



**AUDIT OF THE CANADIAN HIGH COMMISSION
CANBERRA**

April 2006

Foreign Affairs and International Trade
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 was conducted in Canberra from February 7 to 11, 2005. The Consular and Administration Programs were last audited in June 1993. The High Commission is responsible for official relations with the Government of Australia and with the countries of Palau, Papua New Guinea, Marshall Islands, Micronesia, Nauru, Solomon Islands and Vanuatu.

During the past eight months (since July 9, 2004), this Mission has operated without a High Commissioner (HC). In the interim, the Deputy HC (DHC) who heads the GR Program, has been acting HC. Deliberately, few new initiatives were undertaken during this time and the Mission has continued to function effectively. Staff are now pleased that the Committee on Mission Management (CMM) meetings are held on a more regular and fixed-time basis and that their focus is now more on management issues. Morale according to the Locally-engaged Staff (LES) is not high and the LES should be encouraged to form a Committee to meet with the HC and DHC to discuss their concerns. There are several staff relation issues at this Mission that require management's immediate attention. Accountability accords are in place for EX positions but not for lower-level officers and managers.

The GR Program is large and very active. The Program would benefit from more structure in the form of a results-based work plan and accountability accords between the DHC and the officers. A reporting contract between HQ and the Mission is also needed to identify areas on which the Mission is to focus its reporting. Oversight of the Canada Fund requires more rigour. Many of the deliverables called for in the contract with the Canada Fund Coordinator are not being met. The Mission has merged education marketing with academic relations thus benefiting from the synergy of the two related functions. Nevertheless, the actual number of full fee paying students attracted to Canada raises questions about the relative success of the education marketing program.

The IBD Program is led by an experienced EX-01 Trade Commissioner. While trade policy and access issues are an integral part of the Program, Australian practices and their consequence on Canada dominate the Program's work. The Program has successfully collaborated with the Sydney and Auckland missions to establish "the Trans-Tasman Approach" whereby the lead for priority sectors is allocated between the missions. To further improve this, the two Australian missions need to meet to develop methodology to assess both priority and emerging sectors. An Australian-wide IBD Program Manager should be designated and it is believed this individual would be better placed in Sydney rather than in Canberra. More work needs to be done to include Auckland in a total South Pacific strategy for IBD.

The Administration Program is delivering an effective service except for the Property Section. Major projects have dominated the property workload and small

maintenance issues are not dealt with promptly. It is important that the Handyman/Gardener position be filled quickly. The housing portfolio needs to be changed as it is made up of detached housing that requires high maintenance, offers little flexibility and results in over-housing for singles posted to Canberra. Finance is effectively managed. LES annual appraisals are not up to date and the leave and attendance system needs to be streamlined. LES are not pleased that the Locally-Engaged Staff Bureau (HLD) has deferred the benefits survey which was scheduled for last autumn.

A total of 33 audit recommendations are raised in the report; 28 are addressed to the Mission and five are addressed to Headquarters (HQ). Management has responded to each recommendations indicating action already taken or decisions made, as well as future action. Of the 33 recommendations, management has stated that 22 recommendations have been implemented. For each of the remaining 11 recommendations, management has indicated the initiative in progress or the intended future action.

SCOPE, OBJECTIVES AND MISSION RESOURCES

Audit Scope and Objectives

An audit of the Canberra Mission took place during the period of February 7 to 11, 2005. The scope of the audit included a review of Mission management and the General Relations, International Business Development, Consular and Administration Programs. An Appendix to the 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 adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

Physical Resources

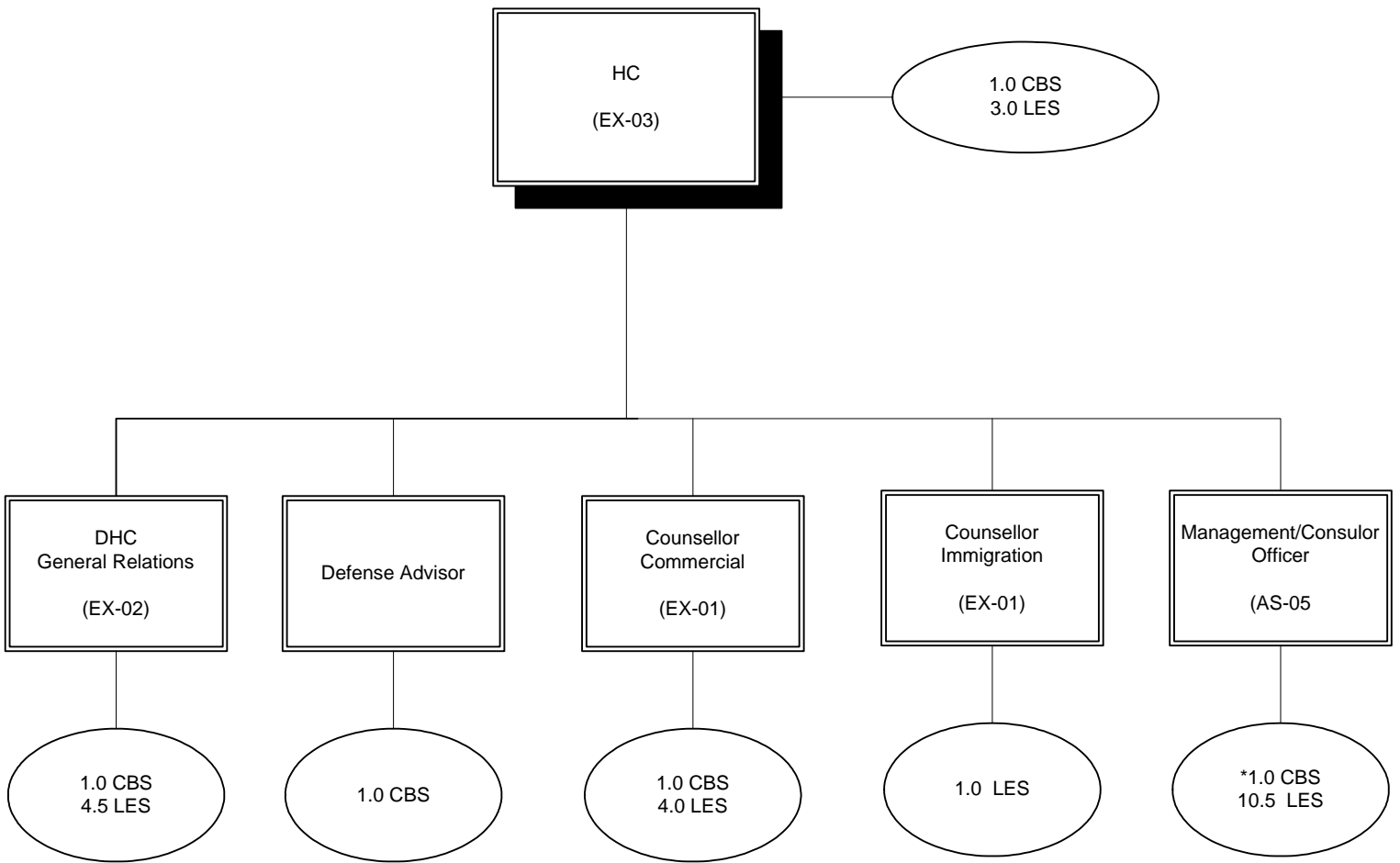
Assets	Crown Owned	Crown Leased
Chancery	1	0
Official Residence	1	0
Staff Quarters	9	*3
Vehicles	4	0

*Two leased properties relate to OGD staff seconded to the Australian government.

