

**Human Resources & Social Development Canada  
on Behalf of Service Canada - Integrity Branch**

**Independent Review of the Integrity of the Social Insurance  
Number and Social Insurance Register**

# **Summary of Review Findings**

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**November 27, 2006**

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## **EXECUTIVE SUMMARY**

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### **SOCIAL INSURANCE NUMBER (SIN)**

Introduced by Parliament in 1964 to register people for Employment Insurance and the Canada Pension Plan, the Social Insurance Number (SIN) also became a file identifier for income tax purposes in 1967. Today, this nine-digit number, together with other personal information in the Social Insurance Register (SIR), is used to identify individuals for certain government programs and services including most social and contributory programs and income tax management. Canadian citizens, permanent residents and temporary residents with a valid authorization to work in Canada are eligible to receive a SIN.

All SINs issued since 1964 and the personal information provided by individuals when they apply for a SIN is contained in the SIR. This information includes an individual's name, date of birth, place of birth, and parents' names. Death dates are also recorded in the SIR.

In 1998 and again in 2002, the Office of the Auditor General (OAG) of Canada audited the management of the SIN and the SIR and made a number of recommendations to address problems related to the accuracy the SIR and the integrity SIN processes. The OAG is presently conducting a follow-up audit of the SIN and the SIR, which is expected to be tabled in Parliament in February 2007.

Service Canada, as announced in the 2005 Federal Budget, is the Government of Canada's new, one-stop service delivery network that brings a range of federal services together to meet the individual needs of Canadians wherever they live. Management of the SIN and SIR is the responsibility of Service Canada. As stated on page 19 of Service Canada's request for proposal (RFP) for this independent review, two of the key objectives of Service Canada are to:

- "Deliver seamless citizen-centered service by providing integrated, one-stop service based on citizen needs and helping to deliver better policy outcomes; and
- Enhance the integrity of programs by building trust and confidence in the integrity of our social programs and by achieving significant savings in program payments."

While the SIN is not a statutory "Program" per se, references in this report to the "SIN Program" are intended to describe end-to-end processes, administration and governance related to the SIN and which are within the scope of this independent review.

### **OBJECTIVES & SCOPE OF THIS REVIEW**

As outlined in the RFP, there were 2 key objectives associated with this independent review of the integrity of the SIN and the SIR:

**Objective #1** - *Determine how well-positioned the SIR is to fulfill its role as the foundation for the integrity of Service Canada's programs; and,*

**Objective #2** - *Assess the extent to which commitments made by Service Canada in connection with the OAG's 2002 Audit have been delivered.*

To deliver these two objectives, the scope of this independent review included various process walkthroughs, observations, documentation review, analysis and other direct tests of SIN

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processes/initiatives and of the SIR. Review procedures were completed at Service Canada Headquarters (both in the National Capital Region and in Bathurst, NB) and at the Regional Operations level (Service Canada centres in Verdun/Montreal, Ottawa and Winnipeg were selected for testing). In evaluating SIN/SIR integrity, page 20 of the RFP required that the independent review team consider the following four (4) components as within the scope of this SIN/SIR integrity assessment:

- “Determine the **current level of integrity of the entire SIN end-to-end process**, including the application, risk assessment, SIN issuance, investigation functions, policies, procedures, privacy, security, etc.;
- Benchmark the **current level of the integrity of the SIR**, in terms of accuracy, completeness, and reliability;
- Provide an assessment of the **integrity of the new SIN initiatives i.e.:**
  - **SIN On-Demand [currently known as SIN Rapid Access]**, and
  - **Vital Event linkages initiatives (VEL)**; and,
- **Identify outstanding areas of risk to the integrity** of the SIN/SIR.”

#### **NATURE OF THE REVIEW AND REVIEW PROCEDURES**

*Readers should note that this independent review was not an audit. The scope and nature of our review procedures were not designed to deliver audit-level assurance except as specifically indicated in Section 1.5.2. Furthermore, the evaluation of SIN/SIR Integrity as described in this document is limited to those criteria described herein. For example, we did not evaluate SIR data in terms of whether actual births or deaths were fully reflected, or whether address/name information was accurate. Readers of this Executive Summary and the following report should consult Sections 1.2 through 1.5 of the Report as well as Appendix A for additional details concerning the scope, criteria and nature of procedures used to complete this independent review.*

#### **METHODOLOGY**

The precise methodology used to complete this review was developed following consultation with, and input from the Service Canada Project Authority and the OAG.

Highlights of the methodology are as follows:

- Conducted interviews with various Service Canada managers, staff and consultants.
- Conducted various tests related to the SIN end-to-end process at Local Service Offices in Ottawa (Ontario), Verdun (Quebec), Bathurst (New Brunswick), and Winnipeg (Manitoba) and regional operations for Quebec and Manitoba.
- Reviewed documentation and reports provided by Service Canada.
- Reviewed contents of the Service Canada intranet site.
- Conducted specific tests to assess the accuracy, completeness and reliability of SIR data.

## KEY FINDINGS

### OBJECTIVE #1: POSITIONING OF THE SIR AS A FOUNDATION FOR PROGRAM DELIVERY

#### Overall Conclusion

Our procedures indicated that Management's control over the SIN Program, including all related processes, new initiatives and SIR data, has improved since the September 2002 OAG report. Not only have these improvements increased the effectiveness and efficiency of processes, they have resulted in improved controls and an increased level of integrity within both the SIN Program and the SIR. Examples of significant initiatives include newly automated processes for issuing SINs, a new Proof-of-Identity (POI) program, a uniform standard for identity documents, and Proof-of-Need documentation requirements.

We also identified evidence of positive momentum in respect of (1) key initiatives such as the Vital Events Linkage, (2) continuous improvement and monitoring initiatives such as the Quality Management Program for SIN Rapid Access and implementation of Integrated Risk Management and (3) delivering against the recommendations contained in relevant OAG audit reports.

Overall, based on the scope and extent of procedures completed during this review and provided Service Canada responds appropriately to potential weaknesses noted in this report, **we conclude that the SIR is currently well positioned as a foundation for future program delivery.**

Continued positive momentum in addressing key initiatives, quality control and follow-up of OAG recommendations will help ensure the SIR continues to be well-positioned as a foundation for future service delivery.

#### Key Observations and Recommendations

In reviewing the various components of SIN/SIR integrity, we identified a number of initiatives, process improvements and ongoing control enhancements that require continued and/or additional management attention in order to sustain SIN/SIR integrity and ensure the SIR remains well-positioned for future program delivery. Below is a summary of related observations and recommendations.

##### 1. Observations & Recommendations: Integrity of SIN Program

Our review procedures indicated that that processes related to SIN Application and Modification were well documented, implemented and controlled. We also identified that Management had implemented various practices associated with sound risk management and governance.

Specifically, we noted a number of initiatives that have enhanced the SIN application process and have improved the efficiency and effectiveness of end-to-end processes. We also determined that *Quality Management* has improved and encompasses risk mitigation measures such as staff training on new processes/practices. Staff training programs include a specialized certification program for Service Delivery Representatives (SDR), the introduction and update of work tools and policies/procedures and monitoring SDR's access of the SIR. We also noted enhancement to the tools used to monitor and report on transaction history, statistics, and access to the SIR by SDRs.

In addition to the requirement to maintain the positive momentum as referenced in the overall conclusion above, we have identified the following potential weaknesses requiring Service Canada's attention:

| Potential Weaknesses   | Summary of Related Recommendations   |
|--|--|
| <ul style="list-style-type: none"> <li>• Operational performance indicators and related reporting are under development.</li> <li>• Limited systematic means to identify, capture and report all relevant operational information at the local office level.</li> </ul>  | <p>#1: Continue to place a high priority on developing performance indicators and structured performance reporting mechanisms at all levels, including local offices.</p>  |
| <ul style="list-style-type: none"> <li>• Inconsistent process for reporting risks.</li> <li>• Initiatives to detect errors, abuse and fraud are not formally linked to risk reporting.</li> <li>• Lack of formal link between mitigation plans and identified risks.</li> </ul>  | <p>#2: Establish SIN Program Risk &amp; Control Framework and link to Treasury Board's Integrated Risk Management Framework (IRMF)</p> <p>#3: Establish linkage between Service Canada's Operational Risk Management strategy and the IRMF.</p>  |
| <ul style="list-style-type: none"> <li>• No security features associated with the physical SIN card.</li> </ul>  | <p>#4: Consider the need to maintain the physical SIN card and/or consider if security features should be applied to the card.</p>   |
| <ul style="list-style-type: none"> <li>• Inconsistency in the enforcement of operational controls by location, including supervisory monitoring of work performed by investigators.</li> <li>• Incomplete audit trails to evidence analysis and supporting conclusions related to investigations at the regional level.</li> </ul> | <p>#5: Management to consider means of ensuring that Investigation activities are supervised and monitored</p> <p>#6: Develop and implement a records management policy and procedures for ICO offices that facilitates monitoring and audit trails.</p>   |
| <ul style="list-style-type: none"> <li>• Updates of dormant flags (to highlight inactivity and unexpected activity) are behind schedule.</li> <li>• Business rules not applied in connection with acceptance of dormant flag reversals triggered by activity reported by Canada Revenue Agency.</li> </ul>                         | <p>#8: Take steps to ensure annual update of dormant flags and monitor status of these updates.</p> <p>#9: Apply business rules to reversal of dormant flags based on Canada Revenue Agency activity and better define the nature of CRA activity that warrants a reversal.</p> <p>#10: Review usefulness of dormant flag as a risk indicator for partner organizations.</p> |

## 2. Observations & Recommendations: Integrity of SIR Data and Supporting Infrastructure

The results of direct testing of SIR data yielded a very low incidence of errors (i.e. for a number of tests, 1 error noted in a sample of over 50,000 records), indicating a high level of SIR data integrity. We do, however, recommend that Management consider expanding data integrity testing as a means to cover more data elements to more precisely estimate errors in the SIR.

Our review of the SIR also revealed a technology/security infrastructure with the appropriate characteristics to support a conclusion that the SIR is currently well positioned for future program delivery.

In addition to the requirement to maintain the positive momentum as referenced in the overall conclusion above, we have identified the following potential weaknesses regarding the infrastructure supporting the integrity of SIR data that require Service Canada's attention:

| Potential Weaknesses   | Related Recommendations   |
|--|---|
| <ul style="list-style-type: none"> <li>Lack of a centralized and complete inventory of system controls.</li> </ul>   | #12: Consider a global review of computer controls indicating evaluation of current and desired state.                      |
| <ul style="list-style-type: none"> <li>No integrated tool set providing electronic link between new requirements, application version number and computer program specifications.</li> </ul> | #13: Consider a more integrated tool set for system development, maintenance and support.                                   |
| <ul style="list-style-type: none"> <li>Test databases contain current SIR records yet are not as stringently protected as the production (SIR) database.</li> </ul>                          | #14 Consider additional controls over data used for testing purposes to ensure SIR records are always adequately protected. |
| <ul style="list-style-type: none"> <li>Corporate knowledge related to SIR business processes and underlying business rules is vested in a small number of senior managers.</li> </ul>        | #15: Develop a means of ensuring knowledge transfer to a wide range of employees and continue succession planning.          |

## OBJECTIVE #2: DELIVERY AGAINST COMMITMENTS OF 2002 AUDIT ACTION PLAN

### Overall Conclusion

The September 2002 OAG's report resulted in thirteen (13) recommendations, two (2) of which were addressed to the Treasury Board Secretariat (TBS). Our scope did not consider the two recommendations directed to the TBS.

Since 2002, significant efforts have been initiated to address the recommendations. In many instances, individual action plans included initiatives that went beyond the OAG's recommendations as Service Canada implemented enhancements designed to position the SIN Program and SIR as a foundation for future service delivery.

For the eleven OAG recommendations applicable to Service Canada, our review procedures yielded the following results:

- In **eight (8)** cases, Service Canada's response **met** their commitment in response to the OAG recommendations.
- In **three (3)** cases, Service Canada's response **partially met** their commitment in response to the OAG recommendations. These 3 cases addressed: public awareness programs, goals regarding reliability of the SIR, and adoption of risk-based approach to fraud investigation. We encourage Service Canada to continue its efforts to complete the required work to ensure all OAG recommendations have been fully addressed.
- In **no cases** had Service Canada **not met** their commitments.

**Met** = Service Canada has met its commitments in response to the OAG's recommendations

**Partially Met** = Service Canada has taken appropriate steps, however, additional work is required to fully meet its commitments in response to the OAG's recommendations.

**Not Met** = Service Canada has not taken appropriate steps in response to the OAG's recommendations.

**Key Recommendation**

We recommend that Service Canada continue their efforts to address all of their commitments associated with the three (3) cases where, to date, it has partially met its commitments.

**ACKNOWLEDGEMENT**

We would like to acknowledge the cooperation and ongoing contribution of the numerous Service Canada Management and Staff, who provided us with access to information as well as frank and candid comments throughout the course of the review.

## **1 Introduction / Background**

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### **1.1 BACKGROUND**

The creation of Service Canada was announced in the 2005 Federal Budget as one of the biggest reforms ever undertaken in federal government operations.

On February 6, 2006 the Government of Canada consolidated the Departments of Human Resources and Skills Development Canada and Social Development Canada to form Human Resources and Social Development Canada (HRSDC), with the goal of ensuring integrated policy development, as well as improved delivery of programs and services through Service Canada.

Service Canada's website describes it as the Government of Canada's new, one-stop service delivery network that brings a range of federal services together to meet the individual needs of Canadians wherever they live.

As stated on page 19 of Service Canada's request for proposal (RFP) for this independent review, two of the key objectives of Service Canada are to:

- "Deliver seamless citizen-centered service by providing integrated, one-stop service based on citizen needs and helping to deliver better policy outcomes; and
- Enhance the integrity of programs by building trust and confidence in the integrity of our social programs and by achieving significant savings in program payments."

The Social Insurance Number (SIN) and the Social Insurance Register (SIR) are the foundation for Service Canada's commitment to transform service delivery to Canadians. Service Canada has stated that ensuring that the right client receives the right service or benefit at the right time and for the intended purpose starts with the ability to effectively and accurately verify an individual's identity. Service Canada has gone on to say that, as the most commonly used identifier for the delivery of government services in Canada, the SIN is a key to achieving this vision. The SIR, as the register in which SIN information is stored, is intended to provide Service Canada with the ability to manage this information in a secure environment.

While the SIN is not a statutory "Program" per se, references in this report to the "SIN Program" are intended to describe end-to-end processes, administration and governance related to the SIN and which are within the scope of this independent review.

#### **KEY OBJECTIVES AND PRIORITIES MOVING FORWARD**

Service Canada has indicated its committed to the continuous improvement of service. The three-year vision for Service Canada is to achieve better outcomes for Canadians through service excellence. We understand this will be accomplished by working in collaboration with the Minister, HRSDC and other Government of Canada departments and agencies, other levels of government and community partners to provide one-stop, easy-to-access, personalized service for Canadians.

As part of Service Canada's commitment to an accountable, responsive and innovative government, it has indicated a focus on achieving the following five objectives, as summarized below:

1. Delivery of seamless citizen-centered service;
2. Enhancement of the integrity of programs;
3. Working as a collaborative, networked government;
4. Demonstrating accountable and responsive government; and
5. Building a culture of service excellence

As detailed later in this Report, Objective #2 is particularly relevant to this review.

### **SOCIAL INSURANCE NUMBER (SIN)**

Introduced by Parliament in 1964 to register people for Employment Insurance and the Canada Pension Plan, the SIN also became a file identifier for income tax purposes in 1967. Today, this nine-digit number is used for the identification of individuals for certain government programs and services, either on a legislated or policy basis, and includes most social and contributory programs and income tax management. Canadian citizens, permanent residents and temporary residents with a valid authorization to work in Canada are eligible to receive a SIN.

All SINs issued since 1964 and the personal information provided by individuals when they apply for a SIN is contained in the SIR. This information includes an individual's name, date of birth, place of birth, and parents' names. In addition, death dates are recorded in the SIR.

