
**AUDIT
OF
THE CANADIAN EMBASSY**

WARSAW

April 2000

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Political/Economic Relations and Public Affairs (PERPA), International Business Development (IBD), Administration and Consular Programs was conducted in Warsaw during the period October 13 to 21, 1999. The previous follow-up audit of the Administration and Consular Programs took place in June 1994.

MISSION MANAGEMENT

There were changes in the positions of the HOM and Program Managers for PERPA, DND and CIC in the summer of 1999. The previous HOM had an Accountability Agreement for the period 1998/99/2000 and this could be the starting point for an Agreement for the present HOM. With this in mind the HOM has suggested that Program Managers conduct retreats with their staff to develop or fine tune objectives and work plans. These retreats are also seen by the HOM as part of a team-building exercise. There is excellent team spirit at the Mission and the morale of all staff is high.

Mission management should assess the current budget allocation, finalize program objectives and develop a work plan that identifies planned activities and costs. The Audit Team believes a detailed work plan would be beneficial, identifying planned staff activities such as projects, missions, seminars/conferences, area travel, HQ travel, and out calls. Actual results can then be compared to planned on a quarterly basis. In this way the impact of unscheduled work and demands can be assessed.

ADMINISTRATION PROGRAM

Management of the Administrative Program is strong. Effective administrative services were provided to Program Managers and staff. There are real challenges ahead with all staff moving to temporary Chancery accommodation while a new Chancery is built.

CONSULAR PROGRAM

The Mission's Consular services, under the management of the MCO, are delivered by the LE Consular Officer to whom delegated signing authority has been accorded. Along with her Assistant very cramped space to deliver a very creditable product adhering to departmental service standards. The staff also rigorously use the full features of the Cosmos software.

To further enhance Program effectiveness the Mission proposes to convert the CB CR position to a junior AS position with some responsibilities for Consular services.

POLITICAL AND ECONOMIC RELATIONS AND PUBLIC AFFAIRS PROGRAMS

The Audit Team believes the program should reduce its involvement in promotional activities and concentrate more on political/economic analysis and reporting. Various bilateral agreements and MOUs between Poland and Canada need to be reviewed and renewed. Effort in this area would be beneficial for Canadian interests.

It is difficult for the Audit Team to assess resourcing levels at this time because of the question surrounding the nature and appropriateness of past promotional initiatives and the spending activities of travel and hospitality funds by the former Program Manager.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

Staffing levels are adequate to achieve Program objectives, however funding problems are evident in the travel, overtime and training allocations. The Program would be more effective if there was more area travel, because of the decentralized nature of Poland's market and the addition of Belarus to its territory.

Staff have embraced the PMI concept. It has been internalized, yet existing technical problems and non-conformance by Team Canada Partners to the principle are frustrating the staff and wasting their efforts. They are attempting to utilize the Client Management System, but because of technical difficulties little client tracking is done. There is a general feeling at the Mission that DFAIT's commitment to finding a solution is a long way off. With respect to the support from Team Canada Partners, staff aptly coined the phrase: "Our partners still want to do it the old way, while we are trying to do it the new way." Much of the communication surrounding a recent Industry Canada Telecommunication mission to Warsaw dealt with visit logistics, with very little addressing partner responsibilities, visit objectives and focus.

MISSION MANAGEMENT

1.1.1 There were changes in the positions of the HOM and Program Managers for PERPA, DND and CIC in the summer of 1999. The previous HOM had an Accountability Agreement for the period 1998/99/2000 and this could be the starting point for an Agreement for the new HOM. The new HOM is to complete his Accountability Agreement this fall and submit it to RBD for approval. With this in mind he has suggested that Program Managers conduct retreats with their staff to develop or fine tune objectives and work plans. These plans will feed into the HOM's Agreement. These retreats are also seen by the HOM as part of a team-building exercise. There is excellent team spirit at the Mission and the morale of all staff is high.

1.1.2 Since April 1999 the Mission is responsible for the country of Belarus which was formerly part of Moscow's responsibility. Impacting on future operations is the fact that CIDA will be reducing or cancelling the Technical Assistance Program funding in Poland.

Mission Committees

1.1.3 Weekly Committee of Mission Management (CMM) meetings are held and there other sub-committees for Housing, Y2K, LES classification, and Contract review. The Occupational Safety and Health Committee, while identified, remains to be activated as a tool for managing risks in the work environment, a feature which will become more critical during the period of the forthcoming move to a temporary chancery facility.

Work Plans

1.1.4 The IBD and PERPA Program Managers have objectives that coincide with the HOM Accountability Agreement. Likewise the Program Managers' objectives coincide with that of their staff, with the exception of the junior Trade Commissioner (TC) whose objectives have been established subsequent to the audit.

1.1.5 The staff objectives are not translated into formal work plans. Instead, work plans consist of an oral understanding between the staff, the Program Managers and the HOM. Staff have a sense of where they are going in the short term within their own assigned work, but detailed work plans would be beneficial, identifying planned staff activities such as projects, missions, seminars/conferences, area travel, HQ travel, out calls, and their results anticipated. Actual results can then be compared to planned on a quarterly basis. In this way the impact of unscheduled work and demands on planned activities can be assessed. Performance of each staff member can be more easily evaluated and accountability measured at both the program and personnel level. This would be particularly helpful for new staff and developmental positions, as is the case with the junior Trade Officer where a workload conflict exists between developmental and regular activities. The proposed documentation would put the HOM

and Program Managers in a better position to negotiate priorities and associated resource allocation with HQ.