Financial Information 2004/05

Operating Budget (N001)	\$845,000
Capital Budget (N005)	111,000
CBS Overtime Budget (N011)	15,000
LES Salaries Budget (N012)	1,209,000
Total	\$2,180,000

Organization Chart



* EL seconded to Australian Government

MANAGEMENT OF THE MISSION

1.1.1 This Mission has operated without a High Commissioner (HC) since July 2004. The Deputy HC (DHC), an EX-02 who is the head of the General Relations (GR) Program, has been acting HC. Balancing both roles has been difficult as there were expectations that a new HC would be announced at any time. The DHC is very devoted and works long hours. He continues to devote 75 percent of his time to the GR Program while at the same time carrying out responsibilities as HC and keeping a heavy representational schedule. The Mission has maintained an equilibrium with few new initiatives deliberately being undertaken.

1.1.2 The DHC has introduced a Committee on Mission Management (CMM) which formerly met frequently, but with no fixed schedule or agenda. It meets regularly every second Tuesday and now deals with management issues. Minutes are kept and distributed to all mission staff. The committee structure also includes a Housing Committee, a Property Committee, a Classification Committee, an LES Pension Committee and a Staff Relations Committee. There is no Locally-engaged Staff (LES) Committee and LES who have met Mission management have only dealt with the Management Consular Officer (MCO). The HC and the DHC have not met with staff to discuss LES issues.

1.1.3 There are Performance Management Agreements (PMA) with the Program Managers at the EX level. Comparable accords are required for the Political Officer, the MCO and senior LES Officers. These accords would improve accountability by identifying the expectations of these officers and by providing a basis upon which these officers' annual performance can be appraised. A recommendation is contained in the report to complete Accountability Accords for these officers.

1.1.4 Currently there are serious staff relations issues which must be dealt with at this Mission. *** Staff morale is affected and staff indicated they feel the stress.

Recommendations for the Mission

1.1.5 LES should be encouraged to form a Committee and this Committee should be meeting with the HC and Deputy at least twice annually.

1.1.6 Mission management should address the serious staff relations issues within the Mission.

Mission Actions and Time Frames

1.1.5 An LES Committee was established in March 2005 and has met with DHC on several occasions.

1.1.6

DHC has met separately with each *** staff member to air views/grievances and to permit better understanding of the situation. *** As result of the meetings, new job descriptions have been drafted that more clearly delineate responsibilities. ***

Separate meetings were held *** in May and June in the context of performance appraisal reviews. The effect on section morale of the personnel conflict was discussed and a clear message was delivered that intra-personnel relations must improve. *** improvement can be expected and it is recommended that the situation be monitored.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 The General Relations Program is headed by the DHC, an EX-02 serving in an EX-01 position. The Program includes an FS-03 (FS-02 at the time of the audit) Political Officer, an LE-09 Academic Relations/Education Marketing Manager, an LE-09 Public Affairs (PA) Officer, two LE-06 Assistants and a part-time (50%) LE-05 PA/Communications Assistant. At the time of audit, there were also two Interns on staff.

2.1.2 The Program's responsibilities embrace political and intelligence reporting, development assistance, public affairs, academic relations and education marketing. The political unit of the Program collaborates closely with the Defence Attaché to ensure effective bilateral relations with the Australians are maintained. Since last summer, with the vacancy in the HC position, the DHC has been acting as High Commissioner. He now spends 75 percent of his time managing the GR Program and has the Manager, Academic Relations/Education Marketing, reporting to the Political Officer instead of to himself. The Program works with the Sydney Mission which handles the bulk of the cultural activities, while Canberra takes the lead on media relations and academic relations (i.e. Canadian Studies promotion) and education marketing. Work of the Program extends beyond the bilateral relationship with Australia; it is responsible for official relations with seven Pacific Island states. The Post Initiative Fund is \$17,000 and the Program does an effective job of leveraging these funds with contributions from a number of partners who contribute to various initiatives. Other funding sources are the Francophonie Division (IMF) and the Public Diplomacy Fund (CFP). The Program's travel budget is \$36,000 but this is considered inadequate to effectively cover travel in mainland Australia and the islands. The Program relies heavily on the Australians for information on the islands.

2.1.3 Work within the Program is well defined. The DHC is responsible for domestic issues, security intelligence and demarches, while the Political Officer handles foreign policy development, official relations with the Pacific Islands, and oversees academic relations and education marketing as well as the Canada Fund. Program staff meet collectively on a bi-weekly basis. The fact that all but one LES are two floors removed from the secure zone where the CBS are located makes supervision difficult.
*** Overall, Program staff are impressive and delivering an effective product.

2.1.4 Planning within GR is limited. While there are Post Initiative Fund (PIF) project documents and Academic Relations/Education Marketing planning calendars, there is no separate work plan that flows from the Mission plan showing clearly the objectives, priorities, milestone dates, performance indicators and expected results. The academic relations and education marketing unit has a plan but it consists essentially of a listing of activities (i.e. "Planning calendar" noted above). The Public

Affairs Strategy was written three years ago and needs updating as it contains references to events taking place in 2002.

2.1.5 There is a need for the DHC to establish accountability agreements with the Political Officer and both LE-09 officers. These agreements would articulate the expectations of the Program in qualitative and quantitative terms and form the basis upon which these officers' performance could be evaluated.

2.1.6 Reporting from Canberra has been on a wide variety of topics and much of it is reactive. There is a wide range of divisions at HQ which task this Mission for reports, e.g. PKE, AGH, IMD, IDC, J Bureau and PSA as well as CIDA. The Mission receives little feedback on its reporting from HQ. There is no reporting contract with the South and Southeast Asia (RAD) identifying areas on which to focus that would allow the Mission to prioritize the demands placed on it. Moreover, it has been a few years since the Director of the Southeast Asia Division (RAE) last visited the Mission. There would be considerable merit to undertaking regular familiarization visits of all the missions within the Oceania region.

Recommendations for the Mission

2.1.7 A results-based work plan for the GR Program should be developed which identifies the Program's objectives, activities, milestone dates and expected results.

2.1.8 Accountability accords should be developed between the DHC and the Political Officer and the two LE-09 Officers specifying in measurable terms the expectations of each individual.

Mission Actions and Time Frames

2.1.7 The arrival of a new officer within the GR Section, the decision to hold pre-post (Canberra, Sydney, Wellington) planning meeting in October 2005, additional Canberra/Sydney and the new Country Strategy process have resulted in the establishment of needed direction for the GR Section.

2.1.8 The PM process in 2006/07 will now be drafted taking into account Country Strategy, HOM and DHOM PMAs. Process will be complete by June 30, 2006, the PMP deadline.