In 1998 and again in 2002, the Office of the Auditor General (OAG) of Canada audited the management of the SIN and the SIR and made a number of recommendations to address problems identified that were related to the accuracy and integrity of the program. Comprehensive departmental action plans were developed and implemented to address these recommendations and progress on the actions plans have been communicated back to the OAG and Parliament. In the annual monitoring report provided to the OAG in May 2005, it was stressed that the SIN is at the core of service transformation in a way that was not contemplated at the time of the OAG's comprehensive audit of 2002. As such, the final report detailed not only progress made in addressing the specific OAG concerns, but also ongoing work dedicated to the Service Canada initiative that went beyond the initial recommendations put forward in the OAG Report. The OAG is presently conducting a follow-up audit of the SIN and the SIR for tabling in Parliament in February 2007.

As Service Canada proceeds with the implementation of its work plan, in particular the commitment to implement the SIN and the SIR as the foundation for a safe and secure common identifier, Service Canada determined that the services of an independent firm was required to assess the integrity of the SIN and the SIR.

## **1.2 NATURE OF THE INDEPENDENT REVIEW**

While Service Canada's RFP included some references to this project as an audit, preliminary discussions with the Service Canada project team and the OAG resulted in the clarification that this project is an independent review rather than an audit. The procedures completed by the independent review team were not designed to deliver audit-level assurance except in the case of specific

commitments made by Service Canada in connection with the OAG's 2002 Audit recommendations whereby specific detailed testing was performed (see Section 1.5.2).

### **1.3 OBJECTIVES OF THE INDEPENDENT REVIEW**

As the foundation of Service Canada's commitment to transform service delivery to Canadians, there were 2 key objectives associated with this independent review of the integrity of the SIN and the SIR:

**Objective #1** - *Determine how currently well-positioned the SIR is to fulfill its role as the foundation for the integrity of Service Canada's programs; and*

**Objective #2** - *Assess the extent to which commitments made by Service Canada in connection with the OAG's 2002 Audit have been delivered.*

### **1.4 PROJECT SCOPE**

The independent review team worked in collaboration with the Service Canada Program Authority (PA) and Technical Authority (TA). In developing the precise methodology to be undertaken for this review, we consulted with the OAG to ensure that the review team had insight to the particular concerns of the OAG. We conducted interviews with a number managers, staff and consultants who have been involved in various SIN and SIR initiatives to gain an understanding of relevant issues and activities. Site visits were done in the Ottawa (Ontario), Verdun (Quebec), Bathurst (New Brunswick), and Winnipeg (Manitoba) service centres and regional operations in Quebec and Manitoba. Interviews and visits were also carried out at the Investigations and Control offices in Montreal (Quebec) and Winnipeg (Manitoba). We also consulted staff of other Government of Canada organizations (specifically Passport Canada and the RCMP) that regularly undertake validation of personal information in connection with Government of Canada services and activities. Details of procedures performed are included in Appendix A.

In evaluating SIN/SIR integrity, page 20 of the RFP required that the independent review team consider the following four (4) components as within the scope of a SIN/SIR integrity assessment:

- "Determine the **current level of integrity of the entire SIN end-to-end process**, including the application, risk assessment, SIN issuance, investigation functions, policies, procedures, privacy, security, etc.;
- Benchmark the **current level of the integrity of the SIR**, in terms of accuracy, completeness, and reliability;
- Provide an assessment of the **integrity of the new SIN initiatives i.e.:**
  - **SIN On-Demand [currently known as SIN Rapid Access]**, and
  - **Vital Event linkages initiatives (VEL)**; and,
- **Identify outstanding areas of risk to the integrity** of the SIN/SIR."

### **1.5 APPROACH & METHODOLOGY**

Our methodology included the following tests and techniques:

- Conducted interviews with various Service Canada managers, staff and consultants.
  - Conducted various tests related to the SIN end-to-end process at Local Service Offices in Ottawa (Ontario), Verdun (Quebec), Bathurst (New Brunswick), and Winnipeg (Manitoba) and regional operations for Quebec and Manitoba.
  - Reviewed documentation and reports provided by Service Canada.
-

- Reviewed contents of the Service Canada intranet site.
- Conducted specific tests to assess the accuracy, completeness and reliability of SIR data.

In order to efficiently deliver this methodology, we divided the independent review into three components. Each component was delivered by a dedicated team as follows:

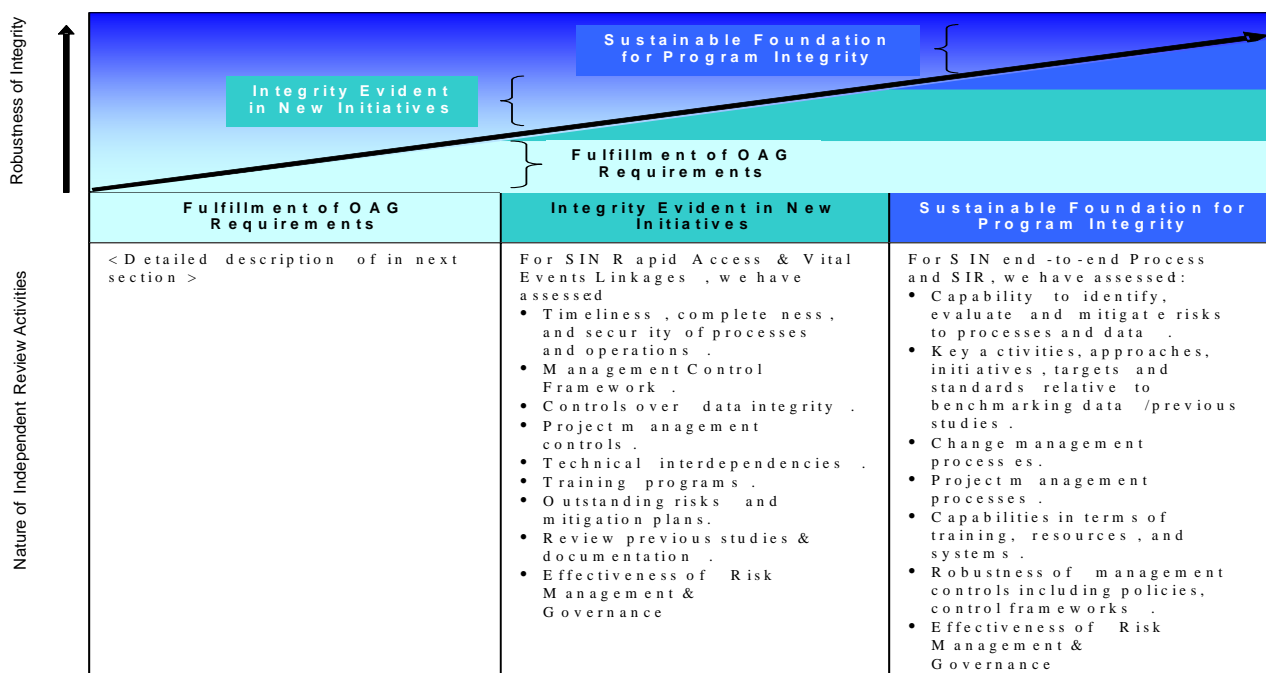
1. **Governance & Risk Management (See Section 2) and Follow-up on OAG Action Plan (See Section 5).**
2. **Process Integrity (See Section 3).**
3. **Systems Integrity (See Section 4).**

A description of criteria used by, and procedures completed by, each team is provided in Appendix A.

### 1.5.1 Approach to Meet Objective #1

The level of integrity of the SIN/SIR exists along a continuum. Objective #1 considers assessing whether integrity is high enough on the continuum to support the assertion that the SIN/SIR is currently well positioned to fulfill its role as the foundation for the integrity of Service Canada's programs.

While a detailed workplan was developed by each of the three teams listed above, the following diagram provides an overall description of the activities associated with the components of program integrity.



### 1.5.2 Approach to Meet Objective #2

In order to assess the extent to which the commitments of the 2002 Audit Action Plan have been met, we developed detailed work plans that feature the following tests/procedures:

|  | Interviews | Policy Review | Process Documentation | Process Mapping | Walk-Throughs | Limited Testing | Detailed Testing |
|--|------------|---------------|-----------------------|-----------------|---------------|-----------------|------------------|
| <b>OAG Recommendation</b>  |            |               |                       |                 |               |                 |                  |
| <b>1.31 HRDC should assess the public awareness of how and when to use the SIN appropriately and should carry out public education efforts as needed.</b>        |            |               |                       |                 |               |                 |                  |
| Public Awareness of the SIN and its Use  | ✓          | ✓             | ✓                     |                 |               |                 |                  |
| Training and Tools   | ✓          |               | ✓                     |                 | ✓             | ✓               |                  |
| <b>1.55 HRDC should ensure that its policies and practices respect the intent of the EI Act and Regulations, which require it to:</b>                            |            |               |                       |                 |               |                 |                  |
| <b>- determine the identity and citizenship status of applicants for a SIN</b>   |            |               |                       |                 |               |                 |                  |
| <b>- obtain proof of the need for a SIN from applicants who are not Canadian citizens or permanent residents</b>   |            |               |                       |                 |               |                 |                  |
| SIN Issuance Process   | ✓          | ✓             | ✓                     | ✓               | ✓             |                 | ✓                |
| Proof of Identity Policy   | ✓          | ✓             | ✓                     | ✓               | ✓             | ✓               |                  |
| Vital Events Linkages  | ✓          | ✓             | ✓                     | ✓               | ✓             | ✓               |                  |
| <b>1.56 HRDC should reconsider its goals for the 900-series SIN and the associated risks. It should revise its policy and practices accordingly.</b>             |            |               |                       |                 |               |                 |                  |
| Implementation of 900-Series SIN Expiry Dates  | ✓          | ✓             | ✓                     | ✓               | ✓             |                 | ✓                |
| <b>1.57 HRDC should improve the integrity of its SIN application process. In particular, it should:</b>  |            |               |                       |                 |               |                 |                  |
| <b>- assess the reliability of the identity and citizenship documents it accepts in support for applications and implement corrective action where necessary</b> |            |               |                       |                 |               |                 |                  |
| <b>- make reasonable efforts to develop a means of checking the validity of identity and citizenship documents with the authorities that issued them</b>         |            |               |                       |                 |               |                 |                  |
| <b>- ensure that staff have the training and tools to comply with the EI Act and Regulations when they process applications for a SIN</b>                        |            |               |                       |                 |               |                 |                  |
| SIN Issuance Process   | ✓          | ✓             | ✓                     | ✓               | ✓             |                 | ✓                |
| Proof of Identity Policy   | ✓          | ✓             | ✓                     | ✓               | ✓             | ✓               |                  |
| Implementation of Training Related to Proof of Identity Changes  | ✓          | ✓             | ✓                     |                 | ✓             |                 |                  |
| Training and Tools   | ✓          |               | ✓                     |                 | ✓             | ✓               |                  |
| <b>1.77 HRDC should set goals for the completeness and reliability of the SIR and take the steps necessary to meet them.</b>                                     |            |               |                       |                 |               |                 |                  |
| Integrity of the SIR   | ✓          |               | ✓                     |                 | ✓             |                 | ✓                |
| General Computer Controls  | ✓          |               | ✓                     |                 | ✓             |                 | ✓                |
| Work on Dormant SINs   | ✓          |               | ✓                     |                 | ✓             |                 | ✓                |
| <b>1.78 HRDC should ensure that its reporting of improvements to the quality of the information in the SIR is clear and unambiguous.</b>                         |            |               |                       |                 |               |                 |                  |
| Appendix A-6 - Commitment to Report on Improvements to SIR   | ✓          |               | ✓                     |                 |               | ✓               |                  |
| <b>1.82 HRDC should adopt a more comprehensive risk-based approach to investigating SIN-related fraud.</b>   |            |               |                       |                 |               |                 |                  |
| Investigation Process  | ✓          |               | ✓                     | ✓               | ✓             | ✓               |                  |
| <b>1.85 HRDC should ensure that investigators have the proper training and tools.</b>  |            |               |                       |                 |               |                 |                  |
| Training and Tools   | ✓          |               | ✓                     |                 | ✓             | ✓               |                  |

## 2 Governance & Risk Management

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As part of the evaluation of SIN process integrity and the integrity of the SIR, we assessed the following:

1. The status and reliability of **Governance** infrastructure and processes, including the clarity of delegated authorities and accountabilities related to SIN and SIR integrity, and
2. **Risk Management** infrastructure and processes related to SIN and SIR integrity.

See **Appendix A** of this report for details concerning the scope, criteria and nature of the review procedures used to assess Governance and Risk Management.

### 2.1 GOVERNANCE

Governance is a term that describes the infrastructure that an organization leverages to support achievement of its mission, and the underlying processes that support that infrastructure. The more complex the organization, the greater the requirement for a sophisticated *governance infrastructure* (i.e. reporting/management tools or organizational design) and *underlying processes* (i.e. performance reporting or delegation of authority). Moreover, infrastructure and processes alone are not sufficient to ensure the “soundness” of governance. Integral to the evaluation of governance is the assessment of the organizational climate in terms of values, culture and leadership.

In assessing the integrity of the SIN and SIR, governance plays a key role in Service Canada's ability to achieve integrity-related outcomes in an efficient, effective and responsible way.

Our assessment of governance at Service Canada was limited to its manifestation within SIN Program delivery. More precisely we considered the following criteria:

- There should be adequate controls and indicators to ensure measurement, monitoring and controls of operation as well as the application of corrective measures, where necessary.
- There should be clear, appropriate and reliable reporting in place.
- There should be an appropriate project management structure in place to ensure that the changes are carried out within budget and on a timely basis to meet the objectives.
- There should be appropriate reporting mechanisms at all levels to ensure cohesiveness in implementation as well as appropriate monitoring and control of operations.

Based on the procedures outlined in Appendix A, we found that Management demonstrated practices associated with sound governance in the areas of measurement, monitoring, controls of operations and reporting. However, we have some observations in respect of performance reporting as described below.

#### Performance Reporting

Our review of performance reporting associated with the SIN Program focused on determining (1) if operational performance measures and targets exist for all organizational units, (2) that performance measures are in place, and (3) that performance information is collected to measure these outcomes. We also assessed how operating information is used by managers, both on an ongoing basis and in respect of process improvement initiatives.

Our review procedures indicated that Service Canada is currently in the process of identifying performance indicators applicable to its new program delivery structure. For example, by early 2007, Service Canada expects to have concluded the application of a methodology for developing performance indicators. This methodology was identified under a recent benchmarking study commissioned by Service Canada. This new methodology is intended to provide Service Canada with a well structured performance reporting capability for SIN and SIR operations.

We also noted, however, that at the local office level, there is no systematic/structured process to:

- identify and capture information associated with local SIN operations, and
- ensure operational reports provided by the local offices are delivered to Headquarters.

The ability to consistently measure the performance of SIN operations is key to ensuring reliable monitoring and ensuring fulsome management reporting. A structured process at the local office level will be important to the effectiveness of ongoing program management. For example, it will facilitate the comparison of performance among local offices and identify any regional trends impacting overall performance.

### ***Recommendation:***

1. Management should continue to place a high priority on ensuring that performance indicators and performance reporting mechanisms are established at all levels of operations.

## **2.2 RISK MANAGEMENT**

Risk Management is the term used to describe the infrastructure and processes used by an organization to systematically identify, measure, prioritize, and manage the various risks that all organizations have in the achievement of their mission. There are a number of factors which impact the level of risk management sophistication that would be considered appropriate. These include complexity of the organization, nature of its risks and impact should these risks occur.

In the case of the SIN and SIR, we assessed whether the sophistication of risk management reflected Service Canada's objective of positioning the SIR as the foundation for future program delivery. Positioning the SIR as such involves the implementation of a comprehensive Integrated Risk Management Framework (IRMF). An effective IRMF helps ensure that risks to the integrity of the SIN and SIR are identified, assessed and prioritized; and those responsibilities (for monitoring and managing key risks) are clearly assigned and acknowledged across the organization. By definition, comprehensive risk management is manifest throughout an organization. To assess risk management relative to SIN and SIR integrity, we assessed organization-wide risk management as well as risk management specific to the SIN Program.

### **Service Canada's Risk Management Strategy**

We identified that Service Canada has undertaken various initiatives and implemented various infrastructure necessary for the implementation of a comprehensive IRMF. Significant elements of this infrastructure include the following:

- A **Three-Year Work Plan** which includes Service Canada's 5 main objectives
  - Within the Three Year Plan, a **Risk Management Strategy** which addresses the 5 main objectives
-

- An **Integrity and Risk Management Committee (IRMC)**, and
- An **Enterprise-Wide Operational Risk Management Strategy (ORM)**.

