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Audit of the targeting process in the marine mode

Internal Audit and Program Evaluation Directorate

December 2022

Note: [redacted] appears where sensitive information has been removed in accordance with the *Access to Information Act* and the *Privacy Act*.

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Introduction

1. The Canada Border Services Agency (CBSA or Agency) is an integral part of the Public Safety Portfolio created to protect Canadians and to maintain a peaceful and safe society. Key to the Agency's mission is the detection and interdiction of high-risk people and goods at the earliest point in the travel and trade continuum, which may pose a risk to the health and safety of Canadians and/or the Canadian economy while facilitating the flow of legitimate people and goods.

2. The CBSA's National Targeting Centre (NTC) applies a risk-based targeting methodology to Advance Commercial Information (ACI) submitted by carriers and freight forwarders to identify incoming high-risk shipments for examinations. The NTC risk assesses pre-arrival advanced information to identify high risk vessels and crew entering Canada. The NTC also makes quota-based referrals to ensure that the workloads meet the volumes established in agreements between the Agency and Marine Container Examination Facilities (MCEFs) operators. The NTC does not conduct any targeting activities on exports or outgoing shipments, vessels and crew.

3. There are 213 commercial vessel clearance facilities across Canada, but the ports of Vancouver, Prince Rupert, Montréal, and Halifax process 99% of marine commercial cargo arriving in Canada. Examinations are conducted either at the pier or at MCEFs, depending upon the type of examination to be performed. [redacted]. To assist officers in their examinations, detection tools such as large-scale imaging systems, X-rays, and other technologies are used.

4. The examination of commercial vessels may include searches of cabins and crew, rummaging, or the use of remote operating vehicles to detect parasitic attachments that may have been affixed to the hull of the vessel. In the major ports listed above, imported marine containers are also scanned for the presence of radiological material using radiation detection portals.

5. In 2021 to 2022, the CBSA processed 1.4 million commercial releases in the marine mode, a number that is expected to continue growing in the coming years. Given that the NTC is responsible for risk assessing and authorizing the movement of all commercial marine cargo entering Canada, the NTC's workload is also increasing. The volumes for commercial vessels and crew risk assessed by the NTC have been relatively stable between fiscal years 2020 to 2021 and 2021 to 2022 at 9,998 and 9,825 vessels respectively.

6. The resultant rate is the rate at which NTC referrals lead to a positive examination result as a percentage of all completed examinations. For fiscal year 2021 to 2022, the Intelligence and Enforcement Branch (IEB) integrated business plan set a target resultant rate of 1.5 to 2.0% for the marine cargo examinations. There is currently no target rate for vessel and crew examinations. [redacted].

Key stakeholders

7. The management and administration of marine mode targeting are the responsibility of the IEB. However, many stakeholders within and outside the CBSA are involved in the marine continuum. Within the CBSA, the Commercial and Trade Branch (CTB) is responsible for the management of the movement of commercial goods, the Information Science and Technology Branch (ISTB) is responsible for overseeing information technology (IT) systems used by the NTC, and the regions action NTC referrals for examinations of commercial shipments and vessels. See [Appendix A for further details on Key Stakeholders](#).

Previous audits and evaluations

8. An audit of the Commercial Program in the Marine Mode was conducted in 2018. Its objective was to provide assurance that the Agency's responsibilities for the Commercial Marine Program were appropriately carried out and managed. Previous evaluations and audit work dating as far back as 2010 also included aspects of targeting (refer to [Appendix B for previous audits and reviews](#)); however, risks have persisted. As a result, the present audit was included in the 2022 Risk-Based Audit and Evaluation Plan.

Major changes

9. The Agency is currently undertaking an NTC Transformation, which seeks to improve the efficiency and effectiveness of targeting by updating the NTC's mandate, organizational structure and key processes. This transformation intends to introduce/enhance process automation and replace the current process, which requires NTC targeting officers to manually authorize 100% of containers and leave only high risk containers for targeting officer review.

10. Also central to this transformation is the stabilization and implementation of eManifest in the Marine Mode, which will replace legacy targeting systems and provide more modernized risk assessment capabilities to the NTC.

11. The Targeting Commercial Marine Unit's (TCMU) Marine Cargo Targeting (MCT) Way Forward has also identified further efficiencies and process changes to its MCT operations. The implementation of some of these changes is underway.

12. The Agency is collaborating with Transport Canada on a Port Modernization initiative, which aims to increase security controls and facilitate marine container examinations, while combatting organized crime and internal conspiracies at Canadian marine ports through legislative and regulatory measures.

Significance of the audit

13. The audit objective is to assess whether the Agency has established sufficient controls in support of effective risk-based targeting and the identification of high-risk cargo, vessels, and crew entering Canada in the commercial marine stream. The NTC does not conduct any targeting activities on exports or outgoing shipments, vessels and crew.

