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**National Security
and Intelligence
Review Agency**

**Office de surveillance des
activités en matière de sécurité
nationale et de renseignement**

Review of the Canada Revenue Agency's Review and Analysis Division

NSIRA // Review 23-08

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List of Abbreviations

- CRA** Canada Revenue Agency
- CRSIA** *Charities Registration (Security Information) Act*
- FATF** Financial Action Task Force
- ITA** *Income Tax Act*
- NIRA** National Inherent Risk Assessment
- NPO** Non-profit organization
- NSIRA** National Security and Intelligence Review Agency
- RAD** Review and Analysis Division

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Glossary of Terms

- Qualified donee** Under the *Income Tax Act*, qualified donees are organizations that can issue official donation receipts for gifts they receive from individuals and corporations. They may also receive gifts from registered charities.
- Terrorist Abuse** Use of financial and non-financial resources of registered charities in support of, or associated to, terrorist activity or entities. Terrorist financing is a subset of terrorist abuse.

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Executive Summary

The objective of the review was to assess whether the Canada Revenue Agency (CRA)'s Review and Analysis Division (RAD) treats registered Canadian charities fairly and without discrimination on the basis of religion in the exercise of its duties under the *Income Tax Act* (ITA). RAD is responsible within the CRA for detecting and addressing the risks to the charitable sector stemming from terrorist abuse (for example, the risk that charities could be used for terrorist financing).

The review addresses issues of significant public concern. In 2021, reports from academia and the advocacy sector argued that the Government of Canada's approach to countering terrorist financing and radicalization has made Islamic charities susceptible to RAD audits and to the revocation of their charitable status. Civil society commentary also highlighted the impacts of RAD audits on charities beyond formal audit outcomes. Additionally, it has been contended that RAD audits generate a stigma that affects the charities' ability to raise funds—even in situations where no terrorism-related concerns are ultimately substantiated.

The review found that a lack of rigour in RAD's processes led RAD to audit a number of charities that did not present with credible risks of terrorist abuse. This is despite the CRA's public claims that only those charities at the highest risk of terrorist abuse are subject to RAD audits. In this context, it becomes more difficult for RAD to justify its decisions to audit with reference to its mandate to protect the charitable sector from terrorism-related concerns.

With respect to RAD's final audit findings, terrorism-related concerns were not always present. The review also found that there is insufficient data to establish whether the observed differences in the severity of outcomes between audits conducted by RAD and those conducted by Compliance Division are justified.

While RAD audits are authorized under the ITA, deficiencies in RAD's processes place it at risk of breaching its non-discrimination obligations under the *Canadian Charter of Rights and Freedoms* ("the Charter") given that, of all charities whose audits were completed by RAD between 2009 and 2022, 67% were discernably Islamic and 19% Sikh. The CRA does not collect the demographic data necessary to refute or substantiate claims of discrimination under the Charter. RAD's decision-making, especially when it impacts Charter rights like freedom of religion, must be reasonable. Reasonableness requires proportionality, and proportionality requires data.

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I. Introduction

Authority

1. This review was conducted under the authority of paragraph 8(1)(b) of the *National Security and Intelligence Review Agency Act* (NSIRA Act).

Scope of the Review

2. The Canada Revenue Agency (CRA)'s Review and Analysis Division (RAD) was established in 2003 to detect and address risks of terrorist abuse in the Canadian charitable sector.¹ These are the risks of terrorist abuse of charities' activities, including those that may finance terrorism, whether wittingly or not. The objective of this review was to determine whether RAD treats charities fairly and without discrimination on the basis of religion in the exercise of these functions.
3. Although NSIRA reviewed the conduct and outcomes of RAD's audits themselves, its focus was primarily on RAD activities leading to the decision to trigger these audits in the first place. This includes RAD's receipt or identification of leads suggesting that particular charities present risks of terrorist abuse, through to more comprehensive assessments of a subset of these charities' terrorism-related risks, and the ultimate decisions on whether and when to proceed with an audit.
4. NSIRA focused on RAD activities relating to organizations that already enjoyed status as registered charities under the *Income Tax Act* (ITA). NSIRA did not review the ways in which RAD addresses terrorism-related concerns when screening organizations' applications for charitable status.

Methodology

5. The review relied on primary documents and explanations provided by RAD, including individual case files.² Given the relatively small number of RAD audits, representing less than 0.5% of all audits conducted by the Charities Directorate, NSIRA reviewed the outcomes of all 37 RAD audits of registered charities that were completed prior to the start of the review (see Annex A). NSIRA selected a sample of 15 of these audits to review in more detail. This sample emphasized contemporary cases, with consideration for including a range of audit outcomes.

¹ RAD was established in 2003 with a focus on screening applications for charitable status. After 2007-08, its mandate was expanded to include audits.

² NSIRA also considered information provided by the Canadian Security Intelligence Service and the Department of Finance Canada, provided in response to NSIRA requests for information.

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6. NSIRA reviewed the full case files for each of these audits, from the initial risk assessment activities that triggered RAD's scrutiny of the charity, to RAD's final determinations on the file. Within the 15 audits, particular attention was given to the most recent eight charities that were selected for audit after 2016, when RAD updated the indicators (or criteria) it uses to assess the potential risk(s) of terrorist abuse posed by charities.
7. While each of the audits in NSIRA's sample was completed between 2017 and 2022, the audits ranged in duration from 209 to 255 days (approximately five and a half years).³ As such, RAD's pre-audit risk assessments dated, in some cases, to 2011 and earlier. Many of RAD's risk assessment processes have since changed. Accordingly, and in order to review RAD risk assessment activities that did not necessarily result in a recommendation to pursue an audit, NSIRA also sampled all risk assessment reports that were completed between 2020 and mid-2024.⁴

Review Statements

8. The NSIRA Act grants NSIRA rights of timely access to any information in the possession or under the control of a department (except for Cabinet confidences) and to receive from the department any documents and explanations NSIRA deems necessary. NSIRA monitors cooperation with access requests, including the completeness and accuracy of disclosures, which inform its overall assessment of a department's responsiveness in each review.⁵
9. The CRA met NSIRA's expectations for responsiveness during this review. It provided NSIRA with direct access to all relevant systems and information holdings.

II. Background

10. The applicable legal framework for the review is the *Income Tax Act* (ITA), pursuant to which charities operate with significant privileges: namely, they are exempt from certain taxes otherwise payable under the ITA and are entitled to

³ This range includes correspondences with the charities under audit, as well as decisions of CRA's Appeals Branch in those files that were appealed, extensions requested by charities and pending litigation.

⁴ NSIRA identified these reports based on responses provided by RAD to NSIRA requests for information, as well as NSIRA's direct access to CRA systems. The sample includes initial risk assessment reports (known as "Leads Assessment Reports") relating to 13 charities, and comprehensive risk assessment reports (known as "Monitoring Reports") relating to 34 charities.

⁵ NSIRA's "Expectations for Responsiveness in Reviews" are online at <https://nsira-ossnr.gc.ca>.

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issue income tax receipts for donations. Considering these privileges, charities are subject to extensive rules pertaining to their activities. One of the means by which the CRA, and RAD, verifies compliance with these rules is through the audit function.

