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Office of Program Evaluation

Evaluation of the Controlled Goods Program



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Executive Summary

- i. This evaluation examined the relevance and performance of the Controlled Goods Program (CGP). The CGP's objective is to mitigate the risk of proliferation of tactical and strategic assets, help strengthen Canada's defence trade controls, and support Canada's domestic and international security interests. The program operated with a total expenditures of \$4.6 million in the 2016 to 2017 fiscal year, with 38 full time equivalents. The CGP was established in 2001.
- ii. The program is located within the Departmental Oversight Branch of Public Services and Procurement Canada (PSPC) in the Industrial Security Sector.
- iii. The program supports Canada's defence industrial base. Canada's defence industry is highly integrated with the United States defence industry. Approximately three-quarters of Canada's defence exports are to the United States. In 1999, the United States Department of State revoked Canada's license exemptions for the *International Traffic in Arms Regulations* due to concerns with the adequacy of the Government of Canada's domestic control of defence articles. To address these concerns and regain the license exemption, Canada agreed to create the CGP to control access to defence articles. Since the program was created in 2001 to meet this economic need, the security landscape has changed, with increased threats arising from the proliferation of weapons, espionage, cybercrime, and terrorism. By regulating access to controlled goods, the CGP contributes to the Government of Canada's efforts to mitigate these risks of proliferation of defence articles to unauthorized individuals, groups and states.
- iv. The CGP fulfills legislative requirements to control access to defence articles in Canada. PSPC, on behalf of the federal government, has a role in the delivery of the CGP in support of an integrated North American defence industrial base. The program responds to a demonstrable need to ensure access to a North American defence industrial base and to ensure that controlled goods are protected against unauthorized access. The program's role as a domestic security program has increased over time in response to evolving security needs. The CGP is aligned with departmental and government-wide priorities through its role in regulating and controlling arms, its support of a bilateral defence trade agreement, and its program enhancements.
- v. The evaluation found that the CGP has seen improvements over the evaluation period. The program improvements have contributed to the achievement of the majority of its immediate outcomes pertaining to the timely and effective authorizations of Canadian companies, individuals, temporary workers, and visitors. The immediate outcomes that were partially met related to compliance inspections and risk identification. While compliance inspections were effective in identifying and addressing deficiencies, there were only incremental improvements to the timeliness of completing them. The CGP delegates security assessments of company employees to a designated official within the company. The CGP has risk matrices for security assessments of individuals, compliance inspections of registrants, and assessments of company ownership, but the security assessment process for exemptions of temporary workers, visitors, and foreign students is not as robust as the process used for the security assessment of individuals. The CGP has also not developed a formal risk-based approach for the conduct of foreign ownership, control, and influence assessments. Through its guidance, training, and support, the CGP has contributed to

improving Canadian industry's understanding and ability to meet their legislative and regulatory obligations.

- vi. The CGP has achieved the majority of its immediate outcomes, and as a result, has helped safeguard and protect controlled goods from unauthorized access. Overall, the CGP has effectively identified and rectified violations of the *Defence Production Act* and its regulations, although issues were identified with the timeliness of the compliance inspections. There were few cases involving businesses operating in Canada that required prosecution by the Royal Canadian Mounted Police or that resulted in penalties under the United States *International Traffic in Arms Regulations*. The CGP has a process in place to address compliance deficiencies, although challenges were noted with the mitigation of unauthorized access in a timely manner. The effectiveness of the regulatory framework was enhanced, as the CGP addressed the majority of the gaps identified in its threat and risk assessment through the implementation of various tools, amendments to the *Defence Production Act* and the *Controlled Goods Regulations*, and operational improvements to the program. These improvements contributed to the United States' recognition of the effectiveness of the program and helped ensure the continued provision of the *International Traffic in Arms Regulations* license exemptions used by registrants.
- vii. The CGP improved the efficiency of its output delivery by producing a higher level of outputs with the same or fewer resources. The CGP has relied on temporary funding for approximately half of its planned spending for the last 3 fiscal years and there has been a significant and growing variance between planned and actual expenditures, with the majority of the variance stemming from lower than planned salary expenditures.

Recommendations

Recommendation 1

The Assistant Deputy Minister, Departmental Oversight Branch, should develop methods to report on the program's performance story related to its compliance, enforcement and security activities.

Management Action Plan 1

The Controlled Goods Directorate will develop a reporting mechanism that will provide a summary of its compliance activities. The reporting structure and frequency will be determined and implemented in fiscal year 2019 to 2020.

Recommendation 2

The Assistant Deputy Minister, Departmental Oversight Branch, should develop a framework to ensure a risk-based approach to foreign ownership, control or influence assessments of registered businesses so that greater effort is placed on those of higher risk.

Management Action Plan 2

The Controlled Goods Directorate will utilize a risk based approach in assessing foreign ownership of applicant businesses. It will include the development and implementation of a tiered assessment process based on identified risk. The result will be security assessments commensurate with the risk profile of the country of the ultimate investor.

This will require the following actions:

1. Develop tier assessment protocols
2. Liaise with PSPC's Forensic Accounting Management Group on the proposal
3. Enhance processes
4. Train and implement

Recommendation 3

The Assistant Deputy Minister, Departmental Oversight Branch, should implement an enhanced exemption process for visitors, temporary workers and foreign students with a view to mitigate risks associated with these.

Management Action Plan 3

The Controlled Goods Directorate will develop sub-categories for visitor exemptions. The CGP will security assess visitors under the following 3 categories;

- proprietary visitor – an individual who has, or represents an organization which has proprietary rights to controlled items
- touring visitor – an individual attending a CGP registered facility for a tour, meetings or information purposes
- consulting visitor – who is employed by a foreign entity and whose services have been contracted through their foreign employer

The CGP views categories 1 and 2 as lower risk and will be security assessed under a model akin to the current visitor process. Category 3 is seen as higher risk and akin to temporary workers. As such, the CGP will be conducting a more robust security assessment of consulting visitors, which will be aligned with the security assessment processes used with Canadian workers, temporary workers and foreign students.

Recommendation 4

The Assistant Deputy Minister, Departmental Oversight Branch, should explore options to strengthen the program's ability to address administrative non-compliance.

Management Action Plan 4

The Controlled Goods Directorate will explore options to address administrative non-compliance issues through the following actions:

1. Identify the administrative non-compliance issues to be addressed
2. Explore current administrative monetary penalty system models in other government departments
3. Develop business case and identify options/instruments to address the non-compliance issues.
4. Brief senior management and obtain decision
5. Subject to senior management decision, develop implementation plan

Recommendation 5

The Assistant Deputy Minister, Departmental Oversight Branch, should develop procedures for how the CGP would address a situation where a registrant improperly assesses the risk of an employee and an incident occurs, to ensure that consequences to Canada are mitigated.

Management Action Plan 5

The Controlled Goods Directorate will develop a standard operating procedure to address the scenario where a security breach occurs due to an employee that was improperly security assessed by the registrant's designated official.

Introduction

1. This report presents the results of the evaluation of the Controlled Goods Program (CGP). This engagement was included in the Public Services and Procurement Canada (PSPC) 2017 to 2018 to 2020 to 2021 Risk-Based Audit and Evaluation Plan.

Profile

Background

2. The CGP, created in 2001, is an industrial security program that regulates and safeguards controlled goods in Canada. When operating in Canada, a company or individual must be registered in the CGP or exempted or excluded from registration before they may examine, possess, and transfer controlled goods.
3. The controlled goods regulated by the program include tactical and strategic assets, which consist of weapons, satellite global positioning systems and communications equipment, military equipment, and related intellectual property. Individuals and businesses that access such items must comply with the requirements of *Defence Production Act* and the *Controlled Goods Regulations*.
4. The CGP's objective is to mitigate the risk of proliferation of tactical and strategic assets, help strengthen Canada's defence trade controls, and support Canada's domestic and international security interests. This is done through the registration, examination and inspection of private sector individuals and companies possessing, examining or transferring controlled goods. Registration in the CGP also allows for certain unclassified United States-origin defence articles, which are subject to the United States *International Traffic in Arms Regulations*, to be exported without a license by United States suppliers to recipients in Canada who are registered in the CGP.
5. The *International Traffic in Arms Regulations*, authorized under the Arms Export Control Act, were established in 1976 to strengthen export controls for United States-origin defence articles. The *International Traffic in Arms Regulations* are a set of United States government regulations on the export and temporary import of defense-related articles, technology, and services, as identified in the United States Munitions List. To continue to facilitate the North American defence industrial base and its related agreements, Canada was the only country to receive exemptions to the export and temporary import licensing requirements of these regulations. In 1999, the United States Department of State revoked Canada's license exemption for *International Traffic in Arms Regulations* articles due to security concerns that United States defence articles were being illegally retransferred from Canada to countries that were not authorized to access the *International Traffic in Arms Regulations* articles. The United States had argued that inconsistencies between the United States and Canada defence export laws and regulations and enforcement practices had led to abuse of the Canadian exemptions by individuals seeking to illegally retransfer

the *International Traffic in Arms Regulations* articles from Canada to ineligible parties or prohibited countries.

6. [Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14] This export license requirement would have negatively affected the Canadian defence industry and inhibited the Government of Canada's timely access to defence articles. In 2000, Canada agreed to harmonize its Export Control List with the United States Munitions List, require proof from Canadian exporters of United States re-export authorization for the *International Traffic in Arms Regulations* articles, and strengthen domestic controls. As a result, Canada regained the *International Traffic in Arms Regulations* exemption in 2001. To address the domestic control of defence articles, Canada agreed to create its own domestic regulatory program to control access of Canadian individuals and businesses to defence articles. Consequently, the CGP was created by PSPC in 2001.