14. The scope period of the audit is: April 1, 2020, to March 31, 2022.

15. The scope of this audit included:

- the targeting methodologies for commercial marine cargo, vessel and crew entering Canada
- the integration of intelligence and regional expertise into the commercial marine targeting process

- governance and coordination among key stakeholders in support of commercial marine cargo, vessel and crew targeting (VCT)

16. The scope excluded the following:

- examination process and detection equipment in marine ports of entry
- Major Marine Port Modernization changes currently underway
- eManifest Stabilization and NTC Transformation
- export examinations

Due to the significant changes that were underway as outlined previously, the scope and objective of the engagement were developed to focus on the most relevant areas of risk that are expected to remain until the NTC Transformation is fully implemented, and that may remain beyond it.

17. Methodology:

- reviewed 250+ supporting documents
- conducted 50+ Interviews, with 75+ key stakeholders
- analyzed marine mode targeting data extracts
- observed 3 regional operational meetings
 - Atlantic
 - Pacific
 - Quebec
- conducted 2 site visits
 - Montreal Container Examination Facility
 - National Targeting Centre

Refer to [Appendix C for further details](#) on key risks, the lines of enquiry and audit criteria for this audit engagement.

Statement of conformance

18. This audit engagement conforms to related Treasury Board's *Policy and Directive on Internal Audit* and the Institute of Internal Auditors' (IIA) *International Professional Practices Framework* (IPPF). Sufficient and appropriate evidence was gathered through various procedures to provide an audit level of assurance. The Agency's internal audit function is independent and internal auditors performed their work with objectivity as defined by the IIA's *International Standards for the Professional Practice of Internal Auditing*.

Audit opinion

19. The CBSA's marine mode targeting methodology and processes rely on legacy systems and outdated procedures to risk-assess cargo, vessels and crew. Improvements are required to ensure the Agency effectively and efficiently deploys its personnel for targeting and examinations of the highest risk cargo, vessels and crew. While the issues that exist in the marine mode are known to the Agency and have been well documented, the audit found limited evidence of coordination and collaboration amongst stakeholders to address key gaps and limitations. This results in sustained operational inefficiencies, performance results that fail to meet target rates, and ultimately places the Agency at increased risk of allowing inadmissible people and goods into Canada.

Key findings

20. MCT procedures are defined and documented and aim to provide for a risk-based approach to referrals for examinations. However, due to outdated risk indicators and criteria, the prohibitive cost of examinations

and minimum volume requirements¹ at examination facilities, marine cargo targets are not always issued on a risk-level basis. Further, marine mode targeting relies on legacy IT systems to support its activities.

21. VCT is supported by a defined and documented process, including standardized definitions for risk levels; however, it is not frequently updated and the process itself is very manual. Further, due to system limitations, the CBSA may not have a complete record of all individuals entering the country via marine ports of entry that would help identify trends and inform future targets.

22. Targeting in the marine mode is supported by intelligence originating from the CBSA's regions and headquarters in addition to domestic and foreign enforcement partners. There is an opportunity, however, to better integrate the intelligence products to more effectively support targeting operations.

23. While MCT performance is measured using key performance indicators (KPIs), VCT is not. MCT has not met its annual target in recent years.

24. While the key gaps and challenges that exist with regards to targeting are known to the Agency, limited coordinated action has been taken to address and resolve them.

Summary of recommendations

25. The audit makes four recommendations pertaining to:

1. ensuring MCT practices and resource allocations focus on highest risk shipments
2. establishing a formal process for regularly assessing the effectiveness of targeting risk indicators and making updates to them
3. measuring and reporting on MCT and VCT KPIs

4. prioritizing required improvements to targeting in the marine mode by engaging with relevant stakeholders, developing a strategy, and reporting on progress

Management response

The Vice-President (VP) of the Intelligence and Enforcement Branch (IEB) agrees with the audit report and agrees with the audit recommendations.

The VP of the Commercial Trade Branch (CTB) agrees with the audit report and recommendations.

The VP of the Information Science and Technology Branch (ISTB) agrees with the audit report and recommendations.

While efforts to improve the efficiency and effectiveness of Marine Cargo Targeting (MCT) have been ongoing and gaps in Vessel and Crew Targeting (VCT) have been identified, we recognize that challenges related to coordination, competing priorities and effective governance have limited program results.

We commit to ensuring strong collaboration, coordination and monitoring going forward to achieve a more efficient and effective program.

Audit findings

Figure 1: Marine cargo targeting process (simplified)

Advance Commercial Information (ACI) is submitted to the CBSA prior to cargo being loaded overseas and updated as the vessel transits to Canada



The ACI is **risk assessed** by the CBSA's automated systems and by targeting officers.



OR



If there is still **insufficient ACI** to perform a risk assessment, the cargo is referred for examination. (unknown risk)

If the cargo is assessed as **high risk**, it can be referred for examination.

If the cargo is deemed to be of **lower risk**, it can be authorized to move.

Results of the examination and/or enforcement actions are **recorded** in the CBSA's systems.



If the ACI is inaccurate or incomplete, a **request for information (RFI)** is sent to the carrier to obtain additional data.

► Figure 1 - Text version

Methodology for marine cargo targeting

26. The purpose of a risk-based targeting methodology is to enable NTC officers to consistently identify and refer high risk goods for examination. The audit assessed whether a risk-based targeting methodology was in place for marine cargo.

