



**HOUSE OF COMMONS
CANADA**

**CHAPTER 5, KEEPING THE BORDER OPEN AND SECURE
– CANADA BORDER SERVICES AGENCY OF THE
OCTOBER 2007 REPORT OF THE AUDITOR GENERAL OF
CANADA**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, M.P.
Chair**

May 2008



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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

FIFTHTEENTH REPORT

Pursuant to Standing Order 108(3)(g), the Standing Committee on Public Accounts has considered the Chapter 5, Keeping the Border Open and Secure – Canada Border Services Agency of the October 2007 Report of the Auditor General of Canada. The Committee as agreed to table this Report as follows:

Pursuant to Standing Order 108(3)(g), the Standing Committee on Public Accounts has considered the Chapter 5 of the October 2007 Report of the Auditor General of Canada (**Keeping the Border Open and Secure – Canada Border Services Agency**) and has agreed to report the following:

INTRODUCTION

Canada has 1,269 ports of entry by sea, air and land that allow 96 million people to enter Canada each year. The Canada Border Services Agency (CBSA) manages access to these ports of entry through its mandate to provide border services that support national security and public safety priorities in addition to facilitating the free flow of people and goods.

The Office of the Auditor General conducted an audit to examine whether the CBSA's approach to border management is based on a threat and risk assessment, and whether it achieves the desired balance between an open border and a secure border for the entry of people and goods into Canada.

This Committee held one meeting on 5 February 2008 to examine the Office of the Auditor General's chapter on the CBSA.¹ The Committee met with Hugh McRoberts, Assistant Auditor General and Gordon Stock, Principal from the Office of the Auditor General. In addition, the Committee heard from the following witnesses from the CBSA: Alain Jolicoeur, President; Stephen Rigby, Executive Vice-President; and Cathy Munroe, Director General, Programs and Operational Services Directorate.

BACKGROUND

The CBSA was created in December 2003 to integrate the front line border management and enforcement activities formerly performed by parts of

¹ Office of the Auditor General of Canada, October 2007 Report, "Chapter 5, Keeping the Border Open and Secure – Canada Border Services Agency,"

three other organisations: the Canada Customs and Revenue Agency, Citizenship and Immigration Canada and the Canadian Food Inspection Agency. The mandate of the CBSA is to provide “integrated border services that support national security and public safety priorities and facilitate the free flow of persons and goods, including animals and plants.”²

The CBSA had an annual budget of \$1.5 billion and a staff of 12,800 people in the 2006-2007 fiscal year. This includes 5,400 border services officers who work at Canada’s ports of entry. The border services officers approve the entry of \$404.5 billion in imported goods annually.

The audit covered a diversity of areas within the CBSA. The Committee noted that three themes emerged in the audit chapter: poor risk management, poor information management, and poor performance measurement. These three themes are closely tied together. For example, as the Committee heard, without good performance measurement, it is difficult to determine a valuable risk management strategy because the effectiveness of the screening programs may not have been properly measured. In addition, without good information management, there would be no consistent data upon which to base decisions regarding a strong risk management strategy.

The audit describes an example of the examination of containers arriving in Canada that shows how the CBSA is not effectively assessing risk at its ports of entry. The audit examined the files for 20 containers that were loaded without authorization and appeared to have arrived in Canada before being risk-assessed for national security concerns.³ The CBSA’s National Risk Assessment Centre tracks containers that are loaded without authorization and the audit sought to learn whether the CBSA’s Centre had been able to discount the possibility of a national security risk before the containers arrived in Canada.

² *Canada Border Services Agency Act*, Section 5(1).

³ Chapter 5, paragraph 5.52.

According to the audit, the Centre's records showed that 10 of these containers entered Canada without the required advance targeting or any further examination. And for eight of the remaining containers, the CBSA did not provide sufficient evidence to show whether it had or had not eliminated the security risk before their arrival. Therefore 18 of the 20 containers examined in this audit were not properly assessed for potential risks. This example shows a breakdown in all three areas of risk management, information management and performance measurement.

In addition to the testimony the Committee heard testimony about the breakdown in measurement and management areas, it also heard about the lack of consistent training and questionable practices of charging examination fees.

ACTION PLAN AND STATUS REPORT

The audit covered many detailed aspects of the CBSA's management of the balance between facilitation of trade and travel and security at the ports of entry into Canada. The Committee agrees with all of the Office's recommendations included in this chapter. During its hearing on this audit, the Committee heard testimony that reinforced the importance of the audit's recommendations, and the President of the CBSA, Mr. Jolicoeur, stated that the CBSA concurs with all the recommendations in the Auditor General's report. The Committee would have like to have seen an action plan before the CBSA's appearance on 5 February 2008 detailing the CBSA's response to the recommendations made by the Auditor General. Despite the fact that Mr. Jolicoeur told the Committee that a comprehensive action plan has already been developed to address the recommendations, this action plan was only provided to the Committee on 10 April 2008..⁴ The Committee believes that government organizations should be able to provide an action plan to the Committee prior to a hearing, especially when the audit report has been tabled in Parliament months

⁴ Standing Committee on Public Accounts. Meeting 13, 5 February 2008: 1120.

earlier. The Committee is extremely dissatisfied with the length of time it took for the CBSA to send its action plan.