Authority

7. The CGP is responsible for part 2 of the *Defence Production Act*, Regulation of Access to Controlled Goods, which authorizes the Minister of Public Services and Procurement to regulate access to the controlled goods that are listed in the schedule (the Controlled Goods List) as per Section 35 of the act. The act requires individuals or businesses that examine, possess or transfer controlled goods in Canada to register in the program and comply with its requirements. The act provides authority to the minister to exempt temporary workers and visitors from registration or to exclude certain persons (e.g. federal public servants) from the requirements of part 2 of the act. Excluded federal public servants are subject to the requirements stipulated in the Treasury Board *Policy on Management of Materiel* and the Treasury Board *Directive on Controlled Goods*.
8. The *Controlled Goods Regulations* provide the minister with the authority to deny, suspend, amend or revoke registrations or exemptions to registration in the CGP, as well as stipulate application requirements and registration conditions. Further, the regulations provide the minister the authority to conduct security assessments on specific groups of individuals, inspect registered companies to ensure compliance, and detain or remove any controlled good if the requirements of the *Defence Production Act* or the *Controlled Goods Regulations* are not met.
9. The *Departmental Security Program Policy* identifies the Industrial Security Sector's responsibility for ensuring that measures are taken for the examination, possession, and transfer of controlled goods to prevent unauthorized access. The *Industrial Security Program Policy* identifies the Controlled Goods Directorate's roles and responsibilities in the administration of the provisions of part 2 of the *Defence Production Act* and the *Controlled Goods Regulations*.

Roles and responsibilities

10. The CGP is located in the Industrial Security Sector within the Departmental Oversight Branch. Activities include processing CGP registration applications of companies; conducting compliance inspections; conducting security assessments of owners, designated officials, and authorized individuals; processing exemption requests for temporary workers and visitors; developing policy instruments and amending the *Defence Production Act* and the *Controlled Goods Regulations*; and collecting intelligence related to counter-proliferation. The program is delivered in the National Capital Area.

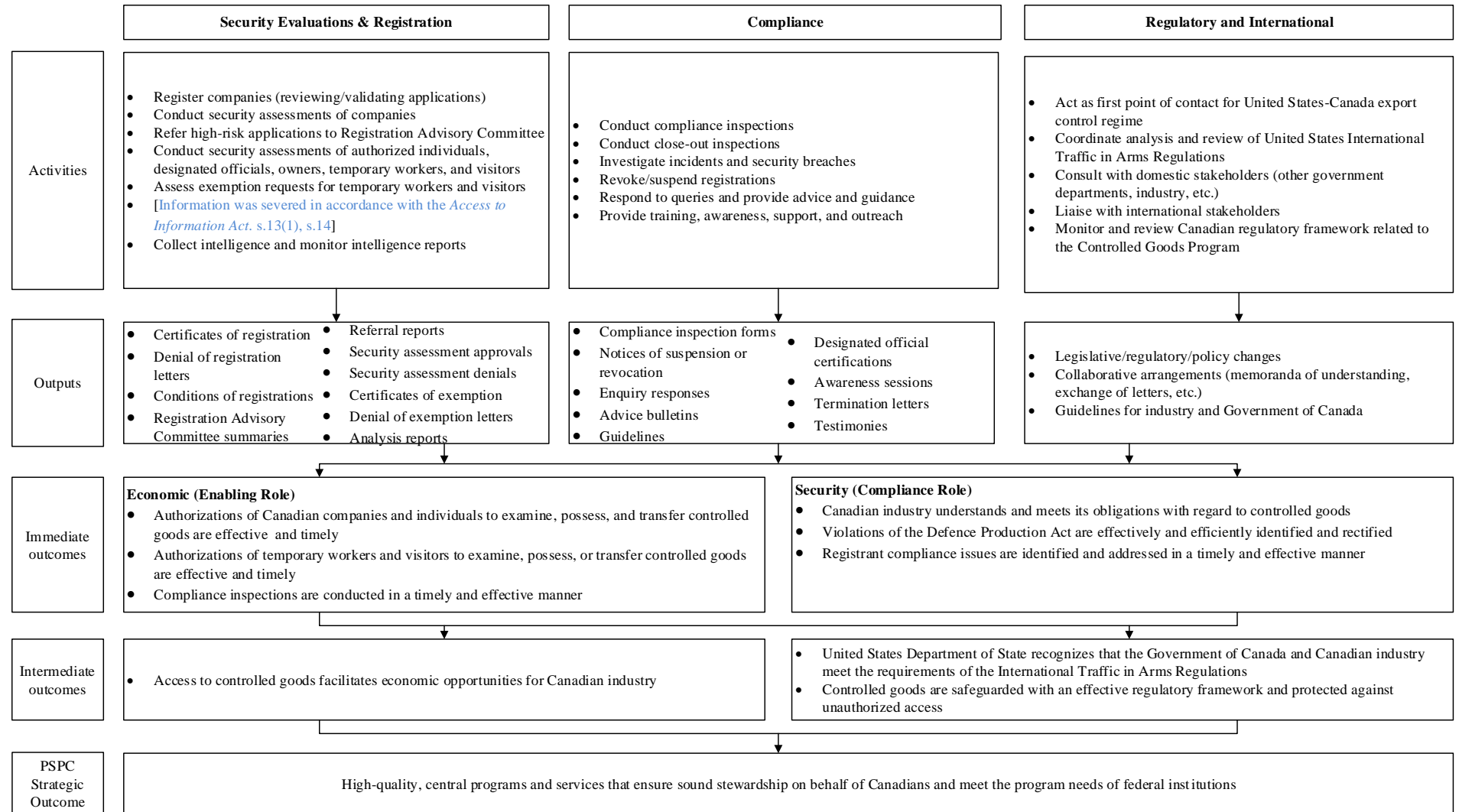
Resources

11. The CGP is funded through appropriations and sunset funding from the fiscal framework until March 31, 2018. Program expenditures in the 2016 to 2017 fiscal year was \$4.6 million. There were 38 full-time equivalent employees, with salary expenditures of \$2.9 million. Over the period April 1, 2011, to March 31, 2017, the CGP issued 7,012 registration certificates (new and renewals), conducted 8,006 compliance inspections, security assessed 8,865 individuals, provided training for 4,298 designated officials, and issued 12,326 temporary worker and visitor exemption certificates.

Logic model

12. A logic model is a visual representation that links a program's activities, outputs and outcomes; provides a systematic and visual method of illustrating the program theory; and shows the logic of how a program is expected to achieve its objectives. It also provides the basis for developing the performance measurement and evaluation strategies, including the evaluation matrix.
13. A logic model for the program was developed based on a document review, meetings with program managers and interviews with key stakeholders. It was subsequently validated with program staff. The logic model is provided in Exhibit 1.

Exhibit 1: Logic model for the Controlled Goods Program



Focus of the evaluation

14. The objective of this evaluation was to determine the program's relevance and performance in achieving its expected outcomes in accordance with the Treasury Board *Policy on Results*. The evaluation assessed the program for the period from April 1, 2011, to March 31, 2017.

Approach and methodology

15. An evaluation matrix, including evaluation issues, questions, indicators and data sources, was developed during the planning phase.
16. Multiple lines of evidence were used to assess the program. These included:
 - Document review: Documents such as legislative and policy documents; guidelines and manuals; departmental documents (annual reports on plans and priorities and departmental performance reports); and program documents (annual reports, meeting minutes, studies, business cases) were reviewed
 - Interviews: A total of 18 interviews were conducted, including 6 interviews with program staff, 3 interviews with other government departments, 5 interviews with designated officials,¹ and 4 interviews with owners/registrants
 - Survey: Two surveys of industry stakeholders were conducted. The survey of designated officials was sent to 571 individuals and there were 140 valid responses, for a response rate of 25%. The survey of registrants was sent to 535 individuals and there were 152 valid responses, for a response rate of 28%.
 - Jurisdictional review: A jurisdictional review only identified 2 jurisdictions (Australia and the United Kingdom) that had *International Traffic in Arms Regulations* exemptions, but there was minimal data available to assess their effectiveness. The substantial differences in scope, scale, and regulatory structure severely limited the comparability of the programs.
 - Financial analysis: Financial data related to the program's budget and expenditures was examined to assess the economy and efficiency of the program. A basic analysis of the cost-per-output was also conducted.
 - Program data review: The program's performance data was examined to determine the extent to which the program is achieving its intended immediate and intermediate outcomes and its contribution to the PSPC Strategic Outcome

¹ Designated officials are primarily responsible for conducting security assessments of registrant employees.

17. More information on the approach and methodologies used to conduct this evaluation can be found in Appendix A.

Findings and conclusions

18. The evaluation findings are presented in a matrix-style format, where conclusions are presented for each outcome. These individual conclusions support an overall conclusions for each section of the report: relevance, achievement of outcomes, and efficiency and economy.
19. Two themes emerged during the course of the evaluation that highlighted a unique balance that the CGP strives to maintain while delivering on its mandate: stewardship and client-centred delivery of services. For CGP, stewardship can further be divided into economic stewardship via PSPC's role and responsibility in the maintenance of the defence industrial base and domestic security stewardship through its role in ensuring the defence industrial base is protected against diversion to unauthorized individuals, groups, organizations, or state actors. Information gathered as part of the evaluation indicated that the rationale and relevance of the program centres on the stewardship role held by the program – ensuring and maintaining the defence industrial base and mitigating its diversion. The performance of the program however was linked to the program's role in service delivery, via timely and effective service delivery, and the security component of its stewardship role via its role in ensuring that controlled goods are protected against diversion to unauthorized parties.
20. The ultimate outcome of the program points to security, yet the program's performance is primarily linked with its ability to deliver timely services to clients. As a result, the performance measures identified by the program will not provide a fulsome performance story, in particular in relation to its role in safeguarding controlled goods and maintaining the defence industrial base. Further, because there is a potential for conflict between timeliness (an economic impact measure) and rigour (a security impact measure), there is a risk that the measures will drive program activities that would negatively impact its stewardship role. The evidence provided below features an analysis of both the program's role in domestic security stewardship and in the delivery of client-centered services.

Relevance

Continuing need

To what extent does the program address a demonstrable need and is it responsive to the needs of Canadian industry?

