Performance audit report

Department of Labour: Management of immigration identity fraud
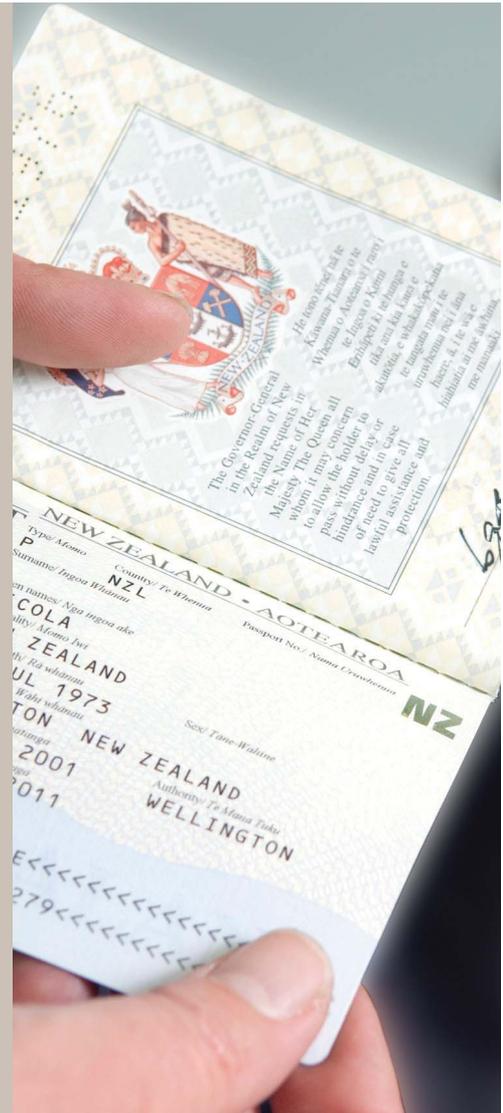
Department of Labour: Management of immigration identity fraud

Foreword

Immigration plays an important part in New Zealand's economic growth by providing skills and resources required by the labour market. It also helps fulfil our international humanitarian obligations through the resettlement of refugees. The Department of Labour (the Department) is the government department responsible for ensuring that New Zealand attracts and retains skilled migrants, and assists refugees to resettle. The Department is also responsible for maintaining the security of the country's borders through preventing the entry of those without the appropriate authority and detecting and removing people who have entered fraudulently.

I carried out a performance audit to assess the effectiveness of the Department's systems, processes, and procedures for the prevention, detection, and investigation of people who seek to enter New Zealand with a false identity as skilled migrants or United Nations quota refugees. I expected that the Department would have comprehensive, robust, and targeted systems, processes, and procedures for the prevention, detection, and investigation of immigration identity fraud.

I found that the Department has systems, processes, procedures, and relationships with relevant external agencies in place for the prevention, detection, and investigation of identity fraud within the skilled migrant and United Nations quota refugee entry categories. However, I noted several areas where improvements need to be made. These include the need to identify immigration fraud risks, and to prepare strategies and plans to address those risks. Training and guidance specifically for staff involved with detecting fraud should be introduced, and systems improved to provide more effective support for staff in their roles, especially in relation to fraud investigation where there is a significant backlog of cases. The Department should also regularly evaluate the effectiveness of its prevention, detection, and investigation activities.

I intend to maintain a watching brief on the Department's management of immigration identity fraud, and will observe with interest the progress of the implementation of the Government's immigration change programme, which will affect the Department's systems, processes and procedures for managing immigration identity fraud in the future.

My performance audit involved many staff in the Department and stakeholders. I thank them all for their co-operation during the audit.

K B Brady
Controller and Auditor-General

21 June 2007

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Summary

Identity fraud has been recognised as one of the most pervasive developments in fraud in recent years. Immigration identity fraud can involve the use of a false name, or failure to declare other names a person is known by, in an immigration application. This is usually done to hide historical factors that may have an adverse effect on the person's application for entry into New Zealand.

The Department of Labour (the Department) is responsible for facilitating the migration of skilled migrants to meet New Zealand's identified labour needs and contribute to building growth in the economy, and for the resettlement of refugees in keeping with the Government's international humanitarian obligations.

The Department also has responsibility for helping to maintain the security of New Zealand's borders. This requires a balance between making the entry of people with an appropriate authority as smooth as possible, while preventing the entry of those without the appropriate authority, and detecting and removing those who have entered fraudulently.

We wanted to know whether the Department has effective systems, processes, and procedures for the prevention, detection, and investigation of those who seek to enter New Zealand with a false identity.

To carry out our performance audit, we selected two entry categories with different immigration aims, objectives, entry requirements, and processes. The two categories chosen were:

- the skilled migrant category, because skilled migrants represent a high value to New Zealand's labour force and there is a high demand for places; and
- the United Nations quota refugee category (UN-quota refugees), because refugees from certain countries of origin may pose a high risk of immigration fraud.

To assess the Department's systems, processes, and procedures for the prevention, detection, and investigation of immigration identity fraud within the two entry categories, we reviewed the Department's strategies, plans, and guidance documents. Our examination included interviews with Department staff in the head office and at Immigration New Zealand branch offices in Auckland and Wellington, and teams working in locations such as airports in New Zealand. We also liaised with external stakeholders, including the New Zealand Police and the United Nations High Commissioner for Refugees.

Our findings

Overall, the Department has systems, processes, procedures, and relationships with relevant external agencies in place to prevent, detect, and investigate immigration identity fraud within the skilled migrant and UN-quota refugee entry categories. We also note that the Government is currently undertaking a significant immigration change programme, that will affect the Department's systems, processes, and procedures for managing immigration identity fraud in the future. As most aspects of the programme are yet to be fully implemented, it was too early to examine the effect of these changes as part of our audit.

However, our audit identified a number of areas where improvements can be made. In our view, the Department needs to identify and monitor risks specific to immigration identity fraud, and prepare strategies and plans to address those risks. The Department needs to provide training, guidance, and systems support for staff involved in the detection and investigation of immigration identity fraud specific to their roles, especially in relation to fraud investigation where there is a significant backlog of cases. The Department also needs to collect better data and evaluate processes to make the most of opportunities to learn from their prevention, detection, and investigation activities.

Preventing immigration identity fraud

We expected the Department to have comprehensive systems, processes, and procedures for the prevention of immigration identity fraud.

We found that the Department assesses generic immigration fraud risks, but these risks are not clearly supported by identification of operational risks that are specific to the two categories we looked at. As part of the immigration change programme, the Department is in the process of preparing an Immigration Business Transformation that seeks to guide activity to areas of greater risk. A business case prepared by the Department for the Immigration Business Transformation will be considered shortly by the Government.

There are systems for the prevention of fraud, and these should be enhanced once the system to assess client value and client risk is implemented throughout the Department. This was intended to be completed in May 2007. The Department has a number of relationships with external stakeholders with responsibilities for the prevention of identity fraud. The Department has not evaluated the effectiveness of its prevention system.

Detecting immigration identity fraud

We expected the Department to have robust systems, processes, and procedures for the detection of immigration identity fraud.

The Department does not have a specific plan for how it will manage the detection of identity fraud, but has built detection activity into the application processes for the two categories we looked at. There are staff whose work involves the detection of fraud (customised service officers and refugee quota immigration officers), but their roles could be better defined to reflect the importance of detecting immigration fraud, including immigration identity fraud. Generic training is provided for these staff, but there is little training that is specific to the detection role.

The Department has systems in place for the detection of identity fraud. However, the systems rely on staff to decide the level of identity verification required for individual applicants, and there is little training specific to detection. This can result in different Immigration New Zealand branch offices taking different approaches. In addition, the Department does not store all client identity information electronically, so it is difficult for staff to compare identity information on current applications with that submitted previously.

Verification of the identity of UN-quota refugees is complex, with reliance placed on face-to-face interviews with refugees. The Department needs to improve the interview guidelines used for interviews to ensure that sufficient information is gathered to assess risks posed by refugees. The Department has not evaluated the effectiveness of its detection system because of the lack of historical data.

Investigating immigration identity fraud

We expected the Department to have targeted systems, processes, and procedures that focus on the investigation of immigration identity fraud, once detected.

The Department has procedures for conducting fraud investigations, but it needs to improve the systems and processes that support the procedures. There are dedicated fraud investigators, most from a law enforcement background, but they receive only limited training that is specific to the immigration environment.

The Department does not have tracking systems that indicate the timeliness of an investigation or the conversion rate from investigation to prosecution, and it has a significant backlog of cases to investigate. It has operational relationships with a number of external agencies, but has not evaluated the effectiveness of its investigation processes, as it lacks the historical data and systems to collect and analyse the necessary information.

