



# **AUDIT OF THE CANADIAN EMBASSY**

**BERNE**

**March 2006**

**Foreign Affairs Canada and International Trade Canada  
Office of the Inspector General  
Audit Division (ZIV)**

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## EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs at the Mission in Berne was conducted during the period April 14 to 20, 2004. The Administration Program was last audited in 1999. The Consular Program was last audited in 1994. The GR and IBD Programs have not been audited previously.

Berne is a Mission that functions reasonably well. Morale within the Mission is generally good.

The GR Program, clearly overburdened for reasons outlined below \*\*\*, would benefit from more structure including a strategy with related priorities, workplans for each staff member and regular Program meetings to share information and discuss progress. Since 1992, this small Mission has overseen relations with the Council of Europe in Strasbourg, but receives little guidance from Headquarters with regard to priorities and the amount of time and resources to devote to this endeavour.

The IBD Program has well-documented plans and division of responsibilities and is leveraging expertise from other larger missions nearby for investment and science and technology (S&T) initiatives. The Program, however, is still dominated by events and remains highly reactive. \*\*\* More emphasis is required on proactive initiatives and more detailed work planning. The implementation of an InfoCentre would give added responsibilities to the LES Assistants and streamline processes.

The Consular Program operates with little Canada-based oversight. LES work autonomously. There is a need to update the Mission Contingency Plan and to address weaknesses in the processing of consular revenues.

\*\*\*

The Head of Mission is very much aware of the management problems in the Mission's IBD, Consular and Administration programs and is taking measures to correct these deficiencies. He has found solutions for the IBD program and is working with the Area Management Office - Europe (RAM) to resolve administrative shortcomings. He was also aware of the need for more Canadian supervision in the Consular Program. The HOM needs to devote too much time to these issues.

A total of 42 audit recommendations are raised in the report; 40 are addressed to the Mission and two to HQ. Management and HQ have responded to each recommendation indicating action. Of the 40 recommendations addressed to the Mission, management has stated that 20 have been implemented. For each of the remaining 20 recommendations addressed to the Mission and the two recommendations addressed to HQ, management has indicated the initiatives in progress or the intended future action.

## SCOPE, OBJECTIVES, MISSION RESOURCES

### Audit Scope and Objectives

The scope of the audit included a review of Mission Management and the General Relations, International Business Development, Consular and Administration Programs. The Appendix of this report lists, by Program, the specific areas that were examined during the audit.

The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the programs;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the reliability and accuracy of information available for decision-making and accountability purposes;
- ensure judicious and optimal use of Departmental resources; and,
- make recommendations, where warranted, to improve the economy, effectiveness and efficiency of programs.