Conclusion

21. There are legislative and regulatory requirements for the CGP. The evaluation found that the program responds to a demonstrable need to ensure access to a North American defence industrial base and to ensure that controlled goods are protected against unauthorized access while in Canada and protection against diversion from Canada to unauthorized recipients in other countries.

Findings

Legislative/regulatory/policy requirements for the program

22. There is a legislative (*Defence Production Act*) and regulatory (*Controlled Goods Regulations*) requirement for the provision of the CGP. Other regulations require registration in the CGP, such as the United States *International Traffic in Arms Regulations* (section 126.5 - Canadian exemptions) and Global Affairs Canada's Export Permit Regulations.

Continued existence of factors that were at the basis of the original rationale for the program

23. The original economic need for the program, regarding the *International Traffic in Arms Regulations* license exemption, remains, as there is still a highly integrated North American defence industrial base in which Canadian industry relies on timely access to the United States defence industry. There would be a negative effect on Canadian industry if the exemptions were lost, as it would be difficult to access private and public sector contracts and acquire defence articles from the United States. The *International Traffic in Arms Regulations* license exemptions reduce the cost and time to obtain United States origin articles and to send Canadian origin articles for temporary United States import. Canada's defence industry specializes in electronic subsystems, munitions, and components. Half of the Canadian defence industry's revenues are from exports, three-quarters of which are to the United States.
24. While the *International Traffic in Arms Regulations* exemption issue was the initial reason for the program, government officials had come to recognize that the program could address weaknesses in Canadian domestic security controls for the protection against unauthorized access to controlled goods. This domestic security component of the program

has become more important over time. Since the program was created, the security landscape has changed, with increased threats arising from the proliferation of weapons, espionage, cybercrime, and terrorism. [Information was severed in accordance with the Access to Information Act. s.13(1), s.14]The dual nature of the program mandate was further emphasized in 2014 when the schedule to the *Defence Production Act* was split into a category for United States original articles and a category for domestic articles of strategic or national security significance.

Federal Priorities and Departmental Strategic Outcomes

To what extent is the program aligned with departmental and government-wide priorities?

Conclusion

25. The CGP is aligned with departmental and government-wide priorities through: its role in regulating controlled goods; its support of a bilateral defence trade agreement; and, its program enhancements which support PSPC client service and stewardship objectives.

Findings

Extent to which program objectives align with federal priorities

26. The CGP supports and aligns with federal priorities established in the government's international commitments to regulate and control the trade of arms and prevent their diversion. Specifically, the CGP aligns with the Government of Canada's commitment to be a signatory to the *Arms Trade Treaty*. The CGP also aligns with the objectives of other international commitments of the federal government, including the *Missile Control Technology Regime* and the *Chemical, Biological, Radiological, and Nuclear and Explosives Resilience Strategy and Action Plan* for Canada. The CGP aligns with the federal government's objectives, announced in its 2016 Budget Plan, to improve export verifications in order to prevent the proliferation of weapons and minimize security and safety threats. The CGP also supports the federal government's national security objectives through its provision of information in support of Innovation, Science and Economic Development Canada's *Investment Canada Act*.
27. The CGP meets Canada's obligations under section 126.5 of the *International Traffic in Arms Regulations*, which allows for CGP registrants to be exempt from United States license requirements for the conditional transfer of many *International Traffic in Arms Regulations* controlled defense articles. The license free access to controlled goods supports the federal government's priorities in regards to growing small and medium businesses, because they are the majority of the registrants.
28. The CGP also aligns with the federal priorities in regards to the bilateral defence trade agreements with the United States government. The CGP supports the *Defence Production Sharing Agreement* and the *Defence Development Sharing Agreement*, as registration in the CGP facilitates timely access to United States defence articles for Canadian companies

that have prime contracts and subcontracts with the United States government. Lastly, the CGP aligns with the objectives of the North American Technology and Industrial Base Organization, which is a joint initiative of the Department of National Defence and the United States Department of Defense that aims to promote the North American industrial base.

Extent to which the program objectives align with PSPC's priorities and strategic outcome

29. The CGP aligns with PSPC's Strategic Outcome to deliver high-quality central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions. The program contributed to sound stewardship through its Enhanced Security Strategy, which addressed gaps in the program's security framework identified in a threat and risk assessment. Similarly, improvements were made to service delivery through a Lean Six Sigma review, which enhanced the registration, security assessment, and compliance inspection processes.
30. The CGP has contributed to the Public Services and Procurement Ministerial Mandate to "ensure that the services provided by your portfolio are delivered efficiently, and in a way that makes citizens feel respected and valued" by undergoing initiatives to enhance program efficiency and engaging in ongoing communication with industry through consultations and the CGP's Industry Engagement Committee. The CGP also supports the PSPC's ministerial mandate to work with the Department of National Defence to ensure that the Canadian Armed Forces "get the equipment they need on time and on budget, as outlined in the Government's new Defence Policy, Strong, Secure, Engaged and under the National Shipbuilding Strategy."

Appropriate Role and Responsibility for the Federal Government

To what extent does the program align with federal and PSPC roles and responsibilities?

Conclusion

31. There is a role and responsibility for the federal government and PSPC to support the defence industrial base. The federal government is the only level of government with authority over matters pertaining to defence and trade. PSPC's longstanding role in centralized defence procurement and maintenance of a defence industrial base aligns with the objectives of the CGP. The CGP does not duplicate another federal program, as it is the only program that registers companies accessing the *International Traffic in Arms Regulations* articles and strategic goods. There is substantial complementation with other federal organizations involved in the management and regulation of controlled goods. The registrants' activities complement those of the CGP, but there is no overlap or duplication of activities with the private sector.

Findings

Evidence of the federal government's role and responsibility in relation to the delivery of the program

32. The federal government is the only level of government with authority over matters pertaining to defence and trade. The federal government has a role and responsibility to meet its obligations to the United States regarding the *International Traffic in Arms Regulations* articles, as established in the regulations and the 2000 United States-Canada Agreement on Defense Export Controls. The federal government also has a role and responsibility to deliver the CGP in support of Canada's integrated North American defence industrial base.

Evidence of PSPC's role and responsibility in relation to the delivery of the program

33. PSPC's longstanding role in centralized defence procurement and maintenance of a defence industrial base aligns with the objectives of the CGP. The CGP supports all military procurements that require access to the United States *International Traffic in Arms Regulations* articles and domestically controlled articles.² The CGP supports the Munitions Supply Program, as most of the contractors are registered in the program because they use United States defence articles as inputs in their production process. The CGP supports the PSPC Foreign Military Sales Program. [[Information was severed in accordance with the Access to Information Act, s.13\(1\), s.14](#)]

Extent to which the program complement, duplicates or overlaps with other federal government functions, or with those of other levels of government

34. The CGP is the only program that registers companies accessing *International Traffic in Arms Regulations* articles and strategic goods in Canada. However, there are companies registered in both the CGP and the Contract Security Program (approximately 22% of CGP registrants), but the similar functions (i.e. registrations, compliance inspections, security assessments) would be difficult to combine due to CGP's specific legislative requirements. The CGP addressed some of the overlap by allowing Contract Security Program personnel security clearances and Transport Canada security clearances to be used to collect and validate the required security assessment information.
35. There was no overlap identified with other government departments, but there was complementation identified. Federal departments and agencies are responsible for managing their employees' access to controlled goods, because the *Defence Production Act* excludes the public service from registration. The Treasury Board Secretariat has issued the Controlled Goods Directive to provide these excluded departments and agencies directions to ensure secure and effective management of controlled goods. The Department of National Defence is the largest excluded user of controlled articles in Canada. It has a large number of embedded contractors registered in CGP and has its own internal policies for controlled goods protection.

² The Security Requirements Check List includes a clause for CGP registration for contracts that require access to domestically controlled articles and/or the United States *International Traffic in Arms Regulations* articles.

36. There is also complementarity for registrants that are bidding for or have acquired contracts with the United States government. The Canadian Commercial Corporation acts as the prime contractor for Canadian supplier contracts with the United States government. The CGP complements this role by enabling access to many *International Traffic in Arms Regulations* controlled defense articles by CGP registrants. In addition to CGP registration, companies must obtain a certificate from the Canada-United States Joint Certification Program to access unclassified military critical technical data from the Department of National Defence and the United States Department of Defense.
37. The CGP complements the mandate of Global Affairs Canada. The CGP regulates controlled goods domestically and Global Affairs Canada regulates the export and import of controlled goods. Companies are required by Global Affairs Canada to be registered in CGP if they export an article on the CGP's Controlled Goods List.
38. The CGP complements the Royal Canadian Mounted Police's mandate for the criminal diversion of controlled goods under part 3 of the *Defence Production Act*. [Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14]

Extent to which the program complement, duplicates or overlaps with services provided by the private sector

39. There were no significant areas of overlap or duplication identified with the private sector. The activities of the CGP and the registrants complement each other, as the responsibilities for activities, such as security assessments, are split between them. Registrants, designated officials, program staff and other government departments interviewed stated that they did not think that the private sector would be an appropriate method of delivery for the CGP.
40. The sensitive nature of information accessed by the CGP makes outsourcing to the private sector more challenging. It would be difficult for the service provider to access sufficient and appropriate security and intelligence information, and registrants may be more reluctant to provide sensitive information to a private sector organization.
41. The 3 most similar programs in other jurisdictions (the United States, Australia and the United Kingdom) are also delivered by the public sector. The CGP already delegates more responsibilities to the private sector than these jurisdictions (e.g. the security assessments of employees).

Conclusion: relevance

42. The CGP fulfills legislative requirements to control access to defence articles in Canada. The program responds to a demonstrable need to ensure access to a North American defence industrial base and to ensure that controlled goods are protected against unauthorized access. The United States continues to be Canada's largest defence trading partner, necessitating timely access to the *International Traffic in Arms Regulations* articles. The program's role as a domestic security program has increased over time in response to evolving security needs. The CGP is aligned with departmental and government-wide priorities through its role in regulating and controlling arms, its support of bilateral defence trade agreements, and its program enhancements which increased alignment with PSPC

client service and stewardship objectives. The federal government and PSPC have a role in the delivery of the CGP in support of an integrated North American defence industrial base.