Recommendations for RAD/RAE

- 2.1.9 RAD should develop a Reporting Contract with the Mission to identify clearly the areas on which the Mission is expected to focus and report.**
- 2.1.10 RAE should undertake regular liaison visits to the missions in the Oceania region.**

RAD/RAE Actions and Time Frames

- 2.1.9 New reporting contract was negotiated between RAE and the Mission and is being used as a guide for reporting.**
- 2.1.10 More frequent liaison visits are being planned for the next few years. The first will take place as soon as practicable following the arrivals of the new HOMs in Canberra and Wellington. It is most cost effective to visit both countries on the same trip. A one-week liaison visit involving both Australia and New Zealand could perhaps be arranged in connection with travel to Southeast Asia.**

Over the course of the next two years it would be appropriate to have RAD, RAE and the Deputy Director (Political) of RAE each undertake a visit to Australia and New Zealand, if possible. The next PIF DPM will be in Tonga in August 2006, which could again provide a suitable opportunity. In September 2006, Canberra will be organizing in Eastern Australia a Canada-Australia-New Zealand comparative studies / public policy conference that would also be worthy of representation from HQ.

2.2 Canada Fund

2.2.1 The Canada Fund in Canberra, which is aimed at providing grass-roots development assistance to the seven Pacific Islands, is managed at arms' length. This fiscal year's Fund is set at \$1,185,000, including \$200,000 to administer the disbursements. The Political Officer oversees the Fund and the Mission has contracted a consultant to serve as the Canada Fund Coordinator. This consultant has been performing this role since 1998. The current contract, the second with this Coordinator, was signed in May 2001, effective June 1, 2001 and expired on March 2004. In consultation with CIDA, it was further renewed for a period of one year without competition.

2.2.2 There are several issues which are of concern to the Audit Team:

- the Mission is not adhering to the consultant selection process contained in the Guidelines for the Selection and Contracting for Services of Local Consultants by Canadian Missions Abroad. A competitive selection process should be used; instead this is a sole-sourced contract in excess of the Department's contracting limits. It requires Treasury Board approval. It also has many attributes of an employer-employee relationship;
- the Statement of Work calls for the Coordinator to conduct a minimum of twice-yearly visits to each country. *** as at February 15, 2005, only one country had been visited this fiscal year. In 2002-03 and 2003-04, only three countries were visited;
- in years 2002-03 and 2003-04, most of the disbursements took place in March, the last month of the fiscal year (i.e. 48% and 56% respectively). As at February 4, 2005, there remained \$526,576 still to be disbursed. This puts tremendous pressure on both the Political Officer and the Mission Accountant. More effort must be placed on planning to reduce the risk that there may not be value for money.
- project evaluation reports are not seen by the Political Officer;
- set amounts are identified for annual consultant fees and office expenses but, notwithstanding the varying costs associated with travel to remote locales throughout a large territory, there is no ceiling for travel-related costs;
- invoices are to be billed monthly according to the contract but the Mission is invoiced twice a month. The Coordinator's son is employed to assist with administration and is paid the equivalent of an LE-05, step 1. Documentation was submitted to the Coordinator to support this rate but time sheets are not signed by either the son or the Coordinator. There is no documentation on file to support the office rental fee of almost \$1,000 monthly. Administrative costs (including all fees and expenses) are to be kept to 15% or lower of the CF Program budget according to the Guidelines; actual expenses are generally closer to 20%.
- the Coordinator is not providing budget reports as required and is not meeting the deadlines for submitting travel reports within 30 days of completing each country visit. The Coordinator is also generally very late in submitting the end of year reports to CIDA on each country programme which are due April 30; and

- the Mission Accountant does not have a copy of the contract with the Coordinator to allow for a pre-audit of the Coordinator's expense claim.

2.2.3 The Political Officer was instructed by CIDA and the HOM to oversee the Canada Fund at arms' length, and not to get involved in the daily management of the Fund. While the Canada Fund will be the responsibility of FAC in 2006-07, in 2004-05, the Guidelines indicated that the HOM was responsible and accountable directly to the President of CIDA for all matters relating to the Canada Fund Program and projects within the countries of accreditation, including responsibility and accountability for the study, approval, monitoring and evaluation of Canada Fund projects within the countries of accreditation. In this case, the Mission, as the contracting authority, was obligated to ensure the terms and conditions of the contract with the Canada Fund Coordinator were properly followed. The Mission must accept its responsibilities to manage Canada Fund projects as a tool to advancing Canadian interests in the island nations it covers.

Recommendations for the Mission

- 2.2.4 **A competitive selection process should be followed annually to engage the services of the Canada Fund Coordinator.**
- 2.2.5 **The Mission, as the contracting authority on the contract with the Canada Fund Coordinator, should ensure the Coordinator is fully complying with the terms and conditions of the contract.**
- 2.2.6 **The Mission should conduct a full scope audit of the contract with the Canada Fund Coordinator.**

Mission Actions and Time Frames

- 2.2.4 **The Mission submitted the results of the competitive tendering process for a new Canada Fund Coordinator to CIDA on June 2005. The new contract will run to the end of FY2005-06. Thereafter, the contract and process will need to be reviewed in the context of policies and guidelines established under FAC's auspices.**

While the Mission agrees that the Coordinator contract should be reviewed regularly, there is merit in multi-year contracts given the time required to develop expertise and knowledge of the large and diverse territory represented by the seven Pacific island countries covered by the Fund.

- 2.2.5 **A new Canada Fund Co-ordinator was hired in the Fall 2005 and has been complying with Terms and Conditions of the contract.**

2.2.6 A new contractor tender process was initiated and the previous co-ordinator's contract was not renewed. In addition, the Mission has undertaken a Forensic Audit, which is still ongoing, of the projects administered by the previous co-ordinator. As FAC will be assuming responsibility for the Canada Fund in FY 2006/07, at that time the Mission will discuss with the Audit Division whether a full scope audit of the previous co-ordinator's contract is needed.

2.3 Academic Relations and Education Marketing

2.3.1 The LE-09 Manager, Academic Relations/Education Marketing is responsible for promoting Canadian studies, maintaining working relationships with academics, and managing the Canadian Education Centre (CEC) with the aim of promoting Canada as a destination for study for Australians and third country nationals living in Australia. The CEC title is used but only as a courtesy; there is no Education Centre and the Manager has no reporting relationship to the CECN. CECN does assist with funding to the tune of \$10,000 annually and there is concern that this may end after this fiscal year. The Unit also benefits from \$10,000 from each of the Trade's Client Service Fund and the Mission's operating budget. Prior to hiring this Manager in 2000, Education Marketing was a one-person unit. Subsequently, the LE-06 responsible for Canadian Studies and Academic Relations in the Public Affairs Unit was transferred to the Education Marketing program to form a combined program promoting the study of Canada in Australian universities, as well as marketing Canada as a study destination for Australian students.

2.3.2 This Unit is active. During 2004, the Unit participated in nine education fairs and exhibitions, held Canada Day at five universities, visited six university campuses, attended five student "live and learn" fairs, held pre-departure sessions in Sydney and Melbourne for students going to Canada and made presentations to 40 career advisors in two Sydney school districts. The Manager of the Education Marketing program also oversaw the preparation of well-received monthly Market Intelligence Reports and made presentations on the Australian international education sector to the annual CECN conference.

