



Immigration, Refugees
and Citizenship Canada

Immigration, Réfugiés
et Citoyenneté Canada

Consolidated Financial Statements

For the year ended March 31, 2026

Canada

IRCC Consolidated Financial Statements for the year ended March 31, 2026.

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Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements for the year ended March 31, 2026, and all information contained in these consolidated statements rests with the management of Immigration, Refugees and Citizenship Canada (IRCC). These consolidated financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these consolidated financial statements. Some of the information in the consolidated financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of IRCC's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in IRCC's *Departmental Results Report*, is consistent with these consolidated financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its consolidated financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout IRCC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2026 was completed in accordance with the Treasury Board *Policy on Financial Management* and the results and action plans are summarized in the annex.

The effectiveness and adequacy of IRCC's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of IRCC's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The consolidated financial statements of IRCC have not been audited.

Ted Gallivan
Deputy Minister

Ottawa, Canada

Farhat Khan
Chief Financial Officer

Immigration, Refugees and Citizenship Canada
Consolidated Statement of Financial Position (*unaudited*)
As at March 31
(in thousands of dollars)

	<u>2026</u>	<u>2025</u>
Financial assets		
Due from Consolidated Revenue Fund	551,244	791,871
Accounts receivable and advances (note 4)	78,129	81,152
Loans receivable (note 5)	328,814	317,309
Inventory held for resale (note 6)	51,650	37,473
Total gross financial assets	1,009,837	1,227,805
Financial assets held on behalf of Government		
Accounts receivable and advances (note 4)	(26,155)	(36,341)
Total financial assets held on behalf of Government	(26,155)	(36,341)
Total net financial assets	983,682	1,191,464
Liabilities		
Accounts payable and accrued liabilities (note 7)	598,400	832,760
Vacation pay and compensatory leave	63,462	72,464
Deferred revenue (note 8)	1,266,405	1,034,709
Employee future benefits (note 9)	18,498	22,282
Other liabilities	400	400
Total gross liabilities	1,947,165	1,962,615
Liabilities held on behalf of Government		
Deferred revenue (note 8)	(1,234,086)	(1,015,027)
Total liabilities held on behalf of Government	(1,234,086)	(1,015,027)
Total net liabilities	713,079	947,588
Departmental net financial asset	270,603	243,876
Non-financial assets		
Prepaid expenses	7,397	15,758
Inventory held for consumption (note 6)	16,444	18,809
Tangible capital assets (note 11)	118,730	140,805
Total non-financial assets	142,571	175,372
Departmental net financial position	413,174	419,248

Contractual obligations (note 12)

Contingent liabilities (note 13)

The accompanying notes form an integral part of these consolidated financial statements.

Ted Gallivan
Deputy Minister

Farhat Khan
Chief Financial Officer

Ottawa, Canada

Immigration, Refugees and Citizenship Canada
Consolidated Statement of Operations and Departmental Net Financial Position (*unaudited*)
For the Year Ended March 31
(in thousands of dollars)

	2026	2026	2025
	Planned results	Actual	Actual
Expenses			
Immigrant and Refugee Selection and Integration	4,135,023	4,336,236	5,389,607
Citizenship and Passports	739,705	690,039	845,287
Visitors, International Students and Temporary Workers	602,989	496,804	569,915
Internal Services	668,143	740,092	659,691
Total expenses	6,145,860	6,263,171	7,464,500
Revenues			
Immigration service fees	1,282,215	922,985	1,210,489
Passport fees	602,826	557,730	631,494
Immigration rights and privileges	243,754	209,107	238,178
Citizenship service fees	155,219	138,396	172,572
Right of citizenship	32,057	24,718	29,580
International Experience Canada	14,249	12,787	13,098
Passport miscellaneous revenues	-	224	337
Other revenues	8,930	8,218	11,541
Revenues earned on behalf of Government	(1,722,175)	(1,303,696)	(1,662,924)
Total revenues	617,075	570,469	644,365
Net cost of operations before government funding and transfers	5,528,785	5,692,702	6,820,135
Government funding and transfers			
Net cash provided by Government of Canada		5,542,636	6,570,215
Change in due from Consolidated Revenue Fund		(240,627)	(42,202)
Services provided without charge by other government departments (note 14)		384,779	370,768
Transfer of the transition payments for implementing salary payments in arrears		(2)	-
Other transfers of assets to other government departments		(158)	(301)
Net cost (revenue) from operations after government funding and transfers		6,074	(78,345)
Departmental net financial position - Beginning of year		419,248	340,903
Departmental net financial position - End of year		413,174	419,248

Segmented information (note 15)

The accompanying notes form an integral part of these consolidated financial statements.