27. The MCT process is documented in the CBSA Enforcement Manual and supported by standard operating procedures (SOPs) and training. These procedures establish how targeting officers at the NTC must conduct their targeting activities to identify high-risk shipments and refer them for examination.

28. The targeting process relies on a structured risk-assessment process to determine whether cargo must be examined by the CBSA or allowed to move on to its destination.

Criteria against which shipments are risk-assessed are developed by the NTC and defined in an SOP. Types of criteria used to determine the risk level of a given shipment can include country of origin, whether a

shipment/shipper was previously subject to enforcement, commodity-type, etc.

29. A variety of information is reviewed by targeting officers to inform their risk assessment of a given shipment, including:

- ACI
- Intelligence products (refer to Integration of intelligence in marine cargo targeting and vessel and crew targeting)
- Open-source data
- CBSA liaison officers globally

30. Although there are risk criteria for assessing a container, there was no formal definition of what constitutes high, medium, or low risk. This may result in targeting officers inconsistently risk assessing cargo for examination². Consequently resources may be used to examine lower risk containers over one that is higher risk.

31. Management consideration: a decision matrix could help improve consistency of referrals by ensuring that officers have a common understanding of each risk level. More consistent assessments of risk will help operations prioritize the examination of high-risk cargo.

Targeting methodology for marine cargo targeting

32. During the scope of the audit, the NTC risk assessed ACI twice: once before it was loaded overseas ("pre-load") and a second time before arrival in Canada ("post-load"). In theory, a pre-load risk assessment could prevent dangerous cargo from being loaded overseas.

A legal opinion obtained by the CTB in 2019 concluded that the CBSA does not have legal authority to prevent cargo from being loaded aboard a ship destined to Canada, nor the authority to require foreign

authorities to examine shipments pre-load. The value of pre-load risk assessments was therefore limited.

Though this occurred after the scope of the audit, the NTC has ceased pre-load risk assessments as of August 2022 as they were deemed inefficient due to post-load ACI being more accurate. Using post-load ACI allows NTC staff to complete a more thorough risk assessment.

33. ACI received by the CBSA is, at times, inaccurate and/or incomplete. In some cases, the NTC submits a request for information (RFI) to obtain additional data to support its risk assessment.

When a shipment arrives at the marine port and the CBSA still does not have sufficient information to conduct its risk assessment, the risk level cannot be determined. The shipment may be referred for an examination and, in some cases, the CBSA may issue penalties to the carriers or freight forwarders for failing to provide adequate or timely ACI.

The volume of RFIs issued by targeting officers was identified as an inefficiency by the NTC and the regions during the audit; however, mass issuance of pre-load RFIs has since been eliminated as part of its Marine Cargo Transformation plans. This has contributed to reducing RFI-related workloads.

[redacted]. Enforcing ACI quality is not within the NTC's purview; this responsibility falls under the CTB Commercial Program Compliance unit's mandate. Refer to Governance and coordination to resolve issues for more on this topic.

34. TITAN is the primary IT system used to manage risk assessment and referrals.

It lacks modern capabilities that the NTC requires to effectively and efficiently identify high-risk cargo and manage workloads.

NTC officers are required to manually process 100% of cargo transactions as a result of there being no automated clearance of low risk shipments. Consequently, the process is inefficient and undermines the risk-based intent of the targeting methodology.

The implementation of a replacement system for the marine mode (eManifest), which will include eliminating the manual review of low risk shipments by the NTC, is still many years away. In the meantime, interim solutions and workarounds have been implemented by the NTC to minimize the shortfalls of using legacy applications, such as Customs Referral and Inspection Management and Vessel Summary Stream (VSS) to support the management of targeting and referrals. These will remain in effect until more permanent, robust solutions can be rolled out.

35. While targeting processes are primarily risk-based, they occasionally cause shipments of lower or unknown risk to be referred:

- [redacted]
- Third party entities perform border-related work at the marine ports of entry, such as removing containers from ships and providing them to the CBSA to be examined. Fees are charged to the importer and paid to the third party operators based on the number of containers selected for examination. [redacted]

36. The NTC has gaps and constraints impacting effective and efficient risk-based targeting. High-risk shipments may be authorized to move, while lower-risk shipments may be referred for examination. As a result, the CBSA may fail to identify inadmissible commercial goods.

Recommendation 1: In order to ensure that the NTC is positioned to make the highest risk referrals, the VP of the IEB and the VP of the CTB should:

- complete a cost benefit analysis of referring containers due to missing ACI and decide on whether this practice should continue
- [redacted]
- address the practices of referring low and medium risk containers to meet examination facilities' volume requirements

Management response: Agreed. The VPs of the IEB and of the CTB will:

- complete a cost benefit analysis, which identifies the risk and program value of referrals for missing ACI to enable the identification of a way forward
- develop and implement a comprehensive approach to increase the capacity of the CBSA to identify and address carrier and freight-forwarder non-compliance, with respect to ACI reporting requirements
- undertake analysis of current referral rate risk scoring and develop recommendations to modernize referral types in support of risk level and volumetric requirements

Completion date: April 2024

Review and updates to the marine cargo targeting methodology

37. As threats in the marine mode evolve, the CBSA must adapt its targeting methodology to ensure it remains current and responsive to shifting and emerging risks. The audit assessed whether the MCT methodology,

including its risk rules and indicators, are regularly assessed and updated.