Our recommendations

Preventing immigration identity fraud

We recommend that the Department of Labour:

1. regularly identify immigration identity risks specific to the skilled migrant and UN-quota refugee entry categories;

2. regularly and formally evaluate its prevention activities, and gather and assess relevant information and intelligence from its identification and assessment of risk, identity management initiatives, and prevention systems;

Detecting immigration identity fraud

3. prepare a specific plan for the detection of immigration identity fraud within the skilled migrant and UN-quota refugee entry categories based on identified risks;

4. emphasise the importance of the detection of immigration fraud for customised service officers and refugee quota immigration officers, and include detection in the refugee quota immigration officer job description;

5. address the lack of training available for customised service officers, verification officers, and refugee quota immigration officers by providing a co-ordinated detection and verification training and development programme specific to their roles;

6. consider storing all identity information within or linked to its Application Management System as part of future information technology developments;

7. prepare specific guidance on how identity verification is to be carried out throughout the Department to provide for consistency in verification practice;

8. review recent verification reports throughout the Department to identify any common deficiencies and to provide for consistency in the reporting of identity verification;

9. review the UN-quota refugee interview guidelines for questions relating to risks to New Zealand's international reputation, to ensure that all relevant information can be gathered in a thorough and timely manner;

10. regularly and formally evaluate its detection activities, and gather and assess relevant information and intelligence from verification and assessment of skilled migrant applications and UN-quota refugee referrals;

Investigating immigration identity fraud

11. address, as a priority, the limitations of the current IT systems to accurately track and report on the timeliness and effectiveness of fraud investigations;

12. address the lack of training available for fraud investigation officers and refugee status officers by providing a co-ordinated training and development programme specific to their roles;

13. regularly review the priority category initially assigned to fraud investigations, to provide additional assurance that high priority cases are allocated for investigation;

14. regularly audit the fraud investigation backlog, to monitor and assess staffing requirements for priority cases, and to ensure that all backlog fraud cases are accurately prioritised and actively managed; and

15. regularly and formally evaluate its investigation activities, and gather and assess relevant information and intelligence from investigations.

Part 1
Introduction

1.1   In this Part, we describe:

- why we undertook the audit;
- the purpose of the audit;
- our expectations;
- how we conducted the audit; and
- what was outside the scope of the audit.

Why we undertook the audit

1.2   The Department of Labour (the Department) has responsibility for helping the migration to New Zealand of skilled migrants that meet our country's identified labour needs, and the resettlement of refugees that help fulfil our international humanitarian obligations.

1.3   The Department also has responsibilities for helping to maintain the security of New Zealand's borders. This requires a balance between making the entry of people with the appropriate authority as smooth as possible and preventing the entry of those without the appropriate authority, as well as the detection and removal of those who have entered fraudulently.

1.4   A person using a false identity can pose significant risks to the country, including financial, terrorism, health, legal, or criminal risks. We wanted to examine whether the Department has effective systems, processes, and procedures for the prevention, detection, and investigation of people who seek to enter New Zealand with a false identity within the skilled migrant and United Nations quota refugee (UN-quota refugee) categories.

1.5   The two entry categories have different immigration aims, objectives, entry requirements, and processes. We selected the skilled migrant category because skilled migrants represent a high value to New Zealand's labour force and there is a high demand for places, and we selected the UN-quota refugee category because refugees from certain countries of origin may pose a high risk of immigration fraud.

Purpose of our audit

1.6   The purpose of our audit was to assess the Department's systems, processes, and procedures for the prevention, detection, and investigation of immigration identity fraud within two important entry categories.

1.7   In this report, immigration identity fraud means the use of a false identity. This includes the use of a false name or date of birth, or failure to declare in an immigration application other names that a person is known by.

Our expectations

1.8   To assess the Department's immigration identity fraud systems, processes, and procedures, we set up audit criteria (or expectations). We considered best practice and guidance material from New Zealand and overseas. In particular, we referred to:

- *Fraud Control in Australian Government Agencies – Better Practice Guide*, from the Australian Federal Government's Attorney-General's Department and the Australian National Audit Office;

- *Good Practice in Tackling External Fraud*, from the National Audit Office and HM Treasury in the United Kingdom; and

- work by the Department of Internal Affairs on the *Evidence of Identity Standard*.

1.9   We expected the Department to have:

- comprehensive systems, processes, and procedures for the prevention of immigration identity fraud;

- effective systems, processes, and procedures for the detection of immigration identity fraud; and

- targeted systems, processes, and procedures for the investigation of immigration identity fraud, once detected.

1.10   We set out our expectations in more detail in Parts 3, 4, and 5.

1.11   The Department noted that investment in security measures, such as the management of identity fraud, needs to be balanced against other economic and societal pressures, such as the need to attract skilled migrants and resettle refugees.

1.12   The Department also noted that identity management was an integral part of its work, and that prevention, detection, and investigation activities were conducted by various teams within the Department. We recognised this, and as a result we looked at all the Department's immigration roles and responsibilities for evidence of work that would meet our expectations.

How we conducted the audit

1.13   To assess the Department's systems, processes, and procedures for the prevention, detection, and investigation of immigration identity fraud, we reviewed the Department's strategies, plans, and guidance documents. We interviewed staff at the Department's head office and at Immigration New Zealand branch offices in Wellington and Auckland, and teams working in locations such as airports in New Zealand.

1.14   We interviewed the following stakeholders:
- the Department of the Prime Minister and Cabinet;
- the Department of Internal Affairs;
- the New Zealand Police; and
- the New Zealand Association for Migration and Investment.

1.15   We also communicated with the United Nations High Commissioner for Refugees (UNHCR) regional office in Canberra.

Outside the scope of the audit

1.16   Our audit considered immigration identity fraud. We did not examine any other types of immigration fraud – such as false qualifications, false job and false marriage offers, or fraud committed by international students, employees of the Department, or third parties such as immigration consultants.

1.17   Our assessment of the Department's systems, processes, and procedures for the prevention, detection, and investigation of immigration identity fraud considered only the skilled migrant and UN-quota refugee entry categories. We did not examine the management of immigration identity fraud in other entry categories.

1.18   Our assessment of the Department's investigation of immigration identity fraud considered how the Department looks into suspected fraud once it is discovered. We did not consider or assess later stages of the investigation process, such as the revocation of residence permits, or deportation or removal of people who have entered New Zealand with a false identity.

1.19   Because we focused on the Department's systems, processes, and procedures, we did not examine any individual applications for skilled migrant status or individual UN-quota refugee cases.

1.20   The UNHCR decides which refugees are in greatest need of resettlement and makes recommendations for resettlement countries, such as New Zealand, to accept them. We did not specifically examine the UNHCR's systems, processes, or procedures for making resettlement decisions.

1.21   The Government has recently started a programme of change for immigration. Our report notes aspects of the change programme that are relevant to the scope of the audit. However, as most aspects of the programme are yet to be fully implemented, it was too early to examine the effect of these changes as part of this audit.

1.22   At the beginning of 2006/07, the Department had a reduced budget for immigration activities, partly because some fixed-term funding ended. Although budget considerations will affect the resources available to manage immigration identity fraud, the Department's budget management arrangements were not considered as part of the audit.

Part 2
Background

2.1   In this Part, we describe:
- immigration to New Zealand, including the selection of skilled migrants and UN-quota refugees; and
- the management of immigration identity fraud, including how the Department is organised to manage immigration identity fraud.

Immigration to New Zealand

2.2   Immigration policies aim to build the country's skilled workforce, facilitate the entry of students and visitors, reunite migrant families, meet the Government's international commitments, and foster regional and bilateral relationships with other countries.

2.3   People are granted visas and permits for New Zealand under two broad categories, depending on the nature of their intended stay – temporary or permanent.

2.4   Temporary entry enables people to visit, study, or work in the country for a defined period. In 2005/06, almost 1.5 million people were issued a temporary permit or visa.

2.5   Permanent entry enables people to reside in the country under the skilled/ business, family-sponsored, and international/humanitarian streams of the New Zealand Residence Programme. The total number of people accepted as part of the programme within these three entry streams is approved annually by the Government. In 2005/06, a total of 51,236 people were granted permanent residence.

2.6   Skilled migrants qualify for permanent residence under the skilled/business stream, and UN-quota refugees qualify under the international/humanitarian stream. In 2005/06, there were 27,539 people approved through the skilled migrant category, and 791 people approved through the UN-quota refugee category.

Selection of skilled migrants

2.7   The aim of the skilled migrant category is to meet the country's identified labour market needs and opportunities and contribute to growth and innovation, and to make and retain links with other countries. Figure 1 outlines the process for selecting skilled migrants.

2.8   Gaining residence through the skilled migrant category is based on an applicant's employability, capacity to contribute skills that New Zealand does not have,

and ability to settle and contribute to New Zealand. Applicants must also meet relevant health, character, and English language requirements. Applicants gain points for meeting these entry requirements, with a minimum of 100 points required to register an expression of interest. From December 2005, changes to the skilled migrant policy gave priority to highly skilled migrants and applicants with a skilled job or offer of a job in New Zealand.

2.9   Applicants register an expression of interest with the Department. The expressions of interest are assessed and, if all entry requirements are met, applicants go into a pool from which some are invited to apply for permanent residence. The application for residence is then assessed, and, if all entry requirements are met, New Zealand residence is granted.

