



**AUDIT OF THE CANADIAN EMBASSY
VIENNA
and
THE PERMANENT MISSION TO
INTERNATIONAL ORGANIZATIONS**

December 2006

**Foreign Affairs and International Trade Canada
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Audit Division (ZIV)**

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EXECUTIVE SUMMARY

An audit of the General Relations (GR), the International Business Development (IBD), the Permanent Mission to International Organizations (VPERM), and the Consular and Administration Programs was conducted in Vienna from January 23 to 30, 2006. These Programs were last audited in 1997.

The Mission in Vienna is one of the largest and most complicated in Europe, with 85 employees, 29 of which are Canada-based Staff (CBS). The Mission houses three Head of Mission (HOM) functions, with the Ambassador to Austria also being our Ambassador to the United Nations (referred to as the HOM in this report). A second Ambassador is responsible for the Organization for Security and Cooperation in Europe (OSCE) (the OSCE is the subject of a separate report). In addition, the Mission provides administrative support to the Quebec Immigration office which is co-located in the same building as the Embassy, VPERM and OSCE.

The HOM has only ***, but has already focussed time and effort on reforming the Mission's management structures. For example, she has instituted regular meetings of the Committee on Mission Management (CMM) with minutes distributed to all CMM members as well as more frequent meetings with staff, especially Locally-engaged Staff (LES). Her leadership will be essential in dealing with some long-standing *** which have been able to develop in an environment lacking proper communication and transparency.

The General Relations Program is delivered by a relatively small team with a variety of tasks to accomplish. While *** among staff members, weekly meetings should be instituted to coordinate and plan Mission activities, and inform staff of CMM discussions. Specific annual objectives should be established for each officer in the Section. Austria's presidency (the first six months of 2006) of the European Union (EU) should provide an opportunity to strengthen political relations between our two countries, assuming that planned meetings, especially at the political level, take place. The cultural and academic component of the Program has seen a significant decrease in its Public Diplomacy budget over the last few years. Headquarters (HQ) should ensure that funds are available given the importance of public diplomacy activities in a country such as Austria.

The International Business Development Program is managed by a Program Manager who ***. The Section has had a number of positions become vacant over the past few years, which in some cases are filled by contract workers for extended periods of time. In order to *** and discontinue the practice of long-term contracts. The Mission should review the job descriptions of each position to ensure an adequate distribution of workload, based on the Program's new priorities defined in 2006. As the Austrian market is relatively small, there is less opportunity for market development initiatives. However, Austria's strategic position as an immediate neighbour of central and southeastern Europe puts us in a choice position for exploring opportunities in the

region. Our economic relations with Austria are focussed on the investment potential and, in particular, Canada's potential as a North American Free Trade Agreement (NAFTA) partner. Several Client Service Fund related activities and events were carried out in 2005-2006.

The Permanent Mission to International Organizations in Vienna is very active and delivers high quality work. The HOM divides her time between the bilateral and multilateral missions, with a significant increase in the multilateral work. The increased responsibilities of the Permanent Mission over the last few years have led to the addition of one CBS. However, further resource requirements will need to be addressed, particularly if crises continue to occur or responsibilities continue to grow.

The Consular Program is managed by the Deputy Management and Consular Officer (DMCO), and delivered by *** LES. The workload has increased during the past year due to two significant factors, the added responsibility of providing consular support to Bratislava, and the increase in consular cases resulting from the transformation of Vienna into an Austrian Airlines hub. There is a *** in the Section, and regular staff meetings are held to facilitate communication. While the DMCO approves all passports, it is important that she see original proof of citizenship before approving passport applications. The Consular contingency plan needs to be finalized and the report also recommends improvements in the handling of consular and passport fees.

The Administration Section appears to be stretched to capacity. The Property Management (Physical Resources) Section in particular has significant capacity constraints that need to be addressed. The situation in the Finance Section needs to be reviewed in order to better determine which structural adjustments could be done to improve performance and results and which additional resources would be required if Vienna is to assume new regional responsibilities. There is a need for the Administration Section in general to become more service oriented in order to better support Mission programs. In addition to capacity issues, the Section is beset with management issues, some of which have been ongoing for a number of years and are currently being addressed through ***. The Section is in a period of transition with a number of variables at play, such as the ***, consideration of Vienna as a Regional Common Services Centre (RCSC), and discussion of Vienna becoming a courier hub.

A total of 41 audit recommendations are raised in the report; 36 are addressed to the Mission and five are addressed to Headquarters (HQ). Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 41 recommendations, management has stated that 32 recommendations have been implemented. For each of the remaining nine recommendations, 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 (GR), International Business Development (IBD), the Permanent Mission to International Organizations (VPERM), Consular and Administration Programs.