In evaluating Service Canada's IRMF, we referred to Treasury Board Secretariat's requirement that Departmental IRMFs include an ongoing assessment of potential risks for the organization. This assessment is to be done at every level and is to include an aggregation of organization-wide results such that priority setting and improved decision-making is facilitated. We identified that Service Canada's Three-Year Work Plan outlines a series of strategies including a Risk Management Strategy which addresses the assessment of potential risks and development of corresponding mitigation strategies associated with each of the five main Service Canada objectives (see section 1.1). As discussed below, objective #2 is particularly relevant to integrity of the SIN/SIR.

Service Canada has also established an IRMC which serves as part of Service Canada's internal governance structure. This Committee is responsible for overseeing the development and execution of the Service Canada's integrity, identity management and risk management plans and priorities. Taken together, these plans and priorities supports a strengthening of the integrity of programs, services and benefit payments to Canadians and facilitates the flow of guidance and recommendations to Senior Service Canada Officials.

We also identified that an ORM Strategy has been developed by Service Canada. This links Service Canada's five main objectives with four transformational priorities (transforming service to Canadians; achieving client information integration; strengthening accountability and transparency; and recognizing and rewarding a service excellence culture) while promoting and an operational focus to risk management. The ORM describes three primary objectives (processing efficiency, resources optimization, program integrity). The ORM is to be implemented in three distinct phases (discovery and design phase, build and test phase, implementation phase). Our discussions with Management and review of the current status of the ORM Framework indicated that implementation and other details associated with the ORM framework are currently under development. Included among the related initiatives is the development of new tools for the identification and quantification of risks were in process of being developed (i.e. "Integrity Service Delivery Model Blueprint"). Of significance to the promotion of SIN/SIR integrity is the focus on the quality management initiatives related to, quality control, monitoring and assurance are planned for a regional implementation by March 31, 2007.

### **SIN Program Risk Management**

As noted, Service Canada's main objective #2, "Enhance the integrity of programs by building trust and confidence in the integrity of government programs and by achieving significant savings in program payments". Key elements of this initiative include:

- implement the SIN and SIR as the foundation for a safe and secure common identifier;
- implement the vital events management strategy with provinces; and,
- implement the integrity risk management strategy.

The Risk Management Strategy outlines four risk areas associated with objective #2, as well as a series of mitigation strategies associated with each of these risks. The review team identified that progress has been made towards mitigating these risks. For example, the Vital Events Linkages initiative is underway and a SIN/SIR Code of Practice has been drafted. We also understand efforts are also underway to build and expand the use of a single authentication process. An overall implementation plan, including prioritization and resourcing of the remaining mitigation strategies has yet to be developed.

**Conclusion**

Our assessment of Risk Management, as it related to the integrity of the SIN and SIR, revealed that a number of appropriate initiatives have been taken, and corresponding infrastructure developed to support a comprehensive and effective IRMF. We encourage Management to continue its efforts in this regard.

In addition to the fact that key elements comprehensive IRMF remain under development, we identified the following potential weaknesses:

- A common framework for reporting risk has yet to be developed and therefore there has not been a consistent approach to reporting risks.
- Individual initiatives intended to detect errors, abuse and fraud such as the “Risk Profile for the Prevention and Detection of Errors, Abuse and Fraud” & “Vital Events Linkages Projects” are not formally linked such that they promote comprehensive risk reporting.
- There is no comprehensive link between existing mitigation initiatives and related risks, such that it can be unclear which mitigation initiatives are addressing which specific risks.

As a result of these potential weaknesses, Management may not be informed, on a timely basis, of risks affecting the integrity of the SIN/SIR. Additionally, inadequate risk management processes could also lead to a lack of information on effectiveness of controls, inappropriate conclusions regarding the corporate risk profile, and potential financial losses.

***Recommendations:***

2. Management should establish SIN Program Risk & Control Framework or similar tool that would promote a clear linkage between risk management activities, including reporting, and the IRMF.
3. Management should establish a stronger linkage between the ORM and the IRMF to ensure enterprise-wide and operational risk management activities are aligned and comprehensive.

### 3 *Process Integrity*

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In order to assess the current level of integrity of the SIN end-to-end process, we evaluated the integrity of existing control points, identified weaknesses and risks and determined their causes and impact/significance. This evaluation included a review of the following five key processes:

- SIN Application & Modification
- SIN Card Issuance
- Investigation Process
- Quality Management, and
- Dormant Flag Annotation

See **Appendix A** of this report for additional details concerning the scope, criteria and nature of the review procedures used to assess process integrity.

#### **3.1 SIN APPLICATION AND MODIFICATION**

Our assessment of the SIN application process included a review of the paper application process and the new SIN Rapid Access process. Our assessment also included the requirements for modifications to, and application for, 900 series SINs. We also verified and analyzed Service Canada's process flowcharts during this review.

Since the 2002 OAG report, a number of initiatives have led to the re-design of the SIN application process and greatly improved the efficiency and effectiveness of the process. For example:

- The process for issuing SINs has been re-designed and implementation is presently underway. The new process involves automation of various controls that were previously performed manually. The new process was piloted in five sites in 2005. Rollout to all local service points has begun with full implementation scheduled for September 2006.
- A new Proof-of-Identity (POI) program for SIN was implemented. A uniform standard for identity documents for Canadian-born individuals was adopted in late 2002. Proof-of-need documents were also required prior to granting a 900 series SIN. Service Canada stopped allowing baptismal certificates and certified photocopies to establish identity and proof-of-need. Only original vital statistics and Immigration and Citizenship documents are now accepted.

Our assessment of the SIN Program revealed that the initiatives undertaken since 2002 have improved the controls over the integrity of the SIN. Our methodology included interviews, site visits and flowcharting of the SIN application process. More specifically, we did a detailed analysis and flowcharting of the following processes:

- Pre-Application
  - Paper Application
  - Paper Application Process in Bathurst
  - SIN Rapid Access Application
  - Raw Mail Application
  - Tele-Application
  - SIN Modification
  - 900 SIN Series Application
-

As we examined and evaluated each process, we identified key controls. Each control was assessed through interviews & observation, on-site corroboration and testing of the SIR database. In general, we noted that processes in place are very well documented and implemented. We also noted that staff have received training on the new processes/practices in place. Based on the results of our procedures, we therefore conclude that processes presently in place, except for the Investigation Process (further detailed in Section 3.3 of this report), enhance the level of confidence of SIN and SIR integrity.

### **3.2 SIN CARD ISSUANCE**

Although no significant control issues were noted with the issuance process of the SIN, it is commonly understood that the physical SIN card has no security features and therefore could be reproduced with relative ease. This issue was previously identified in the 1998 Report of the Auditor General of Canada – September – Chapter 16. At the time, Management replied that the cost of implementing security features would be significant to the Federal Government. During our review of Investigation files, we noted examples where individuals had duplicated SIN cards.

Currently, the physical card is not intended as a control feature to protect the integrity of the SIN Program or the SIR. However, should there be a policy shift whereby the card itself becomes a relevant personal identifier, then Service Canada should consider attaching security features to the card (i.e. photograph, signature, etc.).

#### ***Recommendation:***

4. Service Canada should consider assessing the need to maintain the physical SIN card and or the need to incorporate security features in the card. This assessment should identify the risks with current card and highlight options to be considered.

### **3.3 INVESTIGATION PROCESS**

Given the extensive use of the SIN, SIN-related fraud can threaten the integrity of various public programs that rely on the SIN. Investigation & Control Officers (ICOs) play a crucial role in protecting and improving the integrity of the SIR. ICO's role is to prevent, detect and deter the improper use of SINs and thereby protect the integrity of public funds and assist SIR in administering and controlling the SIN Program, including the SIR.

Since the recent implementation of SIN Rapid Access, there is evidence suggesting ICOs will assume a more significant control responsibility during the SIN application process since, in some instances, files are now transferred to them by Service Delivery Representatives (SDR) when the SDR is not able to make a final decision on SIN application certification. ICOs must have the tools, training, capacity other resources commensurate with the significance of their expanded responsibilities with respect to SIN application.

Service Canada's Headquarters includes an Integrity Operations branch which provides functional guidance to Investigation and Control Organizations (ICOs) in the regions. Functional guidance includes, among other things, issuance of directives, diffusion of investigation methodologies, and the provision of training material. They are also responsible for the conduct of monitoring activities to ensure that investigations are properly done and reported. Our review of Integrity Operations' operational policies and guidelines indicated that these cover all relevant ICO activities including controls over SIN such as: the

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Investigation and Control Manual, Investigation Reporting, Quality Management, Operational Monitoring, etc. We also noted that the Policy on Quality Management is in the process of being updated. In addition, a new Quality Monitoring guide is in the process of being implemented and Quality Monitoring Officer positions are presently staffed in the regions. Regions are responsible to implement these policies and guidelines. They develop training plans in conjunction with Headquarter requirements, conduct their own monitoring activities and report quarterly to Headquarters on activities completed.

As noted above, our procedures indicated that policies, procedures and processes have been developed for SIN investigation. However, our assessment of the Investigation control points revealed that quality control measures regarding the investigation of SIN files are not adequately evidenced at the regional level.

Adequate quality assurance measures and records management are lacking in the regions. More specifically we noted that:

- Our interviews with regional (Quebec & Manitoba) staff and our tests of regional investigation files did not reveal consistent evidence of quality assurance practices. We further noted that regional responsibilities for the monitoring of investigation cases have not been clearly defined. Without effective quality assurance, including regular supervisory review, inappropriate decisions made by an ICO may not be challenged by a qualified supervisor.
- Our testing revealed inadequate documentation/records management at ICO offices in Quebec & Manitoba. For example, some investigation reports could not be found, investigation records going back to 1999 were kept under various classification systems, missing dockets and no systematic referencing system to facilitate retrieval of information/reports. In addition, we noted that there was no checklist in the files indicating that all required steps had been completed on a timely basis. Finally, an inventory list of files under review or completed did not appear to exist at the local ICO offices.

Lack of adequate supervision and quality monitoring of SIN investigation files could result in an increase of the level of errors, inefficiencies within the process, and the potential to issue a SIN to an ineligible applicant.

### ***Recommendations:***

5. Management should ensure that decisions made by ICOs are subject to quality assurance practices, including regular supervisory review and monitoring. These quality assurance practices should be evidenced in the investigation files.
6. A record management policy and procedure should be developed and applied consistently across all ICO offices. The policy should consider the necessity of an effective audit trail (i.e. file checklist).

## **3.4 QUALITY MANAGEMENT**

The integrity of the SIN program is dependent on the appropriate issuance of a SIN and thus depends on high quality and reliable execution of work activities performed by responsible staff. In its commitment to ensure the quality and integrity of the SIN application and issuance program, Service Canada introduced the SIN Rapid Access, intended to be a more accurate, timely, adequate and effective approach to issue

a SIN to a valid applicant. Examples of the improved controls over the issuance of a SIN with the introduction of SIN Rapid Access include:

- Interactive and live Proof of Identification (PID) process (i.e. SIN Application Review Process "SARP", and immediate referral to investigation).
- Live validation of accuracy of personal information.

This transformation has significantly impacted the responsibilities of each Service Delivery Representative within the SIN application and issuance process and as such, there are clear inherent risks as a result of the new process which permits some 1,400 people to edit the SIR compared to a few dozen prior to SIN Rapid Access.

In response to these inherent risks, specific quality control elements/risk mitigation measures have been introduced, including a robust certification program for Service Delivery Representatives, the introduction and update of work tools and policies/procedures and the monitoring of access to the SIR and to a certain extent, changes made within the SIR. We also noted that tools are in place to monitor and report on transaction history, statistics, and use of the system by employees.

While Service Canada has demonstrated an awareness of, and specific responses to, the increased inherent risk, the fact remains that managers, supervisors and staff are still becoming familiar with SIN Rapid Access and may make mistakes. For example, our visits to local Service Canada offices revealed examples of inconsistent and/or non-compliance in the case of practices related to:

- Supervisory monitoring of SIN Rapid Access activities.
- Granting of authority to access the SIR.
- Performance of certain Proof of Identity validation steps.
- Logging off of SIN Rapid Access when absent from computer terminal.
- Completion of SIN searches as required by Service Canada's SIN Rapid Access Step 4 – Analyze Search Results (Intranet).

While none of these instances of inconsistent and/or non-compliant practices were found to be pervasive or otherwise individually significant, having considered compensating controls, these examples highlight the importance of quality monitoring and management.

Service Canada understands that a robust quality monitoring program over the SIN application and issuance process is a significant component of the ongoing quality of the SIN program. With the significant changes made to the issuance process as a result of SIN Rapid Access, a Quality Management Strategy framework has been developed and finalized. It is currently being tested with full implementation planned for March 2007.

Service Canada's Quality Management strategy includes the following three elements:

1. Quality Control – Conducted at local Service Canada centers to ensure compliance with procedures and that the right person is assigned a SIN. The QC has two steps: step 1 – certification of Agents, which includes the training and coaching and step 2 – National Random Sampling of SIN applications processed by the new certified Agents.
2. Quality Monitoring – before the SIN card is issued: checks are performed in a central location in Bathurst to ensure compliance with procedures.
3. Quality Assurance to ensure the program's outcomes. A random sample used to ensure compliance with national key performance indicators.

While the Quality Management strategy is planned for full implementation in March 2007, the SIN Rapid Access program is expected to be fully implemented in September/October 2006. As such, there is a time lag between the full implementation of SIN Rapid Access and the implementation of the Quality Management program and, as a result, there is an increased risk that controls could be ineffective or circumvented.

**Recommendation:**

7. We encourage Management to move forward with an effective and rapid implementation of a detailed quality management program in order to provide timely and relevant feedback on the results of implementation and the integrity of the SIN application and issuance program to the process owners.

Aspects of a robust quality management program should include, but are not limited to:

- Recertification of Service Delivery Representatives on a regular basis in order to ensure that the requirements of the SIN application process are being adhered to (i.e. proof of identity, validation, SIR searches, SARP and SIR database access controls).
- Roles, responsibilities and accountabilities for monitoring compliance with current SIN Rapid Access policies and procedures – i.e., complete SIR searched prior to issuing SIN.
- Regular rotation of SDR's to ensure currency of skills in completing SIN applications along side other Service Canada responsibilities performed.

**3.5 DORMANT FLAG ANNOTATION**

The concept behind the dormant SIN flag is to highlight inactivity and unexpected activity of SINs to Service Canada and those other government departments and agencies using SIN, vital event or other personal data ("partner organizations") such as Canada Revenue Agency (CRA) or Citizenship and Immigration Canada (CIC). This information flow relies on the timeliness and relevance of the information provided during the dormant flag data exchanges. The dormant flag is associated with a SIN after five years of inactivity beyond the age of 18 based on information provided by CRA.

A key control within the SIN program is the flagging of any identified Service Canada activity associated with a dormant SIN. The integrity of this key control relies on follow-up procedures performed by Service Canada's Liaison and Enquiry group prior to removing any dormant flag. The dormant SIN flag data update process has not been performed annually as intended. This data exchange was intended to ensure that currency of dormant flag data provided to partner organizations.

The dormant SIN flag upload was to be performed on annual basis due to the observations made by the OAG in its September 2002 report. However, the exchange with CRA was performed only in February 2004 and is currently being completed for information received from CRA in November 2005 (covering the calendar years ending 2004). This time lag in updating the SIR is created by the due diligence that Service Canada performs prior to completing a dormant run. While it is the intention of Service Canada to perform this exchange annually on an ongoing basis, the due diligence processes performed by Service Canada help ensure that dormant flags are not removed for potentially inappropriate reasons (i.e., CRA activity triggered by a change of address)

Without timely updates of the SIR database for dormant flags, there is an increased risk that active records which should be flagged as dormant are not highlighted as a risk indicator to Service Canada and

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partner organizations. We also noted the absence of business rules associated with the reversal of dormant SIN's based on CRA activity or appropriate follow-up procedures being completed. This increases the risk that Service Canada could inappropriately remove a dormant flag. This increased risk impacts the accuracy and usefulness of the dormant flag indicator.