2.3.3 The Canadian Studies program aims at raising awareness and encouraging the teaching and study of Canada in universities and currently has Centres at two Australian universities. An Association for Canadian Studies in Australia and New Zealand (ACSANZ) also encourages interest in Canadian Studies. There are some 200 members engaged in researching and teaching about Canada. Also, as part of the Canadian Studies program, grants of approximately \$100,000 are made available annually to academics to introduce Canadian content into university courses and do research about Canada, assist Canadian academics to visit Australia and promote Canada, and provide financial support to ACSANZ. This year, 78 applicants applied for

grants with 16 awards given out. There are six selection panels established by the program to screen applicants.

2.3.4 Currently there are an estimated 2,000 Australians studying abroad in Britain, US and Canada. There are 300,000 international students studying in Australia of whom 3,000 are Canadians. There are 26,000 international students in the Australian high school system. It is the international community which is the focus of the Program's efforts to attract students to Canada. The number of Australians studying in Canada is estimated at only around 650 with about 100 considered full fee paying students. Australians going to Canada for less than six months do not require study permits so these are not included in the count.

2.3.5 Notwithstanding the effort that goes into promoting Canada as a place to study, the number of Australian students is disappointing. Canadian universities do not come to educational fairs. This may account for some of the low numbers. On the other hand, they may believe there is little potential here. Given the resources (50% of both the LE-09 and the LE-06's time, as well as the occasional intern effort) committed to academic relations and education marketing, the number of Australian students alone does not appear to justify the effort. On the other hand, there may be many international students currently in Australia attracted to Canada. This has not been assessed. An evaluation is needed to ensure the benefits to Canada are commensurate with the resources the Mission is currently committing to this effort.

Recommendation for the Mission

2.3.6 The Mission should undertake an evaluation of the academic relations and education marketing unit to ensure the Mission and the Program are receiving value commensurate with the resources committed.

Mission Action and Time Frame

2.3.6 Evaluation of the academic and education marketing unit is still pending. Objective is to complete such an evaluation by June 30, 2006.

2.4 Public Affairs

2.4.1 The Public Affairs Unit is led by an LE-09 Officer with the assistance of a part-time Assistant and an Intern. The Officer's position description lacks coincidence with the current duties as it was written at a time when both Public Affairs and Academic Relations were integrated. The Unit held its first inter-post meeting with Sydney's PA staff in January 2005 to take advantage of and expose each team to events happening in both locations. It was agreed to meet quarterly in the future.

2.4.2 The Program's focus has been largely on media relations and website management closely followed by events which generate media interest. Many of the events are carried out collaboratively with the Sydney Mission. The Public Affairs Strategy is dated and needs to be re-written but the Mission may wish to wait until a new HC is appointed. A program of events was initiated in 2002-03 entitled Dialogue Canada and many events are now branded with the title. There is also a series of public dialogues between leading Australian and Canadian elites (high court judges, journalists and authors) that takes place three times annually. This series is expected to terminate at the end of March. The number of events is down from the previous year primarily because of the vacancy in the HOM position.

2.4.3 The Mission launched an impressive website in March 2004 that is integral for all Mission business and a key public diplomacy tool. The PA Officer is the Web Coordinator and content managers have been designated to keep it current. A monthly web trends report is distributed showing the number of hits on this site. In January 2005 alone, there were 28,253 visitors.

2.4.4 The PA Officer needs a hospitality allocation. A corporate credit card would also be beneficial as many purchases are made for which she is later reimbursed. The DHC agreed with the suggestion of the card and indicated these suggestions would be pursued.

Recommendations for the Mission

2.4.5 The Public Affairs Strategy needs to be re-written.

2.4.6 The position description for the Public Affairs Officer should be re-written to ensure coincidence between the actual duties and the statement of duties.

2.4.7 The Public Affairs Officer should be furnished with a hospitality allocation and a corporate credit card.

Mission Actions and Time Frames

2.4.5 A "Public Diplomacy Strategy" which forms part of the new HQ submissions for public diplomacy funding and which is designed to flow from the Canberra Mission Plan was prepared and submitted in April 2005. The dialogue Canada Public Diplomacy Strategy was completed and reviewed during the Canberra/Sydney inter-post meeting in September 2005 and again in early 2006. The Strategy will need to be updated to fit new requirements from HQ related to the Country Strategy process and new structural and policy changes to Public Diplomacy Function being made at HQ.

2.4.6 The job description was reviewed in October 2005. The new Program Manager for the GR Section decided not to make changes at that time given that he had been on the job only two months. Revisions to this job description will now go ahead in tandem with decision to add a ½ LES position for public diplomacy work in the GR Section.

2.4.7 At the time of the Audit no Mission LES had a separate hospitality allocation. The Mission will assess the need for separate allocations for all LES staff and consider whether job effectiveness would be enhanced by the allocation of separate hospitality allocations.

As for a corporate credit card, the Mission does not have this facility yet, but when the card is instituted, it is recommended that it be provided to this employee in the context of a mission-wide policy on corporate credit cards.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Overview

3.1.1 The IBD Section is headed by a Program Manager (EX-01) who is an experienced Trade Commissioner. He is supported by a CBS Trade Commissioner (CO-02 in an FS-02 position), two LE Commercial Officers and two LE Commercial Assistants (one specializing in trade and economic research.) The Program focusses on trade policy and market access issues and business development in selected sectors.

3.1.2 The Australian economy remains very strong and is expected to continue to grow. In conjunction with Sydney (part of the Trans-Tasman strategy - see below), eight priority sectors have been identified. In the most recent client survey completed by the Trade Commissioner Service, Australia remains in the top ten destinations for Canadian exporters.

3.2 Management of the Program

3.2.1 The Program Manager has done a great job mentoring both the CBS Trade Commissioner and the LES. Morale within the Program is high and, without exception, all members of the team mentioned the constructive and constant feedback provided by the Program Manager. Members of the team also appreciate the transparency in his management style. While officers understand their objectives and roles, to ensure that officers are clear on the results expected of them, the Program Manager needs to draw up Accountability Agreements with his officers. These should be based on the strategic plans developed by the officers and include detailed work plans that outline expectations and performance measurements that are results-based. These should then be used to monitor operations and provide feedback.

Recommendation for the Mission

3.2.2 Draw up Accountability Agreements between the Trade Program Manager and the officers based on expected results.

Mission Action and Time Frame

3.2.2 Accountability Agreements between the Trade Program Manager and the officers were completed in October 2005 using PMP. Given the recent reorganization of Trade resources, the new team will have to redefine major responsibilities and duties.

3.3 Planning

3.3.1 The business planning process is led by the Program Manager. After setting broad objectives for the Program, each officer is asked to develop individual sector strategies. Prior to the current Program Manager, officers equated their inability to get out of the office with a lack of resources. This Program Manager has turned this attitude around by rewarding officers with resources based on their sector strategies. This is a subtle change that has encouraged officers to become more pro-active.

