
AUDIT
OF
THE CANADIAN JOINT DELEGATION
TO NATO (BNATO)
BRUSSELS

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Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the DFAIT Political Affairs and Administration Programs of the Canadian Joint Delegation to NATO was conducted during the periods May 22 to May 23, 2000 and May 29 to May 31, 2000. A previous audit of the Administration Program took place in May 1994.

MISSION MANAGEMENT

The Mission is well managed evidenced by a formal Head of Mission (HOM) Accountability Agreement with MPH and EX Performance Agreements for the Deputy Head of Mission (DHOM) and the Counsellor, Political Affairs. Communications are effective with weekly staff meetings and a collegial and matrix type working environment.

The integration of DND and DFAIT operations is working extremely well from the perspective of Mission personnel and the HQs of both departments. Integration of the administration functions is underway as described further in this report. Improved service and resource savings are anticipated from this initiative.

The Audit Team believes there is an opportunity to convert the Locally-engaged (LE) Political Officer position to a rotational Canada-base staff (CBS) position, possibly to be staffed by an FSDP. It is becoming more difficult to find a qualified local candidate with the appropriate *** for the LE Political Officer position. This position is also evolving in terms of responsibilities. Other staffing issues are the recruitment and selection of candidates for delegation positions and the development of a strategy for staffing NATO international positions.

ADMINISTRATION PROGRAM

Under the direction of the Mission Administrative Officer (MAO), effective administrative services are generally provided to Programs and staff. The informatics activity requires strengthening and the Systems Administrator at BRU has been monitoring the situation and providing "hands-on" assistance. BRU is responsible for the provision of services for the Official Residence and staff quarters. With the integration of DFAIT and DND administrative services at the Mission, it is an opportune time to set out in a written Memorandum of Understanding (MOU), the roles and responsibilities of BRU and the Mission for the various administrative activities.

MISSION MANAGEMENT

2.1 Background

2.1.1 Since its inception in 1949, Canada, a founding member, has played an active role in the North Atlantic Treaty Organization (NATO). During the cold war and now with the instability in the Balkans, NATO has been at the centre of key elements of Canada's foreign and defence policy. The Canadian Mission to NATO is a joint delegation with representation from DFAIT and DND. The decision was made in 1994 to integrate DFAIT and DND into one joint delegation. The operations of the delegation and the responsibilities of each department are set out in an MOU. Although the Military Representative reports to the Chief of Defence Staff (CDS), he and his staff are fully integrated members of the delegation. The delegation is led by an HOM who is the Permanent Representative and Ambassador to NATO.

2.1.2 The members of the Canadian Joint Delegation to NATO, whether from DFAIT or DND, work in concert to promote the Canadian interests within the Alliance. The relationship between DND and DFAIT is excellent and is reflected in Mission accomplishments. The obvious benefits are better coordination and cost savings. Other NATO members are looking at our model as a way for them to do business.

2.2 Management Overview

2.2.1 NATO is becoming increasingly a security and cooperation organization at the service of peace. Human security is an important component of its agenda. One important change has been the overwhelming emphasis which NATO places on crisis management. This takes up a considerable share of the delegation's time, a task that did not exist six years ago. The Political Section represents Canada in the Political Committee and the Policy Coordination Group. It works to advance Canada's interests and to promote Canadian objectives and values at NATO. Besides the Human security issues such as small arms, demining and arms control, the Section's work is also driven by DFAIT and DND policy frameworks, NATO committee meetings, ministerial visits and summits, delegations and outreach activities. The delegation is constantly engaged in the planning and direction of ongoing operations in Kosovo and Bosnia. It also provides regular political reporting and analysis of both developments in the region and Allied views.

2.2.2 The Deputy Permanent Representative and the Political Counsellor have EX Performance Agreements that set out their priorities and responsibilities. All DFAIT performance documents are closely aligned with the HOM's Accountability Agreement and the Departmental Business Plan. The Political Section Head has defined areas of responsibilities and objectives for all officers including back-up roles for each one. The Political Program is well managed ***.