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.

The focus and extent of on-site work was based on an assessment of materiality and related risk. This is done through communication with Headquarters (HQ) bureaux, including briefings by line management and the functional bureaux, 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 were further refined from information gathered through interviews with the Head of Mission and Program Managers, a meeting with the Locally-engaged Staff Committee, individual interviews with staff, and results of other documentation reviewed.

The level of audit work for a given area was therefore based on issues and information identified and gathered at all levels, HQ, mission management, and mission operations. Occasionally, due to time limitations or other factors, it was not possible to provide audit coverage for all areas.

MISSION RESOURCES FACT SHEET

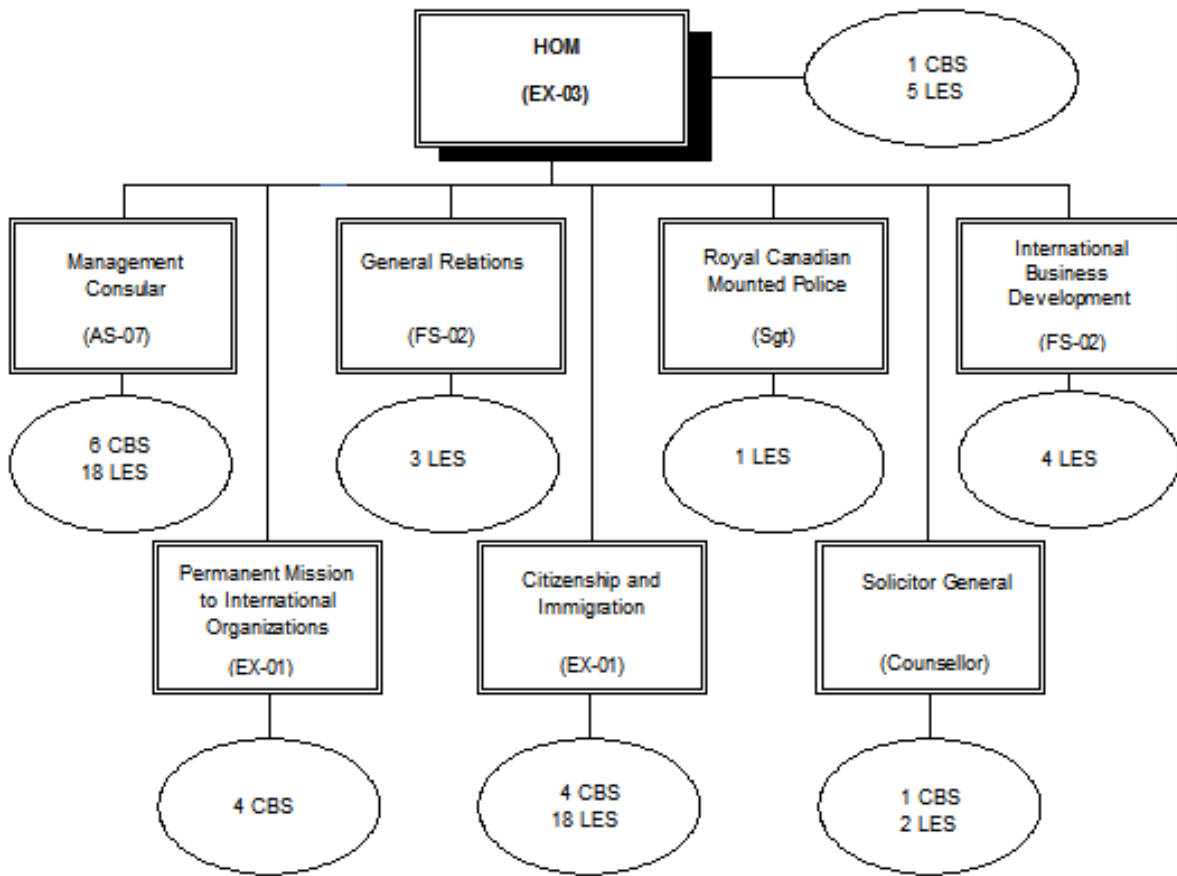
Physical Resources

Assets	Crown Leased	Crown Owned
Chancery	1	-
Official Residence	-	1
Staff Quarters	28	-
Vehicles	-	5

Financial Information 2004/05

Operating Budget (N001)	\$4,651,291
Capital Budget (N005)	223,850
CBS Salaries Budget (N011)	617,500
LES Salaries Budget (N012)	3,796,360
Total	\$9,289,001

Organization Chart



MISSION MANAGEMENT

1.1 Overview

1.1.1 The Mission in Vienna plays an important role in terms of bilateral and multilateral relations. In addition to housing the Embassy (responsible for our bilateral relationship with Austria), it also houses the Permanent Mission to the United Nations (VPERM), and the Organization for Security and Cooperation in Europe (OSCE). The OSCE is the subject of a separate report.

