

Summary: The costs of adjudicating applications

To produce an assessment of the cost of adjudicating Jordan's Principle application, i.e., time and materials, staff, relative to the value of the request, the following data would be required: 1) number of requests per fiscal year (approved and rejected); 2) full-time equivalent (FTE) and part-time equivalent (PTE) staff serving as adjudicators; 3) approximate time spent per request; 4) adjudication operational standards.

As most of the required information (other than the number of requests) is not publicly accessible and is assumed to reside with Indigenous Services Canada (ISC), an alternative approach to building a cost estimate with available information was undertaken.

The estimate was produced using departmental administration costs for a specific program (numerator) and the number of applications associated to the program (denominator). Three programs in addition to Jordan's Principle were assessed in this way. The estimated unit cost per application is presented in the table below.

Table 1: Preliminary Unit Costs Across Four Federal Programs

Program	Administrative Cost	Applications	Unit Cost
Refugee Claims ¹	\$139 million	73,000	\$1,909
Family Class Visas ^{2,3}	\$402 million	91,000	\$4,400
Passports ⁴	\$168 million	2,500,000	\$67
Jordan's Principle	\$24 million	45,000	\$536

Refugee claims and family class visas have the highest per unit costs, assumed to be associated with the time and effort required to validate foreign documentation. Passport applications have the lowest cost, assuming that working with citizens and domestic documents is less resource intensive. Jordan's Principle cost using publicly accessible information is approximately \$540 per application. There are, however, caveats to the approach. It is unclear how many FTEs and PTEs are actually adjudicating applications and how much time they spend on each one, based on their operational standards. The estimates are not definitive but illustrative of the costs of application adjudication. With additional information, more precise estimates can be generated.

¹ Immigration and Refugee Board. Departmental Results Report 2019-20. <https://irb.gc.ca/en/reports-publications/planning-performance/Pages/departmental-results-report-1920-r.aspx>. Accessed July 2023.

² Immigration Refugees and Citizenship Canada. User Fees Report 2017-18. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/departmental-performance-reports/2017/user-fees-charges.html>. Accessed July 2023.

³ Immigration, Refugees and Citizenship Canada. Annual Report to Parliament on Immigration 2020. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/annual-report-parliament-immigration-2020.html>. Accessed July 2023.

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⁴ Immigration, Refugees and Citizenship Canada. Departmental Results Report 2019-20. <https://www.canada.ca/content/dam/ircc/images/corporate/publications-manuals/departmental-results-reports/2019/english/drr-2019-2020.pdf>. Accessed July 2023.

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The costs of adjudicating applications

Context

The Government of Canada administers hundreds of grants and contribution programs. These are designed to provide funding to designated recipients for established purposes. To ensure that applicants are part of the designated class and the funding requested is consistent with the intended purpose, the federal public service will review applications when received and, in some cases, following the disbursement of the funding.

A basic principle of auditing standards is that the extent of the review should be commensurate with the risk and materiality of the payment.⁵ In short, *smaller amounts of money provided for straightforward purposes warrant less scrutiny*. Another complimentary principle is that *the cost of undertaking the analysis should not exceed the benefit being provided*.

Pursuant to the *Financial Administration Act*, all federal departments are responsible for ensuring a system of internal control.⁶ In non-bureaucratic language, this means that the department can ensure that resources are allocated toward the priorities approved by Parliament, funds are not stolen, and all operations provide value for money.

There are two general methods to assess whether resources are providing value for money:

- 1) Examine the cost of adjudicating funding applications compared to the underlying request. This approach requires detailed information regarding the nature of the request, monetary amount, and the resources used to adjudicate the application.
- 2) Comparative analysis against other federal application programs. This approach requires less detailed information, but is more challenging as all programs differ and, as such, inferences regarding relative efficiency are qualified.