Because the CBSA plays such an important role in both Canada's security and economy, the Committee would like to see the progress made by the CBSA in implementing the Auditor General's recommendations. For this reason, the Committee recommends that

RECOMMENDATION 1

The Canada Border Services Agency provide the Public Accounts Committee with a status report on its implementation of the recommendations contained in Chapter 5: Keeping the Borders Open and Secure – Canada Border Services Agency of the October 2007 Auditor General's report by 31 December 2008.

RISK MANAGEMENT

The Treasury Board Secretariat published the *Integrated Risk Management Framework* in 2001. The *Framework* defines integrated risk management as "a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective."⁵ The goal of the *Framework* is to aid in making strategic decisions that contribute to the achievement of an organization's overall corporate objectives. Given the nature of the mandate of the CBSA, the audit expected the CBSA to have an Integrated Risk Management Framework. However, the audit found that the CBSA has only recently begun to make progress in applying the TBS's *Framework*. In general, the audit found no overall coordination for risk management or for mitigating strategies in the CBSA.

⁵ Treasury Board Secretariat, *Integrated Risk Management Framework*, 2001, p. 10, http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/riskmanagement/rmf-cgr_e.asp.

The CBSA was created almost five years ago. Despite this, its 2007-2008 strategic plan does not identify key risks to border integrity. Mr. Jolicoeur did state that the CBSA does have a risk management strategy in which

operations are based on three fundamental strategies: pre-approval programs to facilitate low-risk people and goods; advance information on what and who is coming to the border to identify high or unknown risk people and goods; and then turning this information into intelligence using sophisticated science and technology-based risk assessment systems.⁶

However, Mr. Jolicoeur stated that the CBSA's "ability to deploy resources from one area to another in a planned manner and based on a risk analysis approach" is missing.

The Committee is concerned that unless the CBSA is able to align resources to risk areas as needed and unless the CBSA can identify these key areas of risk that it cannot be fulfilling its mandate to the best of its ability. The CBSA must balance an open and a secure border, and until it develops a complete integrated risk management framework, this balance will not be achieved. While the Committee is encouraged by the CBSA's commitment to developing an Integrated Risk Management Framework, it is concerned by its statement that the work on its risk framework could be accelerated if it receives incremental resources.⁷ The Committee believes that the risk framework should be a priority for the CBSA and that it should devote the resources necessary to ensuring its development. To ensure that this is done, the Committee recommends that

RECOMMENDATION 2

The Canada Border Services Agency include in its Departmental Performance Report a discussion on the Agency's risk management strategies.

⁶ Meeting 13, 1135.

⁷ OAG Chapter 5, response to recommendation 5.20.

LOOKOUTS

The CBSA uses lookouts as a tool to guide the decision on whether a traveller or shipment will be referred for further examination. Lookouts are electronic notifications about potentially high-risk people and shipments. The audit noted that lookouts can be issued for several reasons, including past custom seizures and immigration violations.

The CBSA has automated controls to alert border services officers that lookouts need to be intercepted and examined. The audit found cases in which lookouts were missed at primary inspections and that these cases were not systematically tracked at a corporate level to determine the extent of this problem. However, the audit noted in paragraph 5.84 that the National Risk Assessment Centre does track this information and it found that an average of 13% of its customs lookouts and 21% of its immigration lookouts from January to March 2007 were not referred for secondary inspection. The Committee was quite astonished and disturbed to learn how many lookouts were not being referred for further examination.

The Committee asked for clarification from the CBSA on the number of missed lookouts who entered Canada in 2006-2007. In the CBSA's response, it reported that the National Risk Assessment Centre was only one of a number of areas within the CBSA that issues lookouts. It also stated that its lookouts account for less than one per cent of all the CBSA's lookouts. The Office of the Auditor General did not audit the number of lookouts that the Risk Assessment Centre is responsible for, and therefore cannot confirm or refute the numbers provided by the CBSA.

The Committee is concerned that the statistics provided in the audit may not be a complete presentation of the situation of missed lookouts in the CBSA. Though the Committee believes that there should not be any missed lookouts, it

also believes that missing 13% and 21% of less than the reported 1% of the total number of lookouts issued by the CBSA may not be as troubling as missing 13% and 21% of all CBSA lookouts. This issue of presentation should be resolved between the CBSA and the Office of the Auditor General so as to clarify any misperceptions these statistics may present: indeed the Committee is surprised that the CBSA did not clarify this issue before the audit was released. The Committee hopes that departments will work more closely with the OAG to ensure that facts are appropriately presented.