Performance

Immediate outcome achievement

Immediate outcome 1: To what extent are authorizations of Canadian companies and individuals to examine, possess and transfer controlled goods timely and effective?

Conclusion

43. The program improved the timeliness of its authorizations of Canadian companies and individuals to examine, possess and transfer controlled goods. The CGP enhanced its processes and procedures used to identify high risk individuals and companies; however, the program does not track the volume of registration and security assessment denials. The CGP has risk matrices for security assessments of individuals (used by both the CGP and the registrants), compliance inspections of registrants, and assessments of company ownership. However, the CGP does not have a formal risk-based approach for the conduct of foreign ownership, control, or influence assessments. The CGP will not have a full list of employees authorized to access controlled goods until January 2022. Until the CGP obtains a new IT system, it is also limited in its ability to conduct searches and verifications of the employees on the list. Under the regulations, registrants conduct risk assessments of their employees, referring high risk employees to CGP. Should the registrant improperly assess employee risk and an incident occurs, it is not clear what the consequences to Canada would be.

Findings

Timeliness

44. The CGP improved the timeliness of registrations and security assessments (i.e. authorized individuals, designated officials, and owners) through a business transformation process. The process transformed registrations and security assessments by standardizing processes and having staff work on a smaller number of files from start to finish. This improved the clarity of the processes, reduced the time that applications spent waiting, and increased communication with registrants. The CGP is now meeting its performance targets. Completion of security assessments in 32 business days went from 23% in 2012 to 2013 to 88% in 2016 to 2017. The issuance of new and renewal registration certificates in 35 business days went from 29% in the 2011 to 2012 fiscal year to 95% in the 2016 to 2017 fiscal year. The timeliness of renewal certificate issuance improved the most over this same period, increasing from 6% to 95%. The CGP also reduced the performance target from 35 to 32 business days, beginning in the 2015 to 2016 fiscal year. The CGP

has not issued registration extensions for renewals since the 2011 to 2012 fiscal year and has not issued extensions as a result of a renewal not being requested or completed on time.

45. Satisfaction among survey respondents was generally high, with only a few respondents dissatisfied with the security assessment process. Ten percent (14 respondents) noted that they were very dissatisfied with factors such as the registration process' length of time, level of effort, and degree of complexity.

Effectiveness

46. The CGP addressed most of the identified gaps in its Enhanced Security Strategy. The CGP developed a more robust and standardized security assessment questionnaire and application for the security assessments conducted by the CGP and the designated officials. The CGP also established an agreement with the Forensic Accounting Management Group of PSPC to research and report on foreign influence of registered businesses as part of the registration process. The CGP has also developed a protocol to conduct manual checks of registrants against United Nations and Canadian embargo lists. The program addressed another gap in the security assessment checks by establishing a contract for World One Checks³ in fiscal year 2017 to 2018. The contract provides access to a database to facilitate the identification of financial, regulatory, criminal, and reputational risks.
47. The CGP has also developed risk matrices for the security assessments (for CGP's assessment of designated officials, authorized individuals, and owners and the registrant's assessment of employees), the prioritization of registrant compliance inspections, and the assessment of company ownership. Some risk-based processes have been developed for the conduct of foreign ownership, control, or influence assessments (e.g. research reports, ownership tree assessments, automatic assessments for some higher risk countries), but these processes have not been formalized. CGP currently uses the percentage of foreign ownership to determine whether a foreign ownership, control, or influence assessment should be conducted.
48. In addition, the CGP is now collecting information for company employees authorized to access controlled goods and will have a full list by January 2022. The list will allow the CGP to create a repository of information to facilitate exchanges with security and intelligence partners. Program management noted that the employee list is being stored in its own database, because the IT system is limited in its ability to store information and conduct searches and verifications. The CGP was unable to identify the number of security assessment and registration denials issued during the evaluation period. The results of the files are recorded in the CGP database as narrative text and therefore the IT system was unable to retrieve data on the volume of denials.
49. Under the *Controlled Goods Regulations*, the registrants conduct security assessments of their employees and must refer high risk individuals to the CGP for further analysis. The CGP then provides a recommendation on whether to grant access. The registrants are then responsible for allowing or denying access to controlled goods for high risk employees in

³ World one checks is a service provided by Thomson-Reuters that combines world check data with purpose-built software to help identify relationship, reputational, and financial risks by providing intelligence reports of heightened risk individuals and entities.

their organization. The regulations do not require referral of medium risk individuals. It is identified as optional in the guideline for designated officials and in the risk assessment guideline. For the fiscal periods April 1, 2014, to March 31, 2017, there has been 6 to 8 high risk individuals referred to CGP by registrants per fiscal year, and the total number of referrals from registrants to the CGP declined over time (from 97 to 37 in the fiscal periods April 1, 2012, to March 31, 2017).

50. CGP management noted concern that the limited availability of information on high-risk countries due to its sensitive and secure nature may inhibit designated official's ability to effectively identify high risk employees. Program management also noted concern with the CGP's lack of regulatory authority to deny access to controlled goods for high-risk employees referred to the CGP by the designated officials. However, program management noted that the CGP's role in denying employees access to controlled goods is inhibited by the inability to provide reasons for its denials due to security restrictions and that it could also open up the CGP to liability for denying access. Program management noted that designated officials could benefit from additional guidance or requirements for the referral of individuals when the risk level is uncertain. While protocols are in place if a violation or breach occurs, a serious breach could put Canada's *International Traffic in Arms Regulations* license exemption at risk.

Immediate outcome 2: Are authorizations of temporary workers and visitors to examine, possess, and transfer controlled goods timely and effective?

Conclusion

51. The CGP authorizes temporary workers and visitors to access controlled goods at registrants' premises in a timely manner. The CGP addressed the gaps in the effectiveness of the assessment of temporary workers and visitors identified in the CGP's threat and risk assessment. However, the security assessment process for exemptions is not as robust, as the CGP relies on fewer criteria to assess the risk of temporary workers, visitors, and students than it does for the security assessments of authorized individuals, designated officials and owners.

Findings

52. The CGP met its performance target of 80% for the issuance of temporary worker exemption certificates within 32 business in the last 6 fiscal years (ranging between 95.31% and 99.52%), except in the 2013 to 2014 fiscal year (74.67%). The CGP improved its performance against its target of 80% for the issuance of visitor exemption certificates within 10 business days (increasing from 98.62% to 100%), with the average number of business days decreasing from 7.2 in the 2011 to 2012 fiscal year to 5.5 in the 2016 to 2017 fiscal year.
53. Only a small number of temporary worker and visitor exemption requests were denied by the CGP, ranging from 2 to 13 denials per fiscal year.
54. The CGP established memoranda of understandings with the Royal Canadian Mounted Police for law enforcement records checks and the Canadian Security and Intelligence

Service for additional security checks. The CGP also clarified the manner in which foreign students are security assessed by treating these individuals in the same manner as temporary workers and visitors. The CGP amended the *Controlled Goods Regulations* in 2016 to allow for adequate security checks of visitors. Interview respondents identified the lack of identification and assessment of visitors to excluded organizations as a gap. However, this gap falls outside of the CGP's mandate, as the program is not responsible for ensuring the protection of controlled goods possessed by federal departments and agencies, as they excluded from the requirements of the *Defence Production Act*.

55. Currently, the CGP relies on fewer criteria to assess the risk of temporary workers, visitors and foreign students than are used for its security assessments of authorized individuals, designated officials and owners. For these groups, the CGP does not assess criteria related to significant and meaningful associations with foreign entities, travel history, or financial risks.

Immediate outcome 3: To what extent are compliance inspections conducted in a timely and effective manner?

Conclusion

56. The CGP has enhanced the effectiveness of compliance inspections through the development of a risk-based approach for compliance inspections. While there has been a moderate improvement over time in the length of time to conduct inspections and the performance standard was met, the expected results of the review of registration and compliance inspection processes have not yet been fully realized in regards to improving the timeliness of compliance inspections.

Findings

57. Compliance inspections are conducted for all new registrants and most renewing registrants (every 5 years), depending on the risk level. As of the 2017 to 2018 fiscal year, the inspections of new registrants are prioritized by the CGP. Inspections are conducted on-site if the registrant possesses controlled goods. If not, they are conducted over the phone. Close-out inspections are conducted to ensure record keeping requirements are met and that there are no controlled goods on-site. The CGP has developed and implemented a risk matrix for compliance inspections which prioritizes inspections based on: the nature of the registrants' controlled goods possessed; inspection and compliance history; and, referral history with CGP's Case Management and Best Practices Division. For the period April 1, 2011, to March 31, 2017, between 57% and 95% of the registrants were medium or high priority and therefore inspections were conducted on site. Over the evaluation period, no registrants required an inspection to address an immediate risk.
58. The CGP underwent a process review in March 2014 to improve its registration, security assessment, and compliance inspection processes. The streamlined process involved conducting the registration, inspection, and designated official training processes concurrently. By conducting the inspections at an earlier date, the inspectors indicated that registrants would be provided greater incentive to comply and would view registrations and compliance inspections as a single process. However, the program data indicates that the enhancements to the compliance inspection process have only resulted in a small improvement to the timeliness of compliance inspections.

59. The CGP exceeded its target for completing inspections of new registrants in 65 business days 80% of the time for fiscal period from April 1, 2011, to March 31, 2017. The average length of time to conduct the first inspection of a new registrant when the process review was conducted in the 2013 to 2014 fiscal year (47 days) is almost the same as it was in the 2016 to 2017 fiscal year (48 days). While there were no performance targets for renewal and follow-up inspections, some improvements were identified over this period. The average length of time to conduct the first inspection of renewing registrants was slightly lower in the 2016 to 2017 fiscal year (110 days) than in the 2013 to 2014 fiscal year (131 days). Similarly, the length of time to conduct follow-up inspections of new and renewing registrants decreased slightly over this same period (157 days to 123 days).
60. The time to conduct close out inspections averaged 213 days for the period April 1, 2011, to March 31, 2017. The time to conduct the inspections fluctuated substantially from year-to-year, with a low of 96 days in the 2011 to 2012 fiscal year and a high of 306 days in the 2015 to 2016 fiscal year. Given that close-out inspections have had a 100% compliance rate in the last 5 fiscal years, the risk related to the lack of timeliness for close-out inspections is low.