38. There is no set process currently in place to guide the regular assessment and updates to the MCT methodology, including determining what risk indicators, criteria or rules are deployed, nor for measuring their relevance or effectiveness.

The NTC creates, modifies, or decommissions risk rules on an ad hoc basis. Additional rigour could help ensure that the Agency is aware of the effectiveness of risk indicators and is actively managing them to ensure that resources are focused on the highest risks.

39. NTC management has implemented a quality control process to ensure the existing MCT methodology is appropriately followed by its officers, and to verify the quality of targets issued.

- Approximately 7,837 such quality control checks were conducted in fiscal year 2021 to 2022
- A review of logs showed that quality control was performed to verify that all information related to a shipment was verified in CBSA systems, and that NTC officers were referring containers for the correct type of examination
- 100% of referrals made by new officers are reviewed for a 6-month period, reduced to 20% thereafter based on Superintendent feedback

40. The Agency uses resultant rates as an indicator of targeting effectiveness:

The current target rate is between 1.5% and 2.0%. The CBSA has not met this target in recent years, achieving a resultant rate of 0.9% and 1.1% in 2020 to 2021 and 2021 to 2022 respectively. These resultant rates are reported to Agency management in the IEB integrated business plan and in monthly reports.

41. While resultant rates are one indicator of the Agency's success in the marine mode, there are a number of other factors along the marine cargo continuum that influence the success of targeting and fall beyond the NTC's scope of control.

For example, a good target may be issued by the NTC, but the container may be tampered with prior to its examination by the CBSA, leading to a non-resultant examination³. As noted previously, a Port Modernization initiative is currently underway, aiming to address the security gaps at marine ports of entry⁴.

Considerations should be given to alternative measures of targeting success.

42. We assessed the Enforcement Manual, Standard Operating Procedures and IT Systems to determine how regularly the targeting methodology and risk indicators were updated:

The Enforcement Manual has not been updated since 2016, and refers to Agency groups that no longer exist and does not reflect current systems and processes in use.

43. Aside from administrative updates to the targeting SOPs, there were limited updates to the targeting methodology made during the scope of the audit. Changes proposed in the NTC Transformation and Marine Cargo Transformation plans will have significant impact on processes and procedures and, if implemented, will require revisions to targeting processes and procedures.

TITAN was programmed with risk indicators that would help identify high risk shipments. However, the risk rules and indicators in TITAN have not been updated in the last 10 years, meaning the targets it

identifies may have become irrelevant. As the TITAN system is based on legacy technology, it cannot easily be updated.

In order to bridge TITAN gaps, the TCMU works with the Advanced Data Centre (ADC) unit to identify high-risk cargo using VSS, which is updated on a daily basis. (See [Appendix D for information on systems.](#)) The ADC is therefore able to create new indicators in VSS more quickly, which is not possible in TITAN. NTC officers then review the cargo in TITAN to determine its risk level and whether it should be referred.

Records of meetings showed that discussions occurred between ADC and the TCMU regarding projects and scenario-based targeting. In one example, ADC used the travel history of a container to identify containers perceived as high risk. The NTC was able to identify these containers and refer them for examination.

44. Without a rigorous process to assess and update the targeting methodology, including risk rules and indicators, the risk assessment methodology may be outdated and less effective. As a result, high-risk cargo may not be identified by the CBSA.

45. Refer to [recommendation 2](#) and [recommendation 3](#).

Risk assessment process for vessel and crew targeting

Figure 2: Vessel and crew targeting process (simplified)

Crew lists and pre-arrival notifications (PAN) are submitted to the CBSA.



The vessel and crew data is **risk assessed** by the CBSA's targeting officers.



The targeting officer issues a **rummage recommendation** if there is sufficient risk.

Regional operations assess their ability to **action the rummage recommendation** and prioritize accordingly.



Results of the examination and/or enforcement actions are **recorded** in the CBSA's systems.



► Figure 2 - Text version

46. The purpose of a risk-based targeting methodology is to enable NTC officers to consistently identify and refer highest risk vessels and crew for examination. The audit assessed whether a risk-based methodology is in place for vessel and crew.

47. The risk assessment process for VCT is supported by an SOP, which defines roles and responsibilities for NTC targeting officers.

VCT has a matrix that defines high/medium/low risk scenarios. This standardizes the criteria and approach used by targeting officers when making referrals for examination.

48. The risk assessment process is supported by two primary IT applications: the Customs Referral and Inspection Management system and the Vessel Analysis Targeting Systems. Gaps exist within these applications:

Some of the indicators and risk rules for VCT are similar to MCT. For example, the travel history of a container or a ship can be used to help identify risk. However, unlike MCT, there are no automated VCT risk

indicators or links to intelligence. The risk assessment process therefore relies on manual queries and research of CBSA intelligence and other open-source information to inform the creation of referrals.