***Recommendations:***

8. We recommend that Service Canada take steps to ensure annual updates of the dormant flags. It is also recommended that Service Canada continue to monitor the status of uploads completed as compared to planned uploads.
9. We recommend that Service Canada apply formal business rules to the acceptance of the reversal of the dormant SIN flags based on CRA activity. Furthermore, that Service Canada develop criteria for the types of CRA activity that warrant reversal. Follow-up procedures should be performed that will ensure that dormant flags are reversed when warranted.
10. One key purpose of the dormant flag is to serve as a risk indicator to Service Canada and partner organizations. We recommend that Service Canada review the usefulness of the dormant flag as a risk indicator for these partner organizations. The results of this analysis will enable Service Canada to evaluate the benefits of the dormant flag program versus its costs.

## 4 *Systems Integrity & Supporting Infrastructure*

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The objective of this portion of the review was to assess the data integrity of the SIR and the supporting technology infrastructure. We also assessed the potential impact on that integrity of the new initiatives – SIN Rapid Access and Vital Events Linkages.

The validation of “Systems Integrity” directly addresses the overall review objectives of:

- Determine how well-positioned the SIR is to fulfill its role as the foundation for the integrity of Service Canada’s programs; and,
- Benchmark the current level of integrity of the SIR, in terms of accuracy, completeness and reliability.

There were two main considerations in addressing SIR integrity:

1. Direct Testing of SIR Data Integrity (Section 4.1), and;
2. Evaluation of Infrastructure Supporting the SIR:
  - Review of SIR Systems Application Controls (Section 4.2), and;
  - Review of Management Framework for Systems Operation (Section 4.2).

See **Appendix A** of this report for additional details concerning the scope and nature of the review methodology and procedures used to assess systems integrity.

### 4.1 *SIR DATA INTEGRITY*

#### **Background**

Data integrity is often defined in three component parts - data accuracy, completeness and reliability:

- “Accuracy refers to whether the data correctly records the business object or event it represents. It has two requirements: it must be the right value and it must represent the value in a consistent form with all other representations of the same value”.<sup>1</sup> In this case, the accuracy of the data element on the SIR is measured with respect to the original evidentiary documents submitted. Example: Name and/or date of birth determined whether correct compared to the application or other certified sources.
- Completeness of data means that data fields are consistently populated with relevant values in the expected form and type. Example: Incomplete if no death date recorded for a deceased individual.
- “Data reliability refers to the accuracy and completeness of computer-processed data, given the intended purposes for use”.<sup>2</sup> In the context of SIR data, it refers to the validity of values entered in the respective data field. At the macro level of the SIR database, reliability is expressed as values being consistent in format and within acceptable ranges.

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<sup>1</sup> Data Accuracy: The Challenge, Article published in DM Direct Newsletter November 8, 2002 Issue by Jack Olson. [http://www.dmreview.com/article\\_sub.cfm?articleId=6019](http://www.dmreview.com/article_sub.cfm?articleId=6019)

<sup>2</sup> <http://www.gao.gov/cgi-bin/getrpt?rptno=gao-03-273g>

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The Review Program (see Appendix A and B for details) considered the following two error categories that account for the three components of data integrity listed above:

Program “Integrity Errors” - represent critical errors that affect entitlement or eligibility for benefits. These errors would involve such data elements as: SIN, Date of Birth (day, month and year) and Date of Death

“Validation Errors”<sup>3</sup> - will cause problems in authentication and consistency of the data, but the errors in and of themselves will not likely lead to a benefit being paid erroneously. Such data fields would include: surname, given name, gender and mother’s maiden name.

### Scope Considerations/Limitations

Comparators (such as birth certificates) are not readily available to provide conclusive tests to assess accuracy of a name. Reliance has been placed on the microfiche records of applications maintained by Service Canada in Bathurst, NB. Validating to other programs in government that have certified ID documents is beyond the scope of this review.

As the original identification documents such as birth certificates are not on file, our tests can only conclude on the accuracy of the information as transcribed from the application and recorded in the SIR. It does not yield conclusions as to accuracy of data in SIR as a true representation of actual identity and birth. There is an inherent reliance on agents capturing the data correctly – this inherent reliance is reflected in the testing plan related to processing SIN applications. Extending the validation of the SIR to originating documents is beyond the scope of this review.

We have based many of our test conclusions on a random sample of 50,037 records from a universe of about 43 million records.

## Detailed Results

### Sample Selection

Two separate samples were drawn for testing purposes. 50,037 records were selected from the initial test SIR file of 43,964,301 records. We purposefully selected records where the “Account Status” was “1”, and the Fraud, Frozen SIN and Investigation indicators were “0”. The indicators identify that the integrity of the related SINs has already been identified as questionable, and therefore it makes sense to exclude these records from our population. Furthermore, these records are not useable accounts due to the existence of these flags. As such, they represent low risk accounts.

In addition, we selected a smaller sample of 400 records for detailed checking against evidentiary records held by the program. Based on an error rate of ~5%, a random sample of 400 records provides for a 95% confidence (19 times out of 20) within a 5% margin of error.

With the sample data selected we performed the following tests:

| Test                              | Sample Size    |
|-----------------------------------|----------------|
| Overall Completeness and Accuracy | 50,037 Records |
| Date of Birth                     | 50,037 Records |
| Date of Death                     | 50,037 Records |

<sup>3</sup> TA 87 D1 SIR Error Definitions and Methodology Final

|                                       |   |
|---------------------------------------|---|
| "900" Series Social Insurance Numbers | Entire Database   |
| Detailed Verification                 | 400 Records   |
| Multiple SINS                         | Detailed testing on 400 Records against the Entire Database |

### Overall Completeness and Accuracy

To measure overall completeness and accuracy, we tested for blanks in key data elements on the SIR. In terms of Integrity Errors, we did not detect any evidence of blanks within the related data fields. Furthermore, we did not detect any evidence of duplicate SINS.

In terms of Validation Errors, we identified blanks in the "given name" data field in six instances. This was expected given the differences in naming conventions used around the World. Of the six instances, five were validated as accurate when compared with SIN application records. One SIR record had blanks in the given name element when, in fact, the application indicated a valid given name. This one exception is a Validation error.

### Date of Birth

Some "errors" detected in the database resulted from the fact that a large percentage of active records are based on applications which pre-date certain controls which now exist over SIR data. For example, in 1976 the requirement for proof of identity was established along with the proof of identity certification of the SIR record. More recently, in 2003 expiry dates were placed on all series 900 records.

Our testing revealed instances where the Date of Birth was shown as "0". Our review of microfiche records revealed that many of these applications predated controls noted above (many were from the 1960s). As these accounts come "into pay" (i.e. start being used to deliver benefits), information regarding DOB will be captured by the paying program such as Old Age Security.

One SIR record was identified as having an invalid Date of Birth (DOB). This is an Integrity Error.

### Date of Death

5,362 records were identified in the sample as having the "day" field in the Date of Death (DOD) as "00". This condition was anticipated as some partner organizations do not capture day information (i.e. only capture year and month).

1,157 records were identified in the sample as having all DOD fields indicated as "0". We understand that, in response to recent audits, the Service Canada has initiated an action where dormant accounts for persons over 100 years of age are assumed deceased and the data fields are "0-filled" automatically.

In one instance, we identified that the DOD was incorrectly transcribed. This is an Integrity Error.

### 900 Series

Series 900 SINS were created to cover temporary workers and immigrants before they become permanent residents. Since 2003, these records have had an expiry date after which the records cannot be used as active accounts. Initially we found many records with an expiry date of "0". These records

were flagged as deceased or as being investigated for fraud. As such, while the expiry date is not populated, the accounts are no longer usable.

We also found 25 records where the expiry date preceded the initiation of the control (expiry dated prior to March 2003). Our investigation indicated that 24 of these records had been cancelled as part of a "Change of Status" transaction which created a "regular SIN" for newly-permanent residents. Although the expiry dates for these 24 records resulted from a system problem resulting in the capture of an invalid date, the SIN record itself was cancelled and therefore does not represent a risk to the SIN Program. We understand that the system problem giving rise to the incorrect expiration dates has been corrected.

One SIR series 900 record was identified with an expiry date before March 2003 (when the expiry date was added to the SIR record) yet had an active status indicator. This is an Integrity Error.

### Detailed Verification

The detailed test of completeness and accuracy involved selecting a random sample of 400 records and comparing them to detailed records maintained by Service Canada. These detailed records are comprised of microfiche images of the actual applications and / or status change documents. Recalculation of these SINs was carried out to ensure validity of the records used for detailed checking.

In several cases, SIR data had been changed since the application by other sources such as Old Age Security and Canada Pension Plan. In addition, changes in business rules over the lifetime of the database has resulted in conditions where data in the SIR did not perfectly match the application. For example, prior to 1990 the Citizenship indicator was not retained on file.

Our investigation of identified differences between the microfiche and the SIR data yielded acceptable explanations. As a result, no integrity errors were found in the sample of 400 SIR records.

### Multiple SINs

The test for multiple SIN records was carried out in two discrete steps. First we looked for duplicates in the entire database based on current name, current surname, DOB, mother's maiden name and gender. We then compared the sample of 400 records for detailed verification against this sub-set of the master file. A multiple is defined as more than one valid SIN for the same person. No multiples were detected in the sample.

### Overall Results / Interpretation

The expected levels of error for each category of error were as follows – Integrity Errors 0%, and Validation Errors 0 – 5%. Actual results indicate an error rate on the database in both areas as follows:

| Test                                  | Errors in the Sample                                       | Interpretation of Integrity Errors                           |
|---------------------------------------|--|--|
| Overall Completeness and Accuracy     | Integrity Errors – 0 errors<br>Validation Errors – 1 error | Error rate <1 in 50,037                                      |
| Date of Birth                         | Integrity Errors – 1 error<br>Validation Errors – N/A**    | 1 error in sample of 50,037*<br>Extrapolated: 1-1,500 errors |
| Date of Death                         | Integrity Errors – 1 error<br>Validation Errors – N/A**    | 1 error in sample of 50,037*<br>Extrapolated: 1-1,500 errors |
| "900" Series Social Insurance Numbers | Integrity Errors – 1 error<br>Validation Errors – N/A**    | 1 error in total database<br>Extrapolation: N/A              |
| Detailed Verification                 | Integrity Errors – 0 errors                                | Error rate of < 1 in 400                                     |

|               |                              |                                 |
|---------------|------------------------------|---------------------------------|
|               | Validation Errors – 0 errors | Extrapolated: (<100,000 errors) |
| Multiple SINS | Integrity Errors – 0 errors  | Error rate of < 1 in 400        |
|               | Validation Errors – N/A**    | Extrapolated: (<100,000 errors) |

\*Given the low rate of error detected, the actual estimated level of error (extrapolated error) is expressed as a range – that is from 1-1500 rather than 879 errors which is the precise result of extrapolating 1 error identified in a sample of 50,036.

\*\* Data element deals with only Integrity Errors.

It was noted that, once captured, SIN records are not deleted. As a result, the SIR database reflects data accumulated over several decades. Over time, changes in business rules designed to improve overall data integrity have created differences between data records depending on the date of their origination. As noted above, data anomalies currently exist that are not considered “errors” in the above analysis.

### Conclusion

The results of the initial testing, and the very low error rate, indicates that SIR data integrity exists. However, given the potential impact / materiality of certain types of integrity errors on the database (such as the risk associated with multiple SINS), it **may be prudent for Management to consider further testing to more precisely estimate the potential level of error** on the entire database. Such testing might involve: checking for multiples across the entire database; ensuring that all series 900 card-holders do not also have regular cards; and, validating cardholder ID and status with originating programs such as Canada Revenue Agency and Old Age Security/Canada Pension Plan.

### Recommendation:

11. Management should consider expanding the data integrity tests to cover more data elements for Validation errors and to better estimate Integrity Errors.

## 4.2 SIR SYSTEMS MANAGEMENT

### Background

The SIR is comprised of a set of computer programs and business processes that permit the capture of SIN applications, the issuance of SINS, the management of the records in terms of status changes, and ongoing connection with partner organizations for SIN usage and additional data capture. As noted earlier in this Report, two new initiatives are underway to improve the efficiency of the operation and the overall integrity of the data – the SIN Rapid Access and Vital Events Linkages.

To assess the degree to which SIR computer programs and business processes support the integrity of SIR data, and to identify how the two new initiatives would impact the level of integrity, we looked at the following aspects of SIR :

- Program Organization – the presence of a well-defined structure of roles, responsibilities and authorities within which the SIR and the new initiatives projects operate, and within which all major decisions concerning the scope and objectives of the operations and the related new projects are made.

- Business Requirements Management – the clarity and stability of the business rules and processes from which the system's requirements will be derived, the integrity and robustness of the design that will be prepared to address those requirements, and the capacity of the organization to organize itself for and to manage the changes required.
- Computer Application Development – the internal organization and management of the development and maintenance of SIR computer programs. This considers the tools, techniques, methods and procedures needed to do the actual work – to understand the requirements that have to be addressed, and from that understanding to design, develop, implement and make operational a relevant, reliable, usable system.
- Technology Infrastructure – the degree of inherent risk in the technology platforms chosen to support the system (newer platforms have substantially higher risk than mature and widely-used platforms). This area of interest also pertains to the transition of new applications into the existing technology infrastructure.

### Organization

The SIR is operated and supported by two organizations within Service Canada (1) Integrity – Identity Management, which is the key service delivery organization and (2) Systems, which is the service support organization. The overall organization is not large and we have identified that respective roles between these organizations are well understood. In addition, there is a structure in place to manage the new initiatives and to promote communication among the projects. Management provides direction and project management feedback on activities. For example:

- Team leads have been assigned responsibilities relative to each of the two new initiatives;
- There is synergy and communication between Management, business experts and Systems. Regular meetings and discussions are held between the different levels to assess systems requirements and plans.

The new initiatives are further supported as being separate from regular operations. For example, there is an approach used to manage project risks and changes in project scope. Supporting documentation revealed that a number of steps were taken in the implementation of these new initiatives to manage risk, such as development of a:

- Business Case;
- Risk Assessment Study;
- Business requirements definition;
- Phased Implementation Plan;
- Pilot project;
- User documentation;
- Articulated training program.

Potential outcomes and benefits of the two new initiatives were evaluated. For example, the SIN Rapid Access pilot evaluation showed improvement in SIN processing time (SIN On Demand Pilot Project Evaluation Report – January 2006) and the Review Team's visit to Montréal confirmed a positive outcome in service level due to the new initiative, both at a staff and client level. The evaluation of the Vital Events Linkages project has not yet been completed as the initiative is still in development and testing. From the perspective of automation, the Vital Events Linkages project will improve efficiency.

### **Business Requirements Management**

There is a process in place to establish the business requirements for SIR support. Requirements are produced and documented by the business analysts, and then sent to the Systems group for evaluation. Once estimates have been generated, the Director of Identity Management makes the final decision. We found the process exhibited synergy and team work. Specifically with regard to the new initiatives, documents exist that permit a reviewer to trace back to the corresponding business decision. SIN Rapid Access is being rolled out now – completion is planned for August 2006. Good documentation is available to train future officers. Vital Events Linkages is well underway and significant work has been done with Ontario data matching. However, certain inherent risks have been raised by Service Canada's VEL project team:

- Capacity of partner organizations to provide matching data is still to be determined.
- Accuracy of information from partner organizations and accountability this information is still to be determined.
- Ongoing compliance with privacy laws with respect to information sharing – especially as they differ among provinces/jurisdictions.

Program management told us that these risks are to be addressed in the individual agreements with provincial authorities before full implementation is initiated.

Computer system controls are in place and in the case of SIN Rapid Access have been demonstrated to work properly. However, we did identify some potential weaknesses:

- Documentation on how system controls are performed and what errors they would capture is often found only in the computer programming code, and;
- We found there is an absence of global documentation on the control characteristics of the computer applications (such as a list of all data elements, validation rules and the purpose behind each control point).
- Furthermore, not having an inventory of all the systems controls in one document is a weakness for business analysts who join the organization and do not have the corporate memory. In the case of a staff change, there is a risk of losing corporate knowledge.

### **Computer System Development**

A management structure exists for the development and maintenance of software assets including the SIR. We noted that proven system development techniques, such as Critical Path Management, were supported by records evidencing decisions. We also noted that significant decisions were to require Senior Management committee approval.

There is a systems group to maintain the legacy mainframe environment and a separate group to develop new WEB based applications such as the SIN Rapid Access. Between the two groups, sufficient resources are available to manage the workload for the two new initiatives and the existing SIR Application. Resources currently dedicated to other projects could be transferred to the SIN Rapid Access or Vital Events Linkages project if necessary. This provides a contingency plan in case of staff departures.