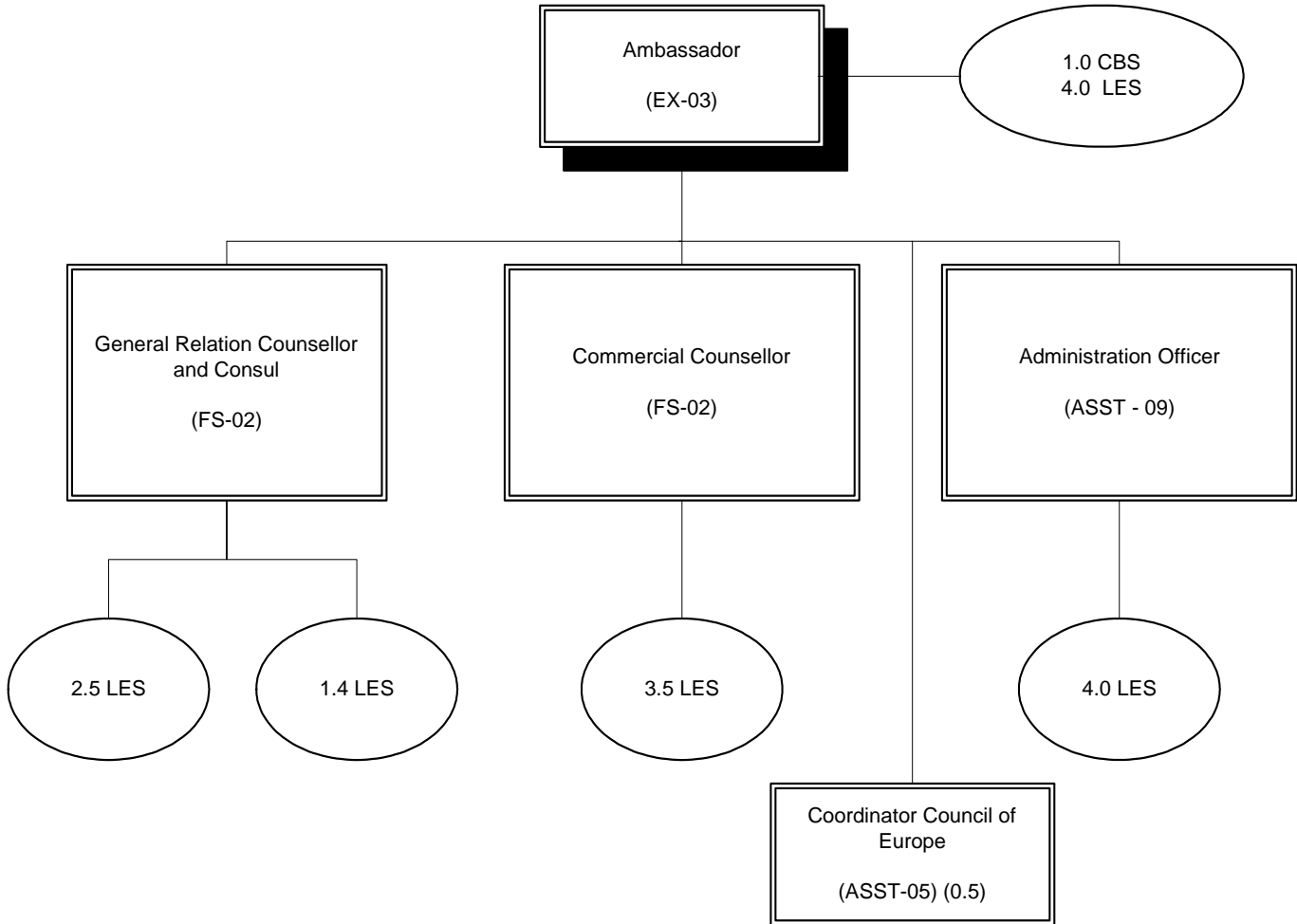
### Physical Resources

Assets	Crown Owned	Crown Leased
Chancery		1
Official residence (OR)	1	
Staff accommodation (SQs)		3
Vehicles	2	

### Financial Information (2003-2004)

Operating budget (N001)	\$522,220
Capital budget (N005)	24,985
CB salary budget (N011)	300,500
LES salary budget (N012)	1,761,969
<b>Total</b>	<b>\$2,609,674</b>

# Organization Chart



## **MISSION MANAGEMENT**

1.1.1 The Mission is led by an experienced Head of Mission (HOM) who has the respect of staff. Communications with the LES could be more structured and this report is recommending that an LES Committee be struck. In addition, the creation of a Housing Committee and a Contract Review Board are being recommended.

1.1.2 The Administration Program continues to experience problems and requires too much of the HOM's time. \*\*\*

1.1.3 The General Relations Manager serves as head of the Consular Program. Priorities and workload result in full reliance on the two experienced LES with ensuing little CBS oversight of the issuance of passports. The two experienced LES Consular Officers deliver the Program virtually autonomously.

1.1.4 \*\*\*

### **Recommendation for RAM**

1.1.5 \*\*\*

### **RAM Action and Time Frame**

1.1.5 \*\*\*

## **GENERAL RELATIONS PROGRAM**

2.1.1 Switzerland has much in common with Canada which provides opportunities for the two countries to partner on various issues and initiatives. This is important given Switzerland's recent decision to join the United Nations. The Program is faced with a complex political and cultural environment, including a very decentralized federation with 26 local governments at the Canton level and four distinct cultures and languages.

2.1.2 The Program is highly reactive with general goals and objectives identified per the Geographic Business Plan, the Mission Plan and the HOM's Performance Agreement. Activities are mainly based within this context and on tasking from HQ and local authorities. The Program Manager is primarily involved in bilateral issues, maintaining the necessary level of liaison, advocacy and reporting while supporting and backing up the HOM on major files. The Council of Europe is a major preoccupation for the Mission. A half-time LES position is devoted solely to this file, keeping track of developments, preparing briefs and managing paper flow and logistics. The Mission coordinates activities of several interested OGDs and the participation of Canadian Parliamentarians in the Assembly's quarterly one-week sessions.

2.1.3 Public Affairs programming, including cultural activities, media relations and academic studies, is the responsibility of the Public Affairs Officer reporting to the Program Manager. This employee, hired one year ago, spent the first six months in a development/learning mode. Recently, there have been attempts to develop a formal workplan with proposed events. With minimal resources, good use has been made of PIF (Post Initiative Fund) with a \$10,000 budget augmented by HQ for specific projects and the leveraging of events and activities of nearby missions when feasible. The Public Affairs Officer will be leaving in April 2004. A part-time Assistant is responsible for responding to general enquiries from the public and for promoting education in Canada. This position, at the time of audit, was filled on an emergency employment basis.

2.1.4 The GR Program would benefit by more precisely establishing strategic priorities and aligning these with the resources available. This would allow a more proactive approach focussing on a few initiatives with in-depth coverage in contrast to trying to cover all areas largely reactively and, therefore, less rigorously. In particular, the amount of time devoted to the Council of Europe needs re-consideration. The Mission has made several proposals and presented various options, and needs input and direction from HQ. Once strategic direction and priorities have been established, a workplan for the Program should be developed with individual workplans for each staff member. More regular Sectional meetings would ensure that workplans are actioned and cohesion is improved between differing activities.

## **Recommendations for the Mission**

- 2.1.5** In consultation with HQ, the Mission should establish a strategy and related priorities for the GR Program, including the amount of time to be devoted to the Council of Europe, commensurate with existing resources.
- 2.1.6** A workplan for the Program and an accountability statement for each staff member should be developed.
- 2.1.7** Regular Program meetings should be held to review workplans and share information.