Recommendation for Mission

- 1.1.6 The Program Managers should prepare objectives for each position in their unit and submit them as part of their work plan to the HOM for approval.**

Mission Response

- 1.1.6 Broad objectives for staff in the Trade Section are now included in the appraisal reports that are completed annually for each person. More detailed, focussed objectives will be included for each position in the work plan that will be developed. The HOM will oversee the implementation of this recommendation as appropriate.**

Training

- 1.1.7 There is a need to bring together a training plan for the whole Mission, and to identify funding requirements, be they from Mission budget or from HQ budgets. Informatics training, which could be provided by the System Administrators, should be included in the plan as should distance learning courses available through CFSI. The IDB Section includes training requirements in the appraisal process with a costing of such training. When LES appraisals are submitted to Administration a spreadsheet is maintained of the desired training requirements by employee.

Recommendation for Mission

- 1.1.8 A Mission training plan, based on the appraisal process and Program requirements, should be developed and costed.**

Mission Response

- 1.1.8 The Mission's Human Resource Officer is collating training requirements as indicated on each employee's appraisal file as well as other input received from managers to prepare a costed Mission training plan for fiscal year 2000-01. This project has been underway since April/May 1999. In view of their work load requirements, the Mission's SA's are better suited to providing staff with individual help and coaching rather than delivering basic, structured informatics training to staff.**

Mission Web site

1.1.9 The Mission is to pursue the establishment of its own web site and PERPA is coordinating the efforts. An action plan has been discussed at the CMM for the establishment and maintenance of a site through a Polish Internet service provider, which would have to be funded from within the Mission budget.

Mission Comment

The Public Affairs Programme is in process of converting Mission's quarterly newsletter from a printed publication to a web-based one delivered by e-mail to most clients. As part of this process, the LES officer responsible will receive CFSI public affairs and web site maintenance training in Canada in March 2000. PERPA has already had preliminary discussions with individuals who custom design web sites, with a view to identifying Mission's needs in this area. Web site content will build on work already done by junior CBS officer in IBD programme area. Our goal is to launch the web site by 01 October 2000.

Budgetary Management

1.1.10 The CMM discusses and reviews the allocation of budgetary expenditures for official hospitality and travel. The MCO controls the other discretionary expenditure items such as capital and property expenditures. Administration maintains a separate computerized system to control costs associated with the properties. Other expenditures could be budgeted for by Program and would cover such items as training funds, overtime, and professional services. The amounts allocated would be tied to work plans of the Program to allow the Program Manager to set objectives based on available financial resources.

Recommendation for Mission

1.1.11 Mission budgetary allocations should be at the Program level, wherever feasible.

Mission Response

1.1.11 Mission intends to introduce budgetary allocations to the program level beginning in FY 2000-01. This would have been done this fiscal year were it not for the implementation of IMS. It is important to note, however, the discretionary level of resources within the Mission's budget is small and, in some instances (e.g. training and overtime) to disburse it across Mission programs would limit its effectiveness.

Promotional Activities

1.1.13 Promotional activity initiatives are being driven by diminishing resources and the Mission's desire to maintain visibility in the host country. As a result, it is moving towards full cost recovery by obtaining funds from third parties. The Audit Team found that the Departmental Circular Document Admin. No. 7/95 (SMD) provides guidance for these initiatives, but it was not being followed because the Mission was not aware of its existence. Although the document expired in February 1996, it is accessible on the Departmental Intranet and still provides appropriate guidance on how to account for such initiatives.

Mission Comment

While individual contracts were not entered into with each corporate sponsor, their participation was solicited through a detailed invitation that provided an explanation of the event, how one could participate and the rights and obligations (including fee structure) if one decided to participate. The replies from corporate sponsors came back in a variety of ways (letter, email, fax, word-of-mouth); however, subsequent formal contracts were not prepared.

Recommendation for Mission

1.1.17 **The Mission should obtain a copy of Circular Document 7/95 and follow the procedures contained therein for all jointly funded promotional activities.**

Mission Response

1.1.17 **Noted, for implementation in future events.**

Recommendation for SMS

1.1.18 **SMS should:**

- **in the short term, either re-issue Circular Document 7/95 or incorporate it into the Departmental Financial Manual so that missions will have clear guidance on the accounting and management of funds raised from private sources; and**
- **in the longer term, re-visit and consolidate the numerous published documents on the subject of cost recovery and cost sharing, and prepare a generic guideline on how to administer the revenues and expenditures associated with outside sponsorship for all Departmental programs.**

SMS Response

- 1.1.18** We are in the process of re-issuing the Circular Document as part of our web site. Amendments, etc., will be built into the help files and training material. SMS is presently engaged in the process of reviewing all the Department's financial policies.

ADMINISTRATION PROGRAM

2.1 Management of the Program

2.1.1 The HOM Accountability Agreement established for the years 1998/99/2000 included the following objectives for Administration: improve teamwork; client service as a top priority; Chancery redevelopment; a smooth implementation of IMS; changes to LES Social Security and Pension schemes; training; and the overall provision of services in compliance with official rules.

2.1.2 Management of the Mission's Administrative Program is strong. The Mission has well developed data bases of the historic cost of its property expenditures which facilitate meaningful planning for the future. Nevertheless a few activities merit attention to mitigate risks and thus improve financial controls and the personal safety of the work environment.

2.1.3 At the time of the audit, the Mission was ready to sign a lease on temporary office accommodation designed to house Mission operations for a two to three year period during which the Chancery is to be rebuilt. Planning has commenced for the move and each section of the office is beginning a major file destruction project prior to the move. Morale is good and staff turnover relatively light, an element which should serve the Mission well in coping with the stress involved with the temporary relocation.

Mission Comment

Apart from the actual move, the location of suitable space for the Mission's maintenance staff and storage are the most important logistical issue to be faced. Provision for staff parking was taken into consideration in the overall agreement with the Reform Plaza, where the temporary Chancery will be located. The actual details remain to be worked out.