The group relies on mainframe tools and the MS .NET (DOT Net) Framework development tools for programming and version control. However, the tool set for designing and testing is limited. For designers

and testers there are no modern tools and methodology provided such as CASE, Automated Testing and CRM software tools.

Other key control points include:

- A testing and software release strategy exists. Release of software versions is done in a controlled environment following established standards.
- A separate testing environment is in place. Users and analysts are involved in the certification and testing of new releases.
- A Help Desk / Support Center exists. Post implementation review and support for help desk activities done by the business and operations group in Bathurst. They then transmit the request and requirements back to the Systems group.

Original documentation for SIR application and new SIN Rapid Access exists. However, there is no electronic link between all of the documents. For example, documentation for new requirements is kept in the in-house application with no link to the related application version number. Version control documentation resides in the mainframe log sheets, and program specification documents are done in MS Word. Document names and location may sometime require knowledge of specific individuals who know where the documents reside and how to link them together.

### **Technology Infrastructure**

The architecture for SIN Rapid Access and Vital Events Linkages is based on the current Service Canada mainframe architecture for SIR backend processing and data validation with a front-end application using MS DOT Net framework are to provide read-only screen display and query tools to regional offices. The central mainframe environment has the capacity to handle a national rollout of SIN Rapid Access.

The front end SIN Rapid Access Application Servers environment is also a scalable and suitable solution to respond to the national rollout of SIN Rapid Access and Vital Event Linkages.

Systems has a dedicated group of employees for each of the two technologies and has backup resources working on other projects. Mid-term support should not pose a risk for resource retention. The volume of work is relatively stable since the March 2006 release and the size and nature of the upcoming releases.

Our assessment of technology infrastructure revealed a security infrastructure with many positive features. For example:

- The server environment is covered by a business resumption plan. This plan described contingency scenarios whereby a switch to a backup server in Montreal for the SIR would be enabled. Server level controls include: Service Canada's standardized backup strategy; presence of automatic failure/recovery program; a Service Canada standardized firewall and Government of Canada secure channel; and, protection of the server in secure location.
- Workstation security is configurable and includes: user ID / password / automatic password expiry intervals; automatic workstation time out; computer screen lockout; and, Internet sites access control.
- Application level controls include: specific application password protection with automatic password expiry intervals; session time out configuration; data field validations and edits; and audit trails on user actions.

- We identified evidence of audit reporting capability in respect of monitoring SIR access by Service Canada employees utilizing SIN Rapid Access to process applications or modifications.

### **Conclusions**

In terms of managing SIR operations, the overall organization is not large and roles appear well understood. There is a structure in place to ensure support for both current operations and future development. In addition, the technical infrastructure provides support for both SIR operations and the new initiatives.

Computer application controls are in place and can be demonstrated to work properly. Documentation of these computer controls exists in detail with the computer programming code. A complete inventory of all the systems controls in one manageable location would benefit the organization by providing an independent source of corporate knowledge. This is especially important in the case of a staff change. Furthermore, a global review of computer application controls would provide management with the assurance that these controls exist and which additional controls might be introduced. A management structure exists for the development and maintenance of software assets including the SIR. However, there is no integrated tool set that provides an electronic link between new requirements, application version number, and computer program specifications. Compiling this knowledge requires specific individuals who know where the documents reside and how to link them together.

### **Recommendations:**

12. Management should consider consolidating documentation regarding application/system risks and controls as a means to help ensure continued alignment between level of risk and related control objectives; and to promote the consistency and quality of such documentation
13. Management should consider a more integrated tool set for system development, maintenance and support.

## **4.3 MANAGEMENT FRAMEWORK FOR SYSTEM OPERATION**

### **Human Resources**

Human resources are the single most important element of any service organization and are the foundation of proper internal controls. Very broad supervisory responsibilities, inexperience, over-reliance on a few key staff and concentration of knowledge can pose risks to operational integrity. The SIR Operations group in Bathurst, NB maintains a significant staff presence in order to process applications and handle call centre activity. There have been several supervisory changes in recent months, including a new SIR Operations Manager who is responsible for about 45 additional staff. There are a limited number of experienced business-area experts who are knowledgeable about SIR business processes and the underlying business rules. As a result Service Canada is faced with a potential over-reliance on these key business analysts for functional and business process expertise in servicing the requirements of a variety of parallel SIR initiatives.

At the managerial level, much of Service Canada's corporate knowledge related to SIN/SIR appears to reside in a few, senior managers. (i.e., the Director, Identity Management Service and the SIR Systems Project Manager). These individuals have significant responsibility to provide coverage on many points of

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SIR business history and systems development. Such concentration of knowledge and responsibilities increases the risk of delays, oversights or other negative outcomes.

Business and systems documentation can also provide valuable bridges to the effective transfer of knowledge and effective operational controls. A variety of documentation does exist, but a standardized, systematic manner to generate, maintain, catalogue and archive relevant material appears lacking. For example, documents we received do not consistently provide version control (version references, date of change/ implementation), authorship, review status, or approval. Similarly the Software Improvement Tracking System (SITS) bug reporting system and the Help Desk's Service Request Management Information System (SRMIS) are not linked and do not communicate with each other. As a result, two disparate repositories for problem management exist.

### **Environmental Control**

Significant effort has been put into setting up controls over the system environment, including the new implementation of SIN Rapid Access. Generally, we found security, integrity and privacy controls to be in place and functioning. However, controls over the test environment is not as robust. The programmers and some functional analysts have access to a test database to perform their development work and acceptance testing prior to production releases. The data residing in this test environment is a significant portion of SIR production data.

On the SIR production database, only "Database Administrators" have direct access to the data. The rest of the staff including programmers must use the application to access the data that is protected by the controls in the application. However, once that production data has been copied to the test environment, a programmer can query the test database using native Unisys tools and extract the content of the database. As a result, a programmer could transfer such data to a portable USB drive or CD burner drive or print the data and remove it from the secure area.

We did not obtain evidence that such actions would generate audit trails and if management could find which queries were intended for wrongful use of information or for testing purposes. These data sets are regularly deleted and a new copy uploaded to carry out new tests leaving no trace of previous historical access to records.

Some programmers are contracted temporary help coming in and out on short-term assignments. Despite the required security clearance being done, the turnover of this category of personnel presents a clear risk in maintaining the security of confidential information.

### **Conclusions**

At the managerial level, much of Service Canada's corporate knowledge related to SIN/SIR is vested in a small number of senior managers. The challenges for identity management in the contemporary context necessitate increased planning and control. This has become evident in the move to online processing, more rigorous validation and proposed migration away from a mainframe to a client-server environment. Such change heightens the probability and severity of a failure in adequate knowledge transfer.

The test data used by programmers to test changes to the SIR or new initiatives development is a copy of the production database. The test database is not protected in the same way as is the production database.

***Recommendations:***

14. Management should consider whether additional controls are needed over production data used for testing purposes to ensure SIR records are always appropriately protected. Suggested controls include: using only altered data for testing purposes; ensuring only database administrators have access to production data; or, introduce audit trails of activity to capture production data for test purposes.
  
15. Management should consider developing a means of ensuring knowledge transfer to a wide range of employees and continue succession planning for key employees and managers.

## **5 Progress Review on OAG, September 2002 Audit**

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### **5.1 BACKGROUND**

In September 2002, the Auditor General's Report included a chapter entitled "The Integrity of the Social Insurance Number". The September 2002 Auditor General's report resulted in thirteen recommendations, two of which were addressed to the Treasury Board Secretariat (TBS) while the other eleven were the domain of HRDC.

In May 2006, Service Canada requested an Independent Review of the Integrity of the Social Insurance Number and Social Insurance Register. Our scope did not consider the two recommendations directed towards the Treasury Board Secretariat.

### **5.2 SCOPE**

Based on the recommendations of the Office of the Auditor General (OAG) 2002 report, we undertook to:

- Review and examine actions taken to date in response to weaknesses observed and recommendations made;
- Determine reasons for not completing planned actions; and
- Conduct, for selected actions, an in-depth examination of the status of the action (to ensure that the changes are substantive, including an assessment of the impact and content of the resulting change and whether it fully addressed the original recommendation).

The first part of the task was to review the progress reported and stated corrective action. We relied, in part, on the review and examination undertaken on the Process Integrity (**See Section 3**) and Systems Integrity (**See Section 4**). In addition, we reviewed documentation provided by Service Canada as well as undertaking additional procedures, conducting interviews and queries related to each action plan developed.

Where action has not been taken as originally planned, we examined the decision making of management, including the documentation and rationale for these decisions. Finally, for a sample of actions, we conducted a more in-depth analysis – assessing the extent to which the action has indeed addressed the original concern and to determine the impact of the changes brought about by the changes.

Our approach considered:

- 1) The OAG's recommendation (individual OAG's recommendation);
- 2) The status of Service Canada's responses - June 2006;
- 3) An analysis/review of the documentation in response to the recommendation
- 4) An evaluation rating\*.

**\*Evaluation rating legend:**

**Met** = Service Canada has met its commitments in response to the OAG's recommendations

**Partially Met** = Service Canada has taken appropriate steps, however, additional work is required to fully meet its commitments in response to the OAG's recommendations.

**Not Met** = Service Canada has not taken appropriate steps in response to the OAG's recommendations.

**5.3 CONCLUSION RELATED TO SERVICE CANADA'S ACTION PLANS**

Significant corrective measures have been initiated and all recommendations have been addressed by Service Canada. As such, our overall conclusion is that Service Canada's progress has been satisfactory. In a number of instances, Service Canada's action plans included additional elements compared to what was originally contemplated at the time of the OAG's recommendations.

In summary, the result of our assessment is as follows:

- In **eight (8)** cases, Service Canada's response **met** their commitment in response to the OAG recommendations.
- In **three (3)** cases, Service Canada's response **partially met** their commitment in response to the OAG recommendations. We encourage Service Canada to continue its efforts to complete the required work to ensure all OAG recommendations have been fully addressed.
- In **no cases** had Service Canada **not met** their commitments.

The table on the following pages provides a summary of our conclusions for each of the eleven (11) OAG recommendations. Please see **Appendix C** for Service Canada's response to each OAG recommendation and for the updates it provided to OAG during the period 2002 through March 2006.

| <b>OAG Recommendation</b>  |                          |
|--|--------------------------|
| <p><b>1.31</b> HRDC should assess public awareness of how and when to use the SIN appropriately and should carry out public awareness efforts as needed.</p>   |                          |
| <b>Analysis/Review of Documentation</b>  | <b>Evaluation Rating</b> |
| <p>We noted that relevant Service Canada actions (surveys and focus groups), including public awareness campaigns, have concentrated on individuals. Service Canada's initial response to the OAG referred to a public education campaign scheduled to start in 2003-2004. In connection with this campaign we noted that a communication plan was updated and rolled-out, however, this was targeted to 900-series SIN holders rather than a broad range of stakeholders.</p> <p>We also noted that Service Canada has initiated two projects with an independent research company. These projects focused on individual i.e. knowledge of SIN, their attitudes to SIN use, etc.</p> <p>The other important undertaking by Service Canada was the development of a Code of Practice – April 2006. Furthermore, a Code of Practice Implementation Strategy was approved by Senior Management in June 2006. However, we have not been provided with an implementation work plan. Other than the Code of Practice, it does not appear that Service Canada has addressed the use of SIN by employers (businesses) or other stakeholders as referenced by the OAG.</p> <p>Our conclusion that Service Canada's commitments have been "Partially Met" to date is based on the fact that Service Canada's research did not consider businesses and other stakeholders. In addition, Service Canada's response to the OAG indicated that an education campaign was scheduled to start in 2003-2004. The documentation provided regarding the roll-out of this communication plan indicated that it was targeted at 900-series SIN holders only. Furthermore, we noted that the Code of Practice is not yet fully implemented.</p> | <p>Partially met</p>     |

| <b>OAG Recommendation</b>   |            |
|---|------------|
| <p><b>1.55</b> HRDC should ensure that its policies and practices respect the intent of the EI Act and Regulations which require it to:</p>   |            |
| <p>1) Determine the identity and citizen status of applicants for a SIN</p>   |            |
| <p>Our review identified that amendments made to the EI Act and Regulations appears consistent with Service Canada commitments.</p> <p>We assessed the following relevant initiatives as evidence of addressing the OAG recommendation:</p> <ul style="list-style-type: none"> <li>• A new Proof-of-Identity (POI) program for SIN was implemented.</li> <li>• A uniform standard for identity documents for Canadian-born individuals was adopted in late 2002.</li> <li>• Only original vital events statistics and Citizenship and Immigration Canada</li> </ul> | <p>Met</p> |

|  |            |
|--|------------|
| <p>documents are now accepted.</p> <p>Our analysis of the above initiatives demonstrates Service Canada's delivery of commitments made to the OAG.</p>   |            |
| <p>2) Obtain proof for the need of a SIN from applicants who are not Canadian citizen or permanent resident.</p>   |            |
| <p>Our review identified the following relevant initiatives as evidence of addressing commitments made in connection with the OAG recommendation:</p> <ul style="list-style-type: none"> <li>• Proof-of-need documents now required prior to granting a 900 series SIN. Plus, Service Canada stopped the practice of allowing baptismal certificates and certified photocopies to establish identity and proof-of-need for a SIN.</li> <li>• Within the application process, information is retrieved from the client's immigration file (direct access to the CIC database). This allows the agent to compare original documents with information captured on CIC database.</li> <li>• These queries and linkages with CIC provide proof of identity, thus increasing the control and ensuring proof of identity prior to the issuance of a SIN.</li> </ul> <p>Our review determined that Service Canada initiatives (proof of identity and MOU's with Citizenship and Immigration (Canada) provided linkages that made it possible to verify the proof of identity of the individual applying for SIN.</p> <p>Our analysis of the above initiatives demonstrates Service Canada's delivery of commitments made to the OAG.</p>                           | <p>Met</p> |
| <p><b>OAG Recommendation</b></p>   |            |
| <p><b>1.56</b> HRDC should reconsider its goals for the 900-series SIN and the associated risk. It should revise its policy and practices accordingly.</p>   |            |
| <p>We assessed the new EI Regulations and concluded that they provide definitions as well as adequate explanations.</p> <p>Our assessments of the actions taken identified that, since March 2003, the 900-series SIN records have been assigned an expiry date that co-inside to the individual stay in Canada. This addresses the objective of ongoing control over the 900 series. Service Canada as initiated and informed the holders of the 900 series with this new regulation. Our review and analysis, which is supported by documentation provided by Service Canada, are appropriate, valid and bring about greater control in the issuance of 900-series SIN. Our independent review included a test of new 900-series applications. For further information, see section 4.1 of this report (note: 900 series tests were performed on the entire SIR database).</p> <p>Corrective measures undertaken and legislative action to the EI Act and Regulations were also made. Included with the modifications to the Regulation was a Regulatory Impact Analysis Statement.</p> <p>Processes modified to provide additional controls over SIN issued under the 900-series. As required, the key areas of risk associated with the 900-series</p> | <p>Met</p> |

|   |  |
|---|--|
| <p>have been identified and measures taken to minimize those risks.</p> <p>Our analysis of the above initiatives demonstrates Service Canada’s delivery of commitments made to the OAG.</p> |  |
|---|--|

| Analysis/Review<br>of Documentation   | Evaluation Rating |
|---|-------------------|
| <b>OAG Recommendation</b>   |                   |
| <p><b>1.57</b> Human Resource Development Canada should improve the integrity of its SIN application process. In particular, it should:</p>   |                   |
| <p>1) Assess the reliability of the identity and citizenship documents it accepts as support for application and implement corrective action where necessary;</p>   |                   |
| <p>Our analysis of the implementation of these initiatives indicated interaction among Federal and Provincial Governments, in setting the exchange process and mechanisms. For example:</p> <ul style="list-style-type: none"> <li>• the determination of valid data (birth and date validation) and data transfer process, and</li> <li>• the necessity of establishing adequate and sufficient data security and controls.</li> </ul> <p>In addition, the new proof of identity program, the improved 900-series SIN process, as well as the acceptance of original Citizenship and Immigration Canada documents are additional measures that will enhance the reliability and identity of SIN applicants.</p> <p>We also noted adequate linkages were established with the FOSS (Field Operation Support System) system of Citizenship and Immigration Canada.</p> <p>Our analysis of the above initiatives demonstrates Service Canada’s delivery of commitments made to the OAG.</p> | Met               |
| <p>2) Make reasonable efforts to develop a means of checking the validity of identity and citizenship documents with the authorities that issued them; and</p>  |                   |
| <p>Service Canada has initiated and is in the process of developing a validation process of documents with proper authorities. For example, the establishment of vital event agreements (including birth and death validation) in NB, ON, BC, PE and SK are completed or in progress. These initiatives are intended to deliver a method of validating vital events.</p> <p>We have also reviewed the Ontario Financial Agreement which identifies ways and means of determining and charging for the exchange of information.</p> <p>Based on our analysis, the actions taken to implement this recommendation appear complete and appropriate. Our review identified that negotiations with provinces for on-going verification of vital events are in process. These negotiations are at various stages of progress with each jurisdiction.</p> <p>Our analysis of the above initiatives demonstrates Service Canada’s delivery of commitments made to the OAG.</p>                    | Met               |