1.1.2 Communications are improving under the current management team, but *** which had not been properly addressed. The Mission has begun holding all-staff meetings and conducting team-building exercises to discuss common issues, share information and seek input from staff, but is limited in these efforts by the lack of suitable accommodation for these meetings. The HOM has made improving the work environment of the Mission a priority and is seeking the help of Headquarters in addressing the most problematic issues. To this end, *** from Headquarters has been working at the Mission to assist in resolving ***.

1.1.3 There is a solid committee structure in the Mission, although some committees could be used more effectively. Committee on Mission Management (CMM) meetings are held weekly with minutes recorded and distributed to its members. While the CMM is used effectively to discuss administrative issues and other matters of general interest, there was some concern that not all Program Managers supported CMM decisions when discussing them with their staff. When a final decision is taken, CMM members should support the decision, or re-table the topic in the CMM should new information warrant further discussion. Sample Terms of Reference (TOR) were provided to the chair of the Housing Committee to add more structure and improve the functioning of this committee. Other committees include the LES Committee, Occupational Health and Safety Committee, Contract Review Board, Classification Committee, and Security Committee.

1.1.4 The Chancery is located on the third floor, above a small shopping centre, in an older centrally located building. While the Chancery offers suitable space for all three missions, the layout is unwieldy, as offices are strung out around two internal courtyards making internal communications a challenge. There is no “multi-purpose room”, and all-staff meetings and team-building activities must be held in a corridor. A decision has been made to considerably limit the scope of a proposed renovation project which would have had limited impact on the overall functionality of the Chancery and which was deemed to costly and disruptive in relations to anticipated benefits. The Chancery premises are rented and the current lease does not expire until 2014. The lease includes a clause allowing it to be broken if the Canadian Government proceeds with the construction of an alternative site. The Mission should consult with the Physical Resources Bureau (SRD) regarding finding a future Chancery site, conducting this search with a view to moving from the current Chancery as soon as possible.

Recommendation for the Mission

- 1.1.5 The Mission should consult with SRD and begin the process of identifying a future Chancery site.**

Mission Action and Timeframe

- 1.1.5 The Mission and SRD have liaised on several occasions since April 2006 and SRD is in the process of obtaining Treasury Board approval for funding for a new Chancery site and finalizing a “Request for Proposals” to receive proposals and evaluate opportunities for the replacement of the Embassy. Major renovations that had been proposed for the present Chancery were scaled back and took place in August/September 2006.**

GENERAL RELATIONS PROGRAM (GR)

2.1 Overview

2.1.1 In 2005, Austria celebrated its 50th anniversary of neutrality and its 10th year of membership in the European Union (EU). Its presidency of the EU for the first six months of 2006, as well as its close ties with its neighbours in central and southeastern Europe, make Austria a choice partner for Canada in several sectors and areas of common interest: trade, the environment, human rights and security. Canada and Austria also share mutual interests and objectives in terms of global issues and closely cooperate within international organizations. This collaboration within multilateral organizations is a cornerstone of our bilateral relations, in terms of the human security network, reform of United Nation (UN) institutions and various multilateral initiatives, including the strengthening of UN institutions based in Austria.

2.1.2 Despite the strong ties that have long united us, our relations only recently stabilized after a period of distance due to the presence of an extreme right wing party in the governing coalition, and require new momentum. Austria's accession to the EU presidency as well as planned elections in Austria in the fall of 2006 should offer us an opportunity to strengthen our bilateral relations.

2.2 Program Management

2.2.1 The General Relations Program operates effectively, given the number of staff in place and the various duties that must be performed. The Program includes one Canadian employee and three LES, one of which is assigned essentially to carry out the Section's administrative and support duties.

2.2.2 The Program Manager is *** in the Section. She has *** of the issues, and has been able to *** despite the lack of available financial resources.

2.2.3 Section *** and there was evidence of ***. However, the Section is negatively affected by the distance between its offices and those of the HOM. In fact, the physical layout of this large Embassy (three delegations share the same facility) does not necessarily promote regular contact between the General Relations Section and the HOM. This prevents the Section from enjoying closer relations with the HOM.

2.2.4 The Program Manager should conduct weekly meetings to coordinate and plan activities, not just for tasking, but also to keep the team informed of CMM decisions and any other issues of interest.