Immediate Outcome 4: To what extent are registrant compliance issues identified and addressed in a timely and effective manner?

Conclusion

61. Overall, compliance issues were identified and rectified in an effective manner and there were moderate improvements to the timeliness of the identification and addressing of non-compliance. There are fewer organizations with compliance deficiencies. The CGP has effective mechanisms to address non-compliance, with most deficiencies resolved without the necessity for civil or criminal actions taken by CGP. Registrants and designated officials found compliance inspection requirements clear, and that the support provided by the CGP in addressing compliance deficiencies was effective and timely.

Findings

62. The compliance inspection process involves identifying the extent to which companies are in compliance with the conditions of registration. Registrants must rectify noted deficiencies prior to follow-up inspections. If the deficiency is not addressed within the specified timeframe, the case is referred to the CGP Case Management and Best Practices Division as an alleged violation (discussed under outcome 6).
63. Between the period April 1, 2011, to March 31, 2017, compliance rates upon first and second inspections of new registrants' sites increased from approximately 70% to slightly above the performance target of 80%. The CGP attributed these improvements to changes made to the CGP registration and inspection processes discussed under Outcome 3. The compliance rate upon first inspection for renewing registrant sites increased year-over-year from 60% in the 2011 to 2012 fiscal year to 77% in the 2016 to 2017 fiscal year. Over the same fiscal period, the total number of compliance deficiencies for inspections of new registrants' sites declined (from 894 to 315) and the number of deficiencies per new registrant site inspected also declined (from 1.9 (894/468) to 0.7 (315/443) deficiencies per registrant). The average number of deficiencies per non-compliant registrant site also

decreased since the 2011 to 2012 fiscal year (from 6.3 (894/142) to 4.5 (315/70) deficiencies per non-compliant registrant).

64. Program management indicated that the CGP has effective mechanisms in place to identify compliance deficiencies and bring registrants into compliance. The CGP compliance inspectors have rectified approximately 99% of the deficiencies identified in the course of the compliance inspections. One percent of the deficiencies, on average, were referred to the Case Management and Best Practices Division for investigation and rectification. This division rectified most cases by bringing the registrants into compliance without the use of formal measures. Formal action was taken 3-9 times per fiscal year. There were 2 instances in which controlled goods were removed by the CGP and 1 instance in which controlled goods were voluntarily disposed of by a registrant, which occurred in the 2014 to 2015 fiscal year.
65. The length of time for registrants that are inspected and found to be non-compliant to be brought into compliance increased to 228 days in the 2014 to 2015 fiscal year. The timeliness improved in the 2016 to 2017 fiscal year, bringing it back to the same number of days as in the 2011 to 2012 fiscal year (144 days).
66. The registrants (91%) and designated officials (94%) surveyed perceived compliance inspection requirements to be clear. They were satisfied with the clarity of communication about the nature of the compliance deficiencies. The registrants and designated officials with deficiencies perceived the CGP's support to be timely, agreed that the CGP helped facilitate addressing the deficiencies, and were satisfied with CGP's responses to their questions related to addressing the deficiencies. Their views were slightly more mixed in regards to CGP's mitigation of over-compliance with the regulations (e.g. unnecessary control of non-controlled articles or unnecessary security measures).
67. [\[Information was severed in accordance with the Access to Information Act. s.13\(1\), s.14\]](#) The CGP is in the process of addressing this gap through the development of a memorandum of understanding with other government departments to provide technical matter expertise.

Immediate Outcome 5: To what extent does Canadian industry understand and meet their obligations with regards to controlled goods?

Conclusion

68. Overall, this outcome was achieved, as measured by assessing the extent to which designated officials understand and meet their obligations with regards to controlled goods. The designated officials understand their obligations based on their performance on the certification examination. Designated officials and registrants were satisfied with the training, documents and support provided by the CGP. The vast majority of registrants have an adequate number of designated officials on site. Designated officials generally viewed their roles and responsibilities as clear and, for the most part, had an accurate understanding of their responsibilities. However, the areas where they were less clear coincide with areas and types of individuals presenting a higher risk.

Findings

69. Designated officials carry out the registrants' obligation to conduct security assessments of employees and grant or deny them access to controlled goods. The CGP established the mandatory designated official certification program in the 2013 to 2014 fiscal year to address a need to provide training to designated officials in support of their obligations for meeting the enhanced security assessment requirements for the screening of registrant employees. At the end of the course, participants are required to complete a web-based certification exam. The results of the designated officials' certification examination shows that 94% to 98% passed the examination on the first attempt with a score of over 80% in 3 out of 4 fiscal years for the fiscal period of April 1, 2013, to March 31, 2017.
70. The CGP recommends that registrants should have a designated official at each site and have at least 1 designated official per 150 registrants. The available data⁴ shows that the vast majority of registrants have at least 1 designated official per 150 employees. There were 38 registrants that had less than 1 designated official per 150 employees, with 12 organizations having 1 designated official per 300 or more employees. The rationale provided by the program for these organizations' lower ratio was that larger organizations have support staff to conduct the security assessments; however, these support staff are not required to complete the designated official certification program. In a few instances (2 to 8 per fiscal year), the CGP identified that there was no designated official at a registrant's site.
71. The CGP provides a detailed risk matrix, a security assessment application form, a guideline (updated in May 2017), and the designated official certification program to facilitate designated officials conducting security assessments. The CGP provides guidelines on compliance inspections, registration, and the schedule to the *Defence Production Act*, as well as checklists for various security assessment applications. The CGP also provides telephone and email support to registrants.
72. Designated officials surveyed were satisfied with the quality (98%), frequency (93%), and format (98%) of the designated official certification training provided by CGP. Registrants and designated officials surveyed were satisfied with the quality and availability of the information and support (i.e. telephone enquiries, advice bulletins, and provision of information) provided by the CGP, with satisfaction between 77% and 99% of respondents. Most registrants and designated officials interviewed were also satisfied with the quality and availability of training, support, and guidance.
73. A large majority (73% to 98%) of designated officials perceived their roles and responsibilities to be clear. The responsibilities for the verification of security information for temporary workers, students, and visitors had the lowest degree of clarity among designated officials, with 73% of respondents viewing the roles and responsibilities as clear or mostly clear. However, the risk presented by this lack of clarity is mitigated, because the CGP is responsible for vetting and confirming the information provided in the temporary worker and visitor exemption requests, and approving or denying the request. The clarity of responsibilities in regards to the registrants' consideration of recommendations provided by the CGP regarding high-risk individuals had the second lowest degree of clarity among respondents, with 77% of respondents viewing the roles and responsibilities as clear or

⁴ This data is based on the numbers that were provided in the registrant applications, as CGP will not have the full list of employees security assessed by designated officials until 2022.

mostly clear. This presents a program integrity risk as some designated officials may not refer potential high risk individuals to the CGP for validation of their assessment before approving or denying them access to controlled goods.

74. Designated officials surveyed had an accurate understanding of their responsibilities, with at least 80% of respondents providing the correct responses to the survey's skill testing questions. The one area with weakness in understanding of responsibilities pertained to who the excluded and exempt individuals are that can examine controlled goods, as only 66% of respondents provided the correct answer; however, most of the designated official respondents (84%) stated that they did not have any involvement with exempt or excluded individuals. These were predominantly individual registrants that did not have any employees.
75. Program management interviewed indicated that most designated officials understand their responsibilities, but that designated officials in smaller organizations have a more difficult time understanding their responsibilities as they do not have the same degree of specialized resources and capacities as larger organizations.

Immediate outcome 6: To what extent are violations of the *Defence Production Act* effectively and efficiently identified and rectified?

Conclusion

76. The CGP effectively identified and rectified violations of the *Defence Production Act* and its regulations. Most of the violations were identified by the CGP or registrants. [\[Information was severed in accordance with the *Access to Information Act*. s.13\(1\), s.14\]](#).

Findings

77. The CGP identifies alleged violations through various means (e.g. compliance inspections, security breach reports, exemption process) and will attempt to bring the registrant into compliance. [\[Information was severed in accordance with the *Access to Information Act*. s.13\(1\), s.14\]](#) The CGP's Case Management and Best Practices Division resolved almost all (98% to 100% over the evaluation period) of the alleged violations that were referred to them. Stakeholders surveyed were satisfied with the timeliness of CGP's investigation of incidents and security breaches, and agreed that the program's involvement helped to resolve the issue.
78. The number of alleged violations increased in the 2014 to 2015 to 2016 to 2017 fiscal years (110 in the 2013 to 2014 fiscal year and 273 in the 2016 to 2017 fiscal year). The increase in alleged violations was attributable to 2 main factors. Firstly, the 2015 to 2016 fiscal year had a high volume of alleged violations that were later determined by CGP to not be actual violations. Secondly, most of the alleged incidents identified as actual violations in the 2014 to 2015 and 2016 to 2017 fiscal years were attributable to violations of section 10(d) which states "that the person appoint as a designated official an individual who meets the qualifications set out in section 11." These violations were identified as a result of increased monitoring of the designated officials' completion of the training program. The data shows that these violations were rectified once the designated officials had completed the training and did not need to be actioned (i.e. revocation, suspension, imposition of conditions, or referral to the Royal Canadian Mounted Police).