## **Mission Actions and Time Frames**

- 2.1.5** The Mission has expressed, on several occasions and for many years, its dissatisfaction with the current state of coverage of Canada's observership in the Council of Europe. It has made proposals to HQ which range from a total re-assessment of Canada's observership status to the establishment of an on-site presence in Strasbourg. Maintaining the status quo can only perpetuate the current situation of "trying to cover all areas largely reactively and, therefore, less rigorously". Given the reality that the GR Program Manager and, to a large extent, the HOM, must divide their time among several responsibilities (Council of Europe, political-economic relations with Switzerland and Liechtenstein, public affairs programming in its broadest sense, supervision of the consular program, and security), the section ends up working largely in a "reactive" mode (reacting to tasking from HQ). The Team's recommendations 1.1.5 and 4.2.3 would remedy this situation to some extent (by relieving the GR Program Manager from consular and presumably also security responsibilities). There would still remain the need for several HQ divisions to agree on what should be the strategic priorities of the GR program in Bernee: what aspects (if any) of the Council of Europe work, what level of service to visiting Parliamentarians, what aspects of the Swiss domestic scene and of Swiss-Canada relations, what main targets of our public, academic and cultural diplomacy efforts.
- 2.1.6** A workplan for the Program will be derived from the Head of Mission's Performance Management Agreement, as the latter is developed and approved for the 2005/06 exercise. Accountability statements for each staff member, flowing from the workplan, will be in place soon after Mission has received the instructions currently being developed at HQ, and the HOM PMA has been developed (April 2005).



**2.1.7 With the arrival of the newly-recruited locally-engaged Public Affairs Officer, effective February 1, 2005, such meetings, occasionally involving the HOM, will be instituted by the Program Manager on a weekly basis.**

## **INTERNATIONAL BUSINESS DEVELOPMENT**

### **3.1 Management of the Program**

3.1.1 The IBD Program is managed by an experienced Senior Trade Commissioner (STC) who is supported by two Business Development Officers (BDOs) and two part-time Business Development Assistants (BDAs) who make up one and one-half of an FTE. There is a good planning process in place with well documented plans. The Program, however, is still dominated by events, particularly the coordination and organization of the Davos Economic Forum. The Program has emphasized integration of trade development, investment, and S&T and has successfully leveraged investment and S&T expertise from other larger missions such as Berlin and Paris. There has been emphasis on corporate liaison visits which are being conducted with appropriate participation of the BDOs, the STC and the HOM. More effort is required to identify corporate calls by means of an integrated strategy with input from HQ, Investment Partnership Canada (IPC) and other missions. Client Service Funds (CSF) are adequate and applied to worthwhile projects. Greater emphasis on proactive activities is required with more detailed workplans for officers flowing out of the Program plan. This will enhance priority setting and facilitate monitoring and assessment of performance.

3.1.2 \*\*\*

### **Recommendations for the Mission**

**3.1.3 Develop an integrated strategy for corporate outcalls.**

**3.1.4 Develop detailed workplans and accountability statements for officers based on Program plans.**

### **Mission Actions and Time Frames**

**3.1.3 In close cooperation with the new structure in the Investment Partnerships Branch, new tools are being tested in an attempt to more strategically target companies from Switzerland and Liechtenstein that represent potential for Canada. An excellent working relationship has rapidly developed between the new IPB team handling our two markets and the new team in place in Berne (a new program head and a new trade commissioner overseeing the technology sectors and WEF Davos) and has begun to bear fruit. The outcalls are thus better prepared, which means a higher success rate and more systematic clients, which are the provinces (Que., Ont., P.E.I., Alta., and Nfld. to date), directly or through International Trade Canada's regional offices Industry Canada. We are aiming in 2005-2006 at setting up planning**

**and an outcall schedule incorporating the priorities of our mandate: investment, science and technology and trade promotion, since these three components are often intimately interconnected in the local context.**

- 3.1.4 \*\*\* The Work Plan exercise is an ongoing process carried out formally through meetings (2-3 per month) of the Commercial Section; meeting preparation is good; discussions are meaningful and management reports are recorded in such a way as to allow for follow-up and effective progress assessment. International Business Development - IBD and the CSF are among the work tools used to validate objectives, measure achievements and adapt actions in light of lessons learned.**

### **3.2 New Approach**

3.2.1 The New Approach is in evidence with adherence to turnaround standards, provision of core services, WIN tracking, etc. The Program, as described above, needs to move towards being more proactive with more integration of activities among staff and more responsibility assigned to BDAs. Implementing an InfoCentre as per HORIZONS best practices would streamline processes, involve the BDAs in more substantive work and free up officers for higher level proactive work.

#### **Recommendation for the Mission**

- 3.2.2 Implement an InfoCentre as per HORIZONS best practices.**

#### **Mission Action and Time Frame**

- 3.2.2 Implementing a functional InfoCentre is a priority that was set by the new program head when he assumed the position. \*\*\* The update of the main sectoral documents and the list of useful local contacts for the Canadian business community should be ready for August 2005.**  
\*\*\*

3.2.3 Efforts are made to follow up on initiatives and activities to determine further involvement required and results of past client service. These efforts, however, are left up to officers and are not formally planned and tracked. A follow-up and measurement strategy should be developed by the Program for all activities so that results achieved can be shared and Program strategies adjusted, as required.