Recommendation for the Mission

2.2.5 Hold weekly coordination meetings with section members.

Mission Action and Timeframe

2.2.5 Weekly sectional meetings have been instituted immediately following the CMM to allow for de-brief of staff and coordination of sectional activities. In addition, Political-Economic Reporting and Public Affairs (PERPA) and Trade sections are sending representatives to one another's section meetings to facilitate timely information exchange and coordination between these sections.

2.3 Program Delivery

2.3.1 Although ***, the Section's political and economic reporting, as well as reporting related to various bilateral relations activities, is *** and of ***. However, there needs to be clarity between Headquarters and the Political Section as to reporting volumes, since Headquarters feels the political and economic reporting done by the Mission is insufficient. At the time of audit, there was no reporting contract between the two, which has led to differing expectations. An agreement has been reached between Vienna and our delegation in Brussels on the respective coverage during Austria's presidency of the EU in order to avoid any duplication of work.

2.3.2 The cultural and academic component of the Public Affairs Program is *** managed by a local employee who has ***. It is estimated that close to 150 Canadian cultural activities or events take place each year in Austria. We also have three Canadian Studies Centres for which we support more than 30 academic exchanges annually (students and faculty members), promote visits by renowned lecturers, and arrange seminars. In addition, Vienna occasionally coordinates regional events that take place in central Europe.

2.3.3 Given the vitality of this program, the Mission questions the decision of suspending the public diplomacy budget, which was reduced from \$30,000 to \$0 over the last few years. This is of concern to the Mission, in a country where cultural activities are so important, a country that has a lot to offer our own artists in visual arts, theatre, dance and music.

2.3.4 Media coverage and press matters are handled by each section in the Mission. This is also the case with regard to maintaining the Web site and the quarterly publishing of *Focus Canada* in German, both of which serve the entire Embassy. For issues that cross programs, there is a close cooperation.

2.3.5 Despite the appearance of a well-delivered program and well-defined overall objectives for the Section, it was difficult to get a sense of the priorities that reflect the individual efforts required. Program delivery appears to be more reactive than proactive. There is a need to establish specific annual objectives for each officer in the Section in order to potentially assess the impact of the work. The thawing of relations

between the two countries should make it easier to establish such objectives, to be discussed with the new HOM based on her own mandate.

Recommendations for European Union, North and West Europe Bureau (RRD)

- 2.3.6 A reporting contract should be established with the Mission.**
- 2.3.7 Review the funding requirements for Austria for cultural activities.**
- 2.3.8 Communicate its political reporting requirements by providing specific instructions in this regard.**

RRD Actions and Timeframes

- 2.3.6 A reporting contract was established with the Mission in the spring 2006.**
- 2.3.7 The funding requirement for Austria will be reviewed on the basis of available funds. The importance of Vienna as a cultural centre of international importance, in the very heart of Europe, will be recognized as a priority.**
- 2.3.8 The reporting contract has been established and will be updated every year. Regular dialogue between the Mission (HOM and Head of the GR Program) and RRD and West Europe Division (RRO) helps focus on Headquarters requirements and needs.**

Recommendation for the Mission

- 2.3.9 Establish specific annual objectives for each of the section officers and periodically evaluate the results achieved and any adjustments to be made.**

Mission Action and Timeframe

- 2.3.9 Revised annual objectives were established after the arrival of the new PERPA Program officer for each of the section officers. The results are being regularly monitored and adjustments will be made if necessary.**

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

3.1 Overview

3.1.1 With a population of only 8.2 million, the Austrian market is relatively small and offers limited openings for Canada, particularly in view of the fact that this market is closely tied to that of Germany, with which Austria shares a border. That said, Austria posted a GDP of \$377 billion in 2004, ranking ninth among the EU economies, and recording the second highest GDP per capita after Ireland. While Austria was the fourth largest EU destination for our exports, with exports in the order of \$292 million and \$1.238 billion in imports, it is the investment sector that is the most promising between our two countries. In 2002, we invested close to \$705 million compared with \$234 million in investment by Austria. While our membership in NAFTA provides attractive possibilities for Austria, its membership in the EU offers us similar opportunities. Austria's strategic position as an immediate neighbour of central and southeastern Europe puts us in a choice position for exploring new opportunities in the region, either in partnership or on our own initiative.

3.2 Program Management

3.2.1 The Section is composed of one CBS and four LES, one of which is acting as administrative support for the entire Section.

3.2.2 The Program Manager, who ***. She carries out her responsibilities ***. She promotes *** in section members, holding regular coordination meetings and one working lunch per month with them. She succeeds in conveying the importance of *** pressure on the Section.