11. In 2001, the *Anti-Terrorism Act* (ATA) brought CRA—as regulator of the Canadian charitable sector—into the Government of Canada’s anti-money laundering and anti-terrorism financing regime. These changes reinforced the ITA requirement that—in order to qualify for registration as a charity—an organization must “show that its purposes and activities provide tangible benefit to the public as a whole, or a significant section of it” (the “public benefit test”)⁶. Advancing religion, advancing education, or relieving poverty generally constitute a public benefit. However, by definition, supporting terrorism obviously cannot meet the public benefit test and therefore organizations that support terrorism cannot obtain or maintain charitable status.
12. As part of this regime, the ATA enacted the *Charities Registration (Security Information) Act* (CRSIA). The stated purpose of CRSIA is to strengthen Canada’s contribution to international efforts to deny support to those who engage in terrorist activities, to protect the integrity of the registration system for charities under the ITA, and to maintain the confidence of Canadian taxpayers that the benefits of charitable registration are made available only to organizations that operate exclusively for charitable purposes.
13. The CRSIA allows the Minister of Public Safety and the Minister of National Revenue to sign a certificate if they believe that there are reasonable grounds that an applicant or a registered charity has made, makes, or will make available any resources to a listed terrorist entity. Once a certificate is signed, it is reviewed by the Federal Court to determine if it is reasonable. It allows the CRA, when seeking to revoke a charity’s charitable status or deciding not to register an applicant, to present classified evidence to a judge in a manner that protects the evidence from disclosure that may harm national security. To date, no CRSIA certificate has been issued.
14. RAD, situated within the CRA’s Charities Directorate, is responsible for delivering the CRA’s mandate to protect charities from terrorist abuse. RAD is the only unit within the CRA with a direct role in Canada’s counter-terrorism activities. RAD selects charities for audit where it believes there is a risk of terrorist abuse, though its audits are not restricted to addressing terrorism-related non-compliance. To date, RAD has only relied on the ITA, the primary legislation governing Canadian

⁶ CSP-P06, Oct 25, 2002 “Public Benefit” (online).

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charities, to carry out its mandate, as opposed to the regime under CRSIA. The Charities Directorate also includes the Compliance Division, which conducts audits of charities for reasons unrelated to terrorism, addressing all other aspects of non-compliance by registered charities related to the ITA requirements.

15. Charities come to RAD's attention when RAD receives or identifies leads that may suggest the risk of terrorist abuse to charities through various media, including news articles, information from security and intelligence partners, public tips, or referrals from other areas within the CRA. From here, RAD analysts assess the lead for its nexus to the charitable sector and potential for terrorist abuse. RAD then decides whether to proceed with an additional assessment of a charity's terrorism-related risks in the form of a "comprehensive assessment" that culminates in a number of possible outcomes: a recommendation for RAD audit; a referral to Compliance Division; a decision to continue monitoring; or a decision to discontinue monitoring. When there is a recommendation to audit, there is sometimes a long delay before the decision is actually taken to trigger, or commence, the audit.
16. When a completed audit finds that a charity has not complied with the ITA, the Charities Directorate, which includes the audit functions of both RAD and the Compliance Division (see Annex B), may apply a range of compliance measures. These include, in increasing order of severity:
 - education letters, which guide charities through the steps they need to follow to be fully compliant;
 - compliance agreements, which outline areas of non-compliance and commit charities to take corrective action;
 - sanctions, which include financial penalties and temporary suspensions of charities' tax-receipting privileges, as well as their status as qualified donees; and
 - revocation, which is used in serious cases of non-compliance with the Act and entails the loss of charitable status and the privileges that go with it.
17. Prior to making a final determination on which of these to apply, RAD and the Compliance Division communicate their preliminary findings of non-compliance in writing through an administrative fairness letter (AFL) and offer the charity an opportunity to make representations, which are considered when making final determinations. Of these final determinations, sanctions and revocation notices are subject to a recourse mechanism with the CRA's Appeals Branch. The Appeals Branch's mandate is to review the decision independently from the Charities Directorate. If the charity disagrees with the Appeals Branch's decision about its objection, it then can appeal to the Federal Court of Appeal or the Tax Court of Canada.

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18. In 2021, reports from academia and the advocacy sector argued that the Government of Canada's approach to anti-terrorism financing and anti-radicalization has made Islamic charities susceptible to RAD audits and to the revocation of their charitable status.⁷ Civil society commentary also highlighted the impacts of RAD audits on charities beyond formal audit outcomes. Namely, audits are resource intensive and may cause charities to divert attention from their charitable purposes. Additionally, charities have contended that RAD audits generate a stigma that affects the charities' ability to raise funds—even in situations where no terrorism-related concerns are ultimately substantiated.
19. The Office of the Taxpayers' Ombudsperson subsequently examined these concerns at the request of the Minister of National Revenue. The Ombudsperson concluded, however, that they could not sufficiently examine questions of fairness relating to certain RAD activities, given their inability to access file-specific information.⁸
20. When the Standing Senate Committee on Human Rights issued its report on *Combatting Hate: Islamophobia and its impact on Muslims in Canada* in November 2023, it cited disproportionate scrutiny of Islamic charities as an example of systemic discrimination, with prejudice embedded in the laws, policies, and practices that influence RAD's activities. The Committee recommended, accordingly, that the Minister of National Revenue review RAD's mandate and functioning, taking into account the conclusions of NSIRA's—at that time, pending—review of RAD.
21. NSIRA's access to information is not limited by the same legislative safeguards that has hindered review of these matters by the Ombudsperson, the Senate, and civil society.

⁷ The University of Toronto and the National Council of Canadian Muslims released *Under Layered Suspicion: A Review of CRA Audits of Muslim-Led Charities* in March 2021. In June 2021, the International Civil Liberties Monitoring Group released *The CRA's Prejudiced Audits: Counter-Terrorism and the Targeting of Muslim Charities in Canada*.

⁸ Office of the Taxpayers' Ombudsperson's report, *Charity Begins with Fairness: More to Explore*, March 2023.

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III. Findings, Analysis, and Recommendations

Risks of terrorist abuse in the charitable sector

Finding 1. NSIRA found that the CRA's audit function fulfills Canada's international obligations to combat money-laundering and terrorist financing, given ever-evolving risks of terrorist abuse in the charitable sector.

22. Since 1990, Canada has been a member of the Financial Action Task Force (FATF), an inter-governmental body that sets international standards to combat money laundering and the financing of terrorism and proliferation. FATF adopted recommendations to help national authorities meet these standards, with the expectation that countries implement them through measures adapted to their particular circumstances.
23. One of FATF's recommendations relates specifically to terrorism financing risks amongst non-profit organizations (NPOs), which include registered charities in the Canadian context:

Countries should identify the organisations which fall within the FATF definition of non-profit organisations (NPOs) and assess their terrorist financing risks. Countries should have in place focused, proportionate and risk-based measures, without unduly disrupting or discouraging legitimate NPO activities, in line with the risk-based approach. The purpose of these measures is to protect such NPOs from terrorist financing abuse, including:

- (a) by terrorist organisations posing as legitimate entities;
- (b) by exploiting legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset-freezing measures; and
- (c) by concealing or obscuring the clandestine diversion of funds intended for legitimate purposes to terrorist organisations.⁹

24. FATF affirms that taking steps to protect NPOs from the risks of terrorist abuse is necessary for preserving the integrity of the NPOs themselves, their donors, and the financial institutions they rely on. Within this context, FATF insists that such measures be implemented in alignment with countries' human rights obligations.¹⁰

⁹ FATF recommendation 8, "Non-profit organisations," from FATF Recommendations (2012, updated Nov. 2023) at p 13.