#### **Recommendation for the Mission**

- 3.2.4 The Program should formalize follow-up and measurement activities.**

## Mission Action and Time Frame

**3.2.4 Tools already exist for gauging client satisfaction, such as annual surveys. As well, new tools are regularly distributed by Headquarters for managing the performance of employees and activities; a new program was just put in place by MKS in mid-January 2005, which we are going to use here in Berne. At the same time, the dialogue with employees and feedback will be used on a more systematic basis to improve and adjust the action plans not only in human resources management, but also in terms of the relevance and success of the Business Plan. Training activities coupled with outreach activities for the CeBIT, Biopartnering and other selected activities.**

3.2.5 More training is required to upgrade the knowledge and skills of both BDOs and BDAs. One Officer has not had investment training in the past seven years, despite this now being a priority area. The new Officer will require a full range of training as per his BDO responsibilities. BDAs require training to reinforce New Approach principles, the InfoCentre concept and the upgraded role of BDAs per newly developed profiles. (See recommendation 5.2.4)

## **CONSULAR PROGRAM**

### **4.1 Overview**

4.1.1 The Mission provides Consular Services for all of Switzerland except for the Canton of Geneva, which is covered by our Mission in Geneva. The number of Consular cases involving arrests, assistance, deaths, family distress, etc., is low. The Consular team deals mainly with Citizenship cases and passport applications. The two LES Consular Officers must respond to a considerable number of telephone requests for information. There are 11,000 to 12,000 Canadians living in Switzerland and a number have dual citizenship. Switzerland is also a favourite tourist destination for many Canadians.

### **4.2 Program Management**

4.2.1 Consular services are delivered by a team of four: the Canadian Consul (the GR Program Manager), two Consular Officers (LES) and a Consular Assistant hired half-time in August 2003. In 2002 and 2003, the Passport Office sent an individual for a two-month period to help the Consular team with the peak period of passport applications in the early summer. The team was hoping to benefit from this additional support in summer 2004, as well as for the express purpose of training the new half-time Consular Assistant in passport issuance.

4.2.2 The Consul is also in charge of Political/Economic Relations, Public Affairs and security. He must also ensure Canadian interests in the Council of Europe. These activity sectors take up most of his time. Political Officers are not usually experienced nor trained to supervise the Consular Program. Consequently, he is rarely involved in the Program. The experienced Consular Officers have worked at the Mission for over 20 years and deliver the Consular Program virtually autonomously with little Canadian supervision. These employees, \*\*\*, are extremely confident that they can manage this function without consulting or involving Canada-based staff. The Consular Assistant, who joined the Consular team in August 2003, has still not received all of the necessary training that would make her better able to offer support to the two Consular Officers. \*\*\* There is too little contact between the Consul, the two Consular officers and the Consular Assistant.

### **Recommendations for the Mission**

**4.2.3 There is a need for the Consul to become more involved in the management and delivery of Consular Services. \*\*\***

**4.2.4 The Program Manager must ensure that the two experienced Consular Officers train and integrate the new Consular Assistant in a professional and positive manner.**

- 4.2.5 The Program Manager must set up activities (meetings, shared development, implementation of new procedures, etc.) to develop a team spirit within the Consular team.**

#### **Mission Actions and Time Frames**

- 4.2.3 This has gradually happened more and more. In dealing with detainees, for instance, the groundwork is done by the locally-engaged Consular Officers but the Consul has been performing personal visits to detainees and frequently deals with them directly over the phone. The new passport alert system instituted in the Fall of 2004 has meant that the Consul also sees, on a daily basis, any observation flagged by HQ regarding passport issuance. But unless and until personnel recommendations made elsewhere in this report can be implemented, increased involvement by the GR Program Manager, and the possibility for him to be in a position to better reconcile the various pressures he faces among political/economic tasking, Council of Europe responsibilities, public/cultural/academic programming, duties as Mission Security Officer, and Consular Program management, cannot be guaranteed.**
- 4.2.4 At great cost to the Mission's budget, a passport professional was once again brought to the Mission, from mid-June to mid-July 2004 (a shorter period than in the previous two years), with the express objective of training the new Consular Assistant. This means that last summer, this additional help could not be used to the same extent to support the experienced Consular Officers in coping with the peak passport application period. But the training was successful to the extent the Consular Assistant, under the supervision of her two colleagues, is now able to contribute significantly to team work by processing about one third of all passport applications. A further training opportunity through either Ottawa-based or regionally-offered Departmental courses has been sought and will be addressed through the Mission's training plan (see response to recommendation 5.2.4).**
- 4.2.5 A Consular Section meeting took place on January 13 to review the recommendations of the Audit Team. The section decided that it would start holding a meeting at the beginning of each month. Standard issues would be reviewed (implementation of the Team recommendations, monthly COMIP report, leave planning) and each time, a special theme would be added to the agenda (training needs and implementation of the Mission Training Plan, hard/software needs, necessary improvements to the OCTEL telephone messaging system,**

etc.). **The Program Manager will canvass Section colleagues for issues prior to each meeting.**

### **4.3 Services to Canadians**

4.3.1 The Consular staff provide professional, high-quality service to Canadians in both official languages. The Registration of Canadians Abroad, "ROCA," is in place, except that some data are on file cards. The Consular Officers are aware of the computerized tools COSMOS and CAMANT, but would like to receive more training on their use. The Consular Contingency Plan for Switzerland is outdated, but an update is planned for 2004-2005.

### **Recommendations for the Mission**

**4.3.2 Transfer the data on file cards to the computerized ROCA data base.**

**4.3.3 Complete the Consular Contingency Plan for Switzerland.**

### **Mission Actions and Time Frames**

**4.3.2 A monumental task, given that only approx. 1,050 Canadians are currently registered electronically and the total estimated Canadian population in Switzerland, including dual nationals, is estimated at approx. 12,000. The completion of this task will require that we mobilize student interns, given the other pressures on the consular staff and the lack of funding at HQ for contracting out such projects. Students would be available beginning in May. Target completion date: August 2005.**

**4.3.3 In progress (a consultant has been hired in December). Target completion date: February 2005.**

### **4.4 Passports**

4.4.1 This Mission processes over 1700 passport applications per year, which represents a significant workload for a team of 2.5 FTEs. The Program Manager is not involved except in rare cases that require his special attention. The two Consular Officers have signing authority to issue passports and essentially operate autonomously.