79. From April 1, 2011, to March 31, 2017, 84 letters of intent to suspend registration were issued to registrants. Most (82 out of 84) were issued in the 2014 to 2015 fiscal year in response to designated officials that had not completed their training and were rectified once they had completed the training program. The CGP has actioned between 3 to 9 cases of identified violations per fiscal year. From the fiscal years April 1, 2011, to March 31, 2017, there were 3 instances where businesses had their registration revoked as a result of bankruptcy and 1 instance where a business had their registration suspended as a result of violations of the *Defence Production Act*. [Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14]
80. For fiscal years April 1, 2011, to March 31, 2017, the percentage of the alleged violations referred to the Case Management and Best Practices Division by other federal organizations ranged from 4% (8/191) to 16% (18/110). For this same period, the percentage of the actual violations referred to the CGP by other federal organizations ranged from 2% (2 out of 128) to 16% (5 out of 362).

Intermediate outcome achievement

Intermediate outcome 1: To what extent has access to controlled goods facilitated economic opportunities for Canadian industry?

Conclusion

81. The CGP has made improvements to the timeliness of its registration and security assessment processes, thereby facilitating improved access to controlled goods by Canadian industry. These improvements to the measures used to safeguard controlled goods have contributed to the continued provision of the *International Traffic in Arms Regulations* exemption. The continued provision of the *International Traffic in Arms Regulations* exemption, in turn, has facilitated access to defence exports from the United States and defence contracts with the United States government, thereby facilitating economic opportunities for Canadian industry.

Findings

82. The CGP made improvements to the timeliness of its registration and security assessment processes between April 1, 2011, and March 31, 2017, thereby facilitating improved access to controlled goods by Canadian industry.
83. The exemption to the *International Traffic in Arms Regulations* export licenses was used for a higher value of goods that were exported from the United States to Canada (approximately United States Dollars \$645 million in 2016) than the value of goods that were exported from the United States to Canada using the *International Traffic in Arms Regulations* export licenses (approximately United States Dollars \$100 million in 2016). Since 2011, the use of the *International Traffic in Arms Regulations* export licenses declined by 80%, while the use of the license exemption increased slightly by 7%. The decline in the *International Traffic in Arms Regulations* license usage may in part be the result of the United States Export Control Reform Initiative, which reduced articles controlled under the *International Traffic in Arms Regulations*.

84. Data on the export of Controlled Goods List articles to the United States was not available. The closest proxy data available was military sales transactions and new defence contracts with the United States government processed through the Canadian Commercial Corporation. This data shows that exports of defence-related articles to the United States have declined since the 2011 to 2012 fiscal year. The export value of commercial trading transactions for contracts with the United States government declined by 69%. The value of Government of Canada contracts that require access to controlled goods could not be identified. The decline in exports is reflective of the overall decline in United States military expenditures. However, the 2018 United States defence budget increased to previous levels, which may have downstream impacts on the value of exports to and from the United States. Despite the decrease in exports, the demand for the program has continued to grow each year, increasing by 15% from approximately 4,000 registrants as of April 2013 to approximately 4,600 as of October 2017.

Intermediate outcome 2: To what extent are controlled goods safeguarded with a regulatory framework that mitigates unauthorized access?

Conclusion

85. Overall, the CGP has safeguarded controlled goods with a regulatory framework that mitigates unauthorized access. The effectiveness of the regulatory framework was enhanced, as the CGP addressed the majority of the gaps identified in its Enhanced Security Strategy through the implementation of various tools, amendments to the *Defence Production Act* and the *Controlled Goods Regulations*, and operational improvements to the program. However, the CGP is still in the process of addressing some of the identified gaps. Most instances of non-compliance and unauthorized access were rectified by the CGP, with only a few requiring further action, such as referring the case to the Royal Canadian Mounted Police. Program management indicated that most of these instances were unintentional and were addressed by bringing the registrants into compliance. Challenges were noted with CGP's ability to rectify violations in a timely manner in some of the instances when there is an ongoing risk of unauthorized access. There were 2 cases in which an individual was prosecuted for violations of the *Defence Production Act*. There have been a limited number of cases of Canadian individuals and companies penalized under the United States *International Traffic in Arms Regulations*.

Findings

Identification of violations

86. The CGP has been effective in rectifying the identified instances of unauthorized access (section 37(1) of the *Defence Production Act*). The CGP identifies unauthorized access primarily through internal referrals and external referrals from other departments and industry registrants. Program management interviewed stated that most instances of unauthorized access were the result of unintentional error on the part of the registrants and are not the result of intentional violations of section 37(1) of the *Defence Production Act*. Program management indicated that the CGP is not as effective in rectifying violations involving unauthorized access in a timely manner. However, they noted that timeliness needs to be balanced against adequate levels of procedural fairness for the registrants.

87. From April 1, 2011, to March 31, 2017, the number of potential instances of unauthorized access reported to the CGP Case Management and Best Practices Division ranged between 28 and 110 per year. Of these, between 13 and 26 per fiscal year were actual instances of unauthorized access. Most of these occurrences were rectified. Only a few (1 to 4 cases per fiscal year) instances required civil or criminal action. As discussed under immediate outcome 4 and 6, compliance rates have improved, while violations reported to and rectified by the Case Management and Best Practices Division increased in the 2014 to 2015 and 2016 to 2017 fiscal years. Only a few (4 to 9 per fiscal year) violations required civil or criminal action. [Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14]
88. The United States Department of State's blue lantern end-use monitoring program reviewed the use of the Canadian exemptions in 2009 by examining 35,000 uses of the exemptions. The assessment found that the overwhelming majority were in full compliance with the *International Traffic in Arms Regulations*. For years 2011 to 2016, the Department of State's penalty and oversight agreements revealed 1 instance of a Canadian company illegally exporting United States military articles to an unauthorized recipient.
89. As identified in previous outcomes, the CGP has addressed, or is in the process of addressing, most of the gaps and program weaknesses identified in its threat and risk assessment through the implementation of the Enhanced Security Strategy. The strategy involved the implementation of various tools, amendments to the *Defence Production Act* and the *Controlled Goods Regulations*, and operational improvements to the program.

Enhancement of the regulatory framework

90. The CGP addressed gaps in the regulatory framework. Eleven gaps were addressed:
- the designated official security assessments were standardized
 - the temporary worker and visitor assessments were enhanced
 - the domestic and foreign student security requirements were clarified
 - memoranda of understanding were signed with security partners
 - registrant applications are now cross referenced against United Nations and Canadian embargoes and sanctions
 - the Controlled Goods List was updated and approximately 50% of the articles were removed from the list
 - significant and meaningful associations were added to security assessments
 - the designated official certification program was created
 - a test was developed to determine if transporters are knowingly transporting controlled goods, although it is in the process of being replaced by a due diligence standard for registrants
 - a contract was put in place in fiscal year 2017 to 2018 to access a database for additional security checks
 - the CGP made the determination to require individuals to register in the CGP, regardless of whether or not they carry on business, and this language will be removed from the regulations in a future update

91. Two gaps are still in the process of being addressed
 - the collection of registrant employee information will be complete by 2022
 - procurement of a new IT system is in the planning stage to facilitate improvements to the efficiency of the collection and management of registrant information
92. One gap has not yet been addressed
 - the development of a secure portal to replace the publicly accessible list of CGP registrants is dependent on the implementation of the new IT system
93. The large majority of registrant and designated official survey respondents agreed or strongly agreed that the guidance documents provided by CGP were up-to-date and reflected the current requirements of the program. The majority of online guidance materials provided by CGP were updated in May 2017, including the guidelines for designated officials, registrations, compliance inspections, and the *Defence Production Act* schedule. The only document identified that had not been updated since the last change to the regulations (June 22, 2016) was the application for registration form, which was last updated May 31, 2016.

Intermediate outcome 3: To what extent does the United States Department of State recognize that the Government of Canada and Canadian industry meet the requirements of the *International Traffic in Arms Regulations*?

Conclusion

94. The United States Department of State continues to recognize that the Government of Canada and Canadian industry meet the requirements of the *International Traffic in Arms Regulations*. The United States Department of State has reaffirmed the role of the CGP in meeting this requirement. The dual and third country national issue has been effectively addressed and no remaining issues were identified.

Findings

95. The exemptions have been strengthened through the 2011 Exchange of Letters Agreement which reaffirmed the CGP's role in meeting the *International Traffic in Arms Regulations* requirements. [[Information was severed in accordance with the *Access to Information Act*, s.13\(1\), s.14](#)]
96. The Minister of PSP was given the lead to identify a solution to the *International Traffic in Arms Regulations* rule that prohibited certain individuals with dual citizenship and permanent residency in Canada from accessing United States origin controlled goods. The issue was resolved in 2011 through an Exchange of Letter Agreement between PSPC and the United States Department of State when the *International Traffic in Arms Regulations* exemptions were expanded to include individuals with dual citizenship and permanent residency status in Canada.

97. Overall, there was no evidence of significant issues remaining in regards to individuals with dual citizenship and permanent residency status in Canada accessing the *International Traffic in Arms Regulations* articles in Canada. There have been no recent tribunal or court cases pertaining to potential human rights violations stemming from the dual and third country national issue. No concern was raised by survey or interview respondents.

Conclusion: outcome achievement

98. The evaluation found that there were improvements in the effectiveness and timeliness of the delivery of the CGP's services over the evaluation period. The CGP has achieved the majority of its immediate outcomes pertaining to timely and effective authorizations, and as a result, has helped safeguard controlled goods with a regulatory framework that mitigates unauthorized access. The immediate outcomes that were partially met related to compliance inspections and risk identification. While compliance inspections were effective in identifying and mitigating deficiencies, there were only incremental improvements to the timeliness of completing them. The CGP has risk matrices for the security assessment of individuals, prioritization of registrant compliance inspections, and assessments of company ownership. However, the CGP does not have a formal risk-based approach for the conduct of foreign ownership, control, and influence assessments. In addition, the security assessment process for exemptions of temporary workers, visitors, and foreign students is not as robust as the security assessment process CGP uses for authorized individuals, designated officials, and owners. Through its guidance, training, and support, the CGP has contributed to improving Canadian industry's understanding and ability to meet their legislative and regulatory obligations.
99. Overall, the CGP has effectively identified and rectified violations of the *Defence Production Act* and its regulations, although issues were identified with the timeliness of the compliance inspections. [Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14]. The CGP has a process in place to address compliance deficiencies. Challenges were noted with the mitigation of unauthorized access in a timely manner. The effectiveness of the regulatory framework was enhanced, as the CGP addressed the majority of the gaps identified in its Enhanced Security Strategy through the implementation of various tools, amendments to the *Defence Production Act* and the *Controlled Goods Regulations*, and operational improvements to the program. These improvements contributed to the United States' recognition of the effectiveness of the program and helped ensure the continued provision of the *International Traffic in Arms Regulations* license exemption used by registrants. The continued provision of the *International Traffic in Arms Regulations* license exemption has, in turn, facilitated economic opportunities for Canadian industries that benefit from timely access to controlled goods.