Carriers are required to provide a pre-arrival notice and crew lists to the first point of arrival and can also voluntarily submit the information directly to the NTC to expedite clearance; however, the data is not received in a consistent format and must be manually entered by the NTC in its targeting applications. This creates process inefficiencies and can result in errors, which can impact the results of targeting.

49. The regions noted that unlike in other modes, there currently is no system to record crew passage into Canada. This introduces a risk that the Agency does not have a complete record of all individuals entering the country and that it does not have data to support an analysis of vessel and crew trends that could inform future VCT activities.

50. The VCT process is very manual, which increases the risk that the Agency may not identify high-risk individuals and vessels. In addition, the CBSA may not have a complete record of all individuals entering Canada due to the VCT systems used.

51. Crew and/or vessels could be used for illegal activities such as smuggling contraband or illegal migration into Canada.

52. As threats evolve, the CBSA must adapt its targeting methodology to ensure it remains current and responsive to shifting and emerging risks. The audit assessed whether the VCT methodology, including its risk rules and indicators, are regularly assessed and updated.

53. While some updates were made to VCT SOPs over time to reflect changes in the targeting processes and procedures, they were mostly administrative in nature and did not directly impact targeting methodology.

54. The audit did not find a formalized process for assessing whether VCT risk rules and indicators remain current, relevant or effective.

Challenges in assessing risk rules and indicators for effectiveness is compounded by the use of manual processes and systems that are not capable of automatically tracking or deploying these rules.

55. Although VCT results are reported/monitored internally and via the Departmental Results Report, VCT program performance is not measured against defined objectives as there are no VCT KPIs, nor is the effectiveness of the targeting methodology and risk rules assessed. As a result, it is difficult for decision makers to know whether the resources used to undertake VCT are being effectively used or whether changes to processes and procedures are needed.

KPIs would allow for the measurement of performance against business objectives, which could facilitate informed decision-making on the improvement, continuation or termination of targeting methodologies in use.

56. VCT risk assessments performed by the targeting officers are not subject to quality review. Conducting such reviews would allow for the monitoring of day-to-day performance, identification of improvement opportunities, and providing feedback to targeting officers.

57. Regular assessment of key indicators for VCT would allow the Agency to understand if desired results are being achieved. Without measuring the effectiveness of the targeting methodology, rules and indicators of risk, the NTC will not know if procedural changes are required to more effectively target marine vessels and crews.

Recommendation 2: The VP of the IEB should improve the MCT and VCT methodologies by formalizing the process to identify, assess and update risk indicators.

Management response: Agreed. The VP of the IEB will direct the conduct of internal consultations (Maritime Regions, IEB and CTB) and external consultations and collaboration to inform the review and update of MCT and VCT methodologies, as well as to establish a consistent process for the ongoing maintenance of well documented and current risk indicators.

Completion date: December 2023

Recommendation 3: The VP of the IEB should strengthen performance measurement by refining performance indicators for MCT and establishing KPIs for VCT.

Management response: Agreed. The VP of the IEB will direct the conduct of comprehensive analysis, informed by internal and external consultations, to develop relevant performance indicators that contribute to meaningful management decision-making.

Completion date: June 2024

Integration of intelligence in marine cargo targeting and vessel and crew targeting

58. Intelligence plays a pivotal role at the CBSA. Data is gathered from a variety of sources and analyzed to provide actionable intelligence in the context of marine cargo and vessel and crew operations. The audit

assessed whether intelligence and regional expertise is integrated in the marine cargo and VCT methodology.

59. Within the IEB, the Intelligence and Investigations Directorate leads the central collection, coordination and analysis of data/information to produce tailored intelligence on various threats such as drugs, firearms, and human smuggling. The intelligence products consolidate information reported by both regional and headquarters intelligence and operations representatives.

Information provided by the regions includes post-seizure synopses, information on regional/local trends, context and nuances that are not common knowledge to analysts at headquarters, tactical information, etc.

60. The intelligence products are disseminated to targeting officers and the regions, and are used to inform MCT and VCT operations, and include:

- Risk Assessment Program Maintenance targets and lookouts, which are issued against specific shipments and/or importers identified as high-risk
- intelligence projects, which are time-limited and focused on cargo/importers that meet a defined set of risk criteria developed in light of current trends
- post-seizure analysis (produced by the regions and NTC)
- future threat forecasts and other intelligence bulletins

61. In addition to intelligence products provided by the Intelligence and Investigations Directorate, targeting officers also have access to internal (CBSA) and external other government departments and enforcement partners' intelligence systems to inform their risk assessments of cargo, vessels and crew.

Most systems must be manually queried by the Officer, such as IBQ, CPIC, ICES, NCIC, GCMS and IMS (see Appendix D for a summary description of these systems)

VSS is an automated tool which integrates intelligence for MCT only

62. Targeting officers are required to use a checklist to ensure that all relevant intelligence systems were queried as part of their risk assessments.