Figure 1
Process for selection of skilled migrants
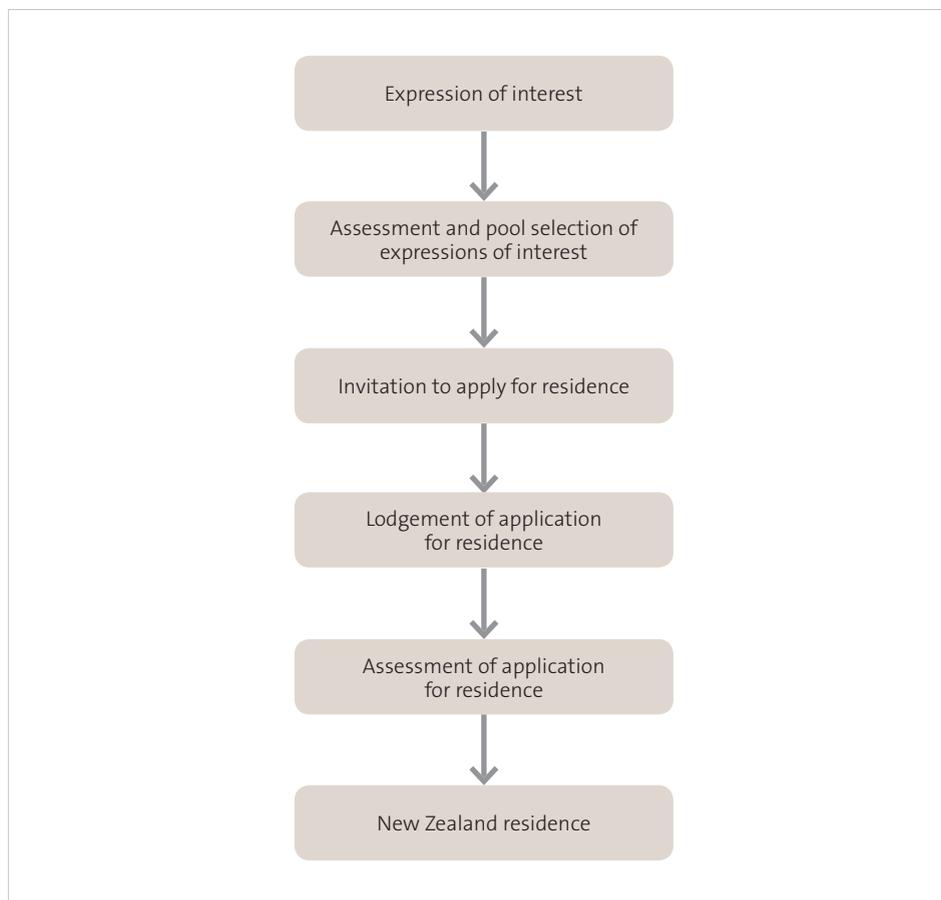
Selection of UN-quota refugees

2.10   The aim of the UN-quota refugee category is to resettle United Nations-mandated refugees recognised under the 1951 Convention Relating to the Status of Refugees (the 1951 Convention) and the 1967 Protocol Relating to the Status of Refugees (the 1967 Protocol), to which New Zealand is a signatory. Figure 2 briefly outlines the process for selecting UN-quota refugees.

Figure 2
Process for selection of UN-quota refugees
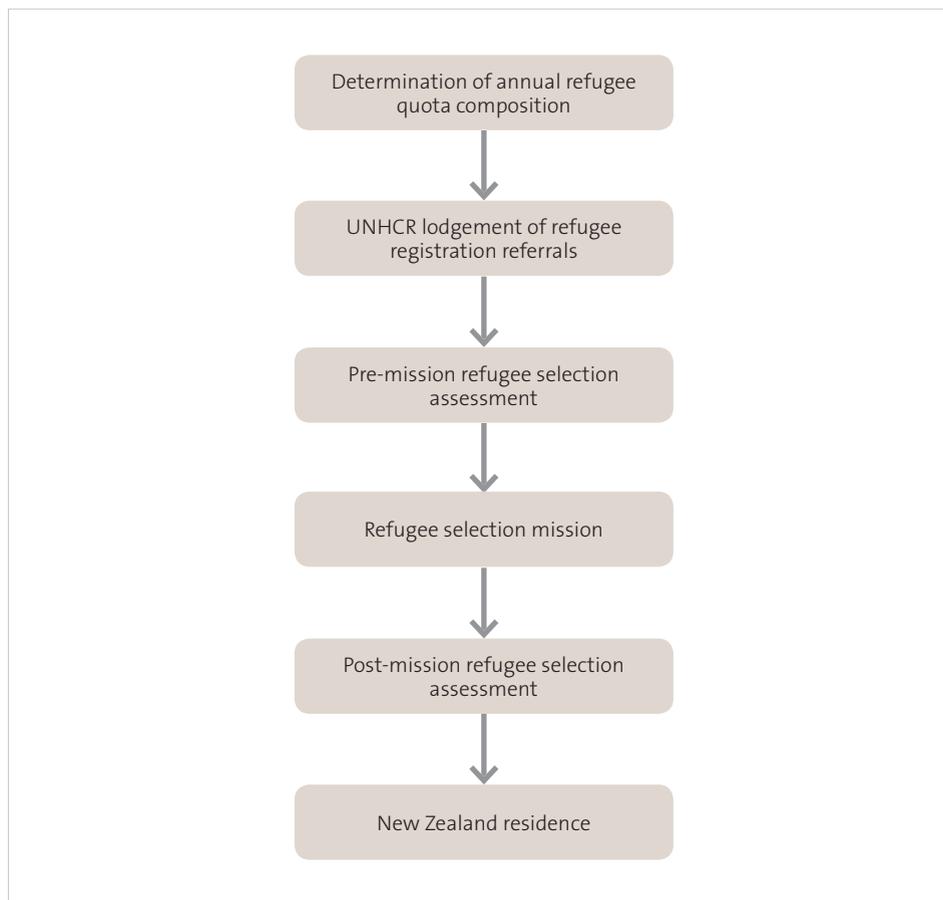
2.11   Since 1987, about 750 UN-quota refugees[1] have been accepted for resettlement each year, in six intakes throughout the year.

2.12   The Department consults the UNHCR, refugee communities, non-government organisations, and relevant government departments on the composition of the quota, which is approved annually by the Minister of Immigration and the

1   The total annual quota can vary by plus or minus 10%.

Minister of Foreign Affairs. The composition is based on nationality, the country that refugees flee to from their own country, and consideration of the particular needs of different refugee groups.

2.13   The UNHCR decides which refugees are in the greatest need of resettlement, and makes recommendations for resettlement in countries such as New Zealand. Although resettlement countries rely to an extent on the integrity of the UNHCR's decision-making activities, it is the individual countries that make the final decision on whether to accept or refuse cases referred to them for resettlement.

2.14   UNHCR referrals to the Department for refugee resettlement come from priority areas throughout the world where it is deemed that resettlement to a third country is preferable to voluntary repatriation or integration in the country where refuge was first sought. The criteria for resettlement in New Zealand is based on a number of factors, including that the refugee is recognised by the UNHCR as a refugee under the 1951 Convention and the 1967 Protocol, and is submitted for resettlement in accordance with UNHCR resettlement guidelines and the priorities set out in the quota composition.

2.15   Referrals for refugee resettlement are assessed, and candidates are then interviewed as part of selection missions which the Department carries out in United Nations refugee camps. Referrals are re-assessed after the selection missions. If candidates meet all the requirements, they are selected as part of the annual quota. Arrangements are then made for their travel, reception, and resettlement to New Zealand. Once UN-quota refugees arrive in New Zealand, they are granted New Zealand residence.

Managing immigration identity fraud

The importance of identity for immigration

2.16   Accurately identifying a person is the fundamental element in effectively facilitating the entry of migrants to New Zealand. Confidence in the identity of a person is essential for immigration purposes because it is the core component of visa processing and assessment.

2.17   A person using a false identity can pose significant risks to the country, including financial, terrorism, health, legal, or criminal risks. Also, other government departments rely on identities accepted as part of visa processing and assessment to confer entitlements in New Zealand.

2.18   Although the UNHCR carries out its own interviews, checks, and assessments before referrals for refugee resettlement are made, the Department has indicated that accurately establishing the identity of UN-quota refugees is difficult,

complex, and delicate. This is because most refugees have no documentation with them, verification of their identity cannot be carried out in their country of origin because of security risks, and refugees commonly use aliases rather than their true names. Verification of identify is also difficult because, for many refugees, family structures are often broken and refugees commonly flee in large numbers, and as a result United Nations agencies have not been able to thoroughly establish the relationship between family members.

Immigration identity fraud

2.19   Identity fraud has been recognised as one of the most pervasive developments in fraud in recent years. The Department has recognised that, with a proliferation of the narcotics trade, many organised criminal groups use false travel documents and falsely-obtained immigration status to aid their offending.

2.20   In relation to immigration, identity fraud can involve the use of a false name, or failure to declare other names a person is known by, in an immigration application. This is often done to hide historical factors that may have an adverse effect on the person's application for entry into New Zealand. For example, an applicant may have been removed from New Zealand or another country, have been previously declined refugee status in New Zealand or another country, have been convicted of a serious crime, or be wanted overseas for human rights abuses.

2.21   Improvements in document forgery and an increase in identity theft have also led to more opportunities for individuals or organised groups to circumvent New Zealand's border controls. The Department has identified an increasing number of cases of individuals lodging multiple refugee claims under different identities, and cases of people previously removed from New Zealand who return under false identities.