Analysis

As a preliminary assessment, the Institute for Fiscal Studies and Democracy (IFSD) collated data from four federal programs responsible for the adjudication of applications:

- 1) Indigenous Services Canada's (ISC's) Jordan's Principle payments;
- 2) The Immigration and Refugee Board's (IRB) hearings process;
- 3) Immigration, Refugees and Citizenship Canada's (IRCC's) Family Class applications; and,
- 4) Employment and Social Development Canada's (ESDC's) Passport applications.

⁵ CPA Canada. Canadian Auditing Standards, Sections 315 and 320. <https://www.knotia.ca/Knowledge/Home.aspx?productID=126>. Accessed July 2023.

⁶ Parliament of Canada. *Financial Administration Act*; section 16(4). <https://laws-lois.justice.gc.ca/eng/acts/f-11/>. Accessed July 2023.

As noted above, all programs have the common characteristic that each has a designated class of eligible recipients that need to file an application for a benefit (either money, permission to stay in the country, or a travel document), adjudicated by the federal public service.

The cost of administering each program and the total number of process applications was collated from public corporate reports from the respective departments and agencies. From this, a simple ratio was calculated for the total unit cost for each application (that is, total costs divided by the total number of processed applications). For Employment and Social Development Canada (ESDC), Immigration, Refugees and Citizenship Canada (IRCC) and the Immigration and Refugee Board (IRB), 2019-20 was selected as the baseline year of analysis to avoid short-term immigration restrictions imposed by the pandemic.

Table 1 presents the unit costs of adjudicating applications varies considerably across programs. The Passport program has the lowest cost at \$67, potentially arising from the requirement to provide two official government-issued identification documents with the application. Family Class Visa applications have the highest cost, likely reflecting that applicants are outside the country hence requiring independent verification of any documentation provided. While adjudication of refugee claims and Family Class Visa applications are substantially higher than Jordan's Principle unit costs, the level of effort required to adjudicate a claim is most certainly lower given that claimants are domestic.

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⁸ Immigration Refugees and Citizenship Canada. User Fees Report 2017-18. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/departmental-performance-reports/2017/user-fees-charges.html>. Accessed July 2023.

⁹ Immigration, Refugees and Citizenship Canada. Annual Report to Parliament on Immigration 2020. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/annual-report-parliament-immigration-2020.html>. Accessed July 2023.

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¹⁰ Immigration, Refugees and Citizenship Canada. Departmental Results Report 2019-20. <https://www.canada.ca/content/dam/ircc/images/corporate/publications-manuals/departmental-results-reports/2019/english/drr-2019-2020.pdf>. Accessed July 2023.

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Notes: Data for Jordan's Principle program administration costs are for 2020-21 to incorporate significant ongoing growth in claims. While data is available for applications, administrative costs are not published and are therefore estimated based on the number of full-time equivalents in the program, average ISC salary costs and average ISC overhead expenses.

As noted above, while these comparative unit costs suggest that Jordan's Principle adjudication process may be unnecessarily burdensome compared to the level of risk, they are not definitive. In the absence of detailed operational data, it is impossible to reach any firm conclusions. As such, a better approach is to assess the detailed operational information for the program.

Table 2 presents a summary of key data requirements for such an assessment, identifying where IFSD access to the requisite information and data that are only in the possession of ISC. There is one data set currently available (number of requests in each fiscal year) and some data are available regarding public servants working on the program. However, key gaps exist regarding the actual adjudication effort spent on each request. Importantly, no information is available regarding the triage approach used by ISC (that is, how the adjudication effort varies by the complexity, amount and perceived risk of the request).

Table 2: Data Requirements to Assess Jordan's Principle Administration

Required information	Accessibility	Availability
Number of requests per fiscal year (approved and rejected)	ISC has provided to IFSD.	Green
FTEs and PTEs serving as adjudicators	Total number of FTEs associated to Jordan's Principle available; unclear how many are adjudicators	Yellow
Approximate time spent per request	Time from request to initial response available in day increments, insufficient to assess adjudication time per request	Red
Adjudication operational standards	Triage approach used by ISC to address requests	Red