4.4.2 The Consular seals, blank passports, ID labels and the laminated parts are not locked up over the lunch hour. The monthly count of blank passports and components is not undertaken by the Consul, but by the LES Consular Officers and it

would seem the HOM has not performed this task, which he is required to do every three months.

4.4.3 The reception area has no separate wicket for interaction between consular staff and clients. The interviews and consular transactions are carried out in the Mission waiting room. This situation exposes staff to unwarranted risk when they meet clients in the reception area and does not provide sufficient privacy for clients.

#### **Recommendations for the Mission**

4.4.4 **The various blank components for passport issuance, kept with the Consular Officers, must be locked up over the lunch hour.**

4.4.5 **The HOM should count the blank passports and their components every three months.**

4.4.6 **Investigate the possibility of installing a separate interview booth for consular clients.**

#### **Mission Actions and Time Frames**

4.4.4 **New keys have been made in October 2004, and the blanks and other components for passport issuance are now locked up during lunch hour.**

4.4.5 **Now done.**

4.4.6 **The Regional Security Officer made a similar recommendation in his September 2004 Security Report. Estimates have been requested; one has been received (\$70,000 +). Resulting structural modifications to the Chancery would require prior approval from the owner. HOM and MAO have met with his representative in December. The owner has yet to react, but has put us on notice that should he agree, and should we proceed, the Crown would have to undertake in writing the obligation to return the space affected by such structural modifications to its "status quo ante" if/when we decide to move out. Needless to say, such eventual expenses would have to be submitted to HQ first for consideration and final approval.**

#### **4.5 Receipts**

4.5.1 There are weaknesses in the handling of consular revenues. \*\*\* Funds are not transferred to Accounts as required but rather only at the time the consular service



has been completed (i.e. at the time the passport is issued). \*\*\* Current procedures put both the Mission and the employees at risk.

### **Recommendation for the Mission**

- 4.5.2 Processing of consular revenue should be in accordance with Departmental practices and monies should be transferred to the accountant for deposit when the amount collected reaches \$500, or, at a minimum, once a week.**

### **Management Action and Time Frame**

- 4.5.2 In accordance with your recommendation, we are actively pursuing, in consultation with our bank, a way to put an end to that situation: we are discussing the implementation of a solution that would eliminate to a very large extent the use and handling of cash for such services as passport and citizenship. Such a system will require important changes, initially time consuming, in the procedures followed by our Consular Section, with clear records having to be kept regarding the status of each service (i.e. fees requested, fees paid, services pending and services rendered), so that all incoming fees be identified and listed for IMS processing by the Accountant, and traceable. Our goal, subject to our discussions and arrangements with the bank, and clearing with SMFF, is to have such a system in place by April 1<sup>st</sup>, 2005 at the latest.**

## **ADMINISTRATION PROGRAM**

### **5.1 Overview**

5.1.1 The LES Mission Administrative Officer (MAO) manages the Administration Program and sits on the Committee of Mission Management (CMM). The MAO heads a team made up of an Accountant, a half-time Administrative Assistant, a Systems Administrator, two half-time receptionists, a gardener and a half-time cleaner.

5.1.2 \*\*\*

### **Recommendation for the Mission**

5.1.3 **Establish an Accountability Agreement between the HOM and the MAO**  
\*\*\*

### **Mission Action and Time Frame**

5.1.3 **A formal Accountability Agreement between the HOM and MAO and covering F/Y 2005/06, will be established, derived from the Head of Mission's Performance Management Agreement, as the latter is developed and approved for the year 2005/06 exercise. It should be in place, soon after the Mission has received the instructions currently being developed at HQ, and the HOM PMA has been developed (April 2005). In the meantime, some of the on-going tasks at hand have been reviewed with the MAO, with clearly set objectives.**

### **5.2 Human Resources**

5.2.1 The MAO is responsible for LES human resources (HR) management. \*\*\* LES questions and expectations are not being adequately managed. There is no official training plan for HR and there is no LES Committee in place. Since November 2003, the MAO has had the services of an Administrative Assistant hired on a half-time basis. The MAO would like this position to become full-time so that the Administrative Assistant can also back up the Accountant when absent from the Mission (see 5.3.2 of this report).

5.2.2 Several LES have indicated that previously there were social activities in the Mission to help improve relations between Canada-based and LE staff. There is currently no LES Committee to organize such activities or to communicate the common interests of the LES to management.

## **Recommendations for the Mission**

**5.2.3 Encourage the formation of an LES Committee to communicate the common interests of the LES to Mission management.**

**5.2.4 Develop a training plan for Mission employees.**

## **Mission Actions and Time Frames**

**5.2.3 An LES Association was created on September 17, 2004, on the initiative and at the invitation of the HOM. The Mission Accountant has been charged to collect possible topics for discussion from all LES and to advise the MAO to organize meetings as needed/desired.**

**5.2.4 As an initial step to help the Mission Management to establish wishes and needs, all LES will soon (before mid-February at the latest) be individually canvassed and asked to identify specific work or task related areas where they sense a need for training. A Training Plan will then be elaborated, after discussion by the CMM, taking into account the views of each Program Head, the possibilities offered by the Department (on-line or at CFSI), and the means, financial and others, at our disposal for such a plan to be implemented. It can be noted that in the past few months alone our MAO, one of our receptionists, our new Administrative Assistant and a newly-recruited senior CO have all received training in Ottawa, with the latter also attending a regional training session in STKHM; besides our CB AS/SCY receiving training in BRLIN as deputy PSO, our half-time consular assistant receiving extended training at post from an Ottawa based Passport Officer, and our MAO on his way to a session on Business intelligence (BI) Training in LDN in next February.**