3.3.2 The ideal level of resources for Canberra is commented on below (see Trans-Tasman Approach). All officers in Canberra have trade policy and market access responsibilities. The main part of the work is not trade policy per se, but Australian practices and their consequence for Canada. For example, reports are prepared on the Australia/US Free Trade Agreement (FTA) and the consequences for Canada. The HQ E-Branch had done some tasking and general economic reporting was done, but there is little feedback from Ottawa. Most of the work on trade access is defensive - done to protect existing market share rather than gain new markets.

3.4 Trans-Tasman Approach

3.4.1 The Canberra and Sydney missions along with Auckland, New Zealand have developed a plan to provide coordination among the three missions. The Trans-Tasman approach consists of two steps. The first is the rationalization of priority sectors among the two Australian missions followed by the identification of specific sectors that could be rationalized across the Tasman sea. The rationalization of priority sectors within Australia has been a successful way to coordinate activities between Sydney and Canberra ensuring that resources are used most efficiently. Each of the LES Commercial Officers in Sydney and Canberra and the number two CBS position in Canberra have each been assigned the lead for one priority sector covering the entire country. If an inquiry comes into Sydney and the lead officer for this sector is in Canberra, the inquiry is transferred to Canberra. This approach has been successful, but there are a number of steps that could be taken to make this approach even more efficient.

3.4.2 There is no process in place that allows the two missions to re-assess priority sectors or to recognize new emerging sectors. This rationalized approach would require close coordination among officers in both locations. Beyond coordination, there needs to be trust developed among all officers and confidence that inquiries passed from one mission to the other will be handled adequately. There is a need for an all-staff meeting to foster closer working relationships and to develop methodology for assessing priority sectors and identifying emerging sectors.

Recommendation for the Mission

- 3.4.3 The IBD Program Managers in Sydney and Canberra should convene an all-staff meeting to foster closer working relationships between the two missions and to develop methodology for assessing priority sectors and identifying emerging sectors. Consideration should be given to including personnel from Auckland to this meeting.**

Mission Action and Time Frame

- 3.4.3 The need for this was made more important given the transfer of resources. IBD Sydney and Canberra held a meeting in October 2005.**

3.4.4 In addition to realistically assessing priority sectors, the two trade teams should also assess where these priorities should be led from. An Australia-wide re-assessment will likely lead to a re-allocation of resources to possibly Melbourne or even Perth. Re-allocation, however, should be consistent with the Trans-Tasman approach. Consideration for movement to Melbourne or Perth should be based solely on whether there is logic for a priority sector to be led from one of these cities. Given the limited resources, moving a resource to one of these cities for purposes of providing only geographic coverage would be unsustainable. The Program in Australia does not have the resources to provide coverage in a geographic sense.

Recommendation for the Mission

- 3.4.5 The two trade teams should assess where priority sectors should be led from, including a possible re-allocation of resources.**

Mission Action and Time Frame

- 3.4.5 Discussion regarding shifting priority sectors and reassessment of these sectors has been done. In setting priority sectors through the Trans-Tasman approach, there was, on a yearly basis, an evaluation of the sectoral emphasis. Very close examination of the priority sectors versus the ones chosen not to be emphasized should confirm that the priority sectors are clearly justified by the “supply side-Canadian clients” and the demand side-market realities of Australia.”**

3.4.6 To ensure that coordination between Sydney and Canberra continues beyond the terms of the current Program Managers, there needs to be a Manager accountable for the country-wide IBD Program. The current structure with two Program Managers managing separate, and yet coordinated, Programs will not guarantee the

continuation of the in-Australia Trans-Tasman approach. Given that the commercial centre of Australia is Sydney (with Melbourne as the second centre), it seems logical to have overall coordination of the Program from Sydney. Canberra will continue to play a major role given the trade access and policy issues that have an influence on Canada/Australia IBD relations, but this will be secondary to the private sector commercial relationship. Currently, the Program Manager position in Sydney is an FS-02 while in Canberra it is an EX-01. The EX-01 Manager in Canberra is due to leave this coming summer and this provides the opportunity to re-evaluate the overall Program structure in the country. One way to achieve coordination would be to move the EX-01 position to Sydney and give this Manager overall responsibility for Australia. The current FS-02 position would remain in Sydney and Canberra would be left with one CBS Trade position. These officers could be given responsibility for the day-to-day operation of the respective offices. Another option to consider is to task the Consul General Sydney as "Director IBD" for all three missions, thereby exercising co-ordinated responsibility for our entire IBD interests in the South Pacific.

Recommendations for WMM

- 3.4.7 To provide overall coordination of the IBD Program in Australia, the EX-01 Trade Program Manager position in Canberra should be moved to Sydney.**
- 3.4.8 Consider the utility of designating the Consul General Sydney as Director IBD for all three South Pacific missions.**

WMM Actions and Time Frames

- 3.4.7 The EX-01 Commercial Program Manager position in Canberra was transferred to Sydney over the course of the summer 2005. The FS-04 position in Sydney was transferred to Canberra and the FS-02 position in Canberra was relocated to Sydney.**
- 3.4.8 The designation of the Consuls General (in selected countries) as Directors of IBD is under study both as a pilot in relation to Sydney, and in relationship with FAC as to the appropriate role of HOMs.**
- 3.4.9 The other aspect of the Trans-Tasman approach is coordination in selected sectors across the Tasman involving the missions in Australia and Auckland. The Trans-Tasman approach will not work in every sector, but in selected sectors, this appears to be an effective and innovative way for the missions in the region to effectively use their limited resources. For the Trans-Tasman sectors, one officer is responsible for a sector in Australia and New Zealand. Currently, three sectors are included: biotechnology is handled by Canberra, Information and Communication Technologies (ICT) by Sydney and forestry/building products by Auckland. From a

Canadian company interest perspective, the assignment of the officer to each sector is related to the dominance of that country in the sector. For example, Canada's interest in forestry lies in softwood lumber, a sector dominated by New Zealand in the region. Australia clearly dominates in biotech. For these sectors, the markets are homogeneous in nature and there are a great number of common contacts that work in both markets. Companies active in these sectors approach the two countries as if it was one market. There is a great amount of cross fertilization spurred on by the FTA between the two countries, and contacts within the selected sectors tend to attend the same conferences and trade shows. To adequately support this innovative approach, changes should be made to InfoExport and the Virtual Trade Commissioner (VTC) to allow clients to recognize the cross-Tasman responsibilities for officers in selected sectors.

Recommendation for BOM

- 3.4.10 To adequately support the Trans-Tasman regional approach, changes should be made to InfoExport and the VTC to allow clients to recognize the Trans-Tasman responsibilities for officers in selected sectors.**

BOM Action and Time Frame

- 3.4.10 Technology should support and reflect the business process. Models like transTasman are increasingly used in other markets. However, at present the assumption that sectoral responsibility for a market is handled within the market is embedded deeply into the architecture of InfoExport and the Virtual Trade Commissioner. Estimates of the cost to change the present technology platform to allow a more precise reflection of how Trans-Tasman is organized have been prohibitive.**

Any change in the system to allow a precise reflection of the division of work according to Trans-Tasman-like models will have to be undertaken as part of a larger system architecture change. We are examining this as part of the process of moving ITCan to the TRIO eCRM platform.

We cannot commit to a timeframe, as much depends on how TRIO development and deployment proceeds.