¹⁰ These positions are elaborated in the "Interpretive Note to Recommendation 8 (Non-Profit Organisations)", FATF Recommendations (2012, updated Nov. 2023) at p 60.

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25. In 2021, FATF assessed that Canada complied with its recommendation with respect of charities, with some minor areas for improvement.¹¹ FATF will assess the effectiveness of these actions as part of its next round of mutual evaluations, in 2026.
26. Canada's assessment of terrorist financing risks to charities is found in the Department of Finance Canada's "Assessment of Inherent Risks of Money Laundering and Terrorist Financing in Canada," first published in 2015 and updated in 2023. This assessment is known as the "National Inherent Risk Assessment" (NIRA) and is informed by all regime partners, which includes members of the national security and intelligence community.
27. In the 2023 NIRA, the inherent terrorism financing vulnerabilities of NPOs is rated as "high." This rating is based on the NIRA's identification of specific terrorist actors that are known or suspected to be conducting terrorist financing activities with a Canadian nexus, and a range of specific terrorism financing risk scenarios involving Canadian and foreign organizations. Both the 2015 and 2023 NIRAs highlight diversion of funds as the most commonly observed method of terrorist abuse in the sector:

In this method, funds raised by organizations for humanitarian programs (e.g., disaster relief, humanitarian relief, cultural centers, relief of poverty, advancement of education, advancement of religion) are diverted to support terrorism at some point through the organization's business process. Essentially, the diversion of funds occurs when funds raised for charitable purposes are re-directed to a terrorist entity.¹²
28. Recently, in support of an update to the NIRA, RAD conducted an evaluation of the risk of terrorist financing to NPOs, including registered charities. It concluded that the risk in this sector is medium and that the residual risk (that is, the risk remaining subsequent to mitigation measures) is low in light of existing oversight mechanisms.¹³
29. Ultimately, the CRA's role in protecting the charitable sector from abuse is purely regulatory. The Supreme Court of Canada has found that the purpose of the CRA's

¹¹ Areas for improvement included expanding the focus of charity outreach activities (currently focused on international connections) to address terrorism financing risks and vulnerabilities in the domestic context. FATF's observations in this respect are consistent with NSIRA's finding related to the application of risk indicators discussed in Finding 4.

¹² 2023 assessment "Inherent TF Risk Scenarios Involving Charities and Non-Profit Organizations" and 2015 assessment, "Inherent TF Risk Scenarios Involving Charities".

¹³ This is extracted from the recent draft of the Inherent Terrorist Financing Vulnerability Profile Non-Profit Organizations (non-Reporting Entities), prepared by RAD in support of Canada's National Inherent Risk Assessment (NIRA).

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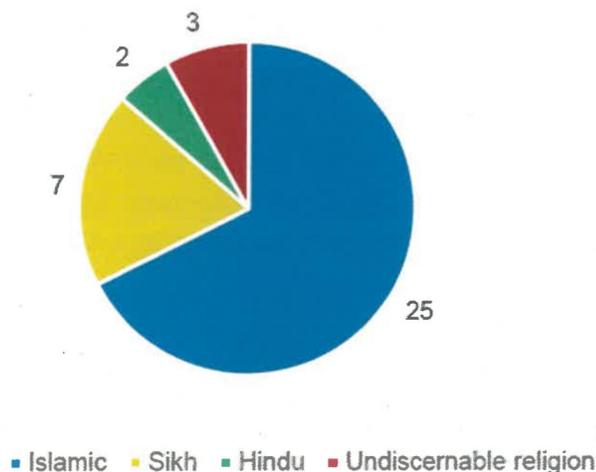
authority to conduct audits “is not to penalize criminal conduct but to enforce compliance with the Act.”¹⁴ In this way, the CRA’s current approach broadly fulfills Canada’s international obligations in this area, and also reflects contemporary and evolving assessments as to the risks of terrorist abuse in the charitable sector. Nonetheless, the manner in which the CRA’s audits occur raise potential concerns.

Religious affiliation of charities assessed and audited by RAD

Finding 2. NSIRA found that, of all charities whose audits were completed by RAD between 2009 and 2022, 67% were discernably Islamic and 19% Sikh.

30. To discern the religious affiliation of charities subject to RAD risk assessment and audit, NSIRA relied upon contextual information in the charities’ individual case files. Such information included key words (e.g. “Muslim,” “Islamic,” or “mosque”) in a charity’s name, and its declared purposes and activities.
31. Based on this indicator, figure 1 conveys the religious affiliation of all charities whose audits have been completed by RAD before the start of this review.

Figure 1. Religious affiliation of charities audited by RAD (37 closed audits)



32. The large majority of Islamic and Sikh charities in RAD’s audits, although conspicuous, cannot independently demonstrate that RAD’s activities are biased or discriminatory. As noted below (see Finding 3) the CRA does not collect the appropriate data to meet the high evidentiary burden on claims of discrimination

¹⁴ R v McKinlay Transport Ltd, [1990] SCJ No 25, at para 20.

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under the Charter, making it impossible to come to this conclusion. Moreover, the religious affiliation of Canada's listed terrorist entities and the NIRA's terrorism financing threat groups of actors reflects a roughly similar proportion to the charities audited by RAD.¹⁵

33. However, over the past decade, the diversity of listed terrorist entities has expanded. The NIRA's updated 2023 list of terrorism financing threat groups of actors reflects this shift.¹⁶ As Canada's security and intelligence community continues to refocus its resources on a greater diversity of threat actors, the composition of charities that RAD selects for risk assessment and audit may similarly expand to the extent that newly listed terrorist entities may leverage charities to support their terrorist activities.
34. The more diverse range of charities reflected in RAD's recent initial risk assessments indicates that RAD is attuned to shifts in the threat environment. Nonetheless, NSIRA observed that, as this process moves closer towards an audit, the proportion of Islamic charities increases. RAD stated that it does not anticipate that its current focus will change significantly as the more recently listed entities are "not known at this time to actively use NPOs to finance their activities."
35. By design, RAD will be inclined to identify and scrutinize threats that are identified by the Government of Canada, including within the NIRA. NSIRA did not validate Canada's list of terrorist entities or the NIRA as part of this review and hence is not in a position to offer an assessment of these processes or the resultant lists.
36. In the context of RAD's mandate to protect the charitable sector against vulnerability to exploitation by terrorist actors, RAD's general scrutiny of the subset of charities may be justified. However, this is only true insofar as RAD maintains strict attention on those charities that are credibly at risk of terrorist abuse, using rigorous methodologies and practices. As will be demonstrated below, this has not universally been the case.

¹⁵ At the time of writing, 76% of the listed terrorist entities are characterized as Islamic, 2.5% as Sikh, and 2.5% as Hindu.

¹⁶ NIRA 2023, p 29-30 (Table 2).

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Charter considerations

Finding 3. NSIRA found that the CRA does not collect the demographic data that could demonstrate that RAD's treatment of charities is free from discrimination under the Charter.