2.1.4 The CBS administrative complement includes an AS5, CS1 and a CR6. The demands of the Consular Program brought about by the significantly increased size of the resident Canadian community since the 1989 revolution merit strengthening of this staffing profile, possibly by the conversion of the CR position to that of a junior MCO. Nevertheless, the Mission observes that the conversion of the CB CR position to that of a junior MCO is only part of the solution to rectifying the work load demands of the Consular Program.

2.1.5 Program Managers expressed positive reaction to the responsiveness of support services provided, with particularly appreciative comment concerning Informatics services. These attitudes are cultivated by the MCO in weekly meetings of his LES and CBS staff which contribute to a common understanding of work plans.

2.2 Human Resources

2.2.1 Day-to-day management of Human Resources rests with the MCO, who is assisted by the LE Human Resources/Communications Officer and the LE Administrative Assistant. This activity is effectively managed. There is good communication with the LES and systems have recently been introduced to ensure annual review of position descriptions, and to ensure that appraisals, oaths of office and enhanced reliability checks are conducted in a timely manner. The system for hiring emergency employees has been strengthened and a spreadsheet was developed to capture the training requirements of staff. Resources to manage human resources activities are tight as new social benefit procedures in Poland have added to the workload. To strengthen management, the MCO obtained authority to reclassify an expatriate position to that of Human Resources Officer, at the Asst 7 level (Note: the Mission no longer has any expatriate positions on its establishment). Services provided to staff are timely and a number of issues have or are in the process of being settled. This report notes areas where issues need to be brought to finality.

2.2.2 There are 15 CBS and 57 LES at the Mission. Two additional LES positions were added to Mission strength; a Consular Assistant and a Public Affairs Assistant. The Handyman position was converted to a Trade support position.

LES Management

2.2.3 An LES benefits survey is to be conducted covering the areas of supplementary health insurance, methodology for calculating overtime and the possible provision of a social fund. The latest LES Handbook is dated April 1996 and needs to be updated to reflect local social benefit changes and to incorporate any other benefit changes. At present the Administrative Assistant is the only staff member with full knowledge of the local social benefit system (ZUS). This employee conducts the monthly input to the ZUS systems, determines the monthly contribution required and maintains liaison with ZUS on questions which come up. Another employee should be trained as back-up. There are six cases where pension applications for former staff members need to be finalised and be submitted to HQ for processing. The Audit Team met with representatives of the LES and the major issues noted concerned the benefit survey requirement. Other issues concerned staffing procedures, travel regulations, training and the move to the interim Chancery premises. All of these issues were discussed with the MCO. LES leave records are maintained by day rather than by hour. Conversion to maintaining leave records on an hourly basis would be consistent with other departmental leave management systems.

Recommendations for Mission

2.2.4 The timing of a benefits survey to review supplementary health insurance, overtime practices and social fund requirements should be confirmed.

- 2.2.5 The LES Handbook should be updated.**
- 2.2.6 There should be a designated back-up for ZUS activities.**
- 2.2.7 Pension applications for six former employees should be actioned.**
- 2.2.8 LES leave records should be maintained on an hourly basis.**

Mission Responses

- 2.2.4 A complete review of LES benefits was initiated in November, 1999; the survey material will be completed and submitted to HQ for review by mid-March, 2000.**
- 2.2.5 The LES Handbook will be updated following the LES benefit review and will include any changes to the terms and conditions of employment occasioned by this review.**
- 2.2.6 Agreed. The Mission will train a back-up for ZUS activities upon completion of the training of the new Administrative Assistant.**
- 2.2.7 Action being taken. While it is the intention of the Mission to settle this outstanding issue by 01 June 2000, the former employees in question are terminally slow in submitting the required information and documents. This is understandable in view of the small amounts that may be payable.**
- 2.2.8 Noted, and will be implemented with effect from 01 April 2000.**

Official Languages

2.2.12 The CB Chief of the Visitors Unit is the Official Languages co-ordinator. This Officer prepares the annual report for the Commissioner of Official Languages. He also sends regular reminders to Managers regarding the policy on internal memoranda, as the great majority of memoranda are issued in English only. Memoranda for CB staff and spouses should be in both official languages. When people call the Embassy by telephone the normal OCTEL prompts are in Polish only.

Recommendations for Mission

- 2.2.13 Internal memoranda should be in both official languages as well as Polish.**

2.2.14 The OCTEL prompts should be changed to include French and English.

Mission Responses

2.2.13 Noted. We would point out, however, that one of the basic qualifications for locally-engaged employees in the Mission is competency in one, or both official languages. As a result, we see that there is no requirement to publish internal memoranda in the Polish language. There is no French/English translation facility at the Mission.

2.2.14 Noted. Difficulty to access the Chancery through the telephone system gives rise to many client complaints. The Mission will deal with this situation, including any OCTEL reprogramming that is necessary, during the next visit of the regional EL from Vienna. This visit is expected to take place in early February, 2000. It is also worth noting that the Mission continues to experience problems and difficulties with its telephone system despite frequent visits from the Regional EL.

CB Overtime

2.2.15 Program Managers determine if and when staff will be paid overtime for attending official functions. As there is no Mission policy on this subject it leads to inconsistencies in application and staff being treated inconsistently.

Recommendation for Mission

2.2.16 The CMM should establish a common policy consistent with collective agreements for the payment of overtime for staff attending official functions.

Mission Response

2.2.16 Staff are paid overtime for attending official functions when specifically requested and/or authorized in advance to do so. The policy will be incorporated in the staff guidelines on overtime.

2.3 Physical Resources

2.3.1 The Mission's major operational preoccupation, over the next three years, will be its move to temporary office accommodation while the Chancery compound is being redeveloped. At the time of the audit, temporary accommodation was being leased and the Mission was preparing for the move by planning the disposal of surplus

holdings of files. In addition to its full load of program objectives for each of the Mission's substantive programs, significant effort will be devoted to managing situations arising from difficulties with the temporary accommodation and construction project. Fortunately, aside from the need to clarify some organizational responsibilities within the Property Section, the Mission has well documented plans and systems in place for the management of its residential property operations.