3.2.3 In terms of program management, an issue must be raised regarding the overly-frequent use of *** by maternity or other types of leave. In fact, in one case, ***, while the ***. This practice, even if governed by a competitive process, cannot be encouraged, since it *** and does not follow Departmental guidelines. In another case, *** will soon end. ***. While it may have been accepted by Headquarters in previous years, *** are an exception to the procedures permitted today and must no longer continue.

3.2.4 It would also be appropriate for Headquarters to make a decision on the request for reclassification of the support position.

Recommendation for the Mission

3.2.5 Formalize the status of various positions filled by * and discontinue the practice of ***.**

Mission Action and Timeframe

- 3.2.5** There are *** in the section. After the ***, the Program Manager ran a competition and **. The other **. Job descriptions have been reviewed and appraisals written (as of April 2006).

Recommendation for Resource Management Division 1 (RSA)

- 3.2.6** Make a decision on the request for reclassification of the support position in the Section.

RSA Action and Timeframe

- 3.2.6** The support employee has been asked to update her job description. Once this is done, the reclassification request to LE-05 will be considered by the Mission's classification committee.

Mission comment: The support employee presented an updated job description for her position. The classification committee has asked to be provided additional information. The work on the reclassification request is still in progress.

3.3 Program Delivery

3.3.1 It is apparent that our economic relations with Austria are dominated by investment potential and, in particular, Canada's potential as a NAFTA partner. From the Canadian perspective, there is a strong presence of Canadian companies in Austria, including Magna, Bombardier and Nortel. However because the Austrian economy is relatively small, there is less room for market development initiatives. The trade policy is essentially established by our EU mission in Brussels.

3.3.2 For the 2005-2006 fiscal year, 36 Client Service Fund related activities and events were carried out on a budget of \$55,000. In addition, relations with the Ministry of Agriculture representative, based in Bonn, were strengthened and led to the organization of Food Celebration weeks in a large local hotel, which generated interest among other hotels and food store chains.

3.3.3 There is a need to review job descriptions for each of the LES positions in the Section. This exercise will ensure the adequate distribution of the workload based on the new priorities of the entire Section, which were defined in 2006 as being investment, science and technology, agri-food, the environment, and the biotechnology and advanced manufacturing technology sectors. At the time of the audit, there was some confusion over the individual responsibilities of each LES and some initiatives had been undertaken by certain LES in sectors outside their areas of responsibility.

3.3.4 Once job descriptions have been reviewed and ***, this will allow the Mission, together with Headquarters, to assess the resource requirements for the Section.

3.3.5 The “Springboard to Eastern Europe” initiative was developed by the Section in 2005. This initiative was designed to encourage Canadian companies to establish in Austria, a Western democracy with a well-established market economy, given the added benefit of entry to Central/Eastern Europe. The intent was that this could provide an opportunity for Canadian companies to partner with Austrian companies who may already be established in Central/Eastern Europe, thus providing a gateway to this region. A first experiment took place in June 2005, whereby the Mission collaborated with our missions in the region (Prague, Bratislava, Warsaw and Budapest) to attract Canadian companies. However, not all missions were of the same understanding in terms of the initiative’s objective.

3.3.6 The second experiment in this regard, scheduled for 2006 in the environment sector, should proceed with caution to ensure that all interested parties understand the objectives, while taking into account local sensitivities. The use of an extensive network of Austrian knowledge and experience and reliance on a well-developed banking system demonstrate the benefits of this approach and as such, the “Springboard to Eastern Europe” initiative should be pursued. And that does not include the prospects of a greater opportunity for putting together Canadian missions targeting larger markets in central and southeastern Europe.

Recommendation for the Mission

3.3.7 Review the distribution of duties for each of the LES in the Section.

Mission Action and Timeframe

3.3.7 The Program Manager revised section job packages in consultation with all LES when she staffed the second LE-09 position in April 2006. She reviewed these duties again with each person when she held performance review interviews with the LES in June 2006. They expressed *.**

PERMANENT MISSION TO INTERNATIONAL ORGANIZATIONS (VPERM)

4.1 Overview

4.1.1 The multilateral Mission in Vienna is accredited with the International Atomic Energy Agency (IAEA), as well as the Comprehensive Nuclear Test-Ban Treaty Organization (CTBTO) and the United Nations Office On Drugs and Crime (UNODC). It also covers the activities of several other smaller UN institutions or plurilateral arrangements dealing with key issues for our foreign policy.