2.22   The Department recognises that identity fraud is a major risk to New Zealand. Since August 2005, there have been 257 suspected false identities referred by the Department to the Police for inclusion in the Police intelligence records,[2] and between 2003 and 2006 there were more fraud prosecutions by the Department for identity fraud than any other fraud type.

The Department of Labour's responsibilities for managing immigration identity fraud

2.23   The Department's responsibilities in relation to immigration include helping create a high-skilled workforce by attracting and retaining skilled migrants, maintaining the security of New Zealand borders, assisting migrants and refugees to resettle, and making decisions each year on visa and entry permit applications.

2   The Department does not record false identities detected or prosecuted by entry category.

2.24   Facilitating the movement of people in and out of New Zealand, while protecting the integrity of the border, requires a balance between making the entry of people with the appropriate authority as smooth as possible and preventing the entry of those without the appropriate authority. It also includes the detection and removal of people in New Zealand who have entered fraudulently.

2.25   The Department plays an important role in minimising the cost of immigration fraud. It enhanced the border security function within its Workforce Group in May 2005, after the Budget 2005 allocation of $13 million for border security initiatives. In Budget 2006, an extra $16 million was allocated over four years for border security measures to provide additional staff and resources for the Department's Immigration Profiling Group.

2.26   The immigration change programme comprises three parts:
   • reform of the Immigration Act 1987;
   • a review of immigration policy; and
   • support for improved service delivery for the Department, through the Immigration Business Transformation.

2.27   Aspects of the immigration change programme that are relevant to the scope of the audit, and other initiatives such as the Department's client risk methodology, are noted in Parts 3, 4, and 5.

How the Department of Labour is organised to manage immigration identity fraud

2.28   The Department's Workforce Group is responsible for making decisions on visa and entry permit applications, and assisting migrants and refugees to settle in New Zealand. Figure 3 outlines the Department's organisational structure for managing immigration identity fraud.

2.29   The Workforce Group provides immigration advice and services, including the management of immigration fraud. Important responsibilities within the Workforce Group for the management of identify fraud lie within the Service Delivery, Service International, and Border Security Groups.

2.30   The Service Delivery Group, which consists of Immigration New Zealand[3] branch offices in New Zealand and overseas, is responsible for the processing, verification, and assessment of skilled migrant applications.

2.31   The Service International Group includes the Refugee Division, which includes the Refugee Quota Branch and Refugee Status Branch. The Refugee Quota Branch is responsible for the processing, assessment, and resettlement of UN-quota

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3   Immigration New Zealand is the brand name for the Workforce Group's immigration branch offices in New Zealand and overseas.

Figure 3

The Department of Labour's organisational structure for managing immigration identity fraud
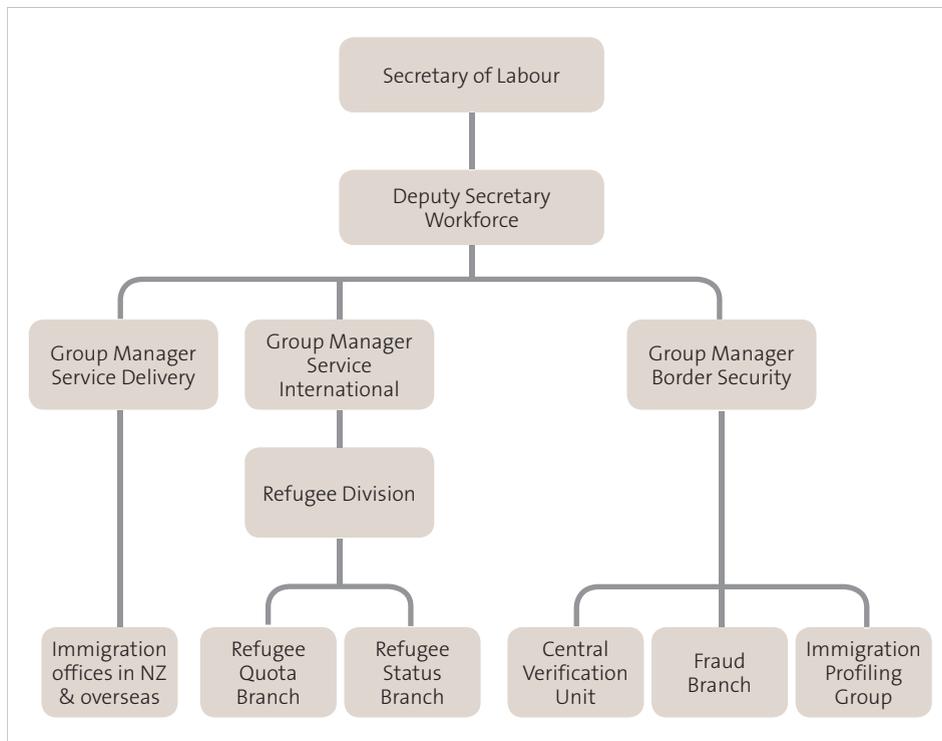
refugees. The Refugee Cancellation Team within the Refugee Status Branch is responsible for the cancellation of refugee status, including status approved by the UNHCR.

2.32   The Border Security Group includes the Central Verification Unit, which is responsible for verification of skilled migrant applications in the Auckland region, and the Fraud Branch, which is responsible for all fraud investigations. The Border Security Group also includes the Immigration Profiling Group, which is responsible for the processing and risk assessment of skilled migrant applications from high-risk countries, and risk assessment of all UN-quota refugees.

Part 3
Preventing immigration identity fraud

3.1 In this Part, we outline our expectations for the prevention of immigration identity fraud, and present our findings on how the Department:

- is organised to prevent immigration identity fraud;
- identifies immigration identity fraud risks;
- plans to manage those risks;
- is staffed to prevent immigration identity fraud;
- supports prevention through systems, processes, and procedures;
- works with external stakeholders in preventing immigration identity fraud; and
- evaluates its prevention of immigration identity fraud.

Our expectations

3.2 We expected the Department to have:

- assessed the risks of identity fraud thoroughly and regularly;
- established a clear and comprehensive strategy to address identity fraud;
- identified clear staff roles and responsibilities for the prevention of identity fraud;
- set up systems, processes, and procedures designed to assist staff with the prevention of identity fraud;
- established effective strategic relationships with all relevant external agencies with responsibilities for preventing identity fraud; and
- evaluated the effectiveness of its activities to prevent identity fraud.

Arrangements for preventing immigration identity fraud

3.3 The Department is organised to prevent immigration identity fraud throughout a range of groups, units, and branches within the Workforce Group.

3.4 In relation to the selection process for skilled migrants, the Department has stated that prevention is defined and guided by policies and legislation, application procedures, deterrent prosecutions, staff training, and international liaison and relationship building. In relation to the selection process for UN-quota refugees, the Department noted that prevention is considered when making decisions about the composition of the annual quota, and through the co-ordination of refugee resettlement.

Identifying identity fraud risks

Our findings

3.5   The Department has identified and assessed generic immigration fraud risks
        at a strategic level, and some identity fraud risks within other entry categories
        at an operational level. However, risks specific to immigration identity fraud in
        the skilled migrant or UN-quota refugee categories have not been identified or
        assessed by the Department.

Strategic risks

3.6   At a strategic level, the Department has identified immigration fraud (including
        immigration identity fraud) as a generic risk.

3.7   At a strategic level, the Department has identified the generic risks of what it
        refers to as "keeping bad people out" and "client[1] fraud" (which it described as
        the effects of criminal activity that threatens law and order). However, these are
        broad risks, and are not specific to immigration identity fraud or specific entry
        categories.

3.8   The risk of not "keeping bad people out" was also identified as a strategic risk in
        the Workforce Group's internal planning documents, and the risk of "client fraud"
        was previously identified as a strategic risk in the Workforce Group's Strategic Risk
        Register 2005/06.

3.9   The Department's Strategic Risk Paper, prepared by the Border Security Group
        in February 2006, also identifies a number of risks to New Zealand from the
        movement of people globally, and fraud and forgery risks at a regional- and
        country-specific level. The paper notes that increasingly high quality counterfeit
        passports are available to people seeking to get through the New Zealand border,
        and this poses a major challenge for immigration processing.

Operational risks

3.10   At an operational level, the Department has identified risks specific to
        immigration identity fraud committed by those claiming asylum at the New
        Zealand border. These are recorded within operational risk registers. The
        Department has not assessed operational risks specific to immigration identity
        fraud in the other entry categories, including the skilled migrant and UN-quota
        refugee categories.

Client risk methodology

3.11   The Department has recognised that its business practice surrounding the
        assessment of client risk and value[2] is inadequate. The Department introduced

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1   The Department refers to visa and permit applicants as its "clients".
2   Client risk and value is the risk posed by accepting a migrant (such as the migrant coming from a country that is
    classed as high risk) balanced with the value that the migrant brings (such as skills).

the client risk methodology in 2006 to consolidate a best practice approach for the assessment of client risk and value.

3.12   The client risk methodology aims to build the assessment of an applicant's risk and value into the visa and permit application process. The methodology identifies and measures four risk and value categories – identity, character, employability, and settlement.

3.13   The four risk and value categories are based on the Workforce Group's immigration objectives of providing a skilled and productive workforce.