Immigration, Refugees and Citizenship Canada
Consolidated Statement of Change in Departmental Net Financial Asset (*unaudited*)
For the Year Ended March 31
(in thousands of dollars)

	<u>2026</u>	<u>2025</u>
Net cost (revenue) from operations after government funding and transfers	6,074	(78,345)
Change due to tangible capital assets		
Acquisition of tangible capital assets	8,376	14,565
Amortization of tangible capital assets	(24,458)	(25,358)
Net loss on disposal of tangible capital assets	(5,977)	(74)
Transfer to another government department	(16)	-
Total change due to tangible capital assets	(22,075)	(10,867)
Change due to inventory held for consumption	(2,365)	1,492
Change due to prepaid expenses	(8,361)	5,164
Net decrease in departmental net financial asset	(26,727)	(82,556)
Departmental net financial asset - Beginning of year	(243,876)	(161,320)
Departmental net financial asset - End of year	(270,603)	(243,876)

The accompanying notes form an integral part of these consolidated financial statements.

Immigration, Refugees and Citizenship Canada
Consolidated Statement of Cash Flows (unaudited)
For the Year Ended March 31
(in thousands of dollars)

	2026	2025
Operating activities		
Net cost of operations before government funding and transfers	5,692,702	6,820,135
Non-cash items:		
Amortization of tangible capital assets	(24,458)	(25,358)
Net loss on disposal of tangible capital assets	(5,977)	(74)
Services provided without charge by other government departments (note 14)	(384,779)	(370,768)
Transfer of the transition payments for implementing salary payments in arrears	2	-
Variations in Consolidated Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	7,163	(17,801)
Increase (decrease) in loans receivable	11,505	68,766
Increase (decrease) in prepaid expenses	(8,361)	5,164
Increase (decrease) in inventory held for resale	14,177	9,966
Increase (decrease) in inventory held for consumption	(2,365)	1,492
Decrease (increase) in accounts payable and accrued liabilities	234,360	43,532
Decrease (increase) in vacation pay and compensatory leave	9,002	(1,239)
Decrease (increase) in deferred revenue	(12,637)	21,962
Decrease (increase) in employee future benefits	3,784	(828)
Decrease (increase) in other liabilities	-	400
Transfer of salary overpayments to other government departments	142	301
Cash used in operating activities	5,534,260	6,555,650
Capital investing activities		
Acquisition of tangible capital assets	8,376	14,565
Cash used in capital investing activities	8,376	14,565
Net cash provided by Government of Canada	5,542,636	6,570,215

The accompanying notes form an integral part of these consolidated financial statements.

Immigration, Refugees and Citizenship Canada
Notes to the Consolidated Financial Statements (*unaudited*)
For the Year Ended March 31

1. Authority and objectives

Immigration, Refugees and Citizenship Canada (IRCC) was established under the *Department of Citizenship and Immigration Act*. It is a department named in Schedule I of the *Financial Administration Act* and reports to Parliament through the Minister of Immigration, Refugees and Citizenship.

IRCC administers the *Citizenship Act* of 1977 and shares responsibility with the Canada Border Services Agency for the *Immigration and Refugee Protection Act* (IRPA).

Jurisdiction over immigration is a shared responsibility between the federal and the provincial and territorial governments under section 95 of the *Constitution Act, 1867*. Under s. 91(25) of the *Constitution Act, 1867*, the federal government has jurisdiction over naturalization and aliens.

IRCC's activities are supported by the following core responsibilities:

Visitors, International Students and Temporary Workers: IRCC facilitates the entry of migrants who wish to come to Canada temporarily, while protecting the health, safety and security of Canadians. IRCC works with partners to verify that individuals meet admissibility requirements. IRCC processes visas, electronic travel authorizations, and work and study permits for tourists, business travelers, international students and temporary workers, whose spending and presence in Canada benefit the economy.

Immigrant and Refugee Selection and Integration: IRCC facilitates the admission and economic and social integration of immigrants and refugees who intend to stay in Canada permanently, while protecting the health, safety and security of Canadians. IRCC selects economic immigrant applicants to contribute to the Canadian economy, processes family member applicants to reunite families, and processes refugee and protected person applicants to provide a safe haven for those facing persecution. IRCC works with partners to verify that individuals meet admissibility requirements before they enter Canada. In order to support immigrants and refugees in integrating into Canadian society, IRCC offers a variety of settlement support services through a network of service providers.