## **5.3 Financial Management**

**5.3.1 The MAO is the financial officer responsible for financial management. The MAO is supported by an Accountant who has been in this position for 25 years. The Accountant has received the necessary training to enable him to carry out his work. Except for budget forecasting, financial management is generally well managed. To further improve on it, the Mission will have to follow through on the points listed below.**

**5.3.2 The Accountant has no replacement when absent, and this has been the case for a number of years. This results in payments to suppliers being made in advance and employees' salaries being prepared before the Accountant goes on leave. Consequently, leave is planned around the Mission's needs.**

## **Recommendation for the Mission**

- 5.3.3 Identify and train a back-up for the Accountant when he is absent to ensure uninterrupted financial services.**

## **Mission Action and Time Frame**

- 5.3.3 The Mission has already identified our half-time Administrative Assistant as the employee to receive such training, and we and she are already and currently in touch with CFSI/CFSS/SMFF to determine when and how, in the next few weeks, such training could take place.**

## **Electronic Payments**

5.3.4 Payments to employees and a limited number of urgent payments to suppliers are carried out through electronic transfers (EFTs). This payment method is safe and cost-free, while traditional fund transfers (manual) cost on average \$600 per year. The Mission is currently making most of its payments through traditional transfers. The use of electronic transfers is very limited, given the slowness of the SIGNET network. For this reason, the Mission is looking into the possibility of setting up a stand-alone informatics system that would increase processing speed.

5.3.5 Currently, the people who authorize electronic payments do not always verify the supporting documentation to ensure that payments have been authorized in accordance with sections 34 and 33 of the Financial Administration Act.

## **Recommendation for the Mission**

- 5.3.6 People who authorize electronic payments should verify the supporting documentation to ensure that payments have been authorized in accordance with Sections 33 and 34 of the Financial Administration Act.**

## **Mission Action and Time Frame**

- 5.3.6 People authorizing electronic payments have been requested to be careful and proceed as per your recommendation, with an invitation to the Post Accountant to remind them firmly, if needed.**

## **Operating Budget**

5.3.7 The Mission has been exceeding its operating budget for the past several years. In 2003/2004, this deficit reached nearly \$50,000 or 10% of this budget. Budget reports are not reflective of the Mission's true deficit. Consequently, RAM is not in a

position to plan for the provision of additional funds. The reasons for this deficit are uncertain and require further analysis to determine if an adjustment to the Mission's reference level is needed.

### **Recommendation for the Mission**

**5.3.8 The Mission should prepare a more realistic budget identifying the Mission's actual needs. It should also carry out a detailed variance analysis to identify the causes of the annual deficit and discuss with RAM the appropriate corrective action.**

### **Mission Action and Time Frame**

**5.3.8 The Mission will analyse its expenditures in N001 during the last three years and prepare a careful and as realistic as possible planning for the FY 2005/06. The findings and results will be discussed in CMM and then submitted to RAM for consultation and possible action. Time frame: April 15, 2005.**

### **Official Hospitality**

5.3.9 Verification of hospitality files revealed that claims comply with the Department's Hospitality Outside Canada policy. The files are complete and hospitality claims are accompanied by the necessary receipts. Employees keep their own records of hospitality expenses following an audit of the claim by Administration. Under this policy, these records should be centralized in Administration for a seven-year period.

### **Recommendation for the Mission**

**5.3.10 File original hospitality expense records in Administration.**

### **Mission Action and Time Frames**

**5.3.10 Is being done and will have been completed as soon as proper free space is identified in the Administrative Section. Target: February 28, 2005.**

### **Revenues**

5.3.11 Revenues originate mainly from consular and citizenship services and total approximately \$240,000 per year. An official receipt is issued immediately for funds received. However, when there is a transfer of funds between Consular Service employees and the Accountant, a receipt is not issued. Also, there should be effective controls with regard to unused official receipts. The amounts collected should be

transferred from the Consular Program to the Accountant at least weekly or when the total exceeds \$500 for deposit to the bank (see recommendation 4.5.2 in the Consular section of report). To reduce the risk of losing money, the Mission should begin consultation with the Foreign Operations and International Banking Division (SMFF) to discuss the possibility of having clients deposit consular fees directly into the bank account. This could apply to Immigration fees as well.

### **Recommendations for the Mission**

- 5.3.12 Issue an official receipt for funds transferred between Consular employees and the Accountant.**
- 5.3.13 Effective controls should be put in place over unused official receipts. Receipts should be kept in a secure cabinet.**
- 5.3.14 Discuss with SMFF the possibility of having clients deposit Consular and Immigration fees directly into the Mission's bank account.**

### **Mission Actions and Time Frames**

- 5.3.12 Now being done.**
- 5.3.13 The MAO now keeps them in a safe place.**
- 5.3.14 See under 4.5.2, above.**

### **Various Observations**

5.3.15 Observations other than those noted in the preceding paragraphs were raised with the Mission during the audit. These observations are presented below as recommendations.