3.14   The Department has indicated that it has yet to start work on linking the client risk methodology with UN-quota refugees, and the value of applying the four current risk and value categories to UN-quota refugees will need further assessment.

3.15   The ability to identify and assess accurately and regularly the specific risks of immigration identity fraud would enable the Department to better understand, quantify, and assess the size and scale of the risk of immigration identity fraud within the skilled migrant and UN-quota refugee entry categories. It would also assist the Department to focus its identity fraud detection and investigation priorities and initiatives on the active management of those risks within the two entry categories.

3.16   The Department needs to regularly identify the immigration identity risks specific to the skilled migrant and UN-quota refugee entry categories. This identification should be based on relevant strategic and operational information and intelligence from detection and investigation activities throughout the Department.

Recommendation 1

We recommend that the Department of Labour regularly identify immigration identity risks specific to the skilled migrant and UN-quota refugee entry categories.

Strategies to manage identity fraud risks

Our findings

3.17   In July 2006, the Department prepared a Draft Identity Management Strategy (the Draft Strategy) to address identity management throughout all the Department's programmes, including the skilled migrant and UN-quota refugee categories. The

Department is also carrying out a number of other related identity management initiatives.

Draft Identity Management Strategy

3.18   The purpose of the Draft Strategy is to manage customer identity, support service delivery, and enhance the management of identity fraud. Its objectives include combating identity fraud throughout all of the Department's programmes in a consistent and effective manner, and supporting other agencies involved in managing identity fraud activity.

3.19   The Department has indicated that the Draft Strategy and its underlying principles of identity authentication and verification[3] are informing the development of the Immigration Business Transformation.

The Department's Immigration Business Transformation

3.20   The proposed Immigration Business Transformation for the delivery of immigration services within the Department is part of the programme of change for immigration. The Department has indicated that the Draft Strategy is part of the Immigration Business Transformation's "Implement Identity Management" project, which is due to start in January 2009.

3.21   The Immigration Business Transformation includes a single computer system, improvements in staff capability, improved support for staff, improved measures (such as enhanced marketing, better customer service, and improved timeliness and responsiveness of settlement services) to get the migrants that New Zealand needs and the continuation of both on- and off-shore decision-making.

3.22   Managing identity is proposed as part of the Immigration Business Transformation, through improved information collection and the use of biometric technology and client profiling. A business case prepared by the Department for the Immigration Business Transformation will be considered shortly by the Government. The Department has indicated that, once Government investment decisions are made, design and implementation will begin immediately and be rolled out progressively over the next 1-5 years.

Other identity management initiatives

3.23   The Department is also either carrying out or proposing to carry out a number of other identity management initiatives, including:

• an identity management pilot scheme in the Refugee Division to test the Draft Strategy concepts and biometrics, that includes:

— the collection of biometric information by refugee quota immigration officers on selection missions;

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3   Authentication is ensuring that documents are genuine and verification is ensuring that identity information on documents is correct.

- on-shore verification of refugee identity against a central database of all claimants for resettlement and biometric alerts; and
- taking fingerprints, and using facial recognition and matching techniques;

- an Identity Review of Refugees of Risk project, which will examine people of risk in the refugee stream where their identity is questionable; and

- a Pacific Region Immigration Identity project, which will use a regional approach to detect, measure, investigate, and prevent the use of identity fraud at the border.

Staff roles and responsibilities

Our findings

3.24   The Department has a range of staff roles with responsibilities for fraud prevention across groups, units, and branches within the Workforce Group.

3.25   There are officers based in two overseas airports, regional liaison officer positions in the Pacific, and airline liaison officers – who act to prevent fraud by working with airlines and counterparts from other countries.

3.26   There are risk analysts in three overseas Immigration New Zealand branch offices – Bangkok, Beijing, and New Delhi. Their role is to enhance the management of risk through improved risk profiles that can be used throughout the Department, information and intelligence gathering, and building relationships with other immigration services.

3.27   There is also a staff member who co-ordinates the settlement of UN-quota refugees in New Zealand. This role is to communicate and consult with the refugee community on issues relating to the annual composition of the UN-quota and relevant immigration policy issues.

Prevention support systems, processes, and procedures

Our findings

3.28   The Department has tools in place within its mainstream systems, processes, and procedures for relevant staff to support the prevention of identity fraud. The Department also has access to external systems to support staff in identity fraud prevention.

Prevention systems

3.29   The main system used in the Department is the Application Management System (AMS). The AMS has been used by the Department since 1997 to collect client

and application information on people entering and leaving New Zealand and applying for visas and permits.

3.30   Staff can search for client identification information in the AMS by name, date of birth, travel document, client number, and other details. Warnings on clients or travel documents can also be placed in the AMS to alert staff to any issues that may need to be addressed in relation to the processing of applications.

3.31   The Immigration Knowledge Management Tool is provided on the Department's intranet. This tool is used throughout the Department, and provides information for processing applications, including links to information such as lists of accredited employers, New Zealand Standard Classifications of Occupations, and recognised qualifications.

3.32   Also, Border Security staff have access to external systems to search the details of incoming air passengers to New Zealand before they board a flight to New Zealand, or before they arrive.

3.33   The client risk methodology (see paragraph 3.11) is also available on the Department's intranet for staff to use. It provides information to support decision-making, including information on client risk and value on a country-specific basis, and a toolkit to help staff to verify information submitted with applications.

3.34   The client risk methodology was introduced as a pilot scheme in selected Immigration New Zealand branch offices in New Zealand and overseas in 2006. It was intended that it would be fully implemented in all Immigration New Zealand offices by May 2007.

Prevention processes and procedures

3.35   The New Zealand Immigration Service Manual is available for all visa and immigration officers. The manual contains general policy, procedures, and legal provisions governing Workforce Group operations.

3.36   The manual includes procedures for risk profiling (called "the green pages") which provide guidance for staff in relation to verification, including specific guidance on identity verification.

3.37   A best practice manual is being prepared for refugee quota immigration officers on the selection process for UN-quota refugees. The Department has indicated that this best practice manual will include specific guidance on the prevention and detection of fraud in relation to UN-quota refugees. The manual is due to be completed in June 2007.

Relationships with external stakeholders

Our findings

3.38   The Department has strategic relationships in place with relevant external agencies with responsibilities for preventing identity fraud.

3.39   The Workforce Group has a number of memoranda of understanding in relation to information sharing, joint working, and support services with external agencies both in New Zealand and overseas (such as the New Zealand Police, the New Zealand Customs Service, the Department of Internal Affairs, and the Board of Airlines Representatives New Zealand).

3.40   The Workforce Business Group is involved in a number of external forums and working groups both in New Zealand and overseas, including the Officials Committee for Domestic and External Co-ordination, the Combined Law Agency Group, and various international forums in relation to immigration. Stakeholders consulted as part of our audit indicated that the Department has been an active participant in government security and identity management forums and initiatives.

3.41   The Border Security Group commissioned reviews of its stakeholder relationships and international engagement. The reviews examined existing relationships and engagements and made recommendations for improvement, which are being considered in the context of work on the development of the Immigration Business Transformation and the Border Security Group's offshore capability.

3.42   There is a National Refugee Resettlement Forum on the refugee resettlement process, which is held twice a year. The UNHCR is represented at this forum and gives feedback on services provided by the Refugee Division. The UNHCR has indicated that it has a good and effective working relationship with the Department, and that it considers New Zealand to be a model resettlement country.

Evaluation of prevention activities

Our findings

3.43   The Department has not evaluated the effectiveness of its activities to prevent identity fraud within the skilled migrant and UN-quota refugee categories, because there are no formal systems to accurately collect, assess, and report on such information.

3.44   In preparing the client risk methodology, the Department recognised that:

- information is mostly collected and maintained at an individual Immigration New Zealand branch office level;

- analysis is performed individually within branches on an informal basis, and information stored in independent spreadsheets or databases for individual branch use, which makes broader analysis ineffective; and

- there are inconsistencies in the way in which areas within the Workforce Group store and share information, and staff do not always receive information in an appropriate format or in a timely manner.

3.45   The Department also said that there has not been sufficient progress with the development of evaluation methodologies, and that evaluation is constrained by the absence of historical data to assess the effect and likelihood of identity fraud.

3.46   The Department has said it is planning to do further work on the evaluation component of the client risk methodology, as part of its client profiling and verification project in the Immigration Business Transformation.

3.47   Regular, formal evaluation would enable the Department to measure the effectiveness of its prevention activities and provide information and intelligence to identify risks and inform detection and investigation priorities throughout the Department.

Recommendation 2

We recommend that the Department of Labour regularly and formally evaluate its prevention activities, and gather and assess relevant information and intelligence from its identification and assessment of risk, identity management initiatives, and prevention systems.

Part 4
Detecting immigration identity fraud

4.1   In this Part, we outline our expectations for the detection of immigration identity fraud and present our findings on how the Department:

- is organised to detect immigration identity fraud;
- plans to detect immigration identity fraud;
- is staffed to detect immigration identity fraud;
- provides training, supervision, and support for staff with detection responsibilities;
- supports detection through systems, processes, and procedures; and
- evaluates its detection of immigration identity fraud.