2.2.3 Weekly staff meetings are chaired by the HOM to set priorities and coordinate upcoming events. All DFAIT and DND officers attend the meeting where officers debrief on major events, issues and developments taking place. Officers in the Political Section meet informally with the Political Counsellor when there is a need and regular consultations take place to ensure that areas of uncertainty about work expectations are resolved. There are quarterly Section meetings and an annual retreat for a brainstorming and looking ahead exercise.

2.2.4 The workload is heavy and the pressure is constant. The officers work outside normal hours. However, overtime is not excessive, as was the case during the Kosovo crisis. The Section has a hospitality allocation of \$16,000 which is sufficient. Our review of hospitality extended indicated effective use of funds. Most hospitality activities are done on site at NATO during lunch, because most of the contacts and delegations are in the same premises. Travel funds are related to conferences or used for ministerial visits.

2.2.5 The relationship between DFAIT and DND is a coordinated and cooperative effort. It is governed by an MOU which establishes roles and responsibilities. Communication is excellent, enhancing the daily interaction between the policy and operations personnel. Some committees are attended by both DFAIT and DND staff, providing an effective back up. Officers from both departments find this to be a very effective process.

2.3 Program Operations

2.3.1 The Canadian Mission to NATO is a busy Mission with an important Political Affairs Section. Under the overall supervision of the Deputy Permanent Representative, the Section is led by a Political Counsellor, and supported by two Counsellor (FS-2) positions, a Second Secretary (FS-1) position, LE Program Officer and one Administrative Assistant.

LE Political Position

2.3.2 A LE Political Officer position was added to the establishment in 1998 and is now part of the base. It is presently resourced on a term basis which will end July 1, 2000. It is intended to renew this term for another year. There are two factors bringing pressure on the Mission to convert this position to a rotational CBS. First, it is very difficult to find a qualified local candidate with the appropriate security clearance. Second, the position is evolving in terms of the responsibility being assigned to it and the level of officer back-up required. This second factor will be accentuated with the departure of two experienced officers this summer. As the position evolves, the Mission, in consultation with HQs should review its potential to become a junior FS assignment.

Recommendation for Mission

- 2.3.3 In consultation with IDR, the rationale for upgrading the LE Political Officer position to a junior FS assignment position should be documented.**

Mission Response

- 2.3.3 Consultation with IDR is ongoing with regard to the rationale for converting the LES position to an FS position. It is anticipated that a formal request from the Delegation to HQ to convert this LES position to an FS-1 position will be made in October this year.**

Staffing of Delegation Positions

- 2.3.4 With the evolving role and increasing complexity of NATO work, the contribution from each staff member is critical. To obtain the best available candidate, coordination and cooperation between DFAIT and DND needs to be strengthened in the area of selecting and appointing staff.

Recommendation for Mission

- 2.3.5 The Mission should consult with DND to establish a working agreement that would involve both departments in the selection process for those positions where interdepartmental interface is required.**

Mission Response

- 2.3.5 The annual turn-over of all Canada-Based positions in the delegation will be reviewed periodically by the CMM. Positions in which there will be turn-over will be brought to the attention of both DND and DFAIT, to assist consultations in Ottawa between the two Departments with regard to future assignments to this Delegation.**

Staffing International Appointments

- 2.3.6 In the area of appointments of Canadians to NATO's international staff, the Mission would like to have a more strategic and focussed approach to securing senior level positions. At present, only one Canadian is employed above the Director level. It is felt that the appointment of Canadians to positions that influence policy determination would *** provide support for this important organization. It was noted that candidates for international positions are often those who are ending their careers, thereby nullifying career development benefits to the department.

2.3.7 The Mission has a system in place where all open senior positions are forwarded to Ottawa (PSC, DFAIT and DND) and any interested candidate can receive application forms and any other information required to facilitate the process, from the Mission. Support from the PSC in terms of recruitment has been passive rather than active. There is a need to explore this issue from a DFAIT and Canadian government perspective as a career development mechanism for executives and as a valuable intelligence source in support of Canadian interests at NATO. This issue needs to be addressed in the context of DFAIT's career development initiatives within the department's Human Resource Strategy.

Recommendation for HPD/HPC

2.3.8 A staffing strategy should be developed, with support from the PSC, that would include assigning officers to NATO's international organization as part of DFAIT's career development initiatives.