4.1.2 The delegation is very active, given that work has increased in the last few years due to the Iran file, in addition to that of North Korea and Libya. Among the various UN matters that the Mission must address, the IAEA is particularly significant in view of the role that it plays in international security and the importance that Canada places on nuclear non-proliferation, arms control and disarmament objectives and the marked interest of its world-class nuclear industry. Our contribution to the CTBTO and UNODC is also of crucial importance and generally recognized as such. Owing to our considerable financial contribution (\$25 million in 2004), we wield significant influence. After New York and Geneva, it is our third largest United Nations mission. That said, we have the smallest delegation of the G-8 group, which substantially affects the workload of the delegation and its ability to advocate effectively the full range of Canada's interests in the international organizations based in Vienna.

4.2 Program Management

4.2.1 The Program is headed by the HOM, who is also Ambassador to Austria. It includes five CBS, one of whom provides administrative support. In 2005, the Mission recruited a new officer to handle the mounting workload generated by increasing importance of IAEA non-proliferation issues. The HOM's obligation to divide her time between the multilateral and bilateral relations, based on the priorities and requirements of each program, is not always easy. In our opinion, the workload at the Permanent Mission to International Organizations has increased significantly over the last few years, markedly exceeding the workload generated by the bilateral relations.

4.2.2 Each of the delegation officers has well-defined responsibilities. Owing to the number of committees that must be covered and scheduling conflicts, staff assist and replace one another and this flexibility is required if the annual objectives set for the delegation are to be achieved.

4.2.3 Despite its limited resources, the Mission is performing well. It is recognized for the quality of its interventions, according to the various stakeholders consulted, in particular those of the IAEA. This work is performed not only in the various committees, but also with clients from the various federal agencies and departments it represents, such as the Canadian Nuclear Safety Commission, Natural Resources Canada and Atomic Energy of Canada Limited, Health Canada, the

Department of Justice, Canadian International Development Agency (CIDA), Environment Canada, Public Security, and the Canadian Space Agency. In addition, regular assistance must be provided to many visitors from Ottawa attending a broad range of regular and special meetings.

4.2.4 Mission *** and the Deputy Head of the delegation holds regular coordination and information meetings with staff to inform them of the results of the weekly CMM meeting. He is responsible for the day-to-day management of the delegation, and coordinating all of its activities, and is the HOM's primary source of support. The Deputy Head has established priorities for the Section and provides measured support to staff members.

4.3 Program Delivery

4.3.1 Three CBS will be departing ***, following completion of their assignments. This will create a major loss of expertise in the delegation, which has just welcomed a new HOM. Care must be taken in the selection of replacements to ensure that these positions are filled promptly.

4.3.2 Despite the assignment in 2005 of an additional CBS, further resource requirements of the delegation need to be addressed if the Mission is to be able to effectively pursue the full range of Canada's interests at the international organizations based in Vienna. Not only is it the smallest in the G-8 group, it is also the smallest compared to other countries of equal stature. An increase in staff should be considered, particularly if crises continue to occur or responsibilities continue to grow. For example, the IAEA Board of Governors meets four times a year and the recent activities of this Committee generated additional meetings of Special Committees; a new committee on the application of nuclear safeguards has just been created, and with a special fund created by DFAIT to fight international terrorism, the work of the officer responsible for UNODC automatically increased. The monitoring work of this officer with the CTBTO is no longer receiving the same attention, despite the importance we attach to this file.

4.3.3 The audit team supports Headquarters' recent decision to allocate an operational budget for the management of the delegation.

Recommendation for the Mission

4.3.4 Develop a business case, in the country strategy, for an additional resource in the Section.

Mission Action and Timeframe

- 4.3.4** VPERM has reassessed the issue of an additional position following the arrival of three new officers *** and in light of the budgetary restraints in Ottawa. The Mission has decided not to pursue this request for the near future.

CONSULAR PROGRAM

5.1 Overview

5.1.1 The DMCO is responsible for the day-to day management of the Consular Program, supported by an LE-09 Consular Officer and LE-07 Passport Assistant. Both LES are *** employees and the DMCO, *** in Headquarters. Although the DMCO ***, Her current job package (Physical Resources Management and Consular Services) fully occupies her time, which is evenly split between the two functions.

5.1.2 The consular workload has increased during the past year due to two significant factors; the added responsibility of providing consular support to Bratislava, and the increase in consular cases resulting from the transformation of Vienna into an Austrian Airlines hub. The Program has relied on emergency employees to keep up with the growing workload but is confident that the situation will improve as they gain more experience dealing with these new cases. Consular support to Bratislava is made more challenging due to the language difference but the close proximity of Bratislava to Vienna will facilitate more CBS oversight than under the previous arrangement, which had Prague as the hub mission.