Our expectations

4.2   We expected the Department to have:

- a clear plan for the detection of identity fraud;
- dedicated staff capacity for the detection of identity fraud;
- all relevant staff appropriately trained, supervised, and supported in the detection of identity fraud;
- systems, processes, and procedures for relevant staff designed to assist the detection of identity fraud;
- robust systems and processes for effective high-risk identity fraud profiling;
- robust systems, processes, and procedures for effective identity verification; and
- a system for evaluating the effectiveness of its detection activities.

Arrangements for detecting immigration identity fraud

4.3   The Department is organised to detect immigration identity fraud through a range of assessment and verification processes and procedures by the Workforce Group.

4.4   In relation to the selection process for skilled migrants, the Department's identity fraud detection relies on the assessment and verification of expressions of interest and applications for residence. In relation to the selection process for UN-quota refugees, the Department's activities in detecting identity fraud rely on the pre-mission assessment, interviews held during selection missions, and assessments of UNHCR refugee referrals conducted after the selection missions.

Planning related to the detection of identity fraud

Our findings

4.5   The Department has no specific plan for the detection of identity fraud within the skilled migrant and UN-quota refugee entry categories. Instead, the Department said that the detection of identity fraud is part of the general assessment and verification of applications against the entry requirements of the two categories.

4.6   In relation to the skilled migrant category, the assessment and verification of identity focuses on information provided by the applicant in relation to the requirements of:

- employability, including job offers;
- capacity building factors;
- ability to settle and contribute to New Zealand; and
- meeting relevant health, character, and English language requirements.

4.7   Verification of identity is included as part of the assessment of whether an applicant for skilled migrant status meets the entry requirements.

4.8   In relation to the UN-quota refugee category, the priority for detecting identity fraud during the assessment process focuses on information provided by the UNHCR in the refugee referral process and during the refugee mission interviews conducted by the Department. This includes information in relation to the entry category requirements and risks to New Zealand's international reputation. Assessment of identity is included as part of the consideration of whether a candidate referred by the UNHCR meets the entry requirements.

4.9   The Department's Strategic Risk Paper (noted in paragraph 3.9) outlines important judgements relating to risks, and regional- and country-specific overviews of issues relevant to immigration. The Department also identifies broad immigration fraud risks. However, it is not clear how these judgements, issues, and risks are reflected or prioritised in the Department's general assessment and verification against the entry requirements of the skilled migrant and UN-quota refugee categories.

Recommendation 3
We recommend that the Department of Labour prepare a specific plan for the detection of immigration identity fraud within the skilled migrant and UN-quota refugee entry categories based on identified risks.

Staff capacity, training, supervision, and support

Our findings

4.10   The Department has staff throughout the Workforce Group whose work involves the detection of identity fraud. Supervision and support is provided for these staff members, but staff roles and responsibilities could be better defined. There is limited training available for most staff that relates specifically to their detection roles.

Staff capacity

4.11   Staff responsible for the detection of identity fraud within the skilled migrant entry category include:

- customised service officers within Immigration New Zealand branch offices in New Zealand and overseas;

- analysts in the Processing and Review Team of the Immigration Profiling Group for applications from countries that pose a high risk to New Zealand's international reputation;

- verification officers within Immigration New Zealand branch offices in New Zealand and overseas; and

- verification officers within the Central Verification Unit for applications from the Auckland region.

4.12   Staff dedicated to the detection of identity fraud within the UN refugee entry category include:

- refugee quota immigration officers within the Refugee Quota Branch; and

- risk profiling analysts within the Risk Assessment Team of the Immigration Profiling Group.

4.13   Customised service officers and refugee quota immigration officers have important roles in the selection of skilled migrants and UN-quota refugees. Customised service officers in Immigration New Zealand branch offices in New Zealand and overseas are responsible for supporting skilled migrants through the selection and settlement process, and refugee quota immigration officers are responsible for the selection and assessment of UN-quota refugees.

4.14   The ability to identify accurately and manage actual and potential risks is a required skill in the job description for customised service officers, but there is no similar required skill in the job description for refugee quota immigration officers.

4.15   The roles of customised service officers and refugee quota immigration officers should have specific responsibilities for the detection of immigration identity

fraud, given their crucial roles in the selection process for skilled migrants and UN-quota refugees.

4.16   For both roles, there is a clear and understandable focus on client service responsibilities. However, this needs to be balanced to reflect the importance of detecting immigration fraud, including immigration identity fraud.

Recommendation 4

We recommend that the Department of Labour emphasise the importance of the detection of immigration fraud for customised service officers and refugee quota immigration officers, and include detection in the refugee quota immigration officer job description.

Staff training

4.17   The induction programmes and training available to customised service officers and refugee quota immigration officers do not include material specific to detection.

4.18   All new immigration officers complete an induction programme, and immigration officers' warrant training which gives authorisation to make decisions under the Immigration Act 1987. They also use the New Zealand Immigration Service Manual. Warrant training is targeted at visa and permit staff, and covers immigration policy. It does not include training in relation to international or humanitarian policy, or areas specific to the detection of immigration identity fraud.

4.19   A best practice verification training course was run by the Central Verification Unit in June 2006 to standardise verification practice within the Department. However, due to budget constraints the course has not been run since and there are no plans to run it again.

4.20   A basic introductory course is conducted for new verification officers in the Central Verification Unit. However, a study commissioned by the Department in May 2006 found that there was no robust training for verification officers.

4.21   A new training initiative was developed for the Immigration Profiling Group in February 2006. New risk profiling staff receive a two-day introductory course that covers important aspects of their work. The course includes the processes and roles of the Risk Assessment Team, profiling indicators, and the work of the Refugee Quota Branch.

4.22   Customised service officers, verification officers, and refugee quota immigration officers hold specialised positions, which require introductory and ongoing

training specific to their roles. In our view, the Department needs to address the lack of training available for these roles by providing a co-ordinated detection and verification training and development programme.

Recommendation 5

We recommend that the Department of Labour address the lack of training available for customised service officers, verification officers, and refugee quota immigration officers by providing a co-ordinated detection and verification training and development programme specific to their roles.

Staff supervision and support

4.23   Verification officers in Immigration New Zealand branch offices in New Zealand and overseas generally report to a resident immigration manager, and the branch manager. However, there is limited technical advice or support available to verification officers within Immigration New Zealand branches, although the Central Verification Unit often provides informal technical advice and support.

Detection support systems, processes, and procedures

Our findings

4.24   The Department has tools in place within its mainstream systems and equipment, such as document verification equipment, for relevant staff to support fraud detection. However, there are limited processes and procedures in place to support profiling of applicants who pose a risk of committing immigration fraud, and to support consistency in the assessment and verification of identity in the skilled migrant and UN-quota refugee categories.

Detection systems

4.25   The Department's AMS is not set up to hold all information about clients electronically. Some information from manual applications is stored in hard copy rather than electronically. It was noted by staff from throughout the Department that access to identity information within or linked to the system would improve standards for identity verification and management. This would enable staff to compare identity information in new applications and supporting travel documents with that provided for previous applications.

4.26   Access to all facets of identity documentation electronically would improve identity management, assessment, and verification throughout the Department, and should be considered as part of improvements to the computer system.

Recommendation 6

We recommend that the Department of Labour consider storing all identity information within or linked to its Application Management System as part of future information technology developments.

4.27   The client risk methodology that verification officers have been using as a pilot scheme contains a toolkit designed to assist in verifying information submitted with applications. It provides information such as domestic and international contact lists, and a database of samples of known genuine and fraudulent documents, such as foreign police clearance certificates, national identity cards, and qualifications.

High-risk profiling processes and procedures

4.28   High-risk profiling is carried out by the Process and Review and Risk Assessment Teams in the Immigration Profiling Group. It is a process for identifying people who pose a risk to New Zealand's international reputation; not those who pose a risk of committing immigration fraud.

4.29   Applicants who might pose a risk to New Zealand's reputation can be declined on this basis. Applicants are considered to pose a risk to New Zealand's international reputation if they have been involved with any government, regime, group, or agency that has advocated or committed war crimes, crimes against humanity, and/or other gross human rights abuses.

4.30   All skilled migrant applicants using a passport from a pre-determined high-risk country and all quota refugees are referred to and assessed by the Immigration Profiling Group.

4.31   A list of high-risk countries was originally compiled by the Officials Committee for Domestic and External Security Co-ordination in June 2005. The list has since been expanded. The Immigration Profiling Group also considers visa applications from people using a passport from a country deemed a high risk in relation to proliferation of nuclear weapons.

4.32   The Immigration Profiling Group uses client risk assessment report templates and checklists, and has reference guides for its Processing and Review and Risk Assessment Teams. The reference guides set out step-by-step processes and procedures for staff in carrying out risk assessments. A review of the Immigration Profiling Group in October 2006 noted that these were very good reference guides, and much of the information was applicable to visa and permit processing carried out in Immigration New Zealand branch offices.

Verification processes and procedures

4.33   The verification process within the skilled migrant entry category involves confirming information and documentation provided at the expression of interest and application stages of the selection process.

4.34   The verification indicator tool is used by customised service officers to decide the level of verification risk associated with an application for entry as a skilled migrant. The tool provides a four-point risk rating system, as follows:

- R1 – no need to verify;
- R2 – preliminary verification required at the expression of interest stage;
- R3 – verification required at the application stage; and
- R4 – verification required at both the expression of interest and application stages.