HPD/HPC Response

2.3.8 HPC will follow-up with the PSC on developing a more active strategy to place Canadians in NATO, and also coordinate with HPF in terms of tracking possibilities for DFAIT staff to fill these positions.

ADMINISTRATION PROGRAM

3.1 Management of Administration

3.1.1 Day-to-day responsibility for Administration rests with the Mission Administrative Officer (MAO). Assisting the MAO is a LES Administrative Assistant, a CB Head of Registry, two LES Registry Clerks, a Driver/Messenger and a part time Receptionist. The CB Systems Administrator reports to the Systems Administrator at BRU, but at the Mission is under the guidance of the Counsellor, Political Affairs.

3.1.2 In September, 1997 there was a change in duties for the MAO position and a new position description was prepared and submitted to DFAIT for classification purposes, with an AS 3 level recommendation. This classification review has not taken place and should be followed up by IAM. If the classification review agrees with the AS 3 level recommendation, the department may have an obligation to pay the present incumbent acting pay for the period September 1997 to the present.

Recommendation for IAM

3.1.3 The MAO position should be subjected to classification review and the results communicated to the MAO.

IAM Response

3.1.3 IAM will undertake to review the classification of the MAO position at BNATO by year end.

3.1.4 Problems in the past have required frequent interventions on the part of the Deputy Permanent Representative because both DFAIT and DND administration sections operate separately. As a result, DND and DFAIT are integrating operations at the administrative level. There are seven DFAIT Administrative staff positions and four DND Administrative staff positions that will be integrated. The MAO position has been reclassified at the AS-5 level for the next incumbent, a DND civilian employee. The duties of this position will change considerably this posting season when the Administrative services sections of BNATO DFAIT and DND are amalgamated.

3.1.5 Responsibilities of the new position will include supervision of all administrative staff, the provision of administrative support to the Mission and coordination of the administrative services being provided by BRU. The position will also be assigned responsibility for civil emergency planning, now being carried by a senior FS-2 officer. This will allow the individual to interact with other parts of NATO and develop appropriate contacts. The MAO will also be the lead contact for all human resource issues, including openings and assignments to the NATO International Staff,

and for the new NATO building project. It is envisaged that the AS-5 will be the *** rather than the Counsellor, Political Affairs.

3.1.6 The HOM has an Accountability Agreement with MPH which includes the Administrative objectives of prudent management of the Mission budget and ensuring a satisfactory solution regarding NATO'S new Headquarters building. The MAO does not have specific objectives as the provision of administrative services is split between the MAO in BNATO and BRU. With a change in MAO responsibilities and the arrival of the new MSG position at BRU, it is an appropriate time for BNATO and BRU Administrative staff to meet and discuss their respective roles and responsibilities. The agreement reached should be set out in the form of a Memorandum of Understanding so that roles and responsibilities are clear for the HOMs and all staff.

Recommendation for Mission

3.1.7 In consultation with the MCO in BRU, a written Memorandum of Understanding setting out the roles and responsibilities on Administrative matters for both BRU and the Mission should be prepared.

Mission Response

3.1.7 A meeting between the BNATO MAO and the BRU MCO has taken place to discuss the review and reorganisation of the administrative and finance functions within the NATO joint delegation. This was done in order to prepare for an MOU outlining the roles and responsibilities between BRU and BNATO. Work on the MOU will commence in October.

3.2 Human Resources

3.2.1 Two LES requested individual interviews with the Audit Team. Points were raised regarding work related issues and these were discussed with the MAO. Mission management should ensure that there is a process in place whereby LES can communicate their issues to management. A LES committee would provide an effective vehicle.

Recommendation for Mission

3.2.2 An LES committee should be established.

Mission Response

- 3.2.2 The Delegation agrees that an LES committee should be established. This will be included on the agenda of an October CMM.**

Classification of the LES Administrative Assistant Position

3.2.3 Management of Human Resources is overseen by the MAO who is assisted by the LES Administrative Assistant. There were two support positions in administration and one position was transferred to the HOM office. As a result of this transfer, the LES Administrative Assistant took on additional responsibilities. A revised job description was prepared for submission to the MCO at BRU for a classification review. The Classification Committee has not yet met to discuss this position. The MAO indicated that a revised organizational chart had been sent to BRU as part of the classification exercise, but the MCO indicates he has not received it. The current MCO has delegated authority for the Mission and the classification review should be conducted prior to his departure.