Citizenship and Passports: IRCC promotes the rights and responsibilities of Canadian citizenship, and issues secure and internationally recognized Canadian citizenship and travel documents so that Canadians can participate fully in civic society and so that travel is facilitated across borders while contributing to international and domestic security.

Internal Services: Internal Services are services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Management Services; Materiel Management Services; and Acquisition Management Services.

2. Summary of significant accounting policies

These consolidated financial statements are prepared using IRCC's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

IRCC is mainly financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to IRCC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Consolidated Statement of Operations and Departmental Net Financial Position and in the Consolidated Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Consolidated Statement of Operations and Departmental Net Financial Position are the amounts reported in the Consolidated Future-Oriented Statement of Operations included in the 2025-26 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Consolidated Statement of Operations and Departmental Net Financial Position and in the Consolidated Statement of Change in Departmental Net Financial Asset because these amounts were not included in the 2025-26 Departmental Plan.

(b) Consolidation

These consolidated financial statements include the accounts of the Passport Canada Revolving Fund, for which the Deputy Minister is accountable. The accounts of the Passport Canada Revolving Fund have been consolidated with those of IRCC, and all inter-organizational balances and transactions have been eliminated.

(c) Net cash provided by Government

IRCC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by IRCC is deposited to the CRF, and all cash disbursements made by IRCC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(d) Amount due from the CRF

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that IRCC is entitled to draw from the CRF without further authorities to discharge its liabilities.

2. Summary of significant accounting policies (continued)

(e) Revenues and deferred revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

The recognition of revenues from immigration and citizenship service fees, rights and privileges and passport fees is deferred until a final decision has been rendered. Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned. Other revenues, including International Experience Canada, are accounted for in the period in which the underlying transaction or event that gave rise to the revenues takes place.

Revenues that are non-respendable are not available to discharge IRCC's liabilities. While the Deputy Minister is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of IRCC's gross revenues.

Revenues that are respendable are mainly available to discharge the liabilities of the Passport and International Experience Canada programs.

(f) Expenses

Expenses are recorded on an accrual basis.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for international immigration and citizenship services, accommodation, employer's contributions to the health and dental insurance plans, legal services, and workers' compensation are recorded as operating expenses at their estimated costs.

(g) Employee future benefits

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. IRCC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. IRCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

ii. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

2. Summary of significant accounting policies (continued)

(h) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. IRCC recognizes a financial instrument when it becomes a party to a financial instrument contract.

IRCC's financial instruments consist of accounts receivable and advances, loans receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost.

See Note 10 Risk management for risks related to IRCC's financial instruments.

(i) Accounts and loans receivable

Accounts and loans receivable are initially recorded at cost and when necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value. Loans that cannot be recovered are written off after receiving Parliamentary approval in accordance with the *Debt Write-off Regulations, 1994*.

(j) Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 11. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable, and intangible assets. Inventory held for consumption consists of forms, informatics equipment and passport material held for future program delivery and not intended for resale. All passport material is valued at the lower of cost (using the average cost method) or net realizable value. Informatics equipment and forms are valued at cost using the first in, first out method.

(k) Contingent liabilities

Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

(l) Transactions involving foreign currencies

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the rate of exchange in effect at March 31. Net gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Departmental Net Financial Position according to the activities to which they relate.

2. Summary of significant accounting policies (continued)

(m) Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the deferred revenues, the liability for employee future benefits, the useful life of tangible capital assets, contingent liabilities and the allowance for doubtful accounts.

Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the consolidated financial statements in the year they become known.

(n) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for consolidated financial statements purposes at the carrying amount.

3. Parliamentary authorities

IRCC receives most of its funding through annual parliamentary authorities. IRCC is also responsible for the management of the Passport Canada Revolving Fund, a continuing non-lapsing authority from Parliament to make payments out of the CRF for working capital, capital acquisitions and temporary financing of accumulated operating deficits. The International Experience Canada program is managed through a budgetary authority. Employee benefits are authorized by a statutory authority. IRCC issues immigration loans through a non-budgetary non-lapsing authority.

Revenues related to immigration and citizenship, including fees, rights and privileges, are deposited to the CRF and are not available for use by IRCC. Fees, rights and privileges are collected through the *Immigration and Refugee Protection Regulations* as well as through the *Citizenship Regulations*.