In the interim, we reiterate our offer to show the relevant Australia officers with the appropriate New Zealand sector responsibilities, and vice versa. However, we are unable to have no New Zealand

officers show in New Zealand tabs for sectors handled by officers in Australia or vice-versa.

Given that WIN tracking suggests that each post handles clients in these sectors in certain situations (for example, WIN tracking data suggesting that an IT company going after a contract in Auckland is still also served by Auckland, despite Sydney's work with the same client), we believe this is a workable interim solution.

CONSULAR PROGRAM

4.1 Overview

4.1.1 The Consular Program in Canberra covers the states of Victoria, South Australia, Western Australia, Tasmania and the Australian Capital Territory. The states of New South Wales, Queensland and Northern Territory fall under Sydney's purview. Canberra is also the liaison to six Australian missions in the Pacific Region who provide consular services to Canadians under the Australian/Canadian Consular Sharing Agreement. These include Vanuatu, Honiara Solomon Islands, Papua New Guinea, Nauru, New Caledonia, Federated States of Micronesia (Pohnpei, Marshall Islands, Guam and the Northern Marianas.) In addition, the Program is responsible for the Transfer of Offenders Treaty (TOOT) between Australia and Canada, and provides support to two Honorary Consuls (Perth, and Melbourne).

4.1.2 The Program consists of two experienced and efficient LES reporting to the MCO. It is run on a day-to-day basis by the LE-09 Consular Program Officer, who devotes most of her time to consular matters while the LE-06 Consular Assistant is dedicated to passports and citizenship. The MCO spends approximately 20 percent of his time on consular issues. A number of cross-trained LES provide back-up for short-term relief. For medium to long-term relief, the Program has been able to rely on a previous incumbent who is already trained and can be available if enough prior notice is given. Both Consular Officers have been trained in Canada.

4.1.3 The Program has been experiencing difficulty meeting consular service standards during peak season, which historically extends from February to May. In addition to this cyclical pattern, a steady growth has also been noted. The LE-06 is limited in the amount of overtime she can do, while the Consular Officer works up to ten hours of overtime a week during normal periods, resulting in little, if any, flexibility to absorb seasonal fluctuations. Extensive efforts have been made to maximize operational efficiency. These include: preparing numerous templates to expedite replies to incoming queries; developing "quick reference" guides for themselves, their backups, Honorary Consuls and Australian Service delivery partners; and streamlining passport processing. However, the Consular Section may well have reached capacity. As such, a request for emergency employee funding is warranted as a short-term solution. Given continued growth in demand, alternative, longer term solutions need to be examined.

Recommendation for the Mission

4.1.4 The Mission, in consultation with PAM and JPD, should identify a long term/permanent solution to capacity problems in both normal and peak periods.

Mission Action and Time Frame

4.1.4 Mission has already identified a requirement for permanent reference level funding for an emergency employee. Our request to HQ was refused, with assurances of re-examining in the future. In addition, the Mission plan also signals the need for a .5 FTE in order to maintain an acceptable level of service.

4.2 Service to Canadians

4.2.1 The Mission's caseload has been increasing steadily over the last few years. In addition to Canadian visitors, many aging Canadians residing in Australia are returning to Canada on short notice for health issues, or require assistance with such things as their pension, which is subject to a reciprocal agreement between Australia and Canada. The demand for these services is expected to continue growing along with aging demographics.

4.2.2 Despite the fact that the consular programs in Canberra and Sydney have separate areas of responsibility, the Canberra Program often finds itself assisting Canadians who fall under Sydney's purview. According to the consular officers, this may be the result of difficulties in reaching Sydney staff.

4.2.3 Annual efforts to update the Registration of Canadians Abroad (ROCA) have been made, but there has been very little response from Canadians, with only 471 registered in Canberra's jurisdiction. The contingency plan is up to date.

4.2.4 There are ten Canadian citizens incarcerated in Canberra's territory. Regular telephone contact is maintained but visits are limited by time constraints. The consular staff network closely with local resources which facilitates information sharing and swift problem resolution. There are currently seven prisoners who have applied to be transferred to Canada under the TOOT.

4.3 Passport Services

4.3.1 The Mission processes an average of 140 passports and 20 citizenship applications per month. Turnaround time for passport issuance during normal operations is five days, but can reach 30 days during peak periods.

4.3.2 Official receipts are not being issued to clients for passport fees paid, but consular staff do maintain a register to record daily revenues and do reconcile funds transferred to the Accountant for deposit. Since approximately 95% of applications come through the mail, most revenues are in the form of bank cheques, money orders or other non-transferable notes, which mitigates risks associated with handling funds.

4.3.3 Passports are stored in a highly secure area with a month's working supply assigned to the Consular Officer. Passport inventory counts are conducted on a monthly basis as required. The physical reconciliation conducted during the audit did not identify irregularities. It should be noted, however, that passport sign-off at the Mission is done by the Consular Program Manager, and not by a Canada-based employee. The policies on final sign-off, and interpretations thereof, vary between Passport Canada (PPTC) and the Consular Affairs Bureau (CND), leaving missions with conflicting guidance on the matter. The Audit Team raised the issue of ensuring a consistent policy with regard to final passport sign-off, with the Consular Affairs Bureau and Passport Canada.

Recommendation for the Mission

4.3.4 The MCO should be involved in reviewing original documentation and the signing of passports.

Mission Action and Time Frame

4.3.4 The LE Consular Manager's signing authority has been approved by JPD (CND). We suggest that if there is an irregularity, this issue first be resolved between HQ and the Passport Office. This mission is prepared to abide by that decision, with the caveat that there may be resource implications for the MCO.

The MCO is the approval authority in the absence of the LE Program Manager. The MCO and LE Program Manager regularly discuss cases, and on occasion the MCO does review cases.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The Administration Program is managed by an MCO who is an AS-04 in an AS-05 position. Program services extend to the Mission, to other government department (OGD) staff on secondment to the Australian government and to our Mission in Phnom Penh. In Phnom Penh, our embassy is co-located with the Australian Mission and administrative services are provided by the Australians. There is a Memorandum of Understanding (MOU) between the countries concerning these management services. Expenses incurred by the Australians on our behalf are processed through Canberra. The Mission Accountant tracks these expenditures in IMS and draws a reimbursement cheque payable to the Australian Ministry of Foreign Affairs (MFA). The Program also works closely with the Sydney Mission and the MCO visited Sydney four times in the past year.

5.1.2 Resources within the Program are adequate. Staff are appropriately trained to backup one another and there is a reasonable team approach in place. Communications are good and the MCO has good rapport with the acting HC. There is no accountability accord between the DHC and the MCO spelling out in measurable terms the expectations of this Program. This would clarify any misunderstanding and form the basis upon which the MCO's performance could be evaluated.

5.1.3 Staff within the Program are knowledgeable and the quality of administrative services is ranked high with the exception of the Property Section. The Property Section has been criticized for not always responding quickly to issues and not always following matters up. Major projects have dominated the Property Section this past year and the smaller maintenance problems have not always received appropriate attention. Redistributing duties within Administration to allow for others to assist the Property/Materiel Manager is an option that needs to be carefully assessed.