37. The Supreme Court has found that a system of random monitoring and spot checks may be the only way the integrity of the tax system can be maintained. Accordingly, the ITA gives the Minister of National Revenue broad powers to audit taxpayers' returns and inspect all relevant records whether or not there are reasonable grounds for believing that a particular taxpayer has breached the Act.¹⁷ The Federal Court has explicitly ruled that the CRA's assessment of taxes owed does not constitute "a service", and thus the protections of *the Canadian Human Rights Act* do not apply in the context of RAD audits.¹⁸
38. However, RAD audits do engage the *Canadian Charter of Rights and Freedoms* ("the Charter") guarantee of equal treatment before the law, without discrimination based on race, national or ethnic origin, colour, religion, sex, age, or mental or physical disability. Because charities do not themselves directly enjoy these Charter rights, claims of discrimination must be made by the charities' individual directors on behalf of the charities; or by the charities on behalf of their members.¹⁹ RAD audits must also respect the various religious differences of charities, and must not interfere with the practice of religion unless there is a strong basis to do so connected to the ITA.
39. In this sense, RAD's decision-making must strike a reasonable balance between the important legislative scheme protecting the charitable registration system while also respecting fundamental Charter rights, like freedom of religion. Reasonableness requires proportionality; that is, an understanding of the impacts – and possible disparate impacts – of decisions, actions, programs or schemes. Fundamentally, therefore, proportionality requires *data*.
40. Claims of discrimination place a high evidentiary burden on claimants, who must demonstrate, as a first test, that the offending law or state action creates or contributes to a disproportionate impact on them, as a member of a Charter-protected group, as compared with non-group members. If claimants can demonstrate differential treatment leading to disproportionate impacts, they must

¹⁷ R v McKinlay Transport Ltd, [1990] SCJ No 25, at para 20.

¹⁸ Public Service Alliance of Canada v Canada (Revenue Agency), [2011] FCJ No 254.

¹⁹ Ontario v. Trinity Bible Chapel, 2022 ONSC 1344 at para 82.

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meet a second test: demonstrating that the disproportionate impact on members of the protected group has the effect of reinforcing, perpetuating, or exacerbating their disadvantage.

41. Challenging or substantiating claims of RAD's discrimination under the Charter therefore requires an aggregate picture of all 86,000 charities that make up Canada's charitable sector, broken down by enumerated groups as reflected in the charities' directors and/or the communities they serve.
42. The CRA does not reliably and systematically track the demographic affiliations of its charities in a way that would enable comparison between members of protected groups and others, or to establish causation relating to disproportionate impacts.²⁰ Annex C describes deficiencies in relation to the CRA's currently-available data.
43. The CRA publicly stated before the Senate its reluctance to seek authority to collect the data on the grounds that doing so may itself be perceived as discriminatory, a position they maintained during this review.²¹ This position does not, however, account for contemporary positions, including those taken by the Department of Justice Canada and the courts, which underscore the importance of appropriate empirical data for recognizing and mitigating effects of discrimination.²² It is for this reason that the Senate's *Combating Hate* report recommended that the CRA be mandated to collect and publish data on religious organizations subject to audits and revocations, and to analyze such data to develop a strategy to reduce bias.

Recommendation 1. NSIRA recommends that the CRA collect and evaluate demographic data from the charitable sector to ensure that its treatment of charities is free from discrimination.

²⁰ The one exception pertains to the "advancement of religion" category code, where data does exist. NSIRA was able to compare the population of registered charities listed under the 'advancement of religion- Islam' category code and the charities that fell under this category in the population of RAD audits and sample of comprehensive risk assessments. As of March 2025, 0.66% of registered charities are categorized as advancing Islam (Sikh charities would fall under the 'other' category code, and therefore could not be compared meaningfully to the population). When compared to RAD's audited and risk-assessed charities, 35% of the charities audited by RAD and 58.8% of charities that received a comprehensive risk assessment during the period sampled were under this category code.

²¹ Testimony before the Standing Senate Committee on Human Rights, November 28, 2022: "I do wonder if it would even be appropriate to collect that information and whether that in and of itself would lead to the perception of bias or discrimination, if more of that information was collected by the CRA. I'm not sure what compliance purpose it would serve."

²² *A Roadmap for Transformative Change: Canada's Black Justice Strategy*, Department of Justice Canada (Akwasì Owusu-Bempah and Zilla Jones), 2023; GBA Plus website, "Government Approach"; Ontario Human Rights Commission, *From Impact to Action: Final report into anti-Black racism by the Toronto Police Service*, 2023.

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RAD's indicators of terrorist abuse

Finding 4. NSIRA found that RAD's application of the following indicators may make Islamic charities more susceptible to scrutiny:

- association to organizations or individuals; and
- conducting activities in or close to a foreign high-risk jurisdiction.

Finding 5. NSIRA found that RAD does not have an evidence-based method of validating the risk indicators that it relies on to justify scrutiny of a charity for terrorism-related concerns.

44. As required by FATF, and as alluded to above, RAD takes a risk-based approach to identifying charities for further scrutiny. In a risk-based model, discrete considerations, known as "risk indicators," serve as a filter for triaging and assessing cases.
45. RAD has operated with three iterations of risk indicators since 2008. It began with 55 granular risk indicators based on a literature review of terrorist financing and related topics. These were eventually collapsed into 15 broad indicators in 2011. The most recent version, finalized in 2016, consists of eight core indicators, organized into two "tiers", and a ninth category for "other" risks beyond the core eight (see Table 1, below). Tier 1 indicators relate directly to risks of terrorist abuse in the charitable sector, whereas Tier 2 indicators relate to permissive factors that are not uniquely tied to terrorism-related considerations but instead are used to increase concerns related to the Tier 1 indicators.

Table 1. RAD's current risk indicators

Tier 1	Tier 2
<ul style="list-style-type: none">• Sympathy and ideological support• Material or financial support• Association to organizations or individuals• Conducting activities in or close to a foreign high-risk jurisdiction• Operating in Canada and subject to foreign influence or control	<ul style="list-style-type: none">• Deceptive practices• Ineligible individual or implicated in criminal or fraudulent activity• Ineffective governance• Other

46. On their face, the indicators that RAD uses to identify terrorism-related risks in the charitable sector are neutral. They do not contain any explicit demographic markers or references to identity groups. In principle, they are broad enough that RAD should be able to identify charities associated with a wide range of threat actors.

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47. In practice, however, NSIRA observed that RAD's application of two Tier 1 indicators—association to organizations or individuals; and conducting activities in or close to a foreign high-risk jurisdiction—has historically focused RAD's attention on a specific subset of mostly-Islamic charities.
48. In the files reviewed, in many cases, RAD did not explicitly identify in writing the risk indicators that were present in each case, though this was less true of more recent pre-audit risk assessments. In the absence of explicitly-identified risk indicators in individual audits, it will be challenging for RAD to validate their set of indicators over time.
49. In the course of the review, NSIRA discerned the presence of risk indicators from context provided in the available documentation. As will be discussed, this exercise allowed NSIRA to conclude that the risks identified by RAD – which informed the decision to initiate audits – were only infrequently validated through the audits themselves.