63. Other intelligence resources used by Targeting Officers include:

- articles or information from reputable online sources
- reports from CBSA liaison officers posted abroad

64. Concerns were raised by targeting staff ⁵ with regards to intelligence products they receive:

- over-reliance on sharing of intelligence via email, and not receiving in-person intelligence briefings
- the timeliness of intelligence products, which occasionally results in intelligence that is no longer applicable
- the significant amount of detail contained in intelligence products, making them lengthy to read and difficult to digest
- a lack of intelligence received on higher-level trends and threats in the marine cargo mode, which could inform new risk indicators

65. Management consideration: there is an opportunity to improve the integration of, and ease of access to, intelligence products. This could strengthen the targeting methodology and results.

Governance and coordination to resolve issues

66. Marine cargo and VCT activities involve different stakeholder groups such as the IEB, the CTB and the regions. Given the cross-functional nature of targeting and examination operations, coordination is required to address gaps identified in the methodologies and supporting processes and applications.

67. Various cross-functional committees exist to oversee and address operational issues at the working and senior management levels. The three most relevant to this audit were the:

- Targeting Program Management Committee, which is responsible to ensure the management of the Targeting Program is efficient and effective, as well as operationally compliant with international agreements, legislative and regulatory requirements
- Commercial Compliance Committee, which is responsible for reviewing established risks, identifying and prioritizing emerging threats, establishing mitigating strategies and making recommendations related to compliance activities as required
- Agency Operations Committee (AOC), which provides overarching strategic direction and oversight for the Agency's functional business lines

68. Issues affecting MCT and regional marine operations have been identified by the NTC TCMU, the Commercial Programs Directorate and the Regions. These issues include:

- [redacted]
- gaps in IT system capabilities
- regional and NTC concerns around workload management at MCEF operations
- gaps in security and internal controls at marine ports

69. Although the audit noted gaps within VCT, limited evidence was found of plans to modernize it.

70. Despite the identification and discussion of issues in cross-functional governance forums, limited coordinated action has been taken to prioritize and resolve them.

The TCMU had developed a plan to reorganize internal processes to mitigate workload management challenges. However, it lacked the necessary stakeholder engagement in its development and implementation phases, in addition to lacking formal sponsorship by senior management. As a result, the plan was unable to achieve its intended objectives and was put on hold pending the completion of this audit.

Targeting Program Management Committee records indicate updates were provided to the committee on marine mode targeting issues requiring cross-functional coordination (such as workload management and process improvements), but no evidence was found indicating agreement on next steps.

While the Marine Mode Targeting group is not a member of the Commercial Compliance Committee, it participated in some committee meetings. Following a committee discussion in February 2022, a temporary working group was created to collaboratively address severe repetitive non-compliance, which includes issues around ACI that the NTC had raised (discussed previously in [Methodology for marine cargo targeting](#)).

A NTC Transformation update was presented to the AOC in October 2021. The AOC fully endorsed the next steps that included the approval to move forward with the next phase and to formally establish

a governance model. While a return to the AOC in the spring of 2022 was endorsed, no evidence of a follow-up discussion was found.

71. The NTC indicated that priority setting, sufficient resources, clear leadership direction and oversight and collaborative engagement across several Agency branches (such as with the ISTB and the CTB) are needed to address the challenges to achieving a modern, efficient and effective targeting operation.

72. Without coordinated leadership and prioritized action, the resolution of issues affecting risk-based targeting may continue to experience delays. This results in the CBSA continuously relying on outdated practices and methodologies that do not keep pace with technological advancements and evolving risks and threats in the marine mode. Further, the CBSA continue to apply cumbersome and resource-intensive processes that ultimately fail to achieve desired results.

Recommendation 4: The VP of the IEB, in collaboration with relevant stakeholders, should identify targeting priority items for MCT and VCT, and develop an actionable strategy with clear timelines. The progress against this strategy should be regularly monitored to be deliverable.

Management response: Agreed. The VP of the IEB, in collaboration with relevant stakeholders, will direct the development of a prioritized and actionable strategy and work plan including a well-defined governance and monitoring framework for MCT and VCT to ensure continued progress towards an effective and efficient program.

Completion date: June 2023

Conclusion

73. Overall, the audit has found that the CBSA's targeting methodology in the marine mode relies on legacy systems and outdated processes and procedures to risk-assess cargo, vessels and crew. While the methodologies are intended to be risk-based, the rules and indicators used to assess risk level are not subject to structured, regular updates, and therefore may not align with current risks and threats in the industry. [redacted]. In addition, the information used to inform the risk assessment can be incomplete and inaccurate, introducing further challenges in identifying a high risk target. [redacted].

74. Marine targeting benefits from a variety of data sources to inform its risk assessments and integrates intelligence acquired by CBSA officers in the regions and at headquarters. Cumulatively, this information supports the identification of high-risk cargo, vessels and crew.