|   |                |
|---|----------------|
| 3) Ensure that staff has the training and tools to comply with the EI Act and Regulation for a SIN.   |                |
| <p>Our review has identified that training is comprised of two components:</p> <ul style="list-style-type: none"> <li>• A four day in class sessions is provided to all staff.</li> <li>• Coaching with hands-on experience is provided on site for SIN Rapid Access Processing. This training leads to a level 8 certification which allows staff to access and edit the SIR and issue SINs.</li> </ul> <p>The training and certification is compulsory.</p> <p>We have been provided evidence that 80% of Staff providing and/or processing SIN requirements at Service Canada Employment Offices have been trained and certified (level 8) for SIN Rapid Access Processing responsibilities. With a level of training at 80%, we conclude that Service Canada is well-positioned to comply with the Act and regulations for SIN.</p> <p>Our analysis of the above initiatives demonstrates Service Canada’s delivery of commitments made to the OAG.</p>   | Met            |
| <b>OAG Recommendation</b>   |                |
| <b>1.77</b> HRDC should set goals for the completeness and reliability of the SIR and take the steps necessary to meet them.  |                |
| <p>We have assessed the two key initiatives undertaken to address this recommendation. The first being the Baseline Research Study and the second a Benchmarking Study.</p> <ol style="list-style-type: none"> <li>1. “A Baseline Research Study “with the purpose of identifying: the current level of completeness and reliability of the SIR; set goals for completeness and reliability, and establish a comprehensive and integrated action plan to achieve these goals. Our analysis revealed that: the “Baseline Research Study “provided (1) explanations to the OAG completeness GAP and (2) a confirmation of a 95%+ reliability level on the SIR database. The study, however, does not propose goals for data integrity, completeness and reliability.</li> <li>2. A “Benchmarking Study” which was to provide the current benchmark of error arising from SIN/SIR processes and of the SIN. The Benchmarking study provided a methodology for the identification and calculation of errors against the entire database. Although tested, this methodology has yet to be applied.</li> </ol> <p>Service Canada has indicated a 100% target for the reliability and completeness of the SIR. However, our conclusion that Service Canada’s commitments have been “Partially Met” to date is based on the fact, Service Canada has not defined critical versus non-critical errors in the database. See section 4.0 of this report for additional details regarding our testing of the reliability and completeness of the SIR database. Section 3.0 of this report also provides details on the processes developed to ensure Integrity the SIN.</p> | Partially met. |

| Analysis/Review of Documentation  | Evaluation Rating     |
|---|-----------------------|
| <b>OAG Recommendation</b>   |                       |
| <p><b>1.78</b> HRDC should ensure that its reporting of improvements to the quality of the information in the Social Insurance Register is clear and unambiguous.</p>   |                       |
| <p>Our review and analysis of the 2004-2005 and 2006 Departmental Reporting (HRDC; HRSDC) indicated that communications regarding the quality of information in the SIR was both clear and unambiguous.</p> <p>These Departmental reports set out objectives priorities and expected outcomes.</p> <p>Our review also provided the following proof of improvement:</p> <ul style="list-style-type: none"> <li>• In October 2003, as a response to Committees of the House of Commons (Public Accounts and HRDC) Service Canada reported undertaking an exchange of data with CRA (Canada Revenue Agency), CIC and other provincial jurisdiction which would improve SIR's quality of information.</li> <li>• Improvements to the SIR are included in their annual Report on Plan and Priorities and the Departmental Performance Report (DPR).</li> <li>• On March 1, 2006, a summary draft report, entitled "Proposed SIN/SIR integrity performance indicators" was prepared. Closely related to this report is the draft development of a "Quality Management Strategy Framework". Implementation of this strategy framework is planned for March 2007. However, many other initiatives i.e. vital events, SIN Rapid Access Program, are to be in place prior to March 2007. Initiatives such as Proof of Identity, error definition, etc, have also been undertaken.</li> </ul> <p>In addition, Service Canada undertook addition activities such as completing an evaluation of SIR, implementing actions to increase the accuracy of SIR data, including agreements with CIC to access immigration data, establishing agreements with provincial counterparts for vital events validation, implementing expiry dates on all 900-series SINs and implemented SIN Rapid Access.</p> <p>Service Canada has also established a new benchmarking of the SIN accuracy, developed a SIN Code of Practice for all SIN users, which includes responsibilities to ensure accuracy and completeness of the SIR.</p> <p>Our analysis of the above initiatives demonstrates Service Canada's delivery of commitments made to the OAG.</p> | <p>Met</p>            |
| <b>OAG Recommendation</b>   |                       |
| <p><b>1.82</b> HRDC should adopt a more comprehensive risk-based approach in investigating related fraud.</p>   |                       |
| <p>The study revealed that, in 2003, work shops were conducted to identify and assess certain risk specific to some sectors of the SIN program.</p> <p>We also noted that some risk measures were developed, such as:</p>   | <p>Partially met.</p> |

|   |            |
|---|------------|
| <ul style="list-style-type: none"> <li>▪ Information on EI claims are validated against the SIR and any discrepancies are followed-up;</li> <li>▪ The SIN Application Review Process (SARP) which applies specific selection criteria to scrutinize SIN applications prior to SIN's issuance.</li> </ul> <p>Although adequate steps seem to have been taken to adopt a more comprehensive risk-based approach, the process is still in implementation phase. More specifically, we noted that:</p> <ul style="list-style-type: none"> <li>• SIN investigation relating to fraud has not established a comprehensive risk-based approach.</li> <li>• Our assessment of the Management of Risk for the SIN Program revealed that an integrated risk management framework is not yet fully implemented. While steps are being taken to develop a common framework for risk reporting, established individual risk assessments, such as the System Under Development-Risk Assessment for SIN On-demand and Vital Events Linkages Projects are not linked into a network that would result in comprehensive risk identification and reporting.</li> </ul> <p>We have noted that initial steps have been launched in the development of an Integrated Risk Management Framework and Strategy. Service Canada's intentions are to monitor those risks. The 2005-06 DPR has identified key corporate risk areas as well as strategies to mitigate those risks. The overall Integrated Risk Management Framework and Strategies have yet to be implemented at the program levels.</p> <p>Our review also identified that a Three Year Work Plan was recently approved by the Treasury Board and includes:</p> <ul style="list-style-type: none"> <li>• A risk management strategy that would identify the key risks of Service Canada and corresponding mitigation strategies to ensure the achievement of the service delivery vision;</li> <li>• An Enterprise-Wide Operational Risk Management (ORM) transformation strategy that has identified priorities.</li> <li>• A Risk Analysis Division has been established.</li> </ul> <p>Our conclusion that Service Canada's commitments have been "Partially Met" to date is based on the fact that potential weaknesses still exist and as a result Management may not be informed, on a timely basis, of risks affecting the program. Refer to section 2.2 of the report for further details.</p> |            |
| <b>OAG Recommendation</b>   |            |
| <p><b>1.85</b> HRDC should ensure that investigators have the proper training and tools.</p>  |            |
| <p>Our review and on-site examination indicated that tools and training have been adequately identified and provided.</p> <p>Refer to section 3.3 of this report for further details.</p> <p>Our analysis of the above initiatives demonstrates Service Canada's delivery of commitments made to the OAG.</p>   | <p>Met</p> |

## ***APPENDIX A – REVIEW CRITERIA & PROCEDURES***

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This Appendix outlines the review criteria used by each Review Team (Governance & Risk Management, Process Integrity and Systems Integrity). Additional details on the procedures performed by Systems Integrity are presented in Appendix B.

Readers should note that the procedures outlined herein are reflective of the scope of this SIN/SIR independent review of integrity as agreed with Service Canada.

### ***1. GOVERNANCE AND RISK MANAGEMENT (INCLUDING PROGRESS REVIEW ON OAG AUDIT):***

#### **Review Criteria:**

1. Those criteria used for the OAG's 2002 report and also recognized practices of Service Canada's operations relating to SIN and SIR.
2. There should be a clear management framework within which the program is carried out.
  - There should be a clear policy framework in place for the program.
  - There should be clear accountability (roles and responsibilities well defined) and commensurate authority provided to carry out these responsibilities.
  - There should be adequate resources, training, directives and systems in place to ensure uniform and effective operational performance.
  - There should be adequate controls and indicators to ensure measurement, monitoring and controls of operation as well as the application of corrective measures, where necessary.
  - There should be clear, appropriate and reliable reporting in place.
3. There should be a well-defined change management process and adequate plan in place.
  - There should be an appropriate implementation plan defining the objectives and results to be achieved.
  - There should be an appropriate project management structure in place to ensure that the changes are carried out within budget and on a timely basis to meet the objectives to be achieved.
  - There should be clear accountability as to key project management roles and responsibilities.
  - Project functions (roles and responsibilities) should be clearly defined and communicated.
  - There should be appropriate reporting mechanisms at all levels to ensure cohesiveness in implementation as well as appropriate monitoring and control of operations.
  - Other criteria considered appropriate and necessary in a Governance structure and risk management.
4. There should be a comprehensive risk management framework as part of the governance structure of the program.
  - Risks should be identified and assessed.
  - Responsibilities for monitoring and controlling risk situations should be assigned.
  - There should be contingency plans for responding to high risk situations.

## Procedures

### 1. Examination Phase: Review and Assess Service Canada's Responses to OAG's 2002 Report

#### 1.1 Reviewed progress (coordinating with Process and Systems Integrity Teams):

- Examined action plans and progress reports.
- Evaluated Management's assertions.
- Reviewed progress related to the initiative of providing public awareness of the SIN and its use – examining the policy framework, development of target groups, target message and performance measures.
  - Reviewed progress in the initiatives of providing public awareness of the SIN and its use.
    - o Reviewed and analyzed the policy and the basis by which Service Canada defines public awareness.
    - o Examined Management's action plans
    - o Reviewed available surveys of business, private enterprises, provincial & municipal govt., etc. as to their use of SIN and impact on these institutions
- Reviewed department success in reporting on improvements to the SIR.
  - Completed interviews and examination of supporting data, and evaluated progress reporting to determine if the data is valid, accurate and if implementation is accurate.
  - Conducted a limited review and examination of the level and extent of any improvements
- Determined the status of implementation of processes (in conjunction with the Process and Systems Integrity teams) on Vital Events linkages, by identifying the key Vital Events, the schedule for implementation and progress against that schedule, communications with other parties, and issue resolution.
- Based on interviews and review of relevant documentation, completed an assessment of the commitment made and actions taken to build relationships with the provinces as required to support the VEL, including a review of the security and integrity of the linkages and data transferred.
- Determined and reviewed the framework and systems to provide assurance regarding the appropriateness and validity in implementing the 900 series SIN expiry date by reviewing the framework, completing interviews and performing selected tests.
  - o Using selected test data assess reliability of controls by assessing the validity and accuracy of the 900-SIN

#### 1.2 Produced overall assessment of departmental responses

- From the detailed evaluation performed above, concluded on the overall progress and identified and gaps/weaknesses with causes/constraints.
- Discussed findings with management and seek additional materials other information to finalize assessment.

### 2a. Examination Phase: Governance for Ongoing Operations

#### 2a.1 Reviewed organizational structure and policy framework

- Reviewed the established policy framework applicable to the SIN program. Such as
  - A list of mandatory requirements identified in the E.I. Legislation and Regulations and other relevant legislation.
  - Treasury Board and Service Canada Policies, directives and guidelines.
  - others
- Identified the functions (and roles and responsibilities) for operating the SIN and SIR systems (including obtaining an understanding of the relationship of this work with the other responsibilities of those administering the program) – carried out in conjunction with the other Review Teams.

#### 2a.2 Assessed linkages between HQ and regions

- Identified and assessed the linkages between regions and headquarters as to planning, budgeting,
-

monitoring, control and reporting – and examine the directives, communications and information flows between the HQ and the regions – carried out in conjunction with the other Review Teams.

- Determined any issues regarding these communications (through interviews).

2a.3 Assessed procedures, indicators, control mechanisms and reporting with respect to performance

- Obtained and assessed performance indicators identified by Service Canada.
- Assessed the mechanisms set up to increase the level of service at the regional level.
- Obtained reports on performance and assess their appropriateness

2a.4 Reviewed process of delivering training

- Reviewed the process by which training is being implemented including, training kit, experience & expertise of trainers, and the uniformity with which training is applied across regions
- Obtained the schedules for developing and delivering training and assess progress against these schedules
- During regional visits, obtained feedback regarding the appropriateness and usefulness of the training

## **2b. Examination Phase: Governance for Introduction of Initiatives**

2b.1 Reviewed and assessed implementation plan for new initiatives and the monitoring process

- Examined the management structure for implementing the new initiatives – particularly regarding the roles and responsibilities for ongoing operations and for the management of the new initiatives
- Obtained copies of change objectives and the plans for implementation

2b.2 Assessed change management approach and assessed efficiency and effectiveness of implementation of initiatives

- Obtained copies of reports on progress in implementing the changes and any reporting/monitoring of management issues/action plans (with identified responsibilities and time-frame for corrective actions).
- Developed a set of tests/ questions to independently evaluate progress and success in implementing the initiatives.
- Liaised with the Process Team and the Systems Team to obtain input.
- Assessed the change management approach applied and review action plan.

## **3. Examination Phase: Risk Management**

3.1 Examined risk profiles and other documents

- Examined documents addressing risk such as risk profiles.

3.2 Identified risks, and sources of risk, and assessed significance, likelihood of occurrence and potential impact of the risks

- Through documentation review, interviews and input from the Process and Systems teams, identified and listed potential risks.
- Assessed and determined the significance of those risks (i.e. the likelihood of occurring and its impact on operations).
- Through interviews, determined if appropriate roles and responsibilities have been identified and the process used in reporting risks.
- Determined if proper linkages of risks identification between the SIN process and the SIR are in place and functioning.

3.3 Concluded on the adequacy of controls for managing risk

- Concluded on the adequacy of controls in managing risk.
- Discussed conclusions with management.

**4. Examination Phase: Conduct Research and Comparative Analysis – May 23 – June 23, 2006**

4.1 Reviewed existing research material and benchmarking

- Reviewed materials produced by IBM and determine queries or areas to be cleared with IBM and Service Canada.
- Developed resource references on organizations, (other govt. provinces, States, etc) that have encountered similar situations.

4.2 Identified issues contacts and develop research questions

- Developed a list of issues / questions needing comparative data.
- Conducted interviews (by phone / by e-mail / arrange visit) and/or obtain relevant documents/articles from the organizations contacted.
- Examined the policies of other jurisdictions regarding proof of identity.

4.3 Conducted research and analysis

- Conducted analysis of information gathered and conducted follow-up interviews, as necessary.

**5. Coordinate Activities, Coverage and Outputs of Process Integrity and Systems Integrity Teams**

5.1 Facilitated communication among review teams and Service Canada

- Communicated on a continuous basis with the Process Team and the Systems Team to ensure that the scope of work was followed and any modifications were addressed immediately.
- Followed-up on any identified causes of weaknesses, outside of the processes and systems (e.g. HR issues / training needs / budgeting problems / unclear responsibilities / communication or liaison problems / etc.)

5.2 Coordinated review findings and present them in a clear, consolidated form

- Assisted in bringing together review findings and presenting them as a total package (for both on-going presentation and report writing purposes).