Association to organizations or individuals

50. RAD's internal guidance explains the "association to organizations or individuals" indicator as encompassing any connections that a registered charity, applicant, or its representatives may have "to an organization or individual who espouses intolerant beliefs or poses a terrorism or terrorism financing risk."
51. Most comprehensive risk assessments that NSIRA reviewed considered in some way the charity's association to organizations or individuals of concern to RAD. Because RAD does not weigh risks when assessing charities, NSIRA was unable to determine, in every case, whether the associations, in RAD's assessment, related to concerns that elevated the charity's risk of terrorist abuse or were simply presented as context.
52. The impact of "associations" in driving the decision to audit was apparent in the files reviewed; [REDACTED] multiple charities were audited primarily based on their association to [REDACTED]. In these and other cases, risks in relation to [REDACTED] charity could be extended to [REDACTED] even if these purported risks had not yet been substantiated through audits. This dynamic amplifies the effect of audits on certain communities [REDACTED]

16(1)(c)

Conducting activities in or close to a foreign high-risk jurisdiction

53. RAD's internal guidance defines "foreign high-risk jurisdictions" as [REDACTED]
[REDACTED]
[REDACTED]
54. While the guidance makes clear that there is no defined list of such jurisdictions, the examples it cites are noteworthy: [REDACTED]

15(1)(d)
16(1)(c)

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15(1)(d)
16(1)(c)

[specific jurisdictions]

55. Within the case files that NSIRA reviewed, many reflected the subset of jurisdictions identified above. Without discounting that these jurisdictions may be rationally connected to terrorism threats, the broadness of this category means that it could apply to a substantial number of, or virtually all, Islamic charities.
56. The high proportion of Islamic charities audited by RAD (see Finding 2, above) may also be explained by [redacted] connections to these jurisdictions as a function of their legitimate charitable purposes.

Evidence-based validation of RAD's indicators

57. RAD does not currently have a formalized process for assessing the effectiveness of its indicators, to assure itself of their rational connection to the terrorism-related risks that RAD is mandated to pursue. At a minimum, such steps would involve tracking indicators and tracing them through its audits to conduct periodic assessments of whether the indicators (whether alone or in combination) are reliably detecting risks of terrorist abuse in the charitable sector. Statistics Canada and the CRA's own Audit, Evaluation and Risk Branch recently made similar observations.
58. RAD has recently instituted a process to conduct post-audit risk assessments, which evaluate whether initially-identified risks were found to be present during the audit. RAD has conducted such assessments for seven of the charities that it had previously audited, although the assessments have not (at the time of writing) been formally approved. NSIRA observed that these draft post-audit risk assessments were often critical of the decision to audit the charity in question or expressed that the decision to audit the charity was not sufficiently understood.

Recommendation 2. NSIRA recommends that RAD develop an evidence-based method of validating, on an ongoing basis, the risk indicators that it relies on to justify scrutiny of a charity for terrorism-related concerns and update any associated guidance.

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Deficiencies in RAD processes

Finding 6. NSIRA found that a lack of rigour in RAD's process for identifying and selecting charities for audit introduced risks of bias and discrimination.

59. Although NSIRA could not determine, based on available data, whether RAD's activities met the legal threshold of discrimination under the Charter, the review's examination of RAD processes and individual case files revealed aspects of RAD's process for identifying and selecting charities for audit that introduced risks of bias and discrimination. These related to the documentation of RAD decision-making, its framework for assessing risks, and the completeness of supporting information. Each of these areas of concern is discussed in greater detail below.

Documentation of decision-making

60. Deciding to audit a given charity encompasses two separate decision points. The decision on whether to recommend an audit is based on information contained in risk assessments that have been referred to RAD auditors by RAD analysts. The decision to commence an audit (in practice, a decision taken at the moment in which the audit is triggered) is made subsequently, when RAD selects individual charities from the broader pool of charities that have been recommended for audit. NSIRA saw cases where the recommendation to audit and the commencement of an audit were separated by many months or even years.
61. RAD records do not clearly articulate when, or on what basis, decisions to audit are taken. Decisions to audit are made annually through informal planning exercises in which charities are selected. RAD explained that these decisions are informed by the availability of resources and expertise, as well as an assignment of priorities.
62. RAD has conceded that in approximately half the 37 audit files, no documented approvals of audit selection were found. In the absence of a written record, RAD was unable to explain the considerations in these cases that informed the decisions to audit given that the decisions had taken place several years prior and the decision-makers were no longer part of RAD. As a result, NSIRA was unable to determine in many cases when, or on what basis, RAD decided to proceed with its audits.
63. RAD's lack of formal documentation for its decisions to audit does not reflect the importance and impact of these decisions. Without a written record, it is impossible for RAD to justify its decisions. An undocumented process cannot support internal or external accountability or support an assessment that decisions were free from bias or discrimination.

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Framework for assessing risks

64. RAD has asserted publicly that it applies a rigorous risk-based approach in selecting charities to audit as a defence against allegations of bias.²³ RAD's internal guidance document for assessing the risks of terrorist abuse in a charity's activities defines and operationalizes applicable risk indicators. Although characterized as "an evergreen, living document that will be amended to accommodate changing processes," RAD's internal guidance on assessing terrorism-related risks has not been updated since 2016.
65. For a risk-based approach to effectively mitigate bias, it should structure decision-making at key stages of the workflow such that decisions to audit some charities and not others are justified systematically on the basis of credible risks of terrorism abuse. For a risk to be assessed as credible, the supporting information must be properly qualified. Concretely, this means that the source of the information, including potentially biased sources, or outdated information should be properly accounted for in the overall risk assessment. Information supporting a risk assessment should also be comprehensive, taking into consideration exculpatory or mitigating information.
66. Across the cases reviewed, there was no consistency in the documentation for capturing and assessing risks. Though there were risk assessments containing a recommendation to audit in one form or another in most files, they were inconsistently labelled, sometimes appearing as "lead assessments", "organization info sheets", "audit referrals", or "monitoring reports". The level of detail also varied widely, from one to many pages.
67. More concerning is that, across individual case files, there was no structured approach to evaluate risk or to inform decisions. In many cases, as noted above, the risk indicators were absent from the comprehensive assessments.
68. When risks were identified, they were not always properly qualified. In one case, a comprehensive risk assessment conducted in [date] cited a [redacted] intelligence report that established a connection between one of the charity's partners and a foreign government. In another case, a [date] assessment cited an intelligence report from [redacted] as support for a connection between a charity and a listed terrorist entity.
69. While it may be appropriate to consider dated derogatory information in combination with more current information, this information should be properly

15(1)(d)
16(1)(c)

²³ Testimony before the Standing Senate Committee on Human Rights, November 28, 2022: "Furthermore, the Charities Directorate has rigorous procedures in place to ensure that research and decision-making are challenged and reviewed by multiple staff to ensure fairness and accuracy."

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qualified in RAD risk assessments, as suitable in the circumstances. While NSIRA did observe some assessments that noted when information was dated, this practice was not consistent. Guidance on how to weight indicators or grade risks is lacking, but is necessary to inform any sort of prioritization of charities as they move through RAD's decision process as to whether and when to trigger an audit.

70. Absent a standardized approach in this respect, RAD's selection of specific charities for audit is highly subjective and could be susceptible to bias. RAD cannot demonstrate why—or if—the audited charities presented higher risks than the charities that were not selected, and it cannot ensure “that only those registered charities at greatest risk of serious non-compliance are selected for audit,” as it testified before the Senate was the case.

Completeness of supporting information

71. Importantly, selecting charities for audit according to a risk-based approach should entail taking steps to ensure that credible risks are present in a given case prior to triggering the audit. This should involve requesting current intelligence from Canadian security and intelligence partners (namely, the Royal Canadian Mounted Police and the Canadian Security Intelligence Service). RAD did not do so as a matter of course in relation to those charities selected for audit. In many cases, RAD only requested updated information from these partners after the decision to audit was made, or the audit had already commenced. RAD's selection of the charity for audit could not, therefore, have been informed by current intelligence.