Items recognized in the Consolidated Statement of Operations and Departmental Net Financial Position and the Consolidated Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, IRCC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Immigration, Refugees and Citizenship Canada
Notes to the Consolidated Financial Statements (*unaudited*)
For the Year Ended March 31

3. Parliamentary authorities (continued)

(a) Reconciliation of net cost of operations to current year authorities used

	2026	2025
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	5,692,702	6,820,135
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(24,458)	(25,358)
Net loss on disposal of tangible capital assets	(5,977)	(74)
Services provided without charge by other government departments	(384,779)	(370,768)
Decrease (increase) in vacation pay and compensatory leave	9,002	(1,239)
Decrease (increase) in employee future benefits	3,784	(828)
Adjustments of previous years accounts payable	24,545	5,464
Bad debt expense	(16,951)	(9,174)
Refunds of previous years' expenditures	5,202	5,465
Refunds of program expenditures	718	2,075
Other	6,199	1,633
Total items affecting net cost of operations but not affecting authorities	(382,715)	(392,804)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	8,376	14,565
Increase (decrease) in gross loans receivable	22,047	70,893
Salary overpayments related to pay system implementation	4,039	3,954
Increase (decrease) in inventory held for resale	14,177	9,966
Increase (decrease) in inventory held for consumption	(2,365)	1,492
Increase (decrease) in prepaid expenses	(8,361)	5,164
Decrease (increase) in deferred revenue	(12,637)	21,962
Refunds of previous years' revenues	21,234	22,040
Other	1,304	2,066
Total items not affecting net cost of operations but affecting authorities	47,814	152,102
Current year authorities used	5,357,801	6,579,433

Immigration, Refugees and Citizenship Canada
Notes to the Consolidated Financial Statements (*unaudited*)
For the Year Ended March 31

3. Parliamentary authorities (continued)

(b) Authorities provided and used

	2026	2025
	(in thousands of dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	3,011,861	2,693,683
Vote 5 - Capital expenditures	3,853	17,020
Vote 10 - Grants and contributions	2,863,408	3,684,340
Statutory amounts	239,646	375,417
Non-budgetary items	74,809	145,702
Less:		
Lapsed Vote 1 - Operating expenditures	(503,596)	(66,845)
Lapsed Vote 5 - Capital expenditures	(577)	(10,082)
Lapsed Vote 10 - Grants and contributions	(134,905)	(111,481)
Authorities available for future years	(196,698)	(148,321)
Current year authorities used	5,357,801	6,579,433

4. Accounts receivable and advances

The following table presents details of IRCC's accounts receivable and advances balances:

	2026	2025
	(in thousands of dollars)	
Receivables - Other government departments and agencies	52,011	44,422
Receivables - External parties	40,328	69,475
Employee advances	637	865
Subtotal	92,976	114,762
Allowance for doubtful accounts on receivables from external parties	(14,847)	(33,610)
Gross accounts receivable and advances	78,129	81,152
Accounts receivable and advances held on behalf of Government	(26,155)	(36,341)
Net accounts receivable and advances	51,974	44,811

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

	2026	2025
	(in thousands of dollars)	
Accounts receivable from external parties		
Not past due	25,980	54,418
Number of days past due		
1 to 30	88	191
31 to 60	-	57
91 to 365	402	8,277
Over 365	13,366	6,532
Impaired	492	-
Sub-total	40,328	69,475
Less: Valuation allowance	(14,847)	(33,610)
Total	25,481	35,865

Immigration, Refugees and Citizenship Canada
Notes to the Consolidated Financial Statements (*unaudited*)
For the Year Ended March 31

5. Loans receivable

In accordance with the *IRPA*, IRCC can issue immigration loans up to a maximum of \$400,000 thousand. The Immigration Loans Program provides eligible immigrants, who are mainly refugees selected for resettlement to Canada, with access to funding that would otherwise not be available to them. Loans are used to cover a number of expenses, including travel to Canada and other costs associated with resettlement, specifically:

- defraying the cost of transportation to Canada
- assisting with the establishment in Canada
- defraying the cost of the right of permanent residence fees.

Since February 21, 2018, all loans granted to immigrants are interest-free. These loans have repayment terms ranging from one to eight years, with possible deferment of two years. The closing balance of loans to immigrants corresponds only to the principal of the outstanding loans. Although currently granted loans do not accrue interest, this balance also includes loans issued between February 28, 1995, and February 20, 2018, a period during which they carried an interest rate set annually by the Minister of Finance. An allowance for uncollectible loans is recorded when recovery is considered uncertain.