5.1.3 There is a *** in the Section, with regular staff meetings and a *** amongst the staff, facilitating communication. While the Passport Assistant is responsible for all passport processing, the DMCO approves all passports. It is important that the DMCO see original proof of citizenship before approving passport applications as she is currently relying on the scanned copies in the Passport Management Program (PMP). Working stocks should also be decreased from the current one month supply, and a daily reconciliation of working stock should be prepared.

Recommendation for the Mission

5.1.4 The DMCO must see original proof of citizenship before approving passport applications.

Mission Action and Timeframe

5.1.4 Effective August 28, 2006, the DMCO sees original proof of citizenship before approving passport applications.

5.1.5 While processes and procedures within the Program are good, improvements can be made by implementing the following recommendations:

Recommendations for the Mission

- 5.1.6 The Consular Contingency Plan needs to be updated and submitted to Emergency Services (CNE) for approval.**
- 5.1.7 Consular service standards should be posted in the reception area.**
- 5.1.8 Consular fees should be received and handled exclusively by one staff member.**
- 5.1.9 Consular fees should be reconciled and given to accounts weekly.**
- 5.1.10 Copies of previous passport applications should be shredded when originals are received in Hull.**
- 5.1.11 The DMCO should be given the ***.**

Mission Actions and Timeframes

- 5.1.6 The Consular Contingency Plan was updated and approved by the HOM. It was submitted to CNE on March 1, 2006.**
- 5.1.7 The Mission finalized consular service standards based on global standards on September 8, 2006.**
- 5.1.8 Effective September 4, 2006, consular service fees are handled by one employee in the Consular Section.**
- 5.1.9 Effective September 4, 2006, consular fees are reconciled and given to the Financial Section on a weekly basis.**
- 5.1.10 The Consular Section no longer keeps copies of previous passport applications due to the implementation of Mission Passport Print Solution (MPPS). Old copies have already been destroyed from the files.**
- 5.1.11 The Deputy MCO is now ***. However, effective September 1, 2006 the passport stock was signed over to the Deputy MCO and she will maintain ***. The remainder are ***. There is no longer a requirement to keep a significant supply on hand since most passports are printed in Canada. The Consular staff will create a logbook to keep track of all working stock.**

ADMINISTRATION PROGRAM

6.1 Overview

6.1.1 The Mission and the Administration Section are in a period of transition. In addition to capacity issues in Finance and Physical Resources, the Administration Section must deal with issues such as the ongoing ***, consideration of Vienna as a Regional Common Services Centre (RCSC), and discussion of Vienna becoming a courier hub.

6.1.2 The MCO *** moved from the DMCO position to the MCO position ***. He has done *** during the past year, which has been beset with challenging issues in need of urgent attention. He is taking a transparent and communicative approach to the challenges faced by the Administration Section, and has built *** in the Section. Clients indicated that they are happy with the level of service provided by the Section but that traditionally problems have arisen due to a perceived lack of a client service focus ***.

6.1.3 While some staff need to take a gentler approach with clients, there are also other issues which impact consistent and professional service delivery. The Section has limited capacity to deal with the current finance and physical resources demands. Additional resources are necessary for the Mission to attain consistent service delivery in these areas given current and anticipated demand. The Section does not have the capacity to be more proactive, particularly while preoccupied dealing with the current HR issues which must remain the primary focus of the MCO. The effect has been insufficient planning, and the absence of certain controls and procedures.

6.1.4 An issue of particular importance to the Mission is the geographic bureau's plan to make Vienna a Regional Common Services Centre (RCSC). Given the scale of Vienna's current operation and its geographic location it is a logical choice as a RCSC, but the Administration Section does not currently possess the required capacity to support additional Missions. Finance, in particular, has no capacity to do more and adding workload will strain already ***. A substantial number of HR issues need to be addressed and *** will make HR the main focus for the MCO for the next while. The DMCO is fully occupied with her current workload, and the Property Section is currently staffed with only one LES office employee. Given these factors, the Mission does not currently have the capacity to take on more missions under the RCSC model.

6.1.5 Adding even one more mission will add significant stress to the Finance Section in particular, and in the current environment could be disastrous. That being said, if the Mission is to be the RCSC we would recommend that, as a starting point, a CBS Mission Financial Officer (FI) position be created to coordinate and manage the financial aspects of the RCSC. The Accountants could then be assigned specific portfolios which would then alleviate the stress of ***. (Footnote: As of the date of this report, the decision has not yet been taken to make Vienna a RCSC.)