16(1)(c)

72. This was particularly concerning in cases where this information was exculpatory in nature or could serve to mitigate existing concerns. [REDACTED] cases where RAD sought information from partners after opening an audit, several responses contained what could be considered a mitigating factor in the overall risk assessment. This information should be considered by RAD at the risk assessment stage, not later, after the audit has begun; such information can help determine whether a risk of terrorist abuse is present and, consequently, whether an audit is, or is not, justified.

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Case study

The [redacted] audit within NSIRA's sample, conducted between [redacted] [redacted] exemplifies these issues. [redacted]

[redacted]
[redacted]

[case study details]

[redacted]
[redacted]
[redacted]
[redacted]

15(1)(d)
16(1)(c)

[redacted]
[redacted]
[redacted]
[redacted]

[case study details]

[redacted]
[redacted]
[redacted]
[redacted]

16(1)(c)

73. The case study highlights RAD's lack of analytical rigour during the decision-making process. In this case, this lack of rigour manifested itself in an uncritical use of significantly dated intelligence (with limited efforts to validate the currency of the intelligence) and a disregard for information running contrary to a certain narrative. It is, therefore, perhaps unsurprising that, when the audit concluded in [date] none of the risk indicators identified in the audit referral were validated nor had RAD identified new terrorism-related risks.

74. Far from an anomaly, NSIRA observed four additional cases—out of the 15 audits reviewed—where RAD's selection of charities was not driven by a credible risk of terrorist abuse in the charities' activities. In these cases, risk assessments were either absent or pointed to out-of-date information that was improperly qualified and did not appear to account for exculpatory information that was available to RAD.

75. Going forward, RAD should limit its audits to only those charities that present with a credible risk of terrorist abuse; to do otherwise raises the risk that decisions to audit could be driven by bias and discrimination. Importantly, within the sample of more recent pre-audit risk assessments reviewed, most were rejected as candidates for potential audits for lack of credible information to establish the

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nexus to RAD's mandate. This represents improvement in the current practice of assessing risk.

Recommendation 3. NSIRA recommends that RAD formally document its decisions regarding when, and on what basis, it will commence its audits.

Recommendation 4. NSIRA recommends that RAD update its process for assessing the risks of terrorist abuse in a charity's activities to foster structured, informed decision-making on when or whether to conduct a related audit. This should:

- ensure that risks inform decision-making at key steps in its workflow;
- clarify how to weight indicators and grade risks; and
- require that risk assessments be updated, with the benefit of current intelligence, prior to opening an audit.

Recommendation 5. NSIRA recommends that RAD take steps to ensure that its decision-making leading to an audit is supported by current and credible information and/or intelligence, with due regard for exculpatory information and mitigating considerations.

Audit outcomes

Finding 7. NSIRA found that in five of the eight most recent RAD audits, terrorism-related concerns were not present in the final audit findings.

Finding 8. NSIRA found that when RAD concludes that terrorist abuse concerns are present during the audit, the nature of these concerns is communicated to the charity.

76. While RAD's mandate is to address the risks of terrorist abuse in the charitable sector, terrorism-related concerns were not always present in the final audit findings. This was the case in four of the 14 RAD audits that pursued revocation of the charity's status under the ITA. In these cases, the revocations did not stem from a substantiated risk of terrorist abuse. Similarly, in an additional set of eight recent audits that NSIRA reviewed in detail, none of which resulted in revocation, five did not contain terrorism-related concerns in the final audit findings.
77. In fact, RAD audits infrequently validated the risks identified through the risk assessment process described above. A risk based model is not expected to validate risks in every instance. Tellingly, however, when RAD's decision to audit was based on credible risk information, the outcomes of the audits reviewed were more likely to contain terrorism-related concerns.
78. In briefings with NSIRA, RAD officials explained that they are not conducting criminal investigations. RAD's stated objective is not to root out terrorist financing,

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but rather to ensure that Canadian charities are not being exploited for terrorist ends by ensuring compliance with the ITA. As with the Compliance Division, RAD explained that its focus is on all possible ITA compliance issues. A lack of rigour at the outset, however, contributed to the low rate of validation of identified risks – that is, actually finding that charities were operating at risk of terrorist abuse – and, correspondingly, led to a greater proportion of ITA findings unrelated to terrorist abuse. This means that charities audited for terrorism-related concerns often faced consequences (including potentially revocation) for non-compliance unrelated to terrorist abuse.

Transparency with charities

79. In those cases where RAD did make terrorism-related findings, NSIRA observed that these often related to the charities' insufficient mitigation of risks in their operating environment. For example, RAD could conclude that a risk of terrorist abuse was present if the charity did not exercise sufficient direction and control over funds, and they were operating in a high-risk jurisdiction; or if the charity did not exercise sufficient due diligence when inviting guest speakers to charity events.
80. When terrorist abuse concerns are present during the audit, the nature of these concerns is communicated to the charity. Audits culminate in AFLs and/or audit closing letters (ACLs) that explain the observed non-compliance and the evidence relied upon. This process involves soliciting representations from the charity. These representations are considered before the audit outcome is finalized, which varies from confirmation of compliance to education letters, compliance agreements, penalties, suspensions and revocations of registered status.
81. Transparency may be challenging in the context of RAD audits given the possible presence of classified information that cannot be shared with the charity. Auditors may review classified information but cannot rely on that information to support the audit outcome. The CRSIA regime referred to previously in this report does provide for the protection of classified information if that information is necessary to support the revocation of a charity. However, as noted, a CRSIA certificate has never been issued.
82. A review of the files suggests that there was only a low volume of classified reporting related to an audit finding. In many cases, RAD's terrorist abuse findings stemmed from public information that could be disclosed to the charities.
83. With the exception of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) information, the relatively low volume of classified reporting in the files reviewed suggests an explanation as to why a certificate under the CRSIA regime has never been sought. When asked, RAD indicated satisfaction that, to date, its authority under the ITA is sufficient for its purposes.

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84. In all cases in which RAD issued an AFL that noted possible revocation but did not result in a final audit outcome of revocation, RAD considered the representations made by the charity in response to its initial findings and concluded that revocation was not necessary.

RAD Audit Outcomes vs Compliance Division Audit Outcomes

Finding 9. NSIRA found that there is insufficient data to explain the observed difference in the severity of outcomes between audits conducted by RAD and those conducted by the Compliance Division.