4.35   Where verification is required, an application is passed on from the customised service officer to the relevant verification officer.

4.36   Although there is no specific guidance on how verification is to be carried out throughout the Department, the verification process focuses on information and documentation provided in relation to identity, English language proficiency, immigration agent, employer, job offer, work experience, and qualifications.

4.37   Verifying identity information and documentation involves:

- identifying and assessing any relevant AMS notes and previous applications;
- checking identity with external agencies and Immigration New Zealand branch offices; and
- document comparison and examination.

4.38   Verification officers generally have only photocopies of identity documentation to verify. However, original documentation can be requested from the applicant and checked by the Department.

4.39   A study of the Central Verification Unit commissioned by the Department in May 2006 found the current process within the Central Verification Unit allows verification officers to use their own discretion as to how far they examine an applicant's employment, qualifications, and work experience. This results in inconsistencies in verification practice. A lack of thorough quality assurance was also identified in the study.

4.40   The Department's business case for its client risk methodology stated that, in relation to verification processes, New Zealand Immigration branch offices have been inclined to devise their own verification systems and country-specific information in isolation from other areas of the Workforce Group.

4.41   Given the distribution of verification staff throughout the Department, and that verification systems can be inconsistent and lack thorough quality assurance, the Department needs to provide for consistency in its practice of identity verification through specific guidance on how verification is to be carried out throughout the Department.

Recommendation 7
We recommend that the Department of Labour prepare specific guidance on how identity verification is to be carried out throughout the Department to provide for consistency in verification practice.

4.42   We examined a small sample of preliminary and final verification reports completed in November 2006 from three Immigration New Zealand branch offices and the Central Verification Unit.

4.43   We found inconsistency between different Immigration New Zealand branch offices and the Central Verification Unit in the structure of the verification reports, and in the level of detail and assessment provided in them. We also found that, although most reports included evidence to confirm that an applicant's identity was verified against either information held on the AMS or identity documentation submitted in the application, in a number of instances there was no evidence to confirm that identity had been verified.

4.44   In our view, given the level of inconsistency in the reporting of identity verification that the sample highlighted, the Department needs to review the consistency of verification reports throughout all of its Immigration New Zealand branch offices. This should identify any common deficiencies in the way verification is reported, and enable the Department to improve and provide for consistency in its reporting of identity verification.

Recommendation 8
We recommend that the Department of Labour review recent verification reports throughout the Department to identify any common deficiencies and to provide for consistency in the reporting of identity verification.

4.45   There is no specific identity verification process within the UN-quota refugee entry category. In line with United Nations guidelines on refugee protection and resettlement, there is no verification work carried out in an applicant's country of origin as it may place applicants and their families at risk. Instead, refugee quota immigration officers consult and engage directly with the UNHCR to clarify any issues relating to refugee referrals.

4.46   The selection process for UN-quota refugees focuses on risk factors, security screening, resettlement factors, and the credibility of the case. Assessments of the credibility of refugees referred by UNHCR are carried out by refugee quota immigration officers and risk profiling analysts in the Risk Assessment Team of the Immigration Profiling Group.

4.47   Refugee quota immigration officers examine UNHCR refugee referrals for discrepancies between information provided on a refugee registration form by the UNHCR and information provided during and after the mission interview process. The use of DNA testing is available in any situation where there is reason to doubt relationships (for example, in instances where the sponsor is applying for family members who were not originally declared as family members). The Department has indicated that DNA testing is not used regularly, as it is a costly, complex, and logistically difficult process. There are generally only three or four cases each year.

4.48   Risk profiling analysts also examine refugee referrals. They provide advice on the level of risk identified for each referral, and specific questions for refugee quota immigration officers to ask during mission interviews and pre-mission briefings. After the mission, a risk assessment for each referral is carried out, based on information provided during the mission interview.

4.49   The Refugee Quota Branch has checklists for processing applications, and the Immigration Profiling Group has prepared refugee mission interview guidelines that cover questions relating to risks to New Zealand's international reputation. Interviews can take from one-and-a-half to two hours, and local interpreters are often used. On the most recent mission, 330 people (some in family groups) were interviewed in two weeks by two refugee quota immigration officers. Refugee quota immigration officers have said there is not enough time during refugee missions to complete the risk components of the interview as the questions are too detailed.

4.50   Also, the review of the Immigration Profiling Group reported in October 2006 found that some staff within the Immigration Profiling Group were concerned about whether refugee quota immigration officers on overseas missions had sufficient time and the necessary risk identification skills when interviewing and assessing refugee families for resettlement.

4.51   In view of the increasing demand on the Immigration Profiling Group from the Refugee Quota Branch, the review recommended that consideration be given to including a member of the Group in all missions, and that refugee quota immigration officers receive training on risk assessment issues from the Group.

4.52   The refugee mission interview is an important part of the UN-quota refugee selection process. Because it is the first time in the process that the Department

is able to directly gather relevant information about cases referred to it for resettlement by the UNHCR, it is essential that this information is able to be gathered in a thorough and timely manner, given the number of interviews carried out during a mission.

Recommendation 9

We recommend that the Department of Labour review the UN-quota refugee interview guidelines for questions relating to risks to New Zealand's international reputation, to ensure that all relevant information can be gathered in a thorough and timely manner.

Evaluation of detection activities

Our findings

4.53   The Department has not formally evaluated the effectiveness of its identity fraud detection activities within the skilled migrant and UN-quota refugee categories. There are no formal systems to accurately collect, assess, and report on such information.

4.54   The Department reports informally on its detection activities through team newsletters. The Central Verification Unit produces a staff newsletter with contributions from verification officers in New Zealand and overseas. The newsletter communicates information about specific verification cases, trends, and relevant convictions relating to cases managed by verification officers in the Workforce Group.

4.55   There is no formal mechanism to retrieve or assess data on verification trends, such as continuing experience of the qualifications claimed from a particular university being fraudulent.

4.56   In preparing its business case for improving client profiling and verification, the Department recognised that there was no consistent collection, evaluation, or formal analysis of information for profiling and verification purposes within the Workforce Group. The collection of information is not actively managed, and information is not collected centrally in order to aid analysis.

4.57   The study of the Central Verification Unit commissioned by the Department in May 2006 indicated that the Department did not use the Unit's results to assess whether its detection activities were working. The Department needs to make more targeted use of the verification results, and gather more accurate data for deciding current and future staff requirements.

4.58   Regular formal evaluation would enable the Department to measure the effectiveness of its detection activities, and provide information and intelligence to identify risks and inform its prevention and investigation priorities.

Recommendation 10

We recommend that the Department of Labour regularly and formally evaluate its detection activities, and gather and assess relevant information and intelligence from verification and assessment of skilled migrant applications and UN-quota refugee referrals.

Part 5
Investigating immigration identity fraud

5.1 In this Part, we set out our expectations for the investigation of immigration identity fraud, and present our findings on how the Department:

- is organised to investigate immigration identity fraud;
- supports investigations through systems and procedures;
- provides training, supervision, and support for staff with investigative responsibilities;
- plans investigations into immigration identity fraud;
- works with external stakeholders in investigating immigration identity fraud; and
- evaluates its investigation of immigration identity fraud.

Our expectations

5.2 We expected the Department to have:

- targeted systems and procedures for conducting identity fraud investigations;
- all relevant staff appropriately trained, supervised, and supported in the investigation of identity fraud;
- investigations conducted in a timely manner;
- a high conversion rate from investigation to prosecution;
- effective operational relationships with all relevant external agencies with responsibilities for investigating identity fraud; and
- evaluations of the effectiveness of its investigation activities.

Arrangements for investigating immigration identity fraud

5.3 Investigations of immigration identity fraud detected within the skilled migrant and UN-quota refugee entry categories are carried out by the Workforce Group's Fraud Branch. Its primary function is to identify offences, gather all relevant evidence, and prepare court files for prosecution.

5.4 The Workforce Group's Refugee Cancellation Team also carries out investigations of identity fraud within the UN-quota refugee category. It is responsible for investigating refugee status and deciding whether to cancel that status (including refugee status conferred by the UNHCR) where it finds refugee status has been granted based on fraudulent documentation.

Investigation support systems and procedures

Our findings

5.5   The Department has investigation procedures in place, but there are areas where systems to support Fraud Branch investigations need to be improved. Currently, the Fraud Branch has limited ability to accurately track or report on the timeliness or effectiveness of its fraud investigations, particularly in terms of the conversion rate from investigation to prosecution.

Investigation systems

5.6   The Border Security Group's Information Technology (IT) Plan indicated that the FITS system – a custom-built case management system for the Fraud Branch – malfunctioned in March 2005, was corrupted, and lost four months of back-ups. The IT Plan indicates that, since March 2005, the Fraud Branch has been running in a high-risk IT environment, with potential for the loss of data, inadequate back-ups, data corruption, inadvertent overwrites, or unauthorised changes.

5.7   Fraud Branch staff noted that better IT systems were needed to accurately track and report fraud investigation work.