Efficiency and economy

Efficiency

To what extent is the program undertaking activities, delivering services and products in an efficient manner? Is the program operating in an efficient manner? To what extent did the program achieve similar results with fewer resources?

Conclusion

100. The CGP is undertaking its activities and delivering its services and products in an efficient manner. The CGP improved the efficiency of its output delivery by producing a higher level of outputs with the same or fewer resources. The CGP streamlined and modernized its registration and inspection processes and has undertaken initiatives to improve its efficiency. The implementation of a new IT system may further improve efficiencies.

Findings

101. The CGP's main outputs include conducting inspections, registering companies, conducting security assessments, processing exemption requests, managing alleged violations, and providing training. The average number of outputs produced by the CGP annually was 7,442 over the last 5 years. The average number of full time equivalents was 49 for the directorate.
102. The number of outputs per full equivalent increased by 3%, from 119 in the 2012 to 2013 fiscal year⁵ to 123 in the 2016 to 2017 fiscal year. The Case Management and Best Practices Division amalgamated with the Compliance Inspection Division in the 2015 to 2016 fiscal year. The new division produced almost the same level of compliance inspections per full time equivalent in the 2016 to 2017 fiscal year (115) as it did in the 2011 to 2012 fiscal year (129), while also addressing 273 case files for alleged violations of the legislation and regulations. Similarly, the Intelligence and Analysis Division amalgamated with the Operations and Outreach Division in the same fiscal year. The division produced 22% more outputs per full time equivalent than in the 2012 to 2013 fiscal year (from 196 to 240), while also managing the liaison function with the security and intelligence community.
103. The expenditures per output were \$818 in the 2012 to 2013 fiscal year, which decreased by 2% to \$800 in the 2016 to 2017 fiscal year. A temporary increase in CGP's operations and maintenance costs in the 2014 to 2015 and 2015 to 2016 fiscal years temporarily increased the total expenditures per output. This increase was due to \$2.08 million in expenditures on a project to develop a new IT system. However, the project was terminated and replaced with the Industrial Security Systems Transformation Project, which (upon

⁵ The output data was not available for the security assessments conducted in the 2011 to 2012 fiscal year. As such, the 2011 to 2012 fiscal year is excluded from most of the analysis.

completion) aims to provide a single, unified system that is shared with the Contract Security Program.

104. The CGP implemented the majority of the enhancements identified in the threat and risk assessment. The CGP streamlined and modernized registration and compliance inspection processes through a Lean Six Sigma review (discussed under immediate outcomes 1, 2, and 3), which improved compliance rates and timeliness without increasing the number of compliance inspectors and registration analysts.
105. Program management indicated that until the new IT system and related automation of processes is implemented, the CGP will be limited in its ability to further improve efficiency. As part of the new IT system, the CGP plans on developing an online portal for the submission of registration applications with automatic transmission and validation of applications and storing of information to facilitate application renewals. Currently, applications are submitted through email, paper mail or fax, which requires significant effort and time to address incomplete registrations and entry of information. The new IT system will reduce the level of effort to manually extract data, produce reports and conduct analyses. When the Enhanced Security Strategy was developed, the CGP estimated that 10 full time equivalents would be required to perform the manual functions until the new IT system was implemented.

Efficiency

To what extent are there alternative ways to achieve similar results with fewer resources?

Conclusion

106. Alternative delivery methods could not be identified. There is limited viability in outsourcing to the private sector due to the nature of the program's responsibilities.

Findings

107. As discussed in the relevance section, the viability of outsourcing the program to the private sector is inhibited by the inability to delegate responsibility for the maintenance of the safety, security and defence industrial base on behalf of Canadians and the sensitive nature of government and private sector information.
108. Australia and the United Kingdom are the only other jurisdictions with *International Traffic in Arms Regulations* exemptions; however, there was no benchmarking data available for comparing the CGP with these 2 jurisdictions.

Economy

To what extent is the program undertaking activities, delivering services and products in an economical manner? Is the program operating in an economical manner?

Conclusion

109. The program is operating in an economical manner. The program's expenditures increased temporarily to address the Enhanced Security Strategy. The CGP has relied on temporary funding for approximately half of its planned spending for the last 3 fiscal years, following the expiry of the funding for the strategy. During this time, there has been a significant and growing variance between planned and actual expenditures. Initiatives, such as the Enhanced Security Strategy, have focused on improvements to efficiency and effectiveness, rather than minimizing program costs. While merging functions with the Contract Security Program presents some opportunities for minimizing program costs, it may not provide a net benefit due to the differing regulatory and policy requirements of the 2 programs.

Findings

110. Planned and actual expenditures have increased over time in order to meet the additional requirements of the Enhanced Security Strategy. The CGP received approval to access \$11.8 million in funding from the 2012 Budget to implement the Enhanced Security Strategy over a 3 fiscal year period (2012 to 2013, 2013 to 2014, and 2014 to 2015).
111. In the 2014 to 2015 fiscal year, a decision was made not to proceed with user fees in view of substantial stakeholder objections. In Budget 2015, the CGP received a temporary increase of \$3.8 million for the 2015 to 2016 fiscal year pending the identification of a longer term solution. In Budget 2016, approval was provided for funding of \$3.7 million per year for 2016 to 2017 and 2017 to 2018. The program is in the process of securing funding for the 2018 to 2019 fiscal year.
112. The planned expenditures were \$6.7 million in the 2016 to 2017 fiscal year, representing a 55% increase since the 2011 to 2012 fiscal year. The actual expenditures were \$4.6 million in the 2016 to 2017 fiscal year, representing a 1% increase since the 2011 to 2012 fiscal year. The actual expenditures increased during the implementation of the Enhanced Security Strategy and then decreased, while the planned expenditures have not decreased. As a result, the planned expenditures have been higher than the actual expenditures in the last 4 fiscal years. This variance increased from \$0.7 million in the 2013 to 2014 fiscal year to \$2.1 million in the 2016 to 2017 fiscal year. The size of the variance was 41% and 57% of the temporary funding in the 2015 to 2016 and 2016 to 2017 fiscal years, respectively. Over the last 3 fiscal years, the majority of the variance was the result of lower than planned salary expenditures. Program management indicated that approximately two-fifths of the approved positions were vacant.
113. The CGP's initiatives have focused on improving efficiency and effectiveness, rather than reducing total expenditures. The CGP and the Contract Security Program share infrastructure costs and have initiated a joint Industrial Security Systems Transformation

project to replace the aging IT systems. The CGP identified some costs savings for the program and the registrants for the security assessment process. Contract Security Program personnel security clearances can now be used to collect and validate the information required to complete the CGP security assessments.

114. There was an attempt to merge the client outreach functions of the CGP and Contract Security Program, but it was not successful. It was challenging for staff to keep up-to-date on changes to the CGP and to learn and maintain the specialized knowledge required to deliver CGP. In addition, the small size of the CGP compared to the Contract Security Program makes it difficult to benefit from merging functions across the 2 programs.

Conclusion: Efficiency and economy

115. The CGP improved the efficiency of its output delivery by producing a higher level of outputs with the same or fewer resources. Alternative delivery methods could not be identified and there is limited viability in outsourcing to the private sector. Expenditures increased temporarily to address the Enhanced Security Strategy. The CGP has relied on temporary funding for approximately half of its planned spending for the last 3 fiscal years. There has been a significant and growing variance between planned and actual expenditures, with the majority of the variance stemming from lower than planned salary expenditures. Merging functions with the Contract Security Program may not provide a net benefit due to the differing regulatory and policy requirements of the 2 programs.

Recommendations

Recommendation 1

The Assistant Deputy Minister, Departmental Oversight Branch, should develop methods to report on the program's performance story related to its compliance, enforcement and security activities.

Management Action Plan 1

The Controlled Goods Directorate will develop a reporting mechanism that will provide a summary of its compliance activities. The reporting structure and frequency will be determined and implemented in fiscal year 2019 to 2020.

Recommendation 2

The Assistant Deputy Minister, Departmental Oversight Branch, should develop a framework to ensure a risk-based approach to foreign ownership, control or influence assessments of registered businesses so that greater effort is placed on those of higher risk.

Management Action Plan 2

The Controlled Goods Directorate will utilize a risk based approach in assessing foreign ownership of applicant businesses. It will include the development and implementation of a tiered assessment process based on identified risk. The result will be security assessments commensurate with the risk profile of the country of the ultimate investor.

This will require the following actions:

1. Develop tier assessment protocols
2. Liaise with PSPC's Forensic Accounting Management Group on the proposal
3. Enhance processes
4. Train and implement

Recommendation 3

The Assistant Deputy Minister, Departmental Oversight Branch, should implement an enhanced exemption process for visitors, temporary workers and foreign students with a view to mitigate risks associated with these.

Management Action Plan 3

The Controlled Goods Directorate will develop sub-categories for visitor exemptions. The CGP will security assess visitors under the following 3 categories;

- proprietary visitor – an individual who has, or represents an organization which has proprietary rights to controlled items
- touring visitor – an individual attending a CGP registered facility for a tour, meetings or information purposes
- consulting visitor – who is employed by a foreign entity and whose services have been contracted through their foreign employer

The CGP views categories 1 and 2 as lower risk and will be security assessed under a model akin to the current visitor process. Category 3 is seen as higher risk and akin to temporary workers. As such, the CGP will be conducting a more robust security assessment of consulting visitors, which will be aligned with the security assessment processes used with Canadian workers, temporary workers and foreign students.