2.3.2 The contracting process for property maintenance work including painting, gardening, cleaning and security guards is incomplete. While there is evidence of tendering, the awarding of contracts/work orders is inconsistently documented by the formal signature of commitment documents by the responsible program manager, or by an employee to whom such authority has been delegated.

2.3.3 The absence of institutionalized formal sign off of work orders may contribute to confusion in the supervisory relationships of staff in the Property Section, where actual practise does not seem to follow the work flow identified in the section's organization chart. If the Mission proceeds with the conversion of the Office Manager position to that of a junior MCO, it may also wish to consider revising the position descriptions of the Property and Materiel Clerks to have them each report directly to the junior MCO. Each of these positions should be assigned formal commitment authority of an amount sufficient to enable them to effectively deliver their responsibilities.

Mission Comment

The Section will take steps to improve its work order system by 01 April 2000.

It should be noted that the Property/Materiel Section is comprised of one Property Officer and a Materiel/Procurement Clerk. As the converted junior MCO will have responsibility in Consular and Mission Finance, it may be inappropriate to have this employee also responsible for Property and Materiel. The Mission believes it more appropriate for these functions to report to the MCO.

2.3.4 The modest Official Residence has some functional, though manageable difficulties for Official Hospitality. The audit team agrees with Mission management that through the employment of appropriate decorating techniques and imaginative grounds maintenance, the present Official Residence provides an acceptable tool for the delivery of Mission programs. However, the Mission observes that in the longer term, it may be appropriate to seek an Official Residence that is better located, of more practical design and more economically priced.

2.3.5 The Mission Property Management Plan has been updated in the current fiscal year. This is accompanied by costed budgetary plans, sorted by the proposed source of funding for both operational and capital requirements. Distribution accounts of materiel are up to date for all staff quarters(SQ), as are occupancy agreements. No

asset inventory exists for the Chancery except for IT hardware and software. Crown assets disposal registers are kept up to date and the disposal documentation for high value assets has been personally signed off by the HOM. Disposal documentation for surplus furniture and furnishings demonstrated that very considerable effort has been devoted to the preparation of sales and the accurate recording of the disposal process. It is questionable whether the returns received warranted the time put into the process, the last of which grossed less than the equivalent of \$1,000.

2.3.6 While Headquarters approval was given in December 1998 for the disposal of one Crown Owned SQ (4710088), no offers have been received for its sale. Two additional Crown Owned properties inspected during the audit have been identified by the Mission and confirmed by the Audit Team as remote from other residential accommodation holdings, schools and the chancery, increasingly costly to maintain and costly to support the school transportation requirements of the assigned occupants (#4710092 and #4710094).

Recommendations for Mission

- 2.3.7 Renewed efforts, in consultation with SRD, should be made to dispose of the surplus property (#4710088) at its current market value.**
- 2.3.8 The disposal and replacement process for properties #4710092 and #4710094 should be commenced, in consultation with SRD.**
- 2.3.9 Prior to conducting sales of surplus materiel, a cost benefit analysis should be conducted of the likely proceeds of the disposal process to choose the alternative that will maximize the net benefit to the Crown.**
- 2.3.10 LES employees whose duties involve the initiation of the purchase of materiel and services, should be formally delegated a level of financial commitment authority appropriate to their responsibilities.**

Mission Responses

- 2.3.7 Action being taken in consultation with SRF.**
- 2.3.8 Action being taken in consultation with SRF.**
- 2.3.9 Noted, and has been implemented.**
- 2.3.10 Done.**

2.4 Finance

2.4.1 The MCO is the Designated Financial Officer and the DMCO supervises the Accounting Section which is comprised of a Senior Financial Officer, an Accountant and a part-time Accounting Assistant. Bank accounts are maintained in local currency and US dollars. SIXP is in the process of reviewing three months Mission financial statements; the results of this review will be communicated to the Mission.

2.4.2 Overall there is effective control of Mission finances, with the MCO being actively involved in the management of the Mission budget. The Accounting staff are very knowledgeable of Departmental financial policies and procedures. There are disciplined systems in place for the collection and banking of revenues and for the processing of payments. A manual ledger is maintained to control advances. The financial services provided are of a high quality with deadlines established by the Accounting Section for the submission of requests for advances and payments. As CBS change each year, these service standards should be posted and distributed to all staff on an annual basis. There is an effective contract review process, with a contracts register control system in place and with an active contract review board monitoring contracts before they are entered into.

Recommendation for Mission

2.4.3 Service standards for processing financial requests should be distributed to all staff on an annual basis.

Mission Response

2.4.3 Financial procedures are distributed by the Office Manager to all staff on an annual basis, or whenever there are changes to the financial procedures. Revised procedures were most recently distributed in January, 2000.

SIV Comment

Such procedures should also include standards for delivery of the service.

Mission Budget

2.4.4 The 1999/2000 Mission budget totals \$2,259,910. CMM members are regularly informed on the status of the Mission budget. A system, outside of IMS, is maintained to control property expenditures by property identifier. This system is invaluable in determining forecast costs by property. Travel and official hospitality budgets are allocated to the HOM and by program.

Revenue

2.4.5 Consular revenue is accounted for on a weekly basis and Immigration revenue deposits are made to the Accounting Section twice daily. Funds are reconciled in the presence of the Immigration Cashier and an Accounting Section staff member. As an independent control, the MCO and the Immigration Officer responsible for cost recovery, conduct a random sample check of the Accounting Section records with the Immigration Section records. The Accounting Section does not check the consecutive numbering of the Immigration POS+ daily reports, to ensure that none have been missed. This check should be conducted on a daily basis to ensure that all financial documentation is accounted for.