The following table presents details of IRCC's immigration loans balances:

	2026	2025
	(in thousands of dollars)	
Immigration loans - Opening balance	325,191	254,298
New loans issued	71,594	111,122
Repayments of loans	(49,547)	(40,229)
Immigration loans - Closing balance	347,238	325,191
Allowance for uncollectible loans	(18,424)	(7,882)
Total loans receivable	328,814	317,309

The following table provides an aging analysis of loans receivable that are either past due or impaired and the associated valuation allowances used to reflect their net recoverable value:

	2026	2025
	(in thousands of dollars)	
Loans receivable		
Not past due	323,340	310,280
Number of years past due		
Less than one year	11,997	6,021
1 to 2 years	4,174	2,186
2 to 3 years	1,645	1,290
3 to 4 years	1,149	1,004
4 to 5 years	917	841
Over 5 years	3,746	3,436
Impaired.....	270	133
Sub-total	347,238	325,191
Less: Valuation allowance	(18,424)	(7,882)
Total	328,814	317,309

Immigration, Refugees and Citizenship Canada
Notes to the Consolidated Financial Statements (*unaudited*)
For the Year Ended March 31

6. Inventory

	2026	2025
	(in thousands of dollars)	
Inventory held for resale:		
Passport material	28,382	23,441
Forms	23,268	14,032
Total Inventory held for resale	51,650	37,473
Inventory held for consumption:		
Passport material	6,633	7,742
Informatics equipment	9,730	10,910
Forms	81	157
Total inventory held for consumption	16,444	18,809
Total inventory	68,094	56,282

The cost of consumed inventory recognized as an expense in the Consolidated Statement of Operations and Departmental Net Financial Position is \$62,584 thousand in 2025-26 (\$91,970 thousand in 2024-25).

7. Accounts payable and accrued liabilities

The following table presents details of IRCC's accounts payable and accrued liabilities:

	2026	2025
	(in thousands of dollars)	
Accounts payable - Other government departments and agencies	57,325	90,150
Accounts payable - External parties	236,140	360,189
Total accounts payable	293,465	450,339
Accrued liabilities	304,935	382,421
Total accounts payable and accrued liabilities	598,400	832,760

In Budget 2025, the Government announced savings measures to be implemented by departments by 2028-29. As a result, the Department has included at March 31, 2026, an obligation for termination benefits for an amount of \$6,162 thousand (nil in 2024-25) as part of accrued liabilities to reflect the estimated workforce adjustment costs.

8. Deferred revenue

The deferred revenue account was established to record immigration and citizenship fees, rights and privileges, and passport fees derived from the *Immigration and Refugees Protection Act* and regulations, the *Citizenship Act* and regulations and the *Canadian Passport Order* for services that have yet to be rendered by IRCC.

The following table presents details of the deferred revenue account:

	2026	2025
	(in thousands of dollars)	
Opening balance	1,034,709	945,863
Amounts received	2,111,217	2,438,546
Revenue recognized	(1,879,521)	(2,349,700)
Gross closing balance	1,266,405	1,034,709
Deferred revenue held on behalf of Government	(1,234,086)	(1,015,027)
Net closing balance	32,319	19,682

9. Employee future benefits

a) Pension benefits

IRCC's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and IRCC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to the Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2025-26 expense amounts to \$99,166 thousand (\$108,974 thousand in 2024-25). For Group 1 members, the expense represents approximately 1.01 times (1.02 times in 2024-25) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2024-25) the employee contributions.

IRCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

9. Employee future benefits (continued)

b) Severance benefits

Severance benefits provided to IRCC's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2026, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follow:

	2026	2025
	(in thousands of dollars)	
Accrued benefit obligation - Beginning of year	22,282	21,454
Expense for the year	31,147	2,410
Benefits paid during the year	(34,931)	(1,582)
Accrued benefit obligation - End of year	18,498	22,282

10. Risk management

IRCC has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss.

IRCC's maximum exposure to credit risk as of March 31, 2026, and March 31, 2025, is the carrying amount of its financial assets.