### **Recommendations for the Mission**

- 5.3.16 Payments to Canadian vendors should be made by using the direct transfer payment method type "c" in IMS, instead of using traditional bank transfers. Bank charges for this latter type of payment are high and the bank does not offer the best exchange rates.**
- 5.3.17 Recoveries related to personal expenses should be recorded in IMS under the recoverable expenses G/L rather than the miscellaneous expenses G/L.**

## **Mission Actions and Time Frames**

- 5.3.16 Mission will undertake to use such type “c” payments whenever possible, to save on banking and exchange rate costs. However, if urgent payments are required the delay in obtaining authority from SMFF may make it necessary to use other payment methods.**
- 5.3.17 This recommendation is being followed.**

## **5.4 Physical Resources**

### **Operations Management**

- 5.4.1 Physical resources management is the responsibility of the MAO. The Mission’s Property Management Plan (MPMP) was completed but contains considerable information that is several years old and little information about current conditions. This Plan should contain up-to-date information to allow it to be used as a planning tool and apprise the Physical Resources Bureau (SRD) as to the state of the Mission’s assets. It was noted that SQs #4090053, #4090045 and #4090029 have six, seven and eight rooms respectively while the MPMP is showing only six rooms per unit.**
- 5.4.2 There is no Housing Committee at the Mission. Despite the small number of Canada-based employees, the Mission needs to establish a Committee to ensure transparency in the assignment of housing. There is also no Contract Review Board or any local acquisition guidelines. A review of five projects costing between \$6,000 and \$47,000 each revealed that the Mission had a contract for only one of the projects. Two projects completed without a contract that would satisfy the present guidelines were valued at \$36,000 and \$47,000 respectively.**

### **Recommendations for the Mission**

- 5.4.3 Mission should ensure PRIME is updated and that the next Mission Property Management Plan (MPMP) is current.**
- 5.4.4 Establish Mission guidelines concerning acquisition and the awarding of contracts to comply with Treasury Board contracting rules and ensure that goods and services contracts are drawn up when large amounts are involved.**
- 5.4.5 Set up a Housing Committee and a Contract Review Board.**

### **Mission Action and Time Frames**

- 5.4.3 In progress. Will be completed by January 31, 2005.**

- 5.4.4 The Mission will establish guidelines for contracts in order to comply with TB contracting rules. Time frame: March 31, 2005.**
- 5.4.5 The CMM (HOM and the three Heads of Programs, assisted by our CB SCY/AS) will henceforth transform itself and act as Contract Review Board, as needed. As for a Housing Committee, and given the size of the Mission with only 3 SQs to assign as scattered turnovers occur on certain, but not every, years, SQ assignments have so far been discussed and approved by the CMM acting as an ad hoc HC.**

#### **Official Residence**

**5.4.6 The Official Residence (OR) in Berne is attractive, functional and is located on a large and impressive property. Given the nature of the property, and the significant maintenance work required, this is the appropriate time to assess whether this property is appropriate for the relationship. SRD, in consultation with the Geographic Bureau, should analyse the cost and value of the present OR in relation to available options.**

**5.4.7 The Mission has unused furniture at the OR but this has not been included in the Mission's distribution account.**

#### **Recommendation for SRD**

**5.4.8 SRD, in consultation with the Geographic Bureau, should evaluate the OR's appropriateness in relation to other alternatives.**

#### **SRD Action and Time Frame**

**5.4.8 SRD in consultation with the Geographic Bureau, will evaluate the current OR and other alternatives, next fiscal year. Future property expenditures will be considered in conjunction with this review.**

#### **Recommendation for the Mission**

**5.4.9 Complete the distribution accounts for the Official Residence and seek authority from SRPD to dispose of surplus material.**

#### **Mission Action and Time Frame**

**5.4.9 Most of surplus items have recently (December 2004) been sold to highest bidder. The remaining items will be inventoried and sold at a future occasion. Time Frame: January 31, 2005.**



## **Staff Quarters**

5.4.10 The Mission leases a house and two apartments. Housing is generally well maintained. The HOM had asked the MAO to prepare housing maintenance and furniture replacement plans for each unit. The plans have not yet been completed.

5.4.11 SQ4090045 requires renovation work and the kitchen is small with only one emergency exit in the event of fire. When equated with the other two units, this SQ does not provide the same quality/price value and consideration should be given to replacing this SQ.

5.4.12 An inspection report of the housing and the Chancery, completed in November 2003 by SRSF, identified eight recommendations to improve maintenance and security. Only one recommendation has been implemented. The Mission needs to address all of the recommendations contained in this report.

## **Recommendations for the Mission**

**5.4.13 Complete detailed plans for housing maintenance and furniture replacement.**

**5.4.14 Consider replacing SQ4090045 when the opportunity presents itself.**

**5.4.15 Implement the recommendations of the SRSF report.**

## **Mission Actions and Time Frames**

**5.4.13 Detailed plans for housing maintenance and furniture replacement are in preparation. Time frame: March 31, 2005.**

**5.4.14 SQ 4090045 has been replaced as of November 1, 2004.**

**5.4.15 The recommendations of the SRSF report will be implemented. Time frame: April 30, 2005.**

## **Chancery**

5.4.16 The Chancery, an old villa converted into offices, has been leased for a number of years and has reached maximum capacity. The arrangement of offices over three floors is not efficient. The Consular Program is on the third rather than the ground floor and there is little room to accommodate Consular staff. SRD had requested the Mission look into the possibility of purchasing the building. The Audit Team is not persuaded that purchasing this building is the correct decision. The Mission, with SRD, needs to establish whether there are short to mid-term plans that might affect the size

and responsibilities of Berne, and if warranted then to undertake a market study to compare the cost of leasing and the availability of office space more suited to the Mission's foreseeable needs.