Recommendation for Mission

2.4.6 The Immigration POS+ financial reports should be reviewed by the Accounting Section to ensure that all consecutive numbers are accounted for.

Mission Response

2.4.6 Finance Section reviews both cash and cheques submitted by Immigration Section, and now also reviews the sequential Immigration receipts as submitted.

VAT Refunds

2.4.7 Applications for the refund of VAT paid both for official purposes and CB private purchases, are made to the Polish authorities on a regular basis. The amount of the refund received is credited to the budget from which the expense originated or, if CB personal, the refund goes to the CB staff member. The VAT refund for payments made towards the end of the fiscal year, is received in the new fiscal year and such proceeds must be credited to the CRF and not returned to the Mission budget. SMF should determine if a policy could be developed and be approved by Treasury Board, whereby the Mission could receive the benefit of these refunds.

Recommendation for SMF

2.4.8 Determine if a policy can be developed to ensure that missions receive the credit for all VAT refunds.

SMF Response

2.4.8 SMD will review the world-wide implications of VAT refunds being deposited to the CRF rather than mission budgets. If the review determines adjustments are required, SMD will request funding

**adjustments from TB via the ARLU or a specific TB submission.
Once received, mission budgets will be supplemented appropriately.**

Official Hospitality

2.4.9 Guidelines for entertaining in the home were updated in July 1998 and the new official hospitality guidelines were issued to Program Managers in October 1999. The local guidelines should be reviewed to ensure that the amounts are reasonable and whether the advances should be in local currency or US dollars. A selection of claims filed by the HOM, previous HOM and program staff were audited in detail. All claims were in compliance with guidelines.

Recommendation for Mission

2.4.10 The per capita guidelines for in house official hospitality should be reviewed to ensure that the rates are appropriate and it should be determined if the advances should be made in local currency or US dollars.

Mission Response

2.4.10 The per capita guidelines will be reviewed over the course of the next quarter, and adjusted as approved by the CMM. Hospitality advances are issued in USD/PLZ, and the person receiving the advance is informed about the prevailing exchange rate with which they must use to settle the advance .

System Efficiencies

2.4.11 There are three areas identified by the Mission where there could be systems efficiencies. At present the majority of personal drawings of currency by CBS are through the Mission accounts. This is time consuming for the Accounting Section. ATM machines are easily accessible and personal banking is increasingly becoming available in the local market. LES compensation is paid twice monthly in cash, another inefficient methodology. The MCO is to investigate the possible usage of corporate credit cards for purchasing transactions.

Recommendation for Mission

2.4.12 A timetable should be fixed for the termination of the Mission's handling of personal drawings for CBS and for the payment of LES compensation by bank transfer.

Mission Response

2.4.12 The Mission acknowledges this recommendation and will implement it as soon as practicable. There remain some technical problems that must be resolved in consultation with the Embassy's bank and staff that will enable the payment of LES salaries by bank transfer. Further, the Embassy acknowledges that there are a number of distinct advantages with local on-line banking which will also be pursued. Equally, there is some utility to reshaping some of our other practices and procedures that would/may eliminate the necessity of handling the large volume of cash revenue flowing into the Embassy. It is intended to cease handling personal PLN drawings for CBS by September 2000, and restrict such drawings to USD.

The Polish zloty is not officially convertible and government exchange controls remain in place making international bank transfers by foreigners exceedingly complex. There are restrictions on foreigners opening local bank accounts, that when coupled with the almost complete lack of bank services in languages other than Polish, makes it virtually impossible for foreigners to operate what Canadians would consider normal personal banking operations. Until this situation changes, the Embassy proposes to assist CBS with personal drawings in USD.

Beaver Club

2.4.13 An Immigration Officer is the Manager of the Beaver Club, a non-public fund activity. Annual financial statements are prepared and presented at the Annual General Meeting of the Club. The Manager is being cross-posted shortly and at that time there should be a formal handing over of the records and cash, and a financial statement should also be prepared. In future, the annual financial statements should be reviewed by an independent "auditor" and be presented to the HOM and Club members.

Recommendation for Mission

2.4.14 The annual financial statements of the Beaver Club should be audited by a person independent of the Club Committee.

Mission Response

2.4.14 Noted.

2.5 Information Management

2.5.1 The CBS Systems Administrator (SA) is responsible for 65 active work stations, one standalone and seven off-line computers. He is also responsible for the management of OCTEL, plus telephones in the absence of the area EL; DISA cards; and Deputy Mission Security Officer duties including locks and combination changes. The Mission has a LE SA whose main duties are SIGNET support and client services. Technical support is provided by the RSM in London and also, on occasion, good temporary help is provided from Brussels. All PCs have been upgraded to Pentiums. The Mission recognizes that the upgrading and replacement of workstations or software is a Headquarters responsibility and does not plan further purchases without Headquarters consultation and coordination.

2.5.2 Mission staff are satisfied with informatics support services provided by the SA's. The CB SA has good control of all hardware, including laptops, training computers, items on loan and spare equipment. Ten Mission Staff Quarters have been provided with surplus computer equipment on a loan-to-staff, non-replacement basis.

2.5.3 In 1998/99, the Mission received three work stations for training purposes. Training occurs on an as needed basis and the LE SA is developing a training plan for Friday afternoon refresher sessions.

2.5.4 Suppliers of office equipment have stated that they are Y2K ready. The Mission assumes that software such as the LES salaries spreadsheet and the ZUS social benefit system are Year 2000 compliant.

2.5.5 The Mission has surplus equipment that needs to be disposed of, before the move to the temporary Chancery accommodation.

Recommendation for Mission

2.5.6 The disposal process for surplus equipment should be finalized prior to the move to the temporary Chancery.

Mission Response

2.5.6 The disposal of much of our surplus computer equipment has already taken place. There may be other equipment to be disposed of but this will be disposed of prior to any move to the interim Chancery facility in May 2000.