**6. Reporting Phase: Jun 26- Jul 7, 2006**

6.1 Contributed to draft and final reports

6.2 Completed finalization of all working papers

## **2. PROCESS INTEGRITY:**

### **Review Criteria:**

1. Determine the current level of integrity of the SIN end-to-end process
  - The process in place to apply for and submit a SIN application is timely, complete and secure.
  - The SIN issuance process (including intake, investigation, validation and card issuance) ensures accurate, complete, appropriate and timely issuance of SIN numbers and related cards.
  - Modification requests to SIN information are processed accurately, completely, securely and in a timely manner.
  - Adequate training processes and programs are in place to ensure staff are aware of current SIN policies, processes and expectations and can deliver their responsible services.
2. Assess the process integrity of specific SIN initiatives (i.e. SIN Rapid Access and Vital Events linkages)
  - The SIN Rapid Access process allows for timely, complete and secure application/modification of SIN information.
  - Existing processes to share vital information with other government agencies (i.e. provincial governments) allows for secure, accurate and timely information transfer.
3. Identify outstanding areas of risk to the integrity of the SIN process
  - Existing risks which could impact the achievement of the SIN process' primary objectives have been identified, evaluated and mitigation strategies developed.

### **Procedures:**

#### **1. Examination Phase:**

- 1.1 Became familiar with the SIN end-to-end process.
    - Completed detailed interviews, reviewed of process and supporting documentation to gain a complete understanding of the SIN end-to-end process. These processes include:
      - SIN application process
      - SIN issuance process (including proof of identity requirements)
      - SIN modification process
      - Investigation process
      - Dormant SIN identification process (including existing dormant runs and flags)
    - Reviewed documents (including process documents, policies and relevant guidelines).
    - Obtained flowcharts and reviewed components of the end-to-end process and the overall process as a whole.
    - Performed detailed process review from documented processes (flowcharts and narratives).
    - Identified and documented key risks and existing controls.
    - In conjunction with the Governance & Risk Team, followed-up on the status of the OAG 2002 recommendations and management action plans through discussion of status and evaluation of current plans, processes in place. Documented results.
    - Selected and coordinated testing at Service Canada sites(Ottawa, Montreal, Bathurst, Winnipeg) and performed the following:
      - Completed walkthroughs of the existing SIN processes previously documented; and
      - Tested, on a sample basis, existing SIN processes and supporting documentation.
    - From the results of limited testing, commented on the effectiveness of processes in place.
-

- Obtained training materials provided to staff and reviewed for appropriateness and completeness.
- Interviewed a limited number of appropriate Service Canada centre representatives and identified possible issues related to the effectiveness of training provided.
- Identified potential risks (not previously identified from the detailed process review) to the SIN end-to-end process.

#### 1.2 Analyzed findings and synthesized issues

- Identified key issues arising from the process review, testing and walkthroughs. Documented key risks and controls related to the integrity of the SIN end-to-end process and overall process.
- Highlighted those risks for which no mitigation strategy/controls currently exist.
- Prepared summary of remaining issues and risks from process integrity review. Identified risks and build recommendations to develop mitigation strategies. Identified and documented any other issues identified during fieldwork to be reported to management.

1.3 Interfaced with Governance & Risk team on final assessment of risks. Passed identified risks to the Governance & Risk Team and worked to arrive at consistent view of risks and potential recommendations.

## 2. Examination Phase 2: New Initiatives

#### 2.1 Executed program to assess integrity of SIN Rapid Access and Vital Events linkage processes.

- In conjunction with other teams, obtained detailed background information of the new initiatives and the status of processes in place.
- Arranged and conducted detailed interviews, document reviews and completed testing as necessary to gain an understanding of existing processes for these initiatives.
- Determined current status and next steps for each initiative.
- Obtained documentation related to components of the business processes related to the new initiatives (including those planned and documented but not yet in place).
- Performed detailed process review from documented processes (flowcharts and narratives completed).
- Identified and documented key risks controls.

#### 2.2 Analyzed findings and synthesized issues

- Identified key issues arising from the initiatives and the interview / document review process. Documented key controls. Assess potential impact on overall SIN process integrity.
- Prepared summary of issues from new initiatives review. Identified risks for which the existing controls or mitigation strategies may not address the potential risks. Develop recommendations for mitigation strategies to address the remaining risks.

2.3 Interfaced with Governance & Risk team on final assessment of risks. Passed identified risks to the Governance & Risk Team and worked to arrive at consistent view of risks and potential recommendations.

## 3. Reporting Phase:

3.1 Contributed to draft and final reports

3.2 Completed finalization of all working papers

### 3. SYSTEMS INTEGRITY:

#### Review Criteria:

1. Determine the current level of integrity of SIR data.
  - The process in place to capture, manage, protect and access SIR data is complete and secure.
  - The SIN / SIR process to improve data quality (example, data matching with provincial data sources) ensures accurate, complete, and reliable SIR database records.
  - Data integrity standards have been established and a process put in place to measure the integrity of current SIR data against established standards.
  
2. Assess the impact of specific SIN initiatives (i.e. SIN Rapid Access and Vital Events linkages) on data integrity.
  - Management control framework for the subject initiatives ensures appropriate management involvement, scope control and investment decisions.
  - Appropriate involvement of business specialists ensures the Internal control framework of the initiative product is designed to address issues related to completeness, accuracy and authenticity of data captured and stored.
  - Appropriate project management ensures controls over the initiative in terms of cost, critical path, problem resolution, development, testing and implementation.
  - Appropriate involvement of technology specialists ensures attention is paid to the potential impact of new initiatives on existing technical, application and data architectures.
  
3. Identify outstanding areas of risk to the integrity of the SIR data.
  - Existing risks that could impact the level of data integrity in current SIR records have been identified, evaluated and mitigation strategies developed.
  - New initiatives have been assessed as to potential impact on existing SIR operation and data integrity.

#### Procedures:

##### 1. Examination Phase:

###### 1.1 Executed program to benchmark existing level of SIR Activity

- Obtained detailed knowledge of the system and the scope of the assignment. Arranged and conducted detailed interviews. Reviewed documents as needed (i.e. recent benchmarking study completed by Service Canada). Determined data availability and structure from SIR operation. Determined status of current data improvement initiatives such as data matching.
  - Determined extent of testing and developed a test program. Developed catalogue of specific tests (See Appendix B)

###### 1.2 Analyzed findings and synthesized issues

- Identified key issues arising from the tests and the interview / document review process. Documented key controls, including general controls such as data access.
- Prepared summary of issues from data integrity review. Identified risks and built recommendations.

###### 1.3 Identified targets for data integrity.

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1.4 Interfaced with Governance & Risk team on existing risks. Pass identified risks to the Governance Team and work to arrive at consistent view of risks and potential recommendations.

## **2. Examination Phase: New Initiatives**

2.1 Executed program to assess integrity of SIN Rapid Access and Vital Events

- Obtained detailed knowledge of the initiatives and the scope of the assignment. Arranged and conduct detailed interviews. Reviewed documents and determined current status and future steps for each initiative.
- Assessed project Management Control Framework - key management controls, scope and investment management. Assessed project scope management mechanisms. Explored relationships to other key initiatives and proposed interfaces. Assessed how benefits achievement is to be determined, measured and assured. Reviewed the cost/benefit decision and changes made since.
- Assessed business risk involving requirements definition and management, solution design, and managing change. Assessed the extent to which the business requirements have been accurately and adequately defined. Reviewed the solution design, i.e.: Assessed the Internal control framework planned or designed especially issues related to completeness, accuracy and authenticity of data captured and stored.
- Assessed project risk - organization, control, development processes. Reviewed project organization and management, i.e.: roles & responsibilities, committee structure, and management reporting. Reviewed project control processes, i.e: Financial control, critical path management, status reporting, project problem tracking and solution. Reviewed the development process e.g.: internal control and security frameworks, transition, testing.
- Assessed infrastructure risk - environment and transition management. This was accomplished through the identification and measurement of the potential impact of new initiatives on the current and planned infrastructure.

2.2 Analyzed findings and synthesize issues

- Identified key issues arising from the initiatives and the interview / document review process. Documented key controls. Assessed potential impact on SIN data integrity.
- Prepared summary of issues from new initiatives review. Identified risks and built recommendations.

2.3 Interfaced with Governance & Risk team on existing risks. Passed identified risks to the Governance Team and work to arrive at consistent view of risks and potential recommendations.

## **3. Reporting Phase: Jun 26- Jul 7, 2006**

3.1 Contributed to draft and final reports

3.2 Completed finalization of all working papers

## APPENDIX B: CATALOGUE OF SYSTEM INTEGRITY TESTS

### GENERAL TESTS:

| # | Test  | Comments  | Type of Error     |
|---|---|---|-------------------|
|   | Initial Action:   |   |                   |
|   | <i>Draw audit test sample</i>   | <i>Select ~50,000 records from initial test SIR file. Account Status = 1, Fraud Indicator, Frozen SIN Indicator and Investigation Indicator = 0</i>   |                   |
|   | <b>Overall Completeness</b>   |   |                   |
|   | Key Fields = "blank"<br>Certain key fields must not be blank            | SIN, surname, first name, date of birth (DOB), sex, or certification must have valid entry (ie, not blank).   | V<br>(Validation) |
|   | Overall Accuracy:   |   |                   |
|   | Duplicate SIN numbers - the same SIN issued to two or more individuals. | Test for duplicates and create new table. Test if potential duplicates are cross-referenced to the other SIN; if not, this is considered a duplicate. | I<br>(Integrity)  |

### DETAILED TESTS:

| # | Test  | Comments   | Type of Error |
|---|---|--|---------------|
|   | <b>Detailed Verification</b>  |  |               |
|   | Extract of SIR (sample of 400 detailed records from original file of 40 M)<br><br>Determine whether or not particular record contained information as required. | Account Status = 1, Fraud Indicator, Frozen SIN Indicator and Investigation Indicator = 0<br><br>Obtain detailed printouts of microfiche records on selected SIN holders and validate information on SIR.<br><br>Review fields that are currently being used for authentication purposes:<br><br>Surname (current); Surname (original); Surname (alternates); Given name 1 (current); Given name 1 (original); Given name 2 (current); Given name 2 (original); DOB, Gender, Mother's maiden name, Deceased/Date of death.<br><br>Duplicate flag off and no reference record exists. | V             |
|   | Validate SIN for sample of 400  | Recalculate check digit to validate SIN itself. Refer to Service Canada Management for actual calculation.   | I             |

| # | Test   | Comments  | Type of Error |
|---|--|---|---------------|
|   | <b>Date of Birth</b>   |   |               |
|   | Date of Birth that's inaccurate                                  | DoB = "20060701" (or later - date later than current date)  | I             |
|   | Date of Birth that's incomplete                                  | DoB = "200607 --" (less than 8 characters in length or not numerical).  | I             |
|   | Date of Birth that's invalid                                     | DoB = "01042006" (format wrong, doesn't match standard definition).   | I             |
|   | <b>Date of Death</b>   |   |               |
|   | Date of death that's inaccurate                                  | DoD = "19060701" (or before - date before data was being recorded)  | I             |
|   | Date of Death that's invalid or incomplete.                      | DoD = "01071906", (format wrong, doesn't match standard definition, less than 8 characters in length)   | I             |
|   | <b>Series 900 SINS</b>   |   |               |
|   | Select all 900 series SIN records                                | Approximately 1 Million records.  |               |
|   | Expiry Date of 900 SIN   | No data in record field, if Citizenship indicator = 4 and SIN begins 9XX.   | V             |
|   | <b>Multiple SINS</b>   |   |               |
|   | Multiple SINS - more than one SIN issued to the same individual. | Compare random sample of "400" SINS to "40" M "usable" SINS. Match based on surname field(s), current name(s), DOB, gender, mother's maiden name (IBM Study): estimated that 120,000 multiple SINS exist on the SIR | I             |
|   | Follow-up on duplicate SINS.                                     | Sample duplicate SINS (from test 2) to see if same name comes up for unreferenced SINS. "Place of Birth" = "Canada", and "DoB", "Gender" and "Lastname" are all the same.   | I             |

## APPENDIX C – SERVICE CANADA’S RESPONSES TO THE OAG

| OAG Recommendation  | Service Canada’s response to the OAG   |
|---|--|
| <p>1.31 HRDC should assess public awareness of how and when to use the SIN appropriately and should carry public awareness efforts as needed.</p> | <p><b><u>Management Response:</u></b></p> <p>HRDC did undertake a range of public awareness activities during 2001 and 2002. These included brochures, information to clients, and changes to the message on the SIN card itself.</p> <p>HRDC will assess the effectiveness of its Social Insurance Number public awareness activities during 2002-03. The Department will use the results of that assessment to guide the next phase of its public education efforts that will begin in 2003-04.</p> <p><b><u>July 2003 Update:</u></b></p> <p>A SIN public awareness campaign was completed in 2001.</p> <p>Focus group discussions were held in January 2003 and feedback has been obtained on various Communication products related to the SIN. A final report was received in March 2003. A survey was conducted in February 2003 to assess the general public’s understanding and awareness of the SIN and the results are available.</p> <p>A communication strategy for 2003-04 will be developed based on the results of the final focus group and survey reports. The communications approach will focus on specific groups in the general public (e.g. employers, banks, credit companies, young adults, etc.) with targeted messages and delivery for each of these audiences.</p> <p><b><u>June 2004 Update:</u></b></p> <p>A communication plan has been developed and is being rolled out on an as-needed basis. In 2003-2004, the plan targeted 900-series SIN holders to ensure the appropriate messages reached the targeted population prior to the changes on expiry dates coming into force on April 3, 2004.</p> <p><b><u>May 2005 Update :</u></b></p> <p>The communication strategy and roll out plan have successfully reached the targeted audience. In addition, a public opinion research was conducted in January 2005 to assess public awareness which will be used to improve the communication strategy and roll out plan for future initiatives.</p> <p>Future communication plans will form part of the strategic communications for the Service Canada initiative.</p> |