75. The IEB (including the NTC), the regions and the CTB are aware of the challenges that exist in relation to marine mode targeting and these were raised at various governance tables. However, the audit has found little evidence demonstrating that coordinated leadership and prioritized actions have been taken to address and resolve them. Given the cross-cutting nature of these issues, an integrated approach is necessary to ensure successful outcomes and, by extension, a more robust targeting methodology and processes. This will help support the efficient and effective achievement of the CBSA's target resultant rates and the interception of inadmissible goods and people at Canada's marine ports of entry.

Appendix A: Internal and external stakeholders

Internal stakeholders

Intelligence and Enforcement Branch: The mandate of the IEB is to enforce Canada's immigration, customs and border laws fairly, effectively and with professional excellence. IEB produces intelligence, which can be used by the NTC, to identify national security and border-related threats, support the prevention of inadmissible goods and people from entering into Canada and take decisive action against those who do not comply with border-related legislation.

Regional operations: Regional operations are responsible for examining NTC marine cargo, vessel and crew referrals. The regions also coordinate with the NTC to conduct projects, which target, for example, cargo from certain high-risk countries and/or high-risk commodities.

Commercial and Trade Branch:

Among its other responsibilities, the CTB's **Program Compliance Division** promotes and optimizes transporter compliance with applicable CBSA regulations and policies relating to ACI reporting obligations. The unit administers transporter compliance programs in accordance with a series of frameworks built on a compliance management model. This unit has the authority to issue administrative monetary penalties for non-compliance with ACI reporting requirements.

The CTB's **Transporter and Cargo Control Programs Unit** is responsible for developing and managing national programs and related legislation, regulations and policies that regulate the import and

export reporting, and control of goods, as well as the collection and use of ACI, in the highway, marine, air and rail modes of transportation including freight forwarders. In addition, this unit provides program policy direction and supports the development of modernization initiatives underway, such as eManifest.

Information Science and Technology Branch: In the context of MCT and VCT, ISTB is responsible for the development and maintenance of IT application solutions consistent with and responsive to the CBSA priorities, such as Accelerated Commercial Release Operations Support System (ACROSS) and TITAN. It supports the delivery of integrated border services through the provision of overarching project and service management of all IT and IT enabled projects and solutions, such as TITAN and eManifest, to ensure that they remain relevant and applicable to the Agency's business needs.

Strategic Policy Branch:

The **Traveller, Commercial and Trade Policy Directorate** is responsible for setting the strategic policy direction related to commerce and trade for the CBSA. Among its responsibilities, the directorate is responsible for all amendments and updates to the legislative and regulatory framework related to CBSA authority in the commercial and trade sphere.

The **Chief Data Officer Directorate** is responsible for providing strategic leadership for data and analytics in all CBSA initiatives and programs. The directorate has been working with the NTC data analytics unit to improve their advanced data analytical capabilities.

External stakeholders

Carriers and freight forwarders: Commercial carriers and freight forwarders are required to report ACI for goods being imported to Canada prior to arrival and within the prescribed time requirements.

A carrier is defined as a person involved in international commercial transportation who operates a conveyance used to transport specified goods to or from Canada. To operate a conveyance means to have legal custody and control of the conveyance.

A freight forwarder is defined as an agent who arranges for the transportation of goods, and who may provide other services such as consolidation and deconsolidation of shipments, de-stuffing containers, customs brokerage and warehousing.

Importers and customs brokers: Importers import goods into Canada for sale or for any commercial, industrial, occupational, institutional, or other similar use. Customs brokers are licensed by the CBSA and empowered to act as an agent, on behalf of an importer/owner of goods, to transact business relating to importing or exporting goods.

Marine container examination facility operators: An MCEF is a dedicated facility for the examination of arriving containers and goods at a designated port of entry. The facility operator generates fees for presenting the goods for examination, to cover the cost of transportation to and from the examination facility, storage, and for unloading and reloading the container.

Canada port authorities: Operates at arm's length from the federal government. They are governed by a board of directors chosen by port users and the municipal, provincial and federal government. Canada Port Authorities: (1) set the business direction and make commercial decisions

for the port, (2) set their own fees, (3) are responsible for maintaining and dredging commercial shipping channels, (4) act as landlords, leasing their port operations to private operators. As set out in the *Canada Marine Act*, Canada Port Authorities must be financially self-sufficient.

Marine terminal operators: Marine terminal operators lease out port lands and waters from port authorities to operate marine terminals and ship cargo through the port. Marine terminal operators provide container handling and storage services to marine carriers making a "port call". The purpose of a port call is to access markets where cargo shippers and receivers are located.

Appendix B: Previous audits and reviews

The Internal Audit and Program Evaluation Directorate has previously completed the following audit and evaluation engagements:

Audit of Commercial Program in the Marine Mode (2018)

The objective of this audit was to provide assurance that the Agency's responsibilities for the Commercial Marine Program are appropriately carried out and managed. The scope focused on program management and monitoring.

Evaluation of Contraband Enforcement in the Commercial Stream (2010)

Evaluation examined the Agency's performance in contraband enforcement in the commercial stream across all modes between fiscal years 2014 to 2015 to 2018 to 2019. The evaluation assessed the ability of the CBSA to effectively and efficiently identify and seize contraband and to manage risks to the Health, Safety and Security of Canada and Canadians.

