Labour, Skills and Immigration should have clear and documented processes to regularly review and identify Nova Scotia labour market needs.
2. The Department of Labour, Skills and Immigration should ensure the Nova Scotia Nominee Program targets the labour market needs of Nova Scotia and makes changes as necessary.

Objectives:

To determine whether the Department of Labour, Skills and Immigration only nominates applicants under the Nova Scotia Nominee Program or designates employers and endorses positions under the Atlantic Immigration Pilot that satisfy eligibility criteria.

To determine whether the Department of Labour, Skills and Immigration is monitoring performance of the immigration programs to ensure they are effectively attracting qualified immigrants.

Criteria:

1. The Department of Labour, Skills and Immigration should have documented policies and procedures to guide staff in the review and approval, as well as ongoing monitoring, of applications to the Nova Scotia Nominee Program and Atlantic Immigration Pilot.
2. The Department of Labour, Skills and Immigration should have clearly defined eligibility criteria for the Nova Scotia Nominee Program and the Atlantic Immigration Pilot.
3. The Department of Labour, Skills and Immigration should complete thorough and documented assessments, in compliance with all policies and procedures, to determine the eligibility of applicants to the Nova Scotia Nominee Program and the Atlantic Immigration Pilot.
4. The Department of Labour, Skills and Immigration should have a quality assurance process for the review and approval of applications to immigration programs.
5. The Department of Labour, Skills and Immigration should have appropriate, regularly updated, documented and measurable performance indicators to evaluate the effectiveness of the programs in attracting and retaining immigrants.
6. The Department of Labour, Skills and Immigration should regularly report on performance indicators and take necessary steps to improve performance when targets are not met.

Objective:

To determine if the Department of Labour, Skills and Immigration has processes to ensure funding to settlement service providers targets the needs of immigrants, is used as intended, and is effective in helping retain immigrants.

Criteria:

1. The Department of Labour, Skills and Immigration should have a documented and comprehensive process for the selection of settlement service providers to meet the needs of immigrants.
2. The Department of Labour, Skills and Immigration should select settlement service providers that meet the settlement needs of immigrants to Nova Scotia.
3. The Department of Labour, Skills and Immigration should establish contracts with settlement service providers that include clear terms and conditions, as well as performance expectations, that protect the interests of the province.
4. The Department of Labour, Skills and Immigration should oversee contracts with settlement service providers to ensure funding is used for its intended purposes.
5. The Department of Labour, Skills and Immigration should take timely action against settlement service providers when instances of non-compliance with contract terms and conditions are identified.

Objectives:

To determine whether the Department of Labour, Skills and Immigration has adequate processes in place to identify fraud risks and take appropriate steps to either prevent or mitigate the risks.

To determine whether the Department of Labour, Skills and Immigration has adequate processes to respond when fraud is identified.

Criteria:

1. The Department of Labour, Skills and Immigration should have documented policies and procedures to identify and prevent the risk of fraud.
2. The Department of Labour, Skills and Immigration should complete thorough and comprehensive investigations when instances of possible fraud have been identified.
3. The Department of Labour, Skills and Immigration should take appropriate actions if an investigation confirms fraud.
4. The Department of Labour, Skills and Immigration should have a process in place to monitor and address the risks and recommendations included in the 2020 fraud risk assessment completed by the Internal Audit Centre.

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Department of Labour, Skills and Immigration.

Our audit approach consisted of interviews with management and staff of the Department of Labour, Skills and Immigration, review of policies and procedures, and testing of files. Our audit period covered April 1, 2019 to December 31, 2021. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on October 18, 2022, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and evidence obtained we have found the following conclusions. The Department of Labour, Skills and Immigration:

- Does not follow a clear and documented process to ensure the Nova Scotia Nominee Program meets the labour market needs of Nova Scotia.
- Is only nominating applicants under the Nova Scotia Nominee Program and designating and endorsing positions under the Atlantic Immigration Pilot that satisfy eligibility criteria, however we found inconsistencies in how the applications to provincial immigration programs were assessed.
- Is monitoring the performance of provincial immigration programs in attracting qualified immigrants but more comprehensive performance indicators are needed given the aggressive population growth targets.
- Needs improved processes to ensure funding to settlement service providers targets the needs of immigrants, is used as intended, and is effective in retaining immigrants.
- Has taken certain steps to establish processes to identify, prevent and mitigate the risk of fraud, however further improvements are needed.
- Conducts investigations into potential fraud cases and takes appropriate action based on the results. However, the Department does not have documented processes to guide staff in the completion of investigations.

• • • Office of the Auditor General • • •

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