Recommendations for the Mission

5.1.4 An Accountability Accord should be prepared between the acting HC and the MCO to identify the expectations of the MCO in qualitative and quantitative terms.

5.1.5 Routine property tasks should be redistributed to other Administration staff to better allow the Property/Materiel Manager the time to focus on key priority issues.

Mission Actions and Time Frames

5.1.4 HOM and MCO work closely together. Requirements are well known to both. Accountability will be part of the PMP process, with a deadline of June 2006.

5.1.5 The reclassified and newly filled administrative assistant position is being given additional property- and personnel-related duties. This will continue.

5.2 Human Resources (HR)

5.2.1 The MCO is the HR Manager overseeing all aspects of the function. Currently there are 23 LES on staff but two of the positions are vacant (i.e Immigration Program Assistant and Gardener). The LE-06 Personnel Assistant handles daily HR issues in addition to other administrative tasks. In the year, there have been eleven staffing actions and three re-classifications. There is no LES Committee but there is an LES Classification Committee, a Pension Committee and a Staff Relations Committee. The latter two committees have not met in the past 15 months. In the past, LES have come together and discussed issues with the MCO. The LES claim they have never met the HC or the DHC. (See recommendation 1.1.5). On major HR issues, the Mission will try to work together with the Sydney Mission. There is no Community Coordinator and this role is being assumed by the Personnel Assistant.

5.2.2 The Audit Team met with LES representatives and their concerns centred on the need for a clear policy on overtime. The LES Handbook was updated in 2001. LES are looking forward to the benefits survey which was to have been conducted by HLD last October but has now been deferred. They are also anxiously awaiting HLD's evaluation of the salary packaging scheme (see below) which is offered by many Australian employers. HLD received this package in November 2004. Morale at the Mission, they claim, is the lowest it has been in the last two years.

5.2.3 The maintenance of LES leave and attendance records is very onerous. The Assistant is continuously having to chase individuals for monthly attendance reports. This consumes a great deal of her time. Individual leave forms are submitted to her ad hoc throughout the month. Program Managers should be responsible for collecting monthly attendance reports from their staff and submitting them to HR within five working days of month end. The leave forms should correspond with the attendance report.

5.2.4 The Mission needs to ensure performance appraisals are done on an annual basis. Many LES are not receiving an annual appraisal including all staff at the top of their salary band.

Recommendations for the Mission

- 5.2.5 A clear overtime policy should be established for staff of this Mission.**
- 5.2.6 The collection of monthly attendance reports and the attendance leave forms should be the responsibility of each Program Manager. These forms should be collected and submitted to HR within five working days of the month end.**
- 5.2.7 Performance appraisals of staff must be completed on an annual basis even for incumbents at the top of the salary band.**

Mission Actions and time Frames

- 5.2.5 The overtime policy is clearly stated in the employee handbook, and all Program Managers have been instructed that it be rigorously followed.**
- 5.2.6 We have discussed this issue and responsibility is reverting to the programs. This process would be much easier if LES were included in departmental Leave Systems.**
- 5.2.7 Agreed. Recent missing periods will be incorporated into the employees' next completed appraisal.**

Salary Packaging

5.2.8 A concept which was raised by the LES and is gaining momentum in Australia is "Salary Packaging". Salary Packaging is an approach to remuneration which involves "sacrificing" a portion of one's salary in exchange for fringe benefits. These benefits can be in the form of payments made directly by the employer towards certain qualifying financial obligations of the employee. For example, the employer can make payments on an employee's mortgage, car loan and credit card. Because these benefits are taxable in the hands of the employer at a fixed rate instead of the employee, there is a potential for income tax savings on the part of the employee and possible reduction in the employer's salary expense. The concept is gaining popularity within the private and public sectors as well as Non-Governmental Organisations (NGOs).

5.2.9 This financial arrangement is legal and is used by the Australian federal and some territorial governments. However, the benefits generated by Salary Packaging differ between diplomatic employers and regular employers. Diplomatic missions are exempt from paying Fringe Benefits Taxes (FBT), whereas regular

“taxable” entities are not. This means that income tax, which is foregone under Salary Packaging but normally offset by the employer’s FBT, is not collected as a result of our diplomatic status. Potentially, LES could pay no income tax at all.

5.2.10 As a result of the rising popularity of Salary Packaging, a number of financial services firms have started to offer an outsourcing arrangement to employers. In theory, the employer need only be involved in the initial set-up phase of the plan – the rest is managed by the third party administrator in coordination with the employee. Administratively, this would not be a significant departure from current practice as our Missions in Australia already allow up to 50% of the employees’ income to be contributed to a tax-sheltered investment fund.

5.2.11 In Canberra’s diplomatic community, Salary Packaging has been adopted by the British High Commission (up to 100% salary sacrifice) and the Dutch Embassy (up to 60%). As other markers are looking into it and will likely go forward, there may be an increasing employee retention risk. This is an issue HLD should study. HLD has offered that it will look at this arrangement when it conducts its employee benefits survey.

5.3 Physical Resources

5.3.1 The Mission’s properties consist of a Crown-owned Chancery, Official Residence (OR) and nine staff quarters (SQs) and one Crown-leased SQ. There are also two private leased properties for Canadian exchange staff on secondment to the Australian government. The properties are managed by an LE-06 Property/Materiel Manager with support from a Gardener, a Handyman/Cleaner and a portion of the Administrative Assistant’s time. The Gardener position is currently filled by the Handyman/Cleaner ***. The Handyman/Cleaner position has been vacant since December 2004. A Cleaner is currently on contract half-days.

5.3.2 Property files are well maintained and distribution accounts for all SQs are current and Occupancy Agreements, except for one, are signed. The Chancery distribution account is being completed and the OR’s was completed on departure of the HC. A Fine Arts inventory was signed by the HC and forwarded to HQ. PRIME, the property data base, is up to date. The Section uses a paper-based work order system for maintenance assigned to contractors. In this fiscal year, 150 work orders were issued. There is a list of about 20 contractors that are used.

5.3.3 The SQs are all detached family dwellings and those that are owned were purchased in the 1970’s. Today they require much attention. Most kitchens and bathrooms have been upgraded in the last few years. Building Condition Reports (BCRs) for all SQs were completed in 2002 and BCRs are currently underway for the Chancery and the OR. This year, mid-life refit projects were completed at five SQs, each at a cost of about \$20,000, stemming from the results of the BCRs. In addition, the Mission’s budget for maintenance is \$100,000 (with an additional \$30,000 diverted

from unused HOM travel/hospitality) and it will all be spent. The current housing portfolio is an issue, not only because of the age of the SQs and the high maintenance costs, but because it provides the Mission with little flexibility. The Mission is forced to place singles in large houses resulting in over-housing. Currently, two singles live in detached housing.

5.3.4 When the SQs were purchased in the '70's, few apartments existed in Canberra. This is no longer the case. The MCO offered that, if anything, there is now a glut of apartments in the market. The Mission, in collaboration with the Physical Resources Bureau (SRD), needs to carefully examine its profile. Leased apartments would add flexibility and ensure a better match with the housing guidelines. The MCO has already identified potential properties he would like to dispose. Some current properties are better than others and there are at least two SQs (PRID 5340012 and 5340029) that the Audit Team viewed which would take considerable cost to bring to standard.