85. There is an observed difference in the severity of audit outcomes of RAD when compared to the outcomes of Compliance Division audits despite the finding above that terrorism-related concerns were often not present in RAD's final audit findings. This difference is visible in that the most severe outcome, which is revocation of charitable status, is far more frequent in a RAD audit than a Compliance Division audit. A less severe outcome, which is an education letter, is also much more frequently the outcome of Compliance Division audits.
86. These differences could be attributed to the fact that Compliance Division was operating on the basis of random selection until 2016, after which it adopted a risk-based selection system similar to RAD. To control for the possibility that these differences could be related to the method of selection, only the outcomes subject to a risk-based selection system similar to RAD were considered.
87. Even with the small number of closed audits in this more recent period, it remains the case that RAD's rate of revocation is higher than that of the Compliance Division. Of the 19 audits closed by RAD since 2017, five were revocations. By comparison, Compliance Division audits yielded 115 revocations out of more than 1500 audits. These translate to 26.3% for RAD versus 7.4% for the Compliance Division.
88. At the other end of the spectrum-- the use of education letters -- this pattern is consistent. Data show that Compliance Division audits end with education letters in the range of 50% of cases on average; by comparison, RAD has issued one education letter in its 19 audits closed since 2017.²⁴
89. Compliance Division and RAD are focused on different risks, hence there is no automatic expectation that aggregate outcomes will be the same. Without conducting a controlled study of RAD and Compliance Division audits, it is not

²⁴ In total, in the over 1,500 audits from 2017 to the present, Compliance Division has issued 874 education letters and 385 compliance agreements.

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possible to determine the exact cause of any discrepancies or determine whether they are justified. Nonetheless, because terrorism-related concerns are not uniformly reflected in its audit outcomes, RAD's focus on terrorism abuse is not a straightforward explanation. Fundamentally, because differences in aggregate outcomes can signal bias or discrimination, it is important that government bodies be attuned to patterns or trends, however imperfect the data.

Recommendation 6. NSIRA recommends that the CRA conduct a focused comparison of audit outcomes between RAD and Compliance Division to determine whether the differences identified here are justified.

IV. Conclusion

90. In its role as regulator of the charitable sector, the CRA operates with substantial discretion and few limits. The ITA does not set out any threshold or standard that must be met before an audit can commence. To the contrary, it gives the CRA the authority to audit without cause.
91. However, given RAD's narrow mandate to address risks of terrorist abuse in the charitable sector, NSIRA expected to find that RAD's selection of charities for audit would universally be tied to credible terrorism-related risks. RAD's seemingly disproportionate focus on Islamic and Sikh charities may only be justified if it is acting in service of its mandate to address risks of terrorist abuse in the charitable sector by relying on rigorous risk assessment practices.
92. There are serious questions that emerge from a system intended to address terrorism-related risks that then discounts the importance of those risks and supports audit outcomes with unrelated non-compliance issues. Charities that do not present with a credible nexus to RAD's mandate should not be audited by RAD. To do otherwise raises the possibility that those decisions are driven by bias and discrimination.
93. The more recent files reviewed indicate that RAD is more judiciously determining which charities to recommend for audit. The review's recommendations aim to support the CRA and RAD in ensuring that they develop more robust safeguards against bias and discrimination in the exercise of their functions.

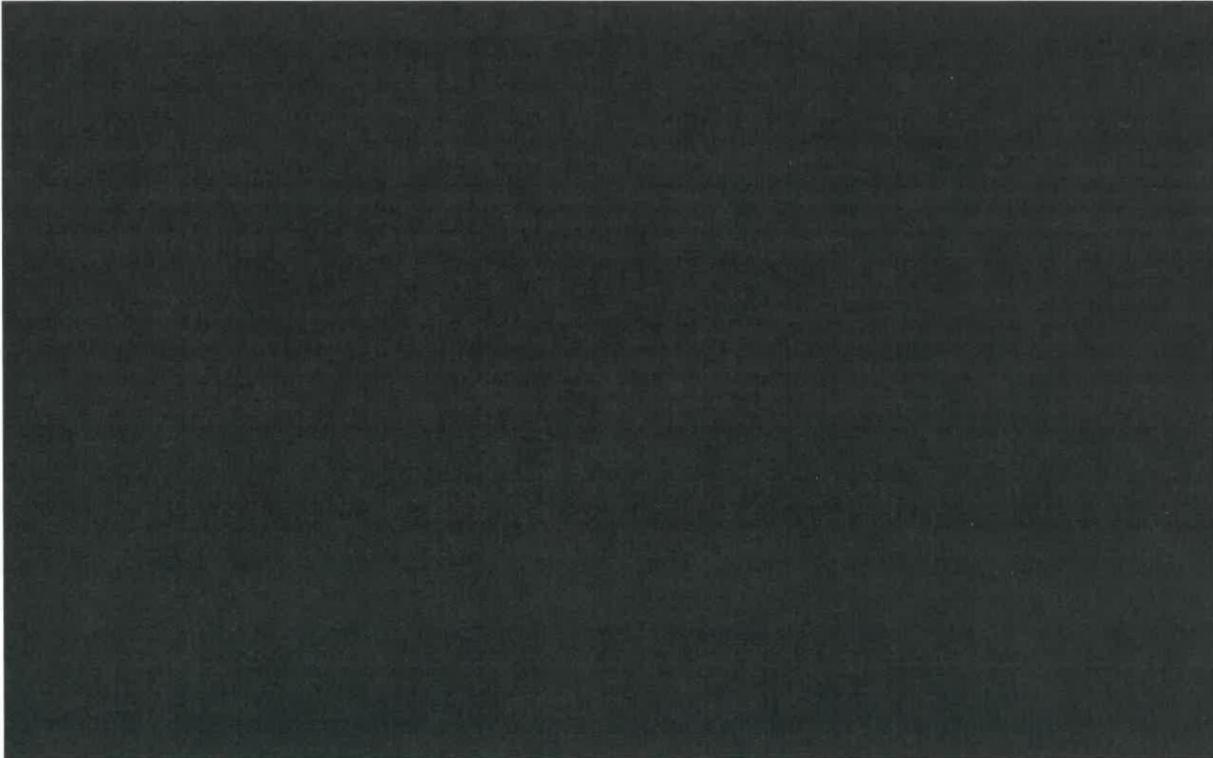
16(1)(c)

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Annex A. Overview of Completed RAD Audits

Figure 2 shows the distribution of RAD audits of registered charities completed prior to the start of this review, broken down by RAD's original determination on the applicable compliance approach.²⁵ Definitions for these approaches are provided in Paragraph 16.