Recommendation for BRU

- 3.2.4 The Classification review for the LES Administrative Assistant position should be completed by the Classification Committee at BRU, as soon as possible.**

Mission Response

- 3.2.4 Classification was completed in July 2000.**

3.2.5 LES leave records are maintained by the Administrative Assistant. An annual leave statement is given to staff. Overtime is paid in cash to the drivers, while other staff take compensatory leave.

3.2.6 NATO is closed during the entire Christmas period making it impossible for Mission staff to report for work. Staff use three of their statutory holidays (i.e. Christmas Day, Boxing Day and New Years Day) to cover a portion of their time away from work and annual leave for the balance. Because the employees have no choice in this matter, Mission Management has adopted the practice whereby staff can earn additional leave over and above that which they are entitled to under their employment contract. Ten months of the year staff work eight hours a day and for two months staff work 6.5 hours a day. To even out to a standard 7.5 hour day, the employees take an extra four days holidays during the Christmas period and also receive an extra four days annual leave to cover NATO's statutory holidays. Our review of the accounting process indicated that all is in order. The Mission monitors the situation closely to ensure variations caused by a leap year, etc are treated appropriately.

3.2.7 There is a system in place to notify Program Managers when an appraisal is due for a LES employee. Despite the system, there are a number of appraisals in arrears for employees who are at the maximum of their salary level.

Recommendation for Mission

3.2.8 Appraisals should be completed for all LES, including the OR staff, despite the fact the employee may have reached the maximum of his/her salary level.

Mission Response

3.2.8 Appraisals will be completed for each LES employee, during the next appraisal cycle, including those who have reached their maximum salary level.

3.3 Finance

3.3.1 The MAO is the Designated Financial Officer and signs Section 34 of the FA Act for expenditures. The Accountant at BRU signs Section 33 of the FA Act for BNATO expenditures. The Mission's operating budget for fiscal year 1999/2000 is \$1,213,776. All staff quarter expenditures are charged to the BRU budget. BNATO forwards approved expenditures to BRU for IMS input. For minor local expenditures, the Mission has a petty cash advance of 15,000 (BF) (\$535). This fund is properly controlled by the Administrative Assistant.

3.3.2 At present, DFAIT payments are processed by BRU, while DND payments of approximately \$350,000 annually, are processed at the NATO base in Geilenkirchen, Germany. This arrangement will be reviewed by the new MAO to assess whether or not BRU could process DND payments instead of NATO. If BRU assumes this function, it will have implications on the workload of the Finance Section at BRU.

3.3.3 Reference levels are allocated on the basis of previous year expenditures. It is distributed by cost center for each of the Program Managers in BRU, BREEC and BNATO. There are no formal meetings of Program Managers to set reference levels. It is assigned based on last year's amount and Managers are inclined to spend what they are allocated. The Audit Team found in its review of the CMM minutes that budgets are not discussed. Program Managers do not prepare at the beginning of the year a work plan outlining and costing their planned activities for discussion with the HOM. Such an exercise would encourage cost savings if managers discussed openly what they need and what they might be able to do differently.

Recommendation for Mission

- 3.3.4 Reference levels should be discussed by all Program Managers at CMM and any requested adjustments should be discussed and approved in consultation with BRU.**

Mission Response

- 3.3.4 The CMM is now briefed on reference levels at each meeting. Any adjustments will be discussed by the CMM and approved by the Ambassador, in consultation with BRU.**

Official Hospitality

3.3.5 The claims by the HOM and a number of officers were audited to ensure compliance with the Official Hospitality Policy and Mission Hospitality Guidelines. The HOM was approving his own claims under Section 34 of the FA Act and the MAO was countersigning Section 34, but was not reviewing the supporting documentation to ensure the amounts claimed were correct. Where wine, etc., is purchased in bulk and immediately charged to official hospitality, it is a requirement that an inventory record be maintained showing the disposal of the purchases, by function. This is not being maintained. One officer has refunded an amount for over claims with respect to clothing purchased and for amounts inappropriately claimed against particular functions. At the end of each fiscal year, the original documentation supporting the claims must be forwarded to the Finance Section at BRU for record safekeeping. One officer was not sending his records to BRU.