5.8   The Department has recognised that the AMS provides limited support for the investigation process. The Fraud Branch is evaluating a proposal to use the AMS to record its investigations, in place of the spreadsheets used now. This would bring investigation management into the Department's case management system and allow consistent reporting.

5.9   Fraud investigation support systems that accurately track and report on the timeliness and effectiveness of investigations (including the conversion from investigation to prosecution) would provide assurance that appropriate and timely action is being taken in relation to fraud investigations carried out by the Department. It would also assist the Department in planning, prioritising, and allocating fraud investigation staff to investigations. This could be considered as part of the Fraud Branch's proposal to use the AMS to record investigations, or as part of future IT developments.

Recommendation 11

We recommend that the Department of Labour address, as a priority, the limitations of the current IT systems to accurately track and report on the timeliness and effectiveness of fraud investigations.

Investigation procedures

5.10   Fraud investigations proceed to prosecution where there is sufficient evidence. Where there is insufficient evidence, fraud investigations can be referred to the Revocation Team, and a final decision is made by the Minister of Immigration.

5.11   Fraud investigation procedures are outlined in the Immigration Service Fraud Investigators' Manual. This manual provides fraud investigation officers with a framework for conducting investigations and prosecutions. The manual sets out each phase of the investigation process.

5.12   Refugee cancellations are decided by either the Refugee Status Branch, or Refugee Status Appeals Authority, depending on who gave the original approval for refugee status. Cases are referred to the Fraud Branch for further investigation where there is evidence referred or uncovered as part of refugee cancellation investigations that is likely to result in criminal prosecution.

5.13   Refugee cancellation procedures are outlined in the Refugee Cancellation Team Manual. This manual sets out the legal context for cancellation of refugee status, and describes cancellation practice and procedures from the receipt of evidence against a refugee to the decision to cancel or not to cancel refugee status.

Staff training, supervision, and support

Our findings

5.14   The Department has investigation staff who are supervised and supported, but there is no training that is specific to their investigative roles.

Staff training

5.15   The current induction programmes and training for fraud investigation officers and refugee status officers do not include instruction on investigation.

5.16   Fraud investigation officers complete an induction programme and immigration officer warrant training. Refugee status officers also complete an induction programme, and their training focuses on the 1951 Convention and the 1967 Protocol.

5.17   The Fraud Branch actively recruits people with Police backgrounds, because of their previous experience in investigation and preparation of files for prosecution. However, some fraud investigation officers have needed to improve their skills in the preparation of files for prosecution, and few officers with Police backgrounds are likely to have had experience in investigating offences specific to immigration.

5.18   Refugee status officers in the Refugee Cancellation Team often have dual responsibilities within other work areas in the Refugee Status Branch. Also, we were told that there has been a high turnover of staff within the Refugee Status Branch.

5.19   Fraud investigation officers and refugee status officers are specialised positions that, regardless of people's background or experience, require both introductory and ongoing training specific to their investigative roles.

Recommendation 12
We recommend that the Department of Labour address the lack of training available for fraud investigation officers and refugee status officers by providing a co-ordinated training and development programme specific to their roles.

Investigation planning

Our findings

5.20   The Department has processes in place for prioritising investigations. However, the priority initially assigned to fraud investigations does not necessarily reflect the complexity or time required for investigations carried out by the Fraud Branch. Also, the Fraud Branch has a significant backlog of fraud investigation files that are either not yet allocated to an investigator or are allocated but still waiting to be investigated.

Prioritising investigations

5.21   The Fraud Branch receives investigation referrals, and the Refugee Cancellation Team receives prejudicial information on people with refugee status, from a range of different sources within the Workforce Group and from external sources such as the New Zealand Police.

5.22   The Fraud Branch prioritises investigations, depending on the nature and gravity of the alleged offending and the likelihood of a successful criminal investigation. The Fraud Branch has three categories of investigation case files, referred to as A (high priority), B (medium priority) and C (low priority).

5.23   Fraud investigation officers in the Fraud Branch are responsible, on a weekly rotational basis, for prioritising case referrals into the appropriate category for allocation by Fraud Branch managers. Investigations can take varying times to complete, depending on their complexity. Simple investigations can proceed from fraud referral through to conviction (if prosecution is carried out) in less than six months. More complex fraud investigations can sometimes take several

years to complete. We were also told by Fraud Branch staff that it is difficult for the Department to predict with accuracy how long individual cases may take, because a wide range of variables can influence them (such as overseas agencies or businesses not responding to information requests or verification).

5.24   Regular review of the priority categories initially assigned to fraud investigations would provide additional assurance that all priority cases within categories A and B are allocated for investigation by the Department. It would also assist the Department to assess the complexity, time, and allocation of fraud investigation staff required to undertake investigations.

Recommendation 13

We recommend that the Department of Labour regularly review the priority category initially assigned to fraud investigations, to provide additional assurance that high priority cases are allocated for investigation.

5.25   The Refugee Cancellation Team prioritises investigations depending on the nature and quality of the prejudicial information or evidence received.

5.26   An initial risk assessment of the prejudicial information or evidence is carried out by the Refugee Cancellation Team manager. This is used to categorise and prioritise the case according to risk, and allocate the case to a refugee status officer to investigate.

Investigation caseloads

5.27   As at February 2007, there was a fraud investigation caseload of 596 fraud case files, all of which had been assigned a priority category. Of the 596 case files, 212 have been allocated to fraud investigation officers, and 384 have not been allocated.

5.28   Of the 212 fraud case files allocated to fraud investigation officers, 130 have been prioritised as Category A and 82 prioritised as Category B. Of the 384 fraud case files not allocated, 185 have been prioritised as Category A, 197 prioritised as Category B, and two prioritised as Category C.

5.29   The 384 fraud case files prioritised but not allocated represents a significant backlog. The 212 cases that are allocated are spread among 11 investigation officers in the Fraud Branch, with each officer working on 15-20 cases. This workload for the 212 allocated cases indicates that about 20 additional investigators would be needed to clear the backlog of the 384 unallocated cases.

5.30   The Fraud Branch conducted an internal audit in November 2006 to address the backlog of fraud investigation cases. The audit cleared 95 Category B and

C files, and, where there was a lack of information and evidence to proceed to prosecution, or suspects or witnesses were outside New Zealand, files were referred to other New Zealand Immigration branches for action, or formal warnings were issued.

5.31   As at February 2007, there was a refugee cancellation investigation caseload of 300 cases, including 50 cases that related to UN-quota refugees. The Department has indicated that there is no backlog of refugee cancellation cases, as cases are allocated to refugee status officers on receipt.

5.32   The current fraud investigation backlog is a significant risk that needs to be appropriately addressed by the Department, given that nearly half of the cases have been assessed as Category A priority.

5.33   The difficulty with accurately assessing priority before starting investigative work is also an issue. It means that cases in the backlog that have been given a low priority could potentially be more serious.

5.34   The Department needs to regularly audit the fraud investigation backlog to monitor and assess the additional staffing capacity needed to allocate priority cases, and to ensure that all fraud cases within the backlog are accurately prioritised and actively managed.

Recommendation 14

We recommend that the Department of Labour regularly audit the fraud investigation backlog, to monitor and assess staffing requirements for priority cases, and to ensure that all backlog fraud cases are accurately prioritised and actively managed.

Relationships with external stakeholders

Our findings

5.35   The Fraud Branch and the Refugee Cancellation Team have operational relationships in place with relevant external agencies with responsibilities for investigating and prosecuting against identity fraud.

5.36   Fraud Branch staff indicated that they have built good credibility and relationships externally with the New Zealand Police, and with investigations units in other government departments, including the New Zealand Customs Service and the Ministry of Fisheries. Fraud Branch staff participate in training at the Royal New Zealand Police College.

5.37   The Fraud Branch liaises regularly with the Serious Fraud Office, New Zealand Security Intelligence Service, overseas embassies of key countries that New Zealand liaises with on immigration issues (for example, Australia), and consulates in New Zealand. Fraud Branch staff also regularly attend Combined Law Agency Group regional meetings, and have meetings with bank and telecommunications representatives to encourage information sharing.

5.38   The Refugee Cancellation Team liaises with a number of government departments and overseas agencies.

Evaluation of investigation activities

Our findings

5.39   The Department has not formally evaluated the effectiveness of its identity fraud investigations within the skilled migrant and UN-quota refugee categories. There are no formal systems to accurately collect, assess, and report on such information.

5.40   The Department informally reports on its investigation activities through team newsletters. These outline the progress of specific investigations and cases, and are circulated within the Workforce Group and to relevant external agencies.

5.41   A report commissioned by the Department on the Border Security Group's intelligence capacity in July 2005 noted that there was a lack of intelligence material arising from cases under investigation and that this needs to be addressed. The Department recognises that the systems supporting trends analysis can be improved for tracking the volume and nature of incidents detected, referred, and investigated, but has yet to take action to implement improvements.

5.42   Regular formal evaluation of investigations would enable the Department to measure the effectiveness of its investigation activities and provide information and intelligence to identify risks and inform prevention and detection priorities throughout the Department.

Recommendation 15

We recommend that the Department of Labour regularly and formally evaluate its investigation activities, and gather and assess relevant information and intelligence from investigations.

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- Annual Plan 2007/08 – B.28AP(07)
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