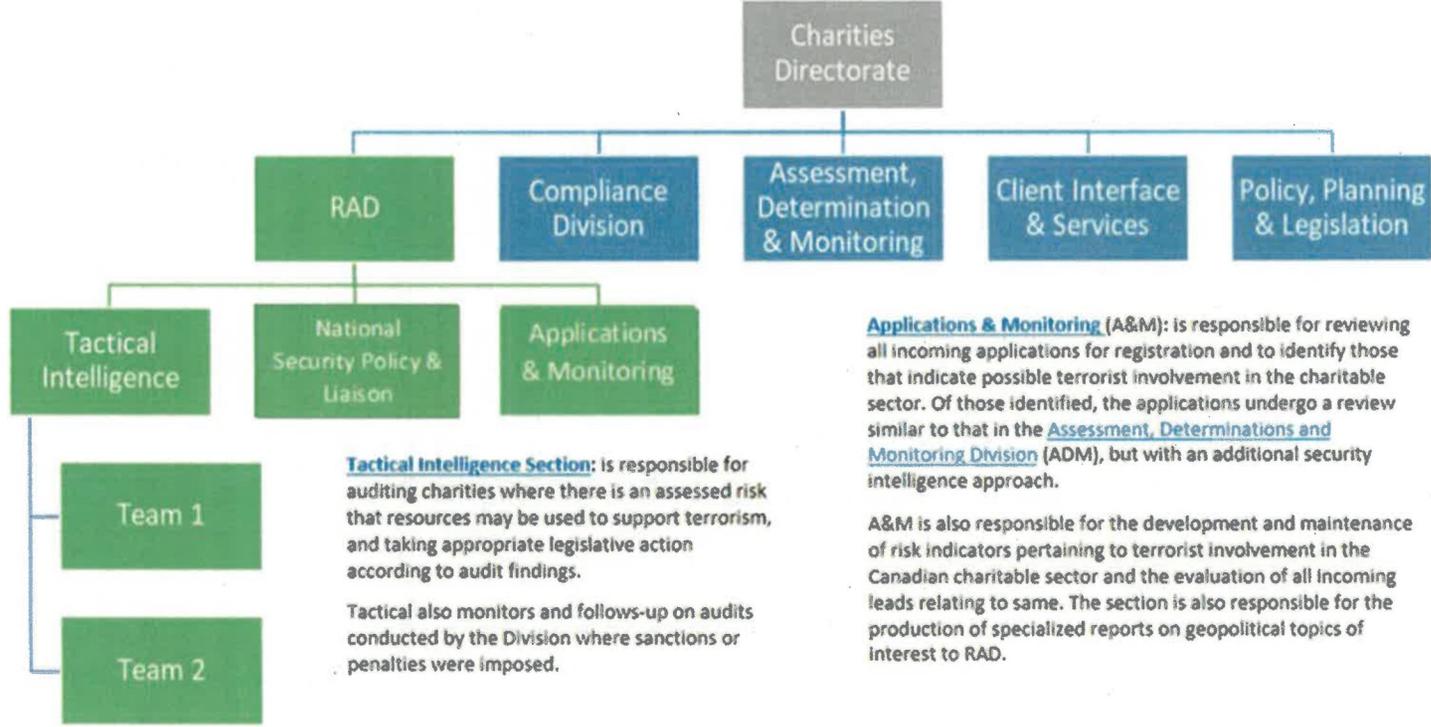
Figure 2. Closed RAD audits, 2009 - 2023



²⁵ Some of these determinations have been appealed. At the time of writing, [REDACTED]

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Annex B. Overview of Charities Directorate



Tactical Intelligence Section: is responsible for auditing charities where there is an assessed risk that resources may be used to support terrorism, and taking appropriate legislative action according to audit findings.

Tactical also monitors and follows-up on audits conducted by the Division where sanctions or penalties were imposed.

Applications & Monitoring (A&M): is responsible for reviewing all incoming applications for registration and to identify those that indicate possible terrorist involvement in the charitable sector. Of those identified, the applications undergo a review similar to that in the [Assessment, Determinations and Monitoring Division \(ADM\)](#), but with an additional security intelligence approach.

A&M is also responsible for the development and maintenance of risk indicators pertaining to terrorist involvement in the Canadian charitable sector and the evaluation of all incoming leads relating to same. The section is also responsible for the production of specialized reports on geopolitical topics of interest to RAD.

National Security Policy and Liaison Section (NSPL) has two functions:

1. The policy function entails dealing with federal government partners when policy and legislative amendments are being discussed, participating in interdepartmental groups to share information in support of the decision-making process with respect to Canada's terrorist financing activities, and contributing to or representing Canada's position at international fora on the vulnerabilities of Non-profit Organizations (NPOs) to terrorism financing.
2. The liaison function includes developing and maintaining Memoranda of Understanding (MOUs) with partners, processing disclosures and requests to/from partners, enhancing relationships with current partners, and developing new partnerships.

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Annex C. Deficiencies in the CRA's Current Approach to Categorizing Charities

The CRA assigns charities, at the time of their registration, a category code that generally represents their charitable purpose. The advancement of religion category code lacks sufficient granularity to consistently discern a charity's religious affiliation, even when subcategorizations are taken into account. For instance, while "advancing religion" includes Christianity, Islam, and Judaism as subcategories, it does not include Hindu or Sikh. These may fall under "other religions." Indeed, of the 32,210 charities categorized as "advancing religion," 5,471 (or 17%) are subcategorized in ways that are not associated with any particular religious group.

Furthermore, the CRA's category codes are not necessarily reliable, since they are based only on an officer's best assessment at the time of its registration. Category codes are not updated as a charity's purposes and activities evolve over time. Additionally, they may be subject to data entry errors.

More importantly, since each charity can only be entered under one category code, the CRA's categorization under-reports any religious affiliation of charities whose primary purpose is not "advancement of religion." Amongst RAD's completed audits, for example, were five discernably Islamic charities whose primary purposes the CRA had categorized as "education," "relief of poverty," or "other." A sector-wide analysis of charities' religious affiliations based on the CRA's category codes would not identify these charities as Islamic.

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Annex D. Findings and Recommendations

NSIRA made the following findings and recommendations in this review:

Risks of terrorist abuse in the charitable sector

Finding 1. NSIRA found that the CRA's audit function fulfills Canada's international obligations to combat money-laundering and terrorist financing, given ever-evolving risks of terrorist abuse in the charitable sector.

Religious affiliation of charities assessed and audited by RAD

Finding 2. NSIRA found that, of all charities whose audits were completed by RAD between 2009 and 2022, 67% were discernably Islamic and 19% Sikh.

Charter considerations

Finding 3. NSIRA found that the CRA does not collect the demographic data that could demonstrate that RAD's treatment of charities is free from discrimination under the Charter.

Recommendation 1. NSIRA recommends that the CRA collect and evaluate demographic data from the charitable sector to ensure that its treatment of charities is free from discrimination.

RAD's indicators of terrorist abuse

Finding 4. NSIRA found that RAD's application of the following indicators may make Islamic charities more susceptible to scrutiny:

- association to organizations or individuals; and
- conducting activities in or close to a foreign high-risk jurisdiction.

Finding 5. NSIRA found that RAD does not have an evidence-based method of validating the risk indicators that it relies on to justify scrutiny of a charity for terrorism-related concerns.

Evidence-based validation of RAD's indicators

Recommendation 2. NSIRA recommends that RAD develop an evidence-based method of validating, on an ongoing basis, the risk indicators that it relies on to justify scrutiny of a charity for terrorism-related concerns and update any associated guidance.

Deficiencies in RAD processes

Finding 6. NSIRA found that a lack of rigour in RAD's process for identifying and selecting charities for audit introduced risks of bias and discrimination.

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Completeness of supporting information

Recommendation 3. NSIRA recommends that RAD formally document its decisions regarding when, and on what basis, it will commence its audits.

Recommendation 4. NSIRA recommends that RAD update its process for assessing the risks of terrorist abuse in a charity's activities to foster structured, informed decision-making on when or whether to conduct a related audit. This should:

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- clarify how to weight indicators and grade risks; and
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Recommendation 5. NSIRA recommends that RAD take steps to ensure that its decision-making leading to an audit is supported by current and credible information and/or intelligence, with due regard for exculpatory information and mitigating considerations.

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Finding 8. NSIRA found that when RAD concludes that terrorist abuse concerns are present during the audit, the nature of these concerns is communicated to the charity.

RAD Audit Outcomes vs Compliance Division Audit Outcomes

Finding 9. NSIRA found that there is insufficient data to explain the observed difference in the severity of outcomes between audits conducted by RAD and those conducted by the Compliance Division.

Recommendation 6. NSIRA recommends that the CRA conduct a focused comparison of audit outcomes between RAD and Compliance Division to determine whether the differences identified here are justified.