Recommendations proposed in the above reports and related management action remain outstanding and are scheduled for completion during this fiscal year.

Evaluation of CBSA Targeting Program (2016)

The scope of this evaluation included Marine and Air Commercial Targeting, which are modes where the Agency mandate provision of advance information to enable conduct of targeting activities. The evaluation aimed to determine lessons learned from the current targeting business lines that could be applied to future enhancements of the Targeting Business Model.

Audit of National Targeting (2015)

The objective of this audit was to assess the adequacy of the management control framework for the Targeting Program. The scope of this audit covered the period from the inception of the NTC (fiscal year 2012 to 2013 to July 2015).

Recommendations and related management actions of the evaluation and audit above have been reported closed.

Appendix C: Risk assessment and audit criteria

A preliminary risk assessment was conducted during the audit planning phase to identify potential areas of risk as well as audit priorities, which were used to develop the audit objective, scope and criteria:

Summary of risks	
Risk 1	The targeting methodology may not adequately integrate intelligence and regional expertise, is not effective, and is not regularly reviewed.

Summary of risks	
Risk 2	Barriers to effective risk-based targeting may not be identified and addressed.
Risk 3	Governance and coordination in relation to commercial marine targeting may not be effective, which may prevent the program from addressing barriers to effective risk-based targeting and achieving its objectives and priorities.
Risk 4	IT systems used for marine mode targeting may have capability gaps and do not meet the needs of the NTC.
Risk 5	Major transformation initiatives, such as the NTC transformation and stabilization of eManifest may not deliver the expected benefits or will be delayed.

Given the preliminary findings from the planning phase, the following criteria were chosen:

Line of enquiry	Audit criteria
Targeting Methodology	<p>1.1 A risk-based targeting methodology is established and is regularly updated.</p> <p>1.2 Targeting methodology integrates intelligence and regional expertise.</p> <p>1.3 Key program areas adequately coordinate activities to identify and address barriers to effective risk-based targeting.</p>

Appendix D: Applications

Vessel Summary Stream: An Excel-based tool created by the CBSA's Targeting Data Analytics Unit, which pulls ACI data from ACROSS and TITAN, and links to other systems to provide a summary of Marine shipments. Its primary function is to aid in the identification of the highest risk shipments on board a vessel, while being able to view all other shipments on board.

Customs Referral and Inspection Management (CRIM): Automated database used by the NTC to manage RFI workloads, support the risk assessment process and centralize referral information.

Canadian Police Information Centre (CPIC): A national repository of police operational information administered by the RCMP that includes information on outstanding warrants, criminal history records, stolen property, etc. It is a shared resource within the Canadian law enforcement community.

Integrated Border Query (IBQ): An integrated, automated query tool that provides CBSA officers with access to multiple enforcement databases through a single interface. Users are currently able to conduct 16 different types of queries including person, business, address, telephone, and conveyances.

Integrated Customs Enforcement System (ICES): A repository for enforcement-related information. It allows the users to collect, analyze and disseminate the information necessary to identify and react to risk at the border. It provides information on seizures, lookouts and targets, intelligence and investigations, traveller and vehicle passage history, etc.

National Crime Information Centre (NCIC): An FBI-managed investigative databank comprised of person files and property files.

Global Case Management System (GCMS): Immigration, Refugee, and Citizenship Canada's (IRCC) single, integrated system used to process applications for citizenship and immigration services.

Intelligence Management System (IMS): An online case management system used by CBSA intelligence officers on a need-to-know basis, to research, maintain and update intelligence and related non-criminal investigative information. As part of their risk assessment activities, targeting officers at the NTC may use IMS to confirm if individuals, conveyances, or shipments are linked to any open intelligence files.

Appendix E: List of acronyms

ACI

Advance Commercial Information

ACROSS

Accelerated Commercial Release Operations Support System

ADC

Advanced Data Centre

AOC

Agency Operations Committee

CBSA

Canada Border Services Agency

CTB

Commercial and Trade Branch

IEB

Intelligence and Enforcement Branch

IT

Information Technology

ISTB

Information Science and Technology Branch

KPI

Key Performance Indicator

MCEF

Marine Container Examination Facility

MCT

Marine Cargo Targeting

NTC

National Targeting Centre

RFI

Request For Information

SOP

Standard Operating Procedure

TCMU

Targeting Commercial Marine Unit

VCT

Vessel and Crew Targeting

VP

Vice-President

VSS

Vessel Summary Stream

Footnotes

- 1 Examination quotas: see section [Targeting methodology for marine cargo targeting for more information](#).
- 2 A targeting officer might label a shipment as medium risk, while another officer might mark it as high risk, according to their own interpretation and professional judgment.
- 3 The scope of the audit did not include an assessment of these factors along the Marine continuum as they are being addressed by NTC Modernization.
- 4 The present audit did not delve into the Port Modernization efforts or the impact this initiative will have on marine targeting.
- 5 Note that the audit did not seek to review the intelligence products to corroborate these comments collected in interviews.

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