IRCC has determined that there is no significant concentration of credit risk related to accounts receivable from external parties or loans granted. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is presented in Note 4 – Receivables and Advances and Note 5 – Loans.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for IRCC's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

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11. Tangible capital assets

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Machinery and equipment	15 years
Informatics hardware	5 to 10 years
Software (purchased and developed)	3 to 10 years
Office furniture	10 years
Vehicles	8 years
Leasehold improvements	Lesser of remaining term of the lease or useful life of the improvement

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until then.

Capital Asset Class	Cost					Accumulated Amortization					Net Book Value	
	Opening balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing balance	Opening balance	Amortization	Adjustments (1)	Disposals and write-offs	Closing balance	2026	2025
Machinery and equipment	5,815	-	-	48	5,767	2,511	302	-	26	2,787	2,980	3,304
Informatics hardware	20,408	78	2,176	738	21,924	7,845	3,673	-	724	10,794	11,130	12,563
Software (purchased and developed)	524,735	-	16,372	20,301	520,806	410,664	20,359	-	14,361	416,662	104,144	114,071
Office furniture	1,621	-	-	26	1,595	1,325	62	-	26	1,361	234	296
Vehicles	505	-	(45)	31	429	206	58	(29)	30	205	224	299
Assets under construction	10,250	8,298	(18,548)	-	-	-	-	-	-	-	-	10,250
Leasehold improvements	7,285	-	-	-	7,285	7,263	4	-	-	7,267	18	22
Total	570,619	8,376	(45)	21,144	557,806	429,814	24,458	(29)	15,167	439,076	118,730	140,805

(1) Adjustments include assets under construction that were transferred to the other categories upon completion of the assets and assets transferred to other government departments.

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12. Contractual obligations

The nature of IRCC's activities may result in some large multi-year contracts and obligations whereby IRCC will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received.

Significant contractual obligations that can be reasonably estimated by fiscal year are summarized as follows:

(in thousands of dollars)

Contractual obligations	2027	2028	2029	2030	2031	2032 and subsequent	Total
Transfer Payments	2,254,765	1,982,146	918,899	867,335	867,335	4,336,675	11,227,155
Capital	1,001	-	-	-	-	-	1,001
Operating and Maintenance	378,219	259,221	283,065	86,070	84,644	754,305	1,845,524
Passport - Operating and Maintenance	137,856	52,919	36,702	34,576	33,646	199,736	495,435
Total	2,771,841	2,294,286	1,238,666	987,981	985,625	5,290,716	13,569,115

13. Contingent liabilities

Claims have been made against IRCC in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, most of their outcomes are not determinable. IRCC has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigations for which the outcome is not determinable and a reasonable estimate can be made by management amount to \$62,559 thousand as at March 31, 2026 (\$60,220 thousand as at March 31, 2025).

14. Related party transactions

IRCC is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

IRCC enters into transactions with these entities in the normal course of business and on normal trade terms. There are no transactions that have occurred at a value different from that which would have been arrived at if the parties were unrelated, other than the services provided without charge listed below.

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14. Related party transactions (continued)

a) Common services provided without charge by other government departments

During the year, IRCC received services without charge from certain common service organizations, related to accommodation, legal services, passport delivery and processing services, the employer's contributions to the health and dental insurance plans, and workers' compensation coverage. Additionally, Global Affairs Canada provides international immigration and citizenship services at missions abroad. These services provided without charge have been recorded at the carrying value in IRCC's Consolidated Statement of Operations and Departmental Net Financial Position as follows:

	2026	2025
	(in thousands of dollars)	
International immigration and citizenship services	189,038	197,956
Employer's contributions to health and dental insurance plans	93,938	91,973
Accommodation	54,346	56,080
Legal services	32,206	24,753
Passport delivery and processing services	15,245	-
Workers' compensation	6	6
Total	384,779	370,768

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, audit services provided by the Office of the Auditor General and information technology infrastructure services provided by Shared Services Canada are not included in IRCC's Consolidated Statement of Operations and Departmental Net Financial Position.

b) Other transactions with other government departments and agencies

	2026	2025
	(in thousands of dollars)	
Expenses	607,084	742,715
Revenues	3,668	3,942

Expenses disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

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15. Segmented information

Presentation by segment is based on IRCC's core responsibilities. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)