Communications and Records Management

2.5.7 The use of cellular phones is widespread at the Mission. Twenty five cellular phones are actually in use. All CB staff, spouses and seven key LE staff have one to address both program delivery and personal security concerns.

2.5.8 SOFTEL allows for monitoring and reporting of all telephone calls. It is efficiently used to monitor staff long distance calls, to ensure that recovery is effected for personal calls.

2.5.9 Complaints about OCTEL, both from clients and Mission staff, have been received. People keep calling until they can speak to a person. This results in long queues of callers and has a negative impact on the Mission's image.

Recommendation for Mission

2.5.10 OCTEL prompts should be reviewed and adapted to callers' needs by giving more detailed information.

Mission Response

2.5.10 Octel services are to be reviewed and revised during the next visit of the Regional EL from Vienna. The EL has been advised of the high level of client complaint re Octel access.

CONSULAR PROGRAM

3.1 Management of the Program

3.1.1 The Mission's Consular Services under the management of the MCO are very ably delivered by the LE Consular Officer, to whom delegated signing authority has been accorded. Along with her Assistant the Consular Section copes well in very cramped space. They deliver a very creditable product while adhering to departmental service standards. The staff also rigorously use the full features of the Cosmos software.

3.1.2 The Mission's Consular Contingency Plan has been updated during the past year taking into consideration many of the risks posed by Y2K and its potential effect on Poland. There are high risks in the country's communications and transport systems. Regular contact has been established with the Consular Wardens in anticipation of potential problems.

3.2 Service to Canadian Citizens

3.2.1 There are no Honorary Consuls in either Poland or Belarus, and there is currently no significant pressure for their establishment.

3.2.2 The volume of Consular work is such that, while the work is effectively conducted within the published standards for service to Canadian citizens, it is increasingly difficult to schedule the annual leave of the present full time Consular staff. The Mission has proposed, and the Audit Team concurs with the proposal, to replace the CBS Office Manager position currently classified in the CR group with a junior AS position which could supervise the Mission's Consular activity. This is further supported by an analysis of passport issuance and notarial services, which indicates that there are significant numbers of dual nationals resident in Poland. Complex cases of child abduction, and resolution of complicated pension cases have tested the limits of the delivery capacity of the current staffing level.

3.2.3 While the Consular staff have shown excellent resourcefulness in assisting distressed Canadians by accessing emergency funds via commercial means, they do not have access to emergency cash to offer assistance, which may be required outside normal banking hours.

Recommendation for Mission

3.2.4 A standing advance in the local currency equivalent of approximately C\$250, should be held by the MCO to provide after hours emergency assistance.

Mission Response

3.2.4 Done.

3.3 Passport Services

3.3.1 The Mission's passport services are delivered within the COSMOS suite of software. Accuracy rates for the issuance of passports are exceptionally good, as staff have maintained separate ledgers of activity to manage their operations during periods when the communications networks are out of service. There exists concern at the Mission that the human resources afforded to the Program are insufficient to meet the growing demands for services, and the need to provide adequate back-up capabilities within the existing resource base of the Mission. The Mission is examining the possibility of job enrichment to achieve these objectives.

3.3.3 The Consular staff regularly deposit consular and passport revenues, on a weekly basis, with the Accounting Section. However, staff have been providing cash change from their own personal resources to handle transactions after making each deposit, until sufficient change is received from clients.

Recommendations for Mission

3.3.4 A standing advance should be issued to the Consular Assistant to serve as a cash float for making change for clients.

3.3.5 A register of controlled consular/passport documents should be established in the central registry.

3.3.6 The reserve of documents held for the "Duty Officer Kit" should be discontinued.

Mission Responses

3.3.4 Done.

3.3.5 To be implemented by 01 April 2000.

3.3.6 To be implemented by 01 April 2000.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

4.1 Management of the Program

4.1.1 Techniques to address the managerial organization of this Program are detailed in Section 1 of this report as they are generic to the delivery of all mission programs.

Program Budgets

4.1.2 It is interesting to note that HQ instructed the Mission to prepare a 1999/00 budget submission based on the fact that there would be a significant bureau carryover from the 1998/99 budget allocation, which would be available for the Mission 1999/00 budget request. Because of this expectation, the Mission counted on, and requested, \$94,360 and \$69,540 for travel and hospitality respectively, for fiscal year 1999/00. However, it only received \$49,600 and \$50,000 respectively, with hospitality being the same as the previous year and a \$5000 increase in travel funds, and understandably, the Mission was disappointed. As a result, the IBD program had to reduce its planned activity. Because of the modest resources available the IBD Program believes opportunities are being missed and the program is less effective. For instance:

- staff have been informed that there are insufficient funds for overtime and they should either take leave in lieu of cash, or not work, or not claim overtime;
- Poland is a decentralized country and many opportunities exist outside Warsaw that are difficult to pursue with current travel budget levels. Transportation is a priority sector with respect to EU infrastructure funding, and the Mission, because of lack of funds, will have difficulty attending a Polish transportation conference to establish contacts and identify Canadian business opportunities; and,
- there are insufficient training funds for personal development, management skills, etc.

4.1.3 In addition, the Audit Team believes that as the PMI concept becomes more entrenched funding shortfalls will become more evident. As PMI practices are implemented, the Mission will become more involved in pro-active activities that will require increased funding levels for travel and hospitality. IBD Program activities should be costed and incorporated into the IBD work plan. This document would enable the program manager to negotiate priorities and associated resource allocations. It would also formally document missed opportunities because of funding shortfalls.