#### **Recommendation for the Mission**

**5.4.17 The Mission, in consultation with SRD, should undertake an evaluation of the real estate market in Berne to assess chancery options.**

#### **Mission Action and Time Frame**

**5.4.17 The Mission will consult SRD in order to determine if moving is to be seen as a real option. Should SRD confirm that an evaluation of the local real estate market shall be done, the Mission will proceed. Time Frame: September 30, 2005.**

#### **Vehicles**

5.4.18 Mission vehicles include a car and a van. The vehicles are replaced every four years and are well maintained. There are no log book or monthly maintenance and fuel consumption reports being prepared to allow for control and oversight of these vehicles.

#### **Recommendation for the Mission**

**5.4.19 The Mission should better control vehicle maintenance costs through the use of a log book and a monthly maintenance and fuel consumption report.**

#### **Mission Action and Time Frame**

**5.4.19 Monthly maintenance and fuel consumption patterns will be immediately established.**

#### **5.5 Information Management and Technology**

5.5.1 This function is well managed by a Systems Administrator (SA), who reports to the MAO. The SA has held this position for 15 years and is well-trained. The Regional Manager in Paris provides excellent support to the Mission and maintains excellent relations with the SA. Users are satisfied with the service the SA provides.

5.5.2 In the absence of the SA, the Geneva SA ensures the uninterrupted operation of the local SIGNET network and responds to questions from Berne. Berne, in turn, provides reciprocal service when the SA in Geneva is absent.

5.5.3 There are procedures in place to complete regular hard disk backups. Some backups are kept in the servers room while others are kept in the SA's office. All backups need to be stored in an independent and secure location other than the servers' room. Access to the servers and wiring closets is not regulated as the door to this room was opened. The SA should ensure that the server room is always locked. Moreover, the air conditioning system needs to be checked as the temperature in this room was particularly high during our visit.

5.5.4 A control system set up for loaning out laptop computers is not used. Although the laptop inventory is small, the Mission needs to have a system of control in place.

### **Recommendations for the Mission**

- 5.5.5 Store hard disk backups in a controlled area other than the server room.**
- 5.5.6 Ensure that the servers room is kept locked at all times and that the air conditioning is adequate.**
- 5.5.7 A system should be established to better control the loaning out of laptop computers.**

### **Mission Actions and Time Frames**

- 5.5.5 All extra backup tapes are kept outside the server room, within our Secure Area.**
- 5.5.6 Server room and MSR room are always locked; the key is kept in the SA's Office.**
- 5.5.7 An Excel-type recording system has been put in place to control loaning out of laptops.**

## APPENDIX

The following tables indicate the areas of each Program that were reviewed to determine compliance to policies and procedures and to assess efficiency and effectiveness. For each Program listed, reference can be made to the specific audit guides on the Office of the Inspector General (ZID) Intranet site containing the detailed audit criteria and audit procedures applied during the audit.

The focus and extent of on-site work is based on an assessment of materiality and related risk. This is done through communication with HQ bureaux, including briefings by line management and the functional bureaux responsible for each of the areas listed below, review of relevant HQ and mission documentation and past audit findings and an analysis of recurring trends and systemic issues.

During the audit, audit issues and lines of enquiry are further refined from information gathered through interviews with the HOM and Program Managers, a meeting with the LES Committee, individual interviews with staff, and results of other documentation reviewed.

The level of audit work for a given area is therefore based on issues and information identified and gathered at all levels, HQ, mission management, and mission operations. Accordingly, not all areas receive equal attention. More work and time are devoted to material and high risk issues, particularly those of interest to management. Occasionally, due to time limitations or other factors, it is not possible to provide audit coverage for all areas. Areas not covered are noted in the Scope and Objectives Section of the report.

**Mission Management**

Accountability Agreements	Communications
Strategic and Operational Plans	Hub and Spoke Relations
Program Integration and Coordination	Other Government Departments
Committee Structure	Performance Measurement

**Political and Economic Reporting and Public Affairs**

Management of the Program	Media Relations
Program Planning	Cultural Affairs
Political Reporting	Performance Measurement
Economic Reporting	

**International Business Development Program**

Management of the Program	Investment
Program Planning	Science and Technology
New Approach Framework	Trade Policy and Market Access
Trade Development	Performance Measurement

**Consular Program**

Management of the Program	Citizenship Services
Service to Canadian Citizens	Honorary Consuls
Passport Processing	Admission to Canada

**Administration Program**

Management of the Program	Services Standards
Program Planning	Communications
Policies, Systems and Procedures	Performance Measurement

**Human Resources**

Management of the HR Function	Classification
Staffing	Pay and Benefits
Staff Relations	Training and Development
Official Languages	Health and Safety
Community Program Activities	Import of Goods

**Physical Resources**

Mission Property Management Plan	Official Vehicles
Chancery	Inventories
Official Residence	Material Management
Staff Quarters	Recreational Property
Maintenance	Disposals

**Finance**

Budget Process	Reconciliations
Control Framework	Banking
Expenditure Authority and Payment	Cash Accounts
Receipt and Deposit of Money	Advances
Transfers (COs, IOs and SOs)	Petty Cash
Cost Recovery	Currency Conversion
Contracting	Hospitality

**Information Technology**

Training	Capacity
Equipment Configuration	Contingency and Back-up
Systems	Web Sites
Service	PSAT