TRAINING

The audit discussed the fact that border services officers rely on their own analysis and judgement to select shipments for examination. Though personal judgement is a key component of border officers' ability to do their job, this finding suggests that there may be little consistency in how this personal judgement is applied. The audit identified that there was no standard training program for border officers to ensure that they screen and select people and goods for further examination.

The Committee heard testimony about the need for consistent training across the CBSA. Ms. Munroe, the Director General of the Programs and Operational Services Directorate, confirmed that the CBSA does not have a fully integrated national training model that makes sure all of the training gaps are filled.⁸ She explained that models are in the design phase and that the CBSA would roll them out in phases over the course of the next year. The Committee agrees that the CBSA needs consistent training for all of its border officers so as to ensure a consistently secure border. It is important that someone crossing the border in Alberta faces the same scrutiny for the same reasons as someone coming into the country through an airport in Nova Scotia. The Committee is pleased that the CBSA is developing training models. However, given the

⁸ Meeting 13, 1225.

seriousness of this issue, the Committee would like to have confirmation that the CBSA training models will indeed be implemented in the future. For this reason, the Committee recommends that

RECOMMENDATION 3

The Canada Border Services Agency provide a status report on the implementation of its training models in its 2008-2009 Departmental Performance Report.

INSPECTION FEES

One of the ways the CBSA brings in revenues is through inspection and examination fees. According to the CBSA, border services officers may examine any shipment that arrives at the border in order to monitor compliance with requirements or restrictions. The carriers of the shipment must allow the CBSA to examine the shipment and are responsible for any costs that are incurred for the examination.⁹ Mr. Jolicoeur stated that the *Customs Act* specifies that it is the responsibility of the carrier of the goods to present these goods to the customs office.¹⁰ He stated that the money raised is targeted to recovering the cost of examining containers and not money for the CBSA.

The CBSA has stated in response to some of the audit recommendations that it intends to increase the number of random inspections it undertakes. The Committee noted that the random examination of containers at the expense of carriers could lead to an unfair levying of examination fees. As stated above, the selection of a carrier for examination is at the discretion of border services officers. If the number of random examinations is increased, there is a greater chance of a carrier being selected for examination for purely random reasons. As the system now stands, there is little to stop a certain carrier being chosen for an examination time and time again for no reason other than being the next

⁹ <http://www.cbsa.gc.ca/sme-pme/i-guide-eng.html>

¹⁰ Meeting 13, 1245.

person in line. Though random inspections are necessary, the cost of such should be borne by all and not the randomly chosen carrier. For this reason, the Committee recommends that

RECOMMENDATION 4

The Canada Border Services Agency review its process for charging examination fees so as to ensure that there are no additional charges levied on those carriers chosen for random inspections.

CONCLUSION

The Canadian Border Services Agency provides services at approximately 1,200 points across Canada and at 39 international locations. At 61 of the 119 land border crossings and nine international airports, the CBSA operates on a 24/7 basis. In addition to this, the CBSA operates four immigration detention facilities for individuals deemed to be inadmissible to the country for a variety of reasons.¹¹ Given the involvement of the CBSA in the comings and goings of people and trade all over Canada, the Committee is astonished that the CBSA has not managed the risks involved in achieving a balance between an open border and a secure border in an integrated manner. The Committee understands that it would be impossible for the CBSA to examine every person and shipment entering the country and still maintain an open border. What the Committee cannot understand is how the CBSA has managed for as long as it has without effective targeting methods based on an integrated risk framework that would allow low-risk people and goods to enter Canada while appropriate action is taken for those who are high-risk.

The Committee is pleased that the CBSA accepted all of the Auditor General's recommendations. However, it is concerned with the CBSA's ability to

¹¹ Canada Border Services Agency. "About Us". Available online at <http://cbsa-asfc.gc.ca/agency-agence/what-quoi-eng.html>

assign the needed resources to best manage the risks inherent in its mandate. The Committee looks forward to receiving updates from the CBSA as an assurance to Canadians that the Agency is providing the best balance available between an open and a secure border.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Canada Border Services Agency Alain Jolicoeur President	2008/02/05	13
Cathy Munroe Director General Programs and Operational Services Directorate		
Stephen Rigby Executive Vice-President		
Office of the Auditor General of Canada Hugh McRoberts Assistant Auditor General	2008/02/05	13
Gordon Stock Principal Public Safety and Emergency Preparedness Canada, Justice		

REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the Government table a comprehensive response to the report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 13, 26, 28 and 33 including this report is tabled](#)).

Respectfully submitted,

Hon. Shawn Murphy, M.P.
Chair