5.3.5 Significant planning is taking place in the Section. The Mission Property Management Plan (MPMP) and SRSF work plans are well documented and up to date. There is an annual inspection plan of all SQs and there is a furniture replacement plan. There is also a Housing Committee and a Property Committee. Yet, in spite of the infrastructure that is in place, property clients are generally not pleased with the service. Minor irritating issues are not always immediately addressed, and invariably these grow into bigger issues. This may be a function of not having an effective handyman on staff. It may also be that the Section needs to be better motivated in dealing with clients. Service standards are in place but are not always followed. There is capacity within the Administration staff to provide more assistance to the Property/Materiel Manager.

5.3.6 This past year considerable work has been carried out to improve the properties. In addition to the work on SQs, there was a Chancery elevator project that was recently completed and much work has been carried out at the OR. Several projects are on the books for the Chancery, including the addition of an airlock to provide a secure entry to the Mission and conversion of storage areas to office space. The exterior of the Chancery, however, looks extremely tired and, following the BCR, SRD anticipates that major renovations to the building will take place over the next couple of years. There is a heavy focus on water conservation/landscaping at the Chancery and at SQs because of unusual drought conditions that Australia is experiencing. The Mission is moving away from large grass surfaces and going to a more indigenous type of planting in gardens in an effort to conserve water. One SQ has been converted and more projects of this type are anticipated.

5.3.7 The Mission is currently paying taxes on its Crown-owned properties which have ground leases of 99 years. The taxes are significant. This year the Mission paid \$12,264 on the Chancery, \$4,916 on the OR and \$1,658 on average for each of the nine SQs owned. Article 23 of the Vienna Convention on Diplomatic Relations "exempts the sending State and head of the mission from all national, regional or

municipal dues and taxes in respect of the premises of the mission, whether owned or leased, other than such as represent payment for specific services rendered” The municipality’s invoice refers to the billing as a “Rate Assessment”. It is not clear what specifically these invoices represent. The Mission needs to investigate this matter fully with the municipality and the Ministry of Foreign Affairs. The Office of Protocol (XDX) should be kept apprised of these communications. It also is noted that the Sydney Mission is paying taxes on its Crown-owned properties.

Recommendations for the Mission

- 5.3.8 The housing portfolio should be re-evaluated, in conjunction with SRD, moving to a better balanced and more flexible arrangement.**

- 5.3.9 The Handyman/Cleaner position should be staffed as quickly as possible with an individual possessing the requisite qualifications and experience.**

- 5.3.10 The Property and Materiel Section should meet the requirements set out in the Administration Program’s Service Standards.**

- 5.3.11 The Mission should clarify with the municipality and the Ministry of Foreign Affairs that it is not paying for property taxes that by definition are exempt under the Vienna Convention. The notion of retroactively recovering taxes from previous years should be considered.**

Mission Actions and Time Frames

- 5.3.8 This is an integral part of our MPMP. This summer’s posting season and the subsequent personnel changes will provide an excellent opportunity to evaluate the best housing mix for this mission. We will continue to work with SRD to identify suitable house(s) for disposal.**

- 5.3.9 The gardener functions are being carried out by the handyman/cleaner. The handyman and cleaning functions have been contracted out. This arrangement will continue for the next few months while we determine if this is a suitable long-term solution.**

- 5.3.10 With the major elevator project finished, and the off-loading of some duties from the Property Manager to the Admin Assistant, standards are being met.**

5.3.11 We have clarified the exact nature of the payments. It is now our understanding that these are rental payments on ground leases, and not taxes.

5.4 Financial Operations

5.4.1 The finance function is well managed by an experienced and knowledgeable Accountant. The incumbent has been in this position for over 20 years and the Mission benefits from the continuity and corporate knowledge he brings to the job. Support and back-up are provided by the Personnel Administrator, whose routine involvement includes payment runs, petty cash and document entry in addition to her own responsibilities. The MCO is actively involved in overseeing this function.

5.4.2 The Mission manages an operating budget of \$779,100 and a total budget of \$3,992,253. There is a petty cash in the Administration Section which is actively used, and which was reconciled at the time of audit. Bank reconciliations are up to date. They are done monthly by the Accountant and are reviewed and signed by management.

5.4.3 The Accountant has a professional accounting designation (CPA) and is highly skilled with IMS. His responsibilities include inputting financial transactions, reporting and budgeting, as well as participating in forecasting exercises in coordination with the MCO. The MCO regularly monitors the financial function by comparing online bank statements to reconciliation reports submitted by the Accountant, signing off on journal vouchers and reviewing monthly New Vendor Accounts reports. The MCO communicates regularly with the Accountant and program managers on financial matters.

5.4.4 Measures to ensure effective controls, such as segregation of duties, are embedded in the Section's procedures. As such, new vendor accounts can only be created by the Receptionist, and payment runs are initiated by the Personnel Administrator. Signing authorities are well understood by the staff and delegated according to policies and procedures.

5.4.5 A number of databases were developed over time by the Accountant as a way to complement and, in some cases, compensate for perceived weaknesses in IMS. The Accountant tracks travel advances, pre-commitments/commitments across fiscal years and staffing changes using this complimentary system.

5.4.6 The issue of direct debit payment for utilities was raised during the audit. The process is such that the client has a review period allowing contentions to be raised before the funds are debited. The Mission was satisfied with the efficiency of this service, but was instructed to cease using it by SMD. The Mission complied, but expressed an interest in re-instating the practices if the ruling changes.

Recommendation for Mission

- 5.4.7 The Mission should prepare a business case to obtain approval from SMD to make direct debit payment arrangements.**

Mission Action and Time Frame

- 5.4.7 The Mission's request was refused but we will continue to push for facilities that will reduce the overhead while maintaining an adequate level of protection.**

5.4.8 Consular revenues are submitted daily to the Accountant, who provides the Consular staff with an official receipt. The funds are then deposited at the bank at least weekly, depending on amounts collected. However, funds collected by the Accountant are retained in a briefcase, as the Accountant does not have a safe.

Recommendation for the Mission

- 5.4.9 A safe should be provided for the Accountant.**

Mission Action and Time Frame

- 5.4.9 The Accountant was provided with a locker safe.**

5.5 Information Technology

5.5.1 Information technology is well managed by a service oriented Locally Engaged Information Technology Professional (LEITP) who receives much praise from her colleagues at the Mission as well as at HQ. In addition to supporting Canberra's IT requirements, the LEITP also provides support to Phnom Penh, Wellington and Auckland. Manila's FSITP visits approximately three times per year to work on security equipment.

5.5.2 The LEITP is not overburdened in her position and is able to maintain high service standards. ***

Recommendation for the Mission

- 5.5.3 Mission Management, together with SXS, should ensure that there is a communication strategy ***.**

Mission Action and Time Frame

- 5.5.3 The Mission has been in contact with SXS. *** SXS will provide additional assistance and will work with the Mission on a communications strategy. SXS has also provided some useful background materiel which has answered some of the Mission's questions.**

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

General Relations Program

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

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	Materiel 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