	Immigrant and Refugee Selection and Integration	Citizenship and Passports	Visitors, International Students and Temporary Workers	Internal Services	2026	2025
Transfer payments						
Other levels of government within Canada	1,475,260	-	-	-	1,475,260	2,184,569
Non-profit organizations	1,018,833	-	-	-	1,018,833	1,042,332
Individuals	1,182,840	-	-	-	1,182,840 ⁽¹⁾	246,436
Other countries and international organizations	64,565	-	-	-	64,565	94,914
Total transfer payments	3,741,498	-	-	-	3,741,498	3,568,251
Operating expenses						
Salaries and employee benefits	464,576	191,360	333,358	431,032	1,420,326	1,545,222
Professional and special services	50,679	379,796	104,006	223,550	758,031 ⁽¹⁾	1,785,550
Utilities, materials and supplies	7,174	47,973	8,634	10,729	74,510	85,165
Rentals	23,872	8,928	12,090	27,451	72,341	279,944
Transportation and communication	13,548	44,668	11,970	1,423	71,609	86,269
Accommodation	21,005	10,020	12,501	16,546	60,072	62,244
Amortization of tangible capital assets	1,071	4,825	10,995	7,567	24,458	25,358
Information services	1,049	1,962	1,837	5,990	10,838	13,795
Repairs and maintenance	801	240	1,138	3,466	5,645	3,124
Other	10,963	267	275	12,338	23,843	9,578
Total operating expenses	594,738	690,039	496,804	740,092	2,521,673	3,896,249
Total expenses	4,336,236	690,039	496,804	740,092	6,263,171	7,464,500

(1) In 2025-26, \$1,021,400 thousand in expenditures related to the Interim Federal Health Program was reclassified from professional and special services to transfer payments.

Immigration, Refugees and Citizenship Canada
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For the Year Ended March 31

15. Segmented information (continued)

(in thousands of dollars)

	Immigrant and Refugee Selection and Integration	Citizenship and Passports	Visitors, International Students and Temporary Workers	Internal Services	2026	2025
Revenues						
Immigration service fees	267,443	-	655,542	-	922,985	1,210,489
Passport fees	-	557,730	-	-	557,730	631,494
Immigration rights and privileges	126,645	-	82,462	-	209,107	238,178
Citizenship service fees	-	138,396	-	-	138,396	172,572
Right of citizenship	-	24,718	-	-	24,718	29,580
International Experience Canada	-	-	12,787	-	12,787	13,098
Passport miscellaneous revenues	-	224	-	-	224	337
Other revenues	2,650	1,474	3,047	1,047	8,218	11,541
Revenues earned on behalf of Government	(396,738)	(164,588)	(741,352)	(1,018)	(1,303,696)	(1,662,924)
Total revenues	-	557,954	12,486	29	570,469	644,365
Net cost of operations before government funding and transfers	4,336,236	132,085	484,318	740,063	5,692,702	6,820,135

Total non-recurring revenues of \$8 thousand were incurred in relation to court costs.

Immigration, Refugees and Citizenship Canada

**Annex to the Statement of Management Responsibility
Including Internal Control over Financial Reporting**

For the fiscal year 2025-26

Immigration, Refugees and Citizenship Canada
Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting
For the fiscal year 2025-26

1. Introduction

This document provides summary information on the measures taken by IRCC to maintain an effective system of internal control over financial reporting (ICFR), including information on internal control management, assessment results and related action plans.

Detailed information on the department's authority, mandate and core responsibilities can be found in the *Departmental Plan* for the 2025-26 fiscal year and the *Departmental Results Report* for the 2025-26 fiscal year.

2. Departmental system of internal control over financial reporting

2.1 Internal control management

IRCC has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its overall system of internal control. A departmental internal control management framework is in place and includes:

- organizational accountability structures as they relate to internal control management to support sound financial management, including the roles and responsibilities of senior departmental managers for control management in their areas of responsibility;
- values and ethics: IRCC adheres to the *Values and Ethics Code for the Public Sector* and has implemented a departmental code of conduct as well as a values and ethics ambassador network;
- ongoing communication and training on the legislative and policy requirements for sound financial management and control; and
- monitoring and regular updates on internal control management, as well as provision of related assessment results and action plans to the deputy head and senior departmental management and, as applicable, the Departmental Audit Committee.

The Departmental Audit Committee is an independent advisory committee to the deputy head. It is responsible for providing advice to the deputy head on the adequacy and functioning of the department's risk management, control and governance frameworks and processes.

IRCC's senior management recognizes the importance of setting the tone from the top to ensure that staff at all levels understand their roles in maintaining effective systems of ICFR and are equipped to fulfill these responsibilities effectively. IRCC places emphasis on managing risks through a responsive, risk-based control environment that fosters continuous improvement and supports innovation.