Recommendation for Mission

4.1.4 IBD Program activities should be costed and incorporated into the IBD work plan.

Mission Response

4.1.4 To be implemented with the drafting of the next work plan.

4.2 Performance Measurement Initiative

4.2.1 The Program is attempting to utilize the new PMI management system. Staff have received PMI training and PMI has been incorporated into their performance objectives. Staff find recent HQ initiatives such as the Post Support Unit, the Horizon Intranet Site and the regional training very helpful and contribute in a positive way to implementing the PMI concept. However, the following factors are impacting negatively on the successful implementation of PMI at the Mission:

(A) Technical Difficulties

4.2.2 Because of technical difficulties frustration is high among the staff and not all tracks are made. Tracking can take anywhere from 20 to 40 minutes to input. Many of the input documents are being filed temporarily until the technical problems are resolved; however, the Mission does not know when this will occur. It is the understanding of the Audit Team that the system can be improved by completing the following action:

1. Convert computers to 64 MB - completed.
2. Install open client software - pending Fall 1999.
3. Reconfigure the network - pending.
4. Change the Mitnet provider - pending.

Implementation of the above actions will enhance the system's response time encouraging staff to effectively interact with the WINEXPORT System.

Recommendation for TCE

4.2.3 TCE, in consultation with the Mission, should pursue the resolution of the technical difficulties experienced with the PMI management system.

TCE Response

- 4.2.3 The installation of WIN On-line open client was finalized in Warsaw during November 1999. This WIN On-line is considered adequate for client survey purposes and viewing client profiles within the context of service delivery.**

Mission Comment

- 4.2.3 To date, steps #1 and #2 have been implemented with a noticeable improvement in the time it takes to enter a track into WIN's Client Tracking System noted by most of the section's staff; however, it continues to be deemed to be too slow for "power-users".**

(B) Mission Visits

4.2.4 The Audit Team noted areas of non conformance by a Team Canada Partner to the PMI concept and principles. The Industry Canada (IC) sponsored telecommunications mission visiting the Czech Republic, Poland and Hungary coincident with the audit visit to Warsaw and Prague. DFAIT's team partner, IC, was not following PMI principles. This caused frustration for the Mission and confusion as to what services they should and should not provide, resulting in delivery of different services from one mission to the next, contrary to the PMI concept. The following inconsistent levels of service were noted by the team:

- No trade mission agreement was prepared. The Audit Team was told by the Mission that it made an effort to prepare an agreement, however, IC was not interested and contributed very little to its preparation. In the end, efforts to complete the agreement had to be discontinued, because time was running low and client programs and matching arrangements had to be made.
- Participating Missions provided different levels of service. Prague block booked hotel accommodation for the delegation while Warsaw sent a list of hotels from which the delegates could book their own rooms. Each approach had its own set of problems, but the Audit Team believes Warsaw had an easier time with its approach. However, it involved less coddling and future client surveys may reflect this negatively.
- There was a general belief that a Minister was not required to lead this delegation. This belief was conveyed to IC, but ignored. As a result, additional pressures were put on Embassy staff that were unnecessary.

- A review of the e-mails leading up to the IC Telecommunication mission indicated a high percentage dedicated to visit logistics and few relating to its objective and focus.

Recommendation for TCS/TBX

- 4.2.5 TCS/TBX should re-enforce the PMI concept (i.e. the roles and responsibilities of all parties) with its Team Canada Partners. A case study approach, perhaps the IC Telecommunication mission, would be helpful to highlight best practices and areas that require improvement from all partners.**

TCS/TBX Response

- 4.2.5 TCS/TBX use every occasion to explain and re-enforce the concepts behind the New Approach, including through the provision of specific workshop sessions and regular Team Canada Inc meetings. The introduction of the Business Mission Agreement will help alleviate some of the problems due to ill prepared missions by better clarifying expectations.**

(C) Prime Minister's Visit

4.2.6 The Audit Team noted that after the Prime Minister's visit to Poland (January 1999) participants were asked to complete an evaluation form. The Program Manager knew that the evaluation forms were sent out because one participant copied her the response, but she never saw a report pulling it all together. When she enquired about such a report she was informed by the mission organizers that one was not completed because it was not an "official" Team Canada mission. It seems that the evaluation form came from the geographic and not the team organizers. In the end no report was prepared. In addition, the Client Management System was not used to track the outcome and current status of each participant. Fortunately the Program Manager could recall from memory the present status of each participant and what had transpired since the event. This was particularly helpful when the Geographic requested, seven months after the event (August 27, 1999) a brief evaluation of the results of the Prime Minister's visit to assess its value in a Central European market environment and lessons learned. The report was requested because the Department is considering another high level visit to this part of the world. It is difficult to understand that, when the Department incurs the expense and time to put together a Prime Minister's visit, a formal report is not mandatory and client follow up is not engaged.

4.2.7 For significant events such as trade missions, TCS/TBX should ensure follow up in terms of tracking, evaluations by participants and reporting of results. This

would provide closure for those involved and provide feedback to participating and non-participating missions and others as to lessons learned and best practices.

Recommendation for TCS/TBX

- 4.2.8 TCS/TBX should put in place a process that would ensure the monitoring, evaluation and reporting of results for major trade events. Responsibility of all parties should be set out.**

TCS/TBX Response

- 4.2.8 The TCS Client Survey provides the possibility for a trade event participant to express its satisfaction or otherwise with the services provided by the Mission. The introduction of the Business Mission Agreement will provide a source of information to document lessons learned and best practices for such events. Team Canada Missions have their own monitoring and evaluation mechanisms.**

(D) Institutional Clients

4.2.9 The Ontario Government requested the Mission to set up appointments for a future visit. The Mission forwarded a list of service providers to the provincial contact responsible for the visit. The provincial contact was concerned about the quality of the service providers and the cost. It is the understanding of the Audit Team that DFAIT has not yet consulted with its partners/clients including the provinces regarding the draft "List of services for institutional clients". In view of the above ongoing operational demands being experienced by missions, it would be prudent for TCS to begin the dialogue as soon as possible. This would provide missions with appropriate direction and ensure services provided to OGDs are consistent. Also it would remove from the Mission the responsibility to explain the reasons why DFAIT has instituted PMI.