Recommendation 4

The Assistant Deputy Minister, Departmental Oversight Branch, should explore options to strengthen the program's ability to address administrative non-compliance.

Management Action Plan 4

The Controlled Goods Directorate will explore options to address administrative non-compliance issues through the following actions:

1. Identify the administrative non-compliance issues to be addressed
2. Explore current administrative monetary penalty system models in other government departments
3. Develop business case and identify options/instruments to address the non-compliance issues
4. Brief senior management and obtain decision
5. Subject to senior management decision, develop implementation plan

Recommendation 5

The Assistant Deputy Minister, Departmental Oversight Branch, should develop procedures for how the CGP would address a situation where a registrant improperly assesses the risk of an employee and an incident occurs, to ensure that consequences to Canada are mitigated.

Management Action Plan 5

The Controlled Goods Directorate will develop a standard operating procedure to address the scenario where a security breach occurs due to an employee that was improperly security assessed by the registrant's designated official.

Appendix A: description of program activities

Below is a summary of the activities performed by the CGP.

Security evaluations and registration

Register companies (reviewing/validating applications): The CGP reviews companies' applications for registration and verifies the information provided.

Conduct security assessments of companies: Registration analysts review the application files for companies in order to identify the reason for registration (justification), eligibility for registration, proof of business, identify missing information, identify controlled goods access locations, and conduct additional checks and searches, as required.

Refer high-risk applications to Registration Advisory Committee: The committee reviews the registration of existing applicants that have been identified as being non-compliant and having been considered for possible suspension or revocation or new applications for registration presenting as medium or high security risks and having been identified for possible denial of registration.

Conduct security assessments of authorized individuals, designated officials, owners, temporary workers, and visitors: The CGP conducts Security assessments of authorized individuals, designated officials, owners, temporary workers, and visitors. The CGP evaluates the information provided by these applicants to determine the extent to which they pose a risk of illegal transfer of controlled goods.

Assess exemption requests for temporary workers and visitors: The CGP performs assessments of applications for exemption from registration and security assessment applications submitted by registrants for the exemption of temporary worker or a visitor.

[Information was severed in accordance with the *Access to Information Act*. s.13(1), s.14]

Collect intelligence and monitor intelligence reports: The program participates in working groups, collects and relays information to security and intelligence partners, monitors reports from the security and intelligence partners, and liaises with security and intelligence partners.

Compliance

Conduct compliance inspections: If controlled goods will be examined, possessed, or transferred at the business site, an inspector conducts an on-site compliance inspection. Inspectors conduct low risk inspections (i.e. no controlled goods on-site) over the telephone and notify registrants of any deficiencies. Registrants must correct these deficiencies as soon as possible, otherwise they may be subject to suspension or revocation proceedings.

Conduct close-out inspections: A close-out inspection is conducted for registrants that no longer need to be registered with the CGP (due to disposal or transfer of the controlled goods) to ensure

they are no longer required to be registered or in possession of controlled goods, and maintaining records as per the Regulations.

Investigate incidents and security breaches: Security breaches and incidents of non-compliance with the regulations are investigated by the CGP. Criminal offences are referred to the Royal Canadian Mounted Police for investigation and prosecution.

Revoke/suspend registrations: The CGP is responsible for initiating the suspension or revocation process on behalf of the minister. In each case, a complete evaluation is conducted before suspension or revocation in order to decide on the appropriate course of action.

Respond to queries and provide advice and guidance: The Industrial Security Sector's Operations Oversight and Transformation Directorate operates a call centre for the industry clients of the Contract Security Program and the CGP that responds to industry stakeholder enquiries and provides them with advice and guidance.

Provide training, awareness, support, and outreach: The CGP also undertakes information, awareness and training activities such as the designated official certification program, which is a free, mandatory course for employees identified by a company as being responsible for the management of security assessments of company employees and exemption applications for temporary workers and visitors. Individual registrants who do not have any employees are not required to complete the training program. The course, which takes 4-to-5 hours to complete, trains designated officials to perform legislated duties using a series of online modules. The registration and renewal of a business or individual (if they have hired any employees) is dependent on completion of the course.

Regulatory and International

Act as first point of contact for United States-Canada export control regime: The CGP acts as the lead contact for the Government of Canada in the United States Export Control Reform and is responsible for responding to questions on behalf of the Government of Canada if they arise.

Coordinate analysis and review of United States International Traffic in Arms Regulation: The CGP works with Global Affairs Canada, the Canadian Embassy in Washington, and industry when the United States reviews the *International Traffic in Arms Regulations*.

Consult with domestic stakeholders: CGP hosts consultations with stakeholders to receive feedback and recommendations pertaining to CGP initiatives. The CGP has held consultations related to amendments to the *Defence Production Act* and the *Controlled Goods Regulations*, as well as proposed user fees.

Liaise with international stakeholders: The CGP participates in annual meetings in Washington with various United States departmental officials and makes presentations to United States Department of State personnel to provide an overview of the CGP.

Monitor and review Canadian regulatory framework related to the Controlled Goods Program: The program conducts gap analyses on a 3 year cycle to ensure consistent rotation of quality assurance and control over the program framework and international relations.

Appendix B: about the evaluation

Authority

The Deputy Minister for Public Services and Procurement Canada (PSPC) approved this evaluation, on recommendation by the Audit and Evaluation Committee, as part of the 2017 to 2018 Risk-Based Audit and Evaluation Plan.

Evaluation objectives

The evaluation examined the Controlled Goods Program, delivered by the Industrial Security Sector within the Departmental Oversight Branch. This evaluation had 2 objectives:

- To determine the relevance of the program: the continued need for the program, its alignment with governmental priorities and its consistency with federal roles and responsibilities
- To determine the performance of the program: the achievement of its expected outcomes and a demonstration of the efficiency and economy of the program

Approach

The evaluation was conducted in accordance with the Treasury Board *Policy on Results* and *Directive on Results* for the Government of Canada. The evaluation took place between January and November 2017 and was conducted in 3 phases: planning, examination and reporting. To assess the evaluation issues and questions, the following lines of evidence were used.

Document and data review: Documents included legislative and policy documents; agreements; departmental documents (e.g. annual reports on plans and priorities, departmental performance reports); and program documents such as annual reports, statistical reports, data outputs and studies.

Key informant interviews: Eighteen interviews were conducted, including 6 interviews with program staff, 3 interviews with other government departments, 5 interviews with designated officials, and 4 interviews with the owners/registrants.

Survey: Two surveys of industry stakeholders were conducted. The survey of designated officials was sent to 571 individuals and there was 140 valid responses, for a response rate of 25%. The survey of registrants was sent to 535 individuals and there was 152 valid responses, for a response rate of 28%.

Jurisdictional review: A jurisdictional review identified 2 jurisdictions (Australia and the United Kingdom) that had *International Traffic in Arms Regulations* exemptions.

Financial analysis: Financial data related to the program's budgets, revenues, and expenditures was examined to assess the economy and efficiency of the program. A basic analysis of the cost-per-output and cost relative to the timeliness of the outputs was also conducted.

Program data review: The program's performance data was examined to determine the extent to which the program is achieving its intended immediate and intermediate outcomes and its contribution to the PSPC Strategic Outcome.

Limitations of the methodology

The planning of the evaluation applied a risk-based assessment to determine the most appropriate approach and level of effort to be applied in order to ensure the availability of timely and objective information to meet the needs of senior management. In the application of the approach, several issues were encountered. The evaluation addressed limitations of specific methods by triangulating findings across multiple lines of evidence. None of the identified issues were significant enough to prevent evaluation reporting.

Document and data review: Documents and data obtained from the program were reviewed. Limitations included some data integrity issues. There was also no available data for some of the indicators in the program's performance measurement strategy, and therefore no data available for certain evaluation indicators. Where data was not available, other lines of evidence were used, to the extent possible, to assess the evaluation indicators.

Jurisdictional review: The unique nature of the program made it difficult to identify comparable jurisdictions and locating similar programs for a benchmarking analysis. Limited domestic and international data was available.

Interviews: A limited number of interviews were conducted with each stakeholder group, and not all of those contacted for interviews, such as private sector stakeholders, participated in interviews. To address this issue, the results were complemented by a larger survey sample.

Survey: Four surveys were conducted concurrently. There were 2 surveys for the Evaluation of the Contract Security Program and 2 surveys for the Evaluation of the Controlled Goods Program. In instances where an individual was identified in the sample for more than 1 survey, the duplicate entry was removed in order to avoid sending multiple surveys to the same person.

Financial analysis: The financial analysis is limited by the lack of availability of detailed financial information. The financial analysis relied on the use of high level financial data. Of the program components, specific outputs were linked to the number of full time equivalents in the various divisions of the Controlled Goods Directorate. For expenditures, the link could only be made between the overall expenditures of the entire directorate and the total number of outputs.

Reporting

Findings were documented in a director's draft report, which was reviewed by the Office of Audit and Evaluation's quality assurance function. The program's Director General was provided with the director's draft report and a request to validate facts and comment on the report. A Chief Audit and Evaluation Executive's draft report was prepared and provided to the Assistant Deputy Minister, Departmental Oversight Branch, for acceptance as the office of primary interest. The office of primary interest was requested to respond with a management action plan. The draft final report, including the management action plan, was presented for approval at PSPC's Performance Measurement, Evaluation, and Results Committee in February 2019. The Final Report was submitted to the Treasury Board Secretariat and posted on the PSPC website.

Project team

The evaluation was conducted by employees of the Office of Audit and Evaluation, overseen by the Director of Evaluation and under the overall direction of the Chief Audit and Evaluation Executive. The evaluation was reviewed by the Quality Assessment function of the Office of Audit and Evaluation.