2.2 Service arrangements relevant to financial statements

IRCC relies on other departments for processing certain transactions that are recorded in its financial statements, as follows:

Common service arrangements

- Public Services and Procurement Canada administers the payments of salaries, the procurement of goods and services, and provides accommodation services.
- Shared Services Canada provides information technology infrastructure services.
- Department of Justice Canada provides legal services.
- Treasury Board of Canada Secretariat provides information on public service insurance and centrally administers payment of the employer's share of contributions towards statutory employee benefit plans.

IRCC relies on other external service providers, departments and agencies for the processing of certain information or transactions that are recorded in its financial statements, as follows:

Specific arrangements with main external service providers

- The International Organization for Migration provides for the pre-departure services and transportation costs for immigrants traveling to their final destinations in Canada, which are subsequently converted into loans.
- Visa Facilitation Services Global and TT Visa Services Ltd operate visa application centres that handle the intake of visa applications and the collection of related fees abroad.
- Medavie-Blue Cross administers claims for the Interim Federal Health Program, which reimburses service providers for essential and emergency health-care services in cases where eligible clients such as refugees do not qualify for provincial, territorial or private health coverage.

Specific arrangements with other departments and agencies

- The Department of Global Affairs Canada (GAC) provides common administrative services and support for the Immigration Program outside Canada under a memorandum of understanding with IRCC. These services include accommodations, accounting and telecommunications. Program support is delivered by both Canada-based officers and locally engaged staff at missions abroad. GAC also prepares periodic financial reports for IRCC staff, detailing fees collected and expenses incurred directly in the field.
- The Department of Employment and Social Development Canada provides passport processing and delivery services under a Service Level Agreement (SLA) with IRCC. This SLA ensures sound and optimal financial management of the Passport program. It also supports the recovery of costs related to passport operations and service delivery, receiving agent services, modernization initiatives, accommodations, and internal services provided by Service Canada.
- The Canada Border Services Agency (CBSA) provides common services to support the delivery of the Immigration and Refugee Protection Program under a memorandum of understanding with IRCC. These services include health, communications, intelligence, litigation management and global network operations. CBSA also collects fees on behalf of IRCC.

Readers of this annex may refer to the annexes of the above-noted departments and agencies for a greater understanding of the systems of internal control over financial reporting related to these specific services.

3. Departmental assessment results for the 2025-26 fiscal year

IRCC is currently reviewing its entire internal control work methodology, leading to fewer processes reviewed in the 2025-26 fiscal year. This new methodology focuses on efficiency gains while remaining compliant with Treasury Board Secretariat requirements and industry standards.

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year's rotational plan.

Progress during the fiscal year 2025-26

Rotational ongoing monitoring plan for the current fiscal year	Status
Interim Federal Health Program	Completed as planned; remedial actions started.
Transfer Payments - Individuals (Resettlement Assistance Program - Income Support (RAP-IS)) Accounts Payable and Accrued Liabilities	Started in 2025-26; to be completed in 2026-27.

The key findings and significant adjustments required from the current fiscal year's assessment activities are summarized below.

3.1 New or significantly amended key controls

Although IRCC continued to enhance some of its business processes, there were no new or significantly amended key controls in existing processes that required a reassessment in the current year.

3.2 Ongoing monitoring program

As part of its rotational ongoing monitoring program, IRCC completed a reassessment of the financial controls embedded within the Interim Federal Health Program. For the most part, the key controls that were tested performed as intended, with remediation required in the following areas:

- Review of documents, transactions or reconciliations; and,
- Documentation of significant financial procedures and controls.

Management action plans addressing the recommendations were developed by the business process owners.

4. Departmental action plan for the next fiscal year and subsequent fiscal years

As the 2025-26 fiscal year concludes the current ongoing monitoring plan cycle, IRCC plans to review the following business processes: Transfer payments – Individuals (RAP-IS), Accounts payable and accrued liabilities (including non-salary operating expenses), and Procurement Management.

Since IRCC is currently updating its methodology and redesigning its entire ongoing monitoring plan, the department is not yet in a position to identify or share the business processes that will be targeted in future years. The new methodology will be applied to the next ongoing monitoring plan cycle covering fiscal years 2027-28 to 2031-32.

In addition to the ongoing monitoring rotational plan, IRCC will continue to address any outstanding remediation resulting from its reassessments of the existing financial controls.