|   |  |
|---|--|
| <p><b>1.55</b> HRDC should ensure that its policies and practices respect the intent of the EI Act and Regulations which require it to:</p> <p>1) Determine the identity and citizenship status of applicants for a SIN, and</p> <p>2) Obtain proof for the need of a SIN from applicants who are not Canadian citizens or permanent residents.</p> | <p><b><u>Management Response:</u></b></p> <p>HRDC is building on previous initiatives to improve the integrity of the issuing process to ensure that is meeting the Social Insurance Number goals of the Employment Insurance Act.</p> <p>As of August 1, 2002, the Department implemented a uniform standard for Canadian-born applicants when it stopped accepting baptismal certificates from applicants born in Quebec and Newfoundland and Labrador. HRDC will build on this step by implementing its decision to render certified copies ineligible as proof of identity by November 1, 2002. This means that HRDC will accept only original documents to prove identity for applications made in-person or through the mail. The Department will accelerate the necessary training of staff on policies and procedures, including the new proof-of-identity requirements. Initiatives such as the use of ultraviolet lights to examine original documents, and improved staff training, enhance HRDC's security measures.</p> <p><b><u>July 2003 Update:</u></b></p> <p>As of October 8, 2002, HRDC only accepts Birth Certificates and/or Citizenship and Immigration documents as proof of identity and status in Canada.</p> <p>Initiated negotiations with Citizenship for access to their citizenship data (January 2003).</p> <p>Letter of Intent signed with British Columbia Vital Statistics Agency to conduct a pilot verification of birth information in the fall of 2003. We are working in conjunction with the Passport Office, which will be conducting a similar pilot with in the spring of 2003. As a result, BC has asked HRDC to postpone its pilot to the fall. Commenced discussions with Quebec and Ontario for access to their Birth/Death information. Interdepartmental working group struck in February to examine issues around identification documents and the SIN application process. Recommendations regarding assessing identity in the application process will be developed by the end of Sept.</p> <p><b><u>June 2004 Update:</u></b></p> <p>A federal/provincial/territorial framework has been developed to implement a common, consistent approach to working with the provinces and territories in order to create the linkages between vital event data and the Social Insurance Register (SIR) to enable service integration. A closer partnership with the provinces is a key element to the broader government policy of integrated service offerings and the service transformation being undertaken by our department.</p> <p>We have engaged all provincial/territorial vital statistics authorities in discussions and in 2004-05, the focus will be on concurrent registration of births and SINS, and access to death information.</p> <p>A draft Memorandum of Understanding (MOU) has been negotiated with the British Columbia Vital Statistics Agency and discussions are</p> |
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|  | <p>ongoing with Ontario. As part of the Service Delivery MOU between the Federal and Ontario governments, we are aiming for implementation of SIN-at-birth in 2004-2005.</p> <p>Dialogue is ongoing with Department of Foreign Affairs and International Trade (DFAIT), Citizenship and Immigration (CIC) and the provinces to draft an identify policy to ensure a common approach by all jurisdictions in identity management and determination of status in Canada.</p> <p>A draft MOU has been negotiated with CIC for citizenship data.</p> <p>CIC is undergoing a systems re-design that is expected to be completed in 2006; a decision was taken by CIC that no new systems development would be initiated in the interim. Thus, electronic access to citizenship data cannot be implemented until 2006 at the earliest. We continue to explore options to facilitate earlier connections.</p> <p><b><u>May 2005 Update:</u></b></p> <p>A national approach for the exchange of vital event information has been developed. Security and privacy issues are being addressed with the responsible areas.</p> <p>The national vital event approach has the following components:</p> <ul style="list-style-type: none"> <li>▪ Notification of vital events from provincial/territorial agency to the SIR (including births and deaths);</li> <li>▪ Validation of vital event information submitted by an individual in support of a SIN application;</li> <li>▪ Validation of historical vital events to enhance the accuracy of the data contained in the SIR.</li> </ul> <p>Negotiations are underway with British Columbia, Ontario, Quebec, Manitoba and Nova Scotia for exchange of vital event information and with New Brunswick to enhance the existing agreement. In addition, negotiations continue with Citizenship and Immigration in order to allow validation of Canadian Citizenship certificates information.</p> <p>Letters of Intent have been signed with Ontario and BC. Signature with Québec, Nova Scotia and New Brunswick is imminent, as is signature of the exchange of information MOU with Ontario. Discussions will be initiated with the remaining provinces and territories over the coming months for similar arrangement to be implemented starting next fiscal year.</p> |
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|   | <p><b><u>March 2006 Update:</u></b></p> <p>Consistent with the National Vital Event Model developed; a Memorandum of Understanding (MOU) was signed October 19, 2005 with the province of Ontario for the sharing of vital event data.</p> <ul style="list-style-type: none"> <li>▪ Specific initiatives being pursued under this MOU include: provision of historical death data, notification by Ontario of birth and death events, and the validation of identity information submitted by SIN applicants.</li> <li>▪ Progress is being made with New Brunswick towards an agreement to provide notification of death data.</li> <li>▪ Negotiations are underway with all the other provinces/territories.</li> </ul>  |
| <p><b>1.56</b> HRDC should reconsider its goals for the 900-series SIN and the associated risk. It should revise its policy and practices accordingly.</p>  | <p><b><u>Management Response:</u></b></p> <p>In February 2002, the Department reviewed how SIN applications are processed and is considering ways to further strengthen proof of identity, such as implementing a guarantor system similar to the one used for the Canadian passport; or including photo identification as part of the application process.</p> <p><b><u>July 2003 Update:</u></b></p> <p>As of October 8, 2002, 900-series SINs require a valid Immigration document. Proof of need is now based on authority from Immigration to work in Canada and will expire when that authority to work expires.</p>  |
| <p><b>1.57</b> Human Resource Development Canada should improve the integrity of its SIN application process. In particular, it should</p> <ol style="list-style-type: none"> <li>1) Assess the reliability of the identity and citizenship documents it accepts as support for application and implement corrective action where necessary;</li> <li>2) Make reasonable efforts to develop a means of checking the validity of identity and citizenship documents with the authorities that issued them; and</li> <li>3) Ensure that staff has the training and tools to comply with the EI Act and Regulation for a SIN.</li> </ol> | <p><b><u>Management Response:</u></b></p> <p>HRDC will continue with efforts that it has been making since 1998 to access vital statistics databases of the provinces and territories. It should be recognized that, with privacy and security concerns, these partnerships take time. Eventually, as is the case right now in New Brunswick, this will allow the Department to directly, accurately, and consistently verify birth information provided by Canadian-born SIN applicants with the province or territory of birth. HRDC is currently working toward a pilot project with British Columbia to verify the information provided on a SIN application with the provincial vital statistics agency.</p> <p>HRDC is taking steps to amend the Employment Insurance Regulations to improve the management of SINs needed by people who are neither Canadian citizens nor permanent residents (900-series). Under this change, these 900-series SINs will be limited to an amount of time that is linked to the individual's authorized stay in Canada, rather than indefinitely. These SIN cards will display the expiry date of that Social Insurance Number.</p> <p>HRDC also recognizes the need to address the issue of existing 900-series SINs. In order to bring about consistency, and after regulatory approval is obtained, existing 900-series SIN cardholders will have a reasonable period of time to provide acceptable proof of identification and proof of need to obtain a new card.</p> |

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|  | <p>The Department anticipates that these measures represent additional significant improvements in the overall security and accuracy of the Social Insurance Number database.</p> <p><b><u>July 2003 Update:</u></b></p> <p>As of October 8, 2002, HRDC accepts only birth certificates or documents issued by Citizenship and Immigration Canada as proof of identity for the SIN program.</p> <p>Policy has been amended to be in line with position taken by the Federal, Provincial, Territorial Council on Identity in Canada. I.e., birth certificates for individuals born in Canada, Immigration documents for individuals not born in Canada.</p> <p>Discussions have been ongoing with the BC Vital Statistics Agency (BCVSA) to pilot the verification of SIN information against birth information of BC-born SIN applicants. Discussions initiated with Ontario &amp; Quebec for similar projects. MOU being negotiated with Citizenship to verify information contained in citizenship records (March 2004).</p> <p>A pilot project with the BCVSA will commence in the fall of 2003 to verify information provided by BC-born SIN applicants. We are working in conjunction with the Passport Office, which will be conducting a similar pilot in the spring of 2003. As a result, BC has asked HRDC to postpone its pilot to the fall.</p> <p>Samples of identity documents to assist staff in recognizing and detecting false documents are now available to staff via Intranet (January 2003).</p> <p>The computer-based training course has been updated and is now available to staff.</p> <p>The computer-based training course has been updated and is now available to staff.</p> <p>The English version of the course was delivered in January 2003. Translation of the course material is completed and the course was delivered in French twice in March 2003.</p> <p>Treasury Board approval of the regulatory change received on December 12, 2002. The regulatory change was pre-published in the Canada Gazette on December 20, 2002. No comments were received. The new Regulation has been approved, and took effect March 30, 2003. As of March 30, 2003, all new 900-series SIN cards issued carry an expiry date. A New Social Insurance Card has been designed. Production of the new card has been sent for tender and it will be available for use in July 2003.</p> <p>As of April 3, 2004, existing 900-series SIN holders that have not sought to obtain a new card with an expiry date will have their numbers deactivated. Systems changes to deactivate these numbers will be completed by April, 2004.</p> |
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|   | <p>A Communications strategy has been developed and is in the process of being implemented. Consultations have been held with CIC and the Foreign Worker Program of HRDC to inform employers and develop procedures to deal with the impact of the Regulatory change on foreign seasonal workers. As part of the public awareness campaign to inform the general public of changes to the 900-series SINs, a new brochure entitled "Expiry date for 900-series SINs" was developed. As well, the employer fact sheet entitled "Employers and the Social Insurance Numbers: What You Need to Know" was updated. Websites including <a href="http://www.hrdc-drhc.gc.ca/sin">www.hrdc-drhc.gc.ca/sin</a> were also updated to reflect this new change on March 30, 2003. Public Service Announcements may be published in the spring and fall of 2003 and early 2004 in multilingual publications, to inform current 900-series SIN holders that their SIN will be deactivated if they do not re-apply.</p> <p><b><u>June 2004 Update:</u></b></p> <p>Refer to number recommendation 1.55</p> <p>Pilot with British Columbia (BC) now being re-worked in terms of the larger transformation of Social Insurance Registry (SIR) through linkage to vital event data, and there are ongoing dialogues with BC to re-align initial pilot to a common approach across all jurisdictions.</p> <p>A Communications strategy has been implemented.</p> <p><b><u>May 2005 Update :</u></b></p> <p>Refer to recommendation 1.55.</p> |
| <p><b>1.77</b> HRDC should set goals for the completeness and reliability of the SIR and take the steps necessary to meet them.</p> | <p><b><u>Management Response:</u></b></p> <p>HRDC has made numerous improvements to its Social Insurance Number database, the Social Insurance Register (SIR), to make it more complete and reliable. Since 1998, HRDC has certified the accuracy of millions of SIN records. The Department has also identified 3.2 million other SINs that have not been used in at least five years, which includes 600,000 SINs of deceased individuals. HRDC conducts investigations as appropriate if someone then uses those Social Insurance Numbers to apply for Employment Insurance or is seeking a replacement SIN card.</p> <p>To provide greater security, HRDC is taking steps to amend the Employment Insurance Regulations to cancel SINs that have not been used in five years. Once a SIN is cancelled, a person will be required to provide acceptable proof of identity to reactivate that SIN.</p> <p>The Department has initiated a comprehensive review of the Social Insurance Register. That review will assist HRDC to set goals for SIR integrity, define the actions and timeframes needed to meet those goals, and implement the additional required changes. This process will be completed by April 2003.</p>   |

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|  | <p><b><u>July 2003 Update:</u></b></p> <p>In January 2003, discussions were initiated with Statistics Canada for their assistance and participation in completing this review. A meeting to work out details will be held in mid-February. Initial indications are that a comprehensive baseline of the completeness and reliability of the SIR database will take several months to complete. The Terms of Reference and the proposed methodology for the study are under review. The baseline study is expected to be completed in the fall of 2003.</p> <p>Originally planned for April 2003, goal-setting for the completeness and reliability of the SIR can only be undertaken on completion of the baseline study.</p> <p>Originally planned for April 2003, establishing an action plan will be undertaken subsequent to the above goal setting exercise.</p> <p>Memorandum of Understanding (MOU) between HRDC and CCRA being amended to facilitate the exchange of data. This is expected to be completed in June 2003.</p> <p>Systems development and testing work is in progress.</p> <p>Interventions already occur when deactivated SINs are used for EI or when requests for replacement SIN cards are made and the SIN has been deactivated. Consultations have occurred with other program areas in HRDC in December and January to implement similar processes and develop supporting systems. This initiative will be in place following the next update of dormant SINs from CCRA in June 2003.</p> <p>Consultations were held with CCRA in December 2002.</p> <p>Development of policies and procedures started in January 2003. This initiative will be in place following the next update of dormant SINs from CCRA in June 2003.</p> <p>Negotiations are underway with CCRA to amend the MOU.</p> <p>Development of the MOU initiated in November 2002. A draft copy is with Citizenship and Immigration for review. This MOU is expected to be finalized in Summer 2003.</p> <p>Preliminary discussions have been held with CIC to assess the feasibility of an electronic transfer of information to SIR.</p> <p>Further discussions to take place following signature of the MOU.</p> |
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|  | <p><b><u>June 2004 Update:</u></b></p> <p>Evaluation of completeness and reliability of the Social Insurance Registry (SIR) has been completed and results are being used to guide future integrity work on the SIR (e.g., elimination of certain dormant files.) and to re-architect the SIR as a modern, reliable infrastructure.</p> <p>A comprehensive and integrated plan has been developed in concert with the larger transformation of government services. Refer to recommendation 1.55.</p> <p>We have had some successes in the past years. But planning has evolved and the department now has a broader vision of the SIN as the foundation of transformation of government services. We have established a comprehensive and complete action plan in consultation with key stakeholders. All orders of government have been engaged to ensure success of transformation.</p> <p>Over the next several years concrete action will be taken to improve the integrity of the SIR data. This will involve the re-architecting of the SIR, transforming and re-engineering linkages to provincial/territorial vital statistics programs to allow us to enhance integrity of the SIN and SIR.</p> <p>Agreement with Citizenship and Immigration (CIC) for access to immigration data signed in October 2003.</p> <p>This project will entail SIN-issuance at landing, and is part of the broader service transformation as described in recommendation 1.55.</p> <p><b><u>May 2005 Update :</u></b></p> <p>Results of the Baseline Evaluation will continue to guide future integrity work on the SIR.</p> <p>Refer to recommendation 1.55.</p> <p>Enhancements to the SIR integrity have been implemented both on the data within the SIR and by implementing a risk-based approach to the registration process. For example: more that 650,000 dormant SINs belonging to individuals aged 99 and over have been deactivated; nearly 1 million 900-series SINs have not been re-activated past the initial expiry date; use of current risk flags has been reviewed and enhancements are being implemented to strengthen the integrity of the SIR.</p> <p>In addition, extensive research and analysis are being undertaken to review current SIN/SIR policies, procedures and practices such as the development of a Code of Practice to be used by all programs and agencies using SIR data information.</p> |
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|   | <p>SIN and SIR risk initiatives have been integrated into the broader integrity and risk-management approach in support of the Service Canada initiative. No further SDC update required.</p> <p>Refer to recommendation 1.55.</p> <p>Part of broader transformation – refer to recommendation 1.55.</p> <p><b><u>March 2006 Update:</u></b></p> <p>A comprehensive benchmarking exercise has been undertaken to:</p> <ul style="list-style-type: none"> <li>▪ Define SIN/SIR errors,</li> <li>▪ Develop a methodology to assess the error rate and the financial impact of these errors.</li> </ul> <p>This exercise will provide the current state of completeness and accuracy of the SIN/SIR. In addition, Key Performance Indicators (KPI) are being developed to set the necessary targets for accuracy and completeness of the SIN/SIR.</p> |
| <p><b>1.78</b> HRDC should ensure that its reporting of improvements to the quality of the information in the Social Insurance Register is clear and unambiguous.</p> | <p><b><u>Management Response:</u></b></p> <p>HRDC agrees that reporting should be clear and accurate. It has already started to review this reporting to ensure that it provides information as clearly as possible.</p> <p><b><u>June 2004 Update:</u></b></p> <p>A progress report was provided to the Standing Committee on Human Resources Development and Persons with Disabilities and the Standing Committee on Public Accounts in October 2003. In addition, it has been agreed that future reporting on SIN/SIR integrity will be via the Departmental Performance Report.</p> <p><b><u>May 2005 Update:</u></b></p> <p>Reporting is being done through the Departmental Performance Report and the Report on Plans and Priorities.</p>   |
| <p><b>1.82</b> HRDC should adopt a more comprehensive risk-based approach in investigating related fraud.</p>   | <p><b><u>Management Response:</u></b></p> <p>The Department has implemented the SIN application Review Program (SARP), a risk-based program that guides investigation priorities related to SIN applications, which forms part of HRDC's approach to risk management.</p> <p>The Department will determine if SARP can be expanded to guide priority-setting for other SIN investigations. Any risk-based approach will recognize that the Department needs to work closely with federal and provincial government officials, police services, employers, and other partners in combating SIN related fraud and abuse.</p>   |

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|  | <p><b><u>July 2003 Update:</u></b></p> <p>The SIN Application Review Program (SARP) has been in place since 2001.</p> <p>The results of the assessment are being compiled and reviewed and a draft report is ready for review.</p> <p>A study completed in January 2003 determined that SARP can be used to guide priority-setting for SIN investigations related to other HRDC programs.</p> <p>Initial discussion took place in January 2003. Officials from the Office of the Auditor General have agreed to advise HRDC in the development of a comprehensive Risk Management Strategy for SIN investigations. Work is underway and implementation will occur in 2003-04.</p> <p><b><u>June 2004 Update:</u></b></p> <p>40. A SIN Risk Assessment Workshop was held in August 2003, following which SIN risk profiles were developed and a SIN risk management strategy was implemented. Work is ongoing to incorporate the SIN risk management strategy into a broader enterprise-wide risk-based integrity framework.</p> <p><b><u>May 2005 Update :</u></b></p> <p>Response included in 1.77 above.</p> |
| <p><b>1.85</b> HRDC should ensure that investigators have the proper training and tools.</p> | <p><b><u>Management Response:</u></b></p> <p>HRDC agrees with the recommendation. The Department has developed an integrated course on Social Insurance Number investigation and identity fraud. The first session of the course will take place in the fall of 2002. All HRDC offices have now received ultraviolet lamps and necessary instructions and training to help identify fraudulent documents through their use. This is matched by a regularly updated guide to identity documents. The decision that HRDC will no longer accept certified photocopies to prove identity from people applying for SINs in person or through the mail will increase the effectiveness of these tools.</p>   |