Recommendations for Mission

- 3.3.6 The claims submitted by the HOM should be reviewed and be approved by another officer with Section 34 FAA signing authority.**
- 3.3.7 Inventories must be maintained when there are bulk purchases of wine, etc., to show the disposal of the purchases by function.**
- 3.3.8 All documentation supporting amounts claimed must be forwarded to the Finance Section in BRU at the end of the fiscal year for safekeeping.**

Mission Responses

- 3.3.6** This recommendation has been implemented. The claims are reviewed and approved by the MAO.
- 3.3.7** Inventories are now being maintained to show disposal of purchases by function.
- 3.3.8** All documentation will be forwarded to the Finance Section in BRU at the end of the fiscal year.

IMS Training

3.3.9 The LES Administrative Assistant prepares, collates and codes the accounts for IMS entry by the BRU Finance Section. BNATO does not have access to IMS and, therefore, cannot generate its own reports. SMF has agreed to install IMS at BNATO provided the employee receives some training on the system.

Recommendation for Mission

- 3.3.10** Both the new CBS MAO and the LES Administrative Assistant should be provided remote basic IMS training.

Mission Response

- 3.3.10** IMS Training opportunities have been identified and both the MAO and the LES Administrative Assistant will commence training in October. Once training is completed IMS will be installed on both the MAO's and the Administrative Assistant's work stations.

3.4 Physical Resources

3.4.1 The Mission pays an annual fee to NATO for the provision of Chancery premises, general cleaning and maintenance. The office is not a typical Chancery. It is part of a huge NATO Headquarters, which is a single storey, narrow modular building linked by corridors. Offices are adequate but space is tight. SRD had refurbished the office furniture prior to the audit visit. Staff was very appreciated of its efforts. The replaced furniture is on a loan to NATO for three years, at which time it will be returned to the Mission for disposal. IAM is preparing a Treasury Board submission for this contribution arrangement.

3.4.2 NATO is planning to build a new Headquarters with a provisional date for completion of 2009. A member of the Mission staff is involved in the planning discussions regarding space requirements for the Mission.

3.4.3 There are four official vehicles at the Mission. Two are dedicated for use by the HOM and the CANMILREP, while the other two are for general use. There is good cooperation with BRU in allocating vehicles for delegations, etc. A vehicle request system is in place and is controlled by the MAO.

3.4.4 The Official Residence is not large. The living room is barely adequate for representational purposes. There is little that can be done to change the situation at a reasonable expense. Considerable refurbishment has taken place in the reception and private areas of the Residence although the refurbishment of the guest's suite remains to be finalised. It has attractive grounds which include a swimming pool and a tennis court. To enhance security and privacy, the height of gates and fences has been raised.

3.4.5 The question of staff quarter allocations for BNATO staff is discussed in the BRU Audit Report as that Mission is responsible for administering all staff quarters.

3.5 Informatics

3.5.1 *** Once the problem was identified, concrete steps were taken by Mission Management to address it. The Mission has forwarded correspondence on the situation to HPF for a decision to be made. While the problem has not yet been fully resolved, the Audit Team is satisfied that the steps taken to date are the appropriate ones.

Recommendation for HPF

3.5.2 HPF should decide what course of action they will pursue *.**

HPF Response

3.5.2 ***

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

PROGRAM	CBS	LES	TOTAL
Perm. Rep. and HOM Office	1	4	5
Deputy Perm. Rep.	2	–	2
Political /Economic	6	1	7
Defence Support	2	3	5
Administration	2	4.5	6.5
CANMIL Rep.	3	1	4
Deputy MIL Rep.	10	4	14
Total	26	17.5	43.5

Financial Information 1999/2000

LES Salaries	\$684,576
Operational + Capital	578,729
CB Overtime	9,000
Total	\$1,272,305