Recommendation for TCS

- 4.2.10 TCS should begin consulting with its partners/clients, including the provinces, regarding the draft "List of services for institutional clients".**

TCS Response

- 4.2.10 TCS concluded in December 1999 a series of cross-Canada consultations with Institutional clients/partners, including the provinces, regarding the draft List of services targeted more to their**

needs and which includes the Business Mission Agreement. We expect this List to be published in the Spring.

(E) Service levels

4.2.11 HQ have imposed a five day turnaround standard for response to client requests, however, no tools were provided to missions to monitor and control the actual lapsed times. Therefore the Mission has developed a Quattro Pro spreadsheet to track correspondence. Not all missions are doing this and the Audit Team questions if this degree of tracking is in fact necessary in light of the client surveys that are done on a yearly basis. Mission responsiveness is a key component of the client survey.

4.2.12 The Audit Team noted in discussions with the HOM, the Senior Trade Commissioner and the Junior Trade Commissioner, that these individuals held varying views on the level of service to be provided to clients.

4.2.13 Another interesting but undocumented observation is the perception that other Mission programs apply less rigorous criteria to accepting and responding to general and specific inquiries. The end result is that Mission programs may be providing a varying level of service to clients, depending on which program provides the service.

Recommendation for TCS

4.2.14 TCS should provide guidance to the missions as to its expectations for tracking client requests in view of the annual client surveys which they conduct.

TCS Response

4.2.14 TCS issued clear guidelines on what needs to be tracked for the purpose of its Second Client Survey. In addition, Missions are encouraged to contact TCS staff (via the Post Support Unit) if there remain any uncertainty in this regards. Client Survey Tracking is geared towards clients having received extensive services such as one of the six core services. Posts are responsible to ensure that the turnaround time is respected for all enquiries. In addition to the Client Survey, clients can (and have on occasions) use the TCS feedback line to express dissatisfaction if that commitment is not met.

Recommendation for Mission

- 4.2.15** **The HOM and all Program Managers should jointly discuss and agree on the level of service to be provided to clients.**

Mission Response

- 4.2.15** **Agreed.**

The GR section, in an effort to establish more uniform levels of service to clients across Embassy programmes, has already adopted several PMI-consistent procedures used by the IBD programme. This includes utilising the same hotel reservation/recommendation procedures where we no longer act as travel agents to visiting clients. We are also attempting to provide short lists of services providers in the Academic and Cultural programme areas for visiting scientists, academic, artists and performance groups where service demands go beyond a standard PMI-type level of support.

POLITICAL AND ECONOMIC RELATIONS AND PUBLIC AFFAIRS PROGRAM

5.1 Management of the Program

Techniques to address the managerial organization of this program are detailed in Section 1 of this report as they are generic to the delivery of all Mission programs.

5.1.1 The PERPA Program has been heavily involved in promotional activities with limited concentration on political/economic analysis and reporting. The HOM recognizes that various bilateral agreements and MOUs between Poland and Canada need to be reviewed and renewed. Effort in this area would be beneficial for Canadian interests.

Program Budget Allocation

5.1.4 Recently the Program was given area responsibility for Belarus. Although the addition responsibility is expected to have little operational impact on Mission programs there are, however, some administrative activities (eg translation, travel) that can not be avoided. The Mission has not received any additional funding for program support.

Mission Comment

Audit report comments in reference to programme resources for the IBD programme regarding area travel and the decentralized nature of Poland's market and the addition of Belarus to its territory are also directly applicable to the PERPA programme. Shifting of political and administrative responsibilities to lower levels of government will make political/economic reporting more challenging and increase area travel demands, as will the watch brief on Belarus. The few priority demands that must be responded to in relation to Belarus (political/economic reporting, human rights and good governance, Annual Human Rights report, liaison with OSCE/Vienna) all fall within the responsibilities of the PERPA programme. The Embassy has now received incremental funding for travel and hospitality related to Belarus.

Recommendation for Mission

5.1.5 **The Mission should prepare a work plan for Mission PERPA Program staff and report to RBD the impact of the lack of resources on its ability to deliver.**

Mission Response

5.1.5 Promotional activities, political/economic reporting and MOU review:

The Mission proposes to reduce the scope of sponsored events but will ensure any such future events are entered into in accordance with identified program priorities and objectives, as well as according to accepted Departmental financial procedures as set out in Circular Document Admin 7/95 (SMD). As well, Post will seek further HQ policy guidance on the general subject of Corporate sponsorship.

PERPA has already embarked upon coordination of an Embassy-wide review of all bilateral MOUs, treaties and agreements between Canada and Poland. A comprehensive listing of existing and planned MOUs/agreements has already been put before the CMM, with Programme Managers being asked to propose to the HOM those priorities for action in relation to each programme's objectives. PERPA will continue to coordinate Embassy's liaison with HQ/JLAP and Polish MFA in this area, as well as action those MOUs specific to PERPA's programme responsibilities and identified priorities.

MISSION RESOURCES FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
HOM Office	2	4	6
Political/Public/Cultural Affairs	1	3	4
International Business Development	2	6	8
Administration/Consular	3	22	25
Immigration	4	20	24
DND	2	-	2
Development Assistance	1	2	3
Total	15	57	72

Physical Resources

ASSETS	OWNED	LEASED
Chancery	1	
OR	0	1
SQs	12	3
Vehicles	8	

Financial Information 1999/2000

LES Salaries	\$1,005,099
Operational	1,118,151
CB Overtime	10,000
Capital	126,660
Total	\$2,259,910