Recommendation for the Mission

- 6.1.6 The Mission should prepare a business case for a CBS Mission Financial Officer position and submit to Strategy and Services Bureau (RSD).**

Mission Action and Timeframe

- 6.1.6 The Mission will prepare a business case to add a CBS financial officer (FI) position to the mission complement. However, before an FI is in place, the Mission would like to have (a) financial expert(s) visit the Mission to review the workload, responsibilities and position classifications for all staff in the financial section to determine what structural adjustments could be made to improve performance and results and what additional resources would be required if Vienna assumes new regional hub responsibilities.**

6.2 Human Resources (HR)

6.2.1 The HR function is managed by the MCO assisted by the Budgeting Officer (LE-08) and the Administrative Assistant (LE-05). The MCO, who already dedicates much of his time to HR matters, has been extensively involved in the *** currently underway at the Mission. The Budgeting Officer, who works on employee benefits and interpretation of local labour law, is ***, leaving her role in HR matters unclear. If she continues to work on HR matters, her role should be clearly communicated to the LES Committee, ***. HR management is an important and time consuming function at the Mission.

6.2.2 The Audit team met with the LES Committee who raised a number of issues, however every discussion seemed to return to the issue of a perceived lack of trust and confidence that exists between management and LES. Committee members raised communication, particularly between CBS and LES, as the number one issue at the Mission, and remarked that there is a need for more trust between the two parties. These sentiments were seconded by management in separate meetings. It became clear from these discussions that there is a need for increased communication between the Committee and Management. The current management team has made positive efforts in this regard, with the HOM meeting the Committee shortly after her arrival. The Committee indicated that they were open to more communication with this management team and it is recommended that a formalized meeting structure between management and the LES Committee be developed. Agendas should be set in advance of these meetings, and minutes should be taken and be distributed to all staff. Different interlocutors should be selected for management. In addition to regular meetings with the MCO, the Committee should meet with the CMM at least twice a year, and the HOM quarterly.

6.2.3 The composition of the LES Committee is very large with two members from each section of the Mission. While this ensures that the Committee is representative of Mission programs, the Committee should be elected democratically.

Recommendations for the Mission

6.2.4 Meetings between the LES Committee and Mission management should be scheduled on a monthly or bi-monthly basis. The HOM should meet formally with the LES Committee at least quarterly, and the CMM should meet with the Committee at least twice a year.

6.2.5 When the current LES Committee has fulfilled their mandate, an election should be held to determine members of the next Committee.

Mission Actions and Timeframes

6.2.4 The CMM has appointed a Management Committee to meet with the LES Committee on a bi-monthly basis effective August 2006. The HOM and CMM will also participate in meetings on a regular basis.

6.2.5 The current LES Committee has just been elected and after a period of one year, elections will be held to determine new LES committee members.

6.2.6 The last comprehensive review of the Employee Handbook was in 2001. Since that time, the pay structure has been changed in order to comply with Austrian law. The result was that the fringe benefit was rolled into basic salary, which resulted in an increase in the net taxable salary. This remains a contentious issue, with some LES stating that the fringe benefit was given in lieu of other benefits. To examine this issue further, and to provide reassurance to the LES, it is recommended that the Locally Engaged Staff Services Bureau (HLD) instruct the Mission to undertake a comprehensive benefits review.

6.2.7 While employees acknowledge receipt of the Handbook when accepting their letter of offer, they do not sign to acknowledge receipt of any updated versions of the Handbook. When the Handbook is updated, it should be distributed to LES, who should sign the back page of the Handbook. This acknowledgment of receipt should be maintained on the employee file.

Recommendation for HLD

6.2.8 HLD should instruct the Mission to undertake a comprehensive benefits review.

HLD Action and Timeframe

- 6.2.8 HLD is committed to reviewing all outdated handbooks. Additional funding has been requested to retain the services of an International Service provider to assist HLD in this exercise. As soon as the contract is in place HLD will release a work plan including deadlines.**

Mission Comment: The Mission is presently undertaking a comprehensive benefits review which should be finalized by December 2006. It should be noted, however, that HLD has informed the Mission that it does not have the staff or the resources to examine and reply to the Mission's benefit survey as it is not part of the cycle for the next couple of years. The Mission intends to pursue this with HLD with a view to having the benefit survey considered within a reasonable time frame.

Recommendation for the Mission

- 6.2.9 When the Employee Handbook is updated, LES should sign for receipt of the new Handbook, and this acknowledgement should be placed on the employee file.**

Mission Action and Timeframe

- 6.2.9 Effective mid-September 2006, all LES have signed for receipt of the new Handbook and the acknowledgments are on file.**

6.2.10 The Mission encourages staff to take advantage of training, and maintains training histories on most staff, an excellent practice. The DMCO has been appointed the Training Coordinator for the Mission, and keeps Program Managers informed of upcoming training opportunities, but it would be helpful if more formal planning was done in this regard. A comprehensive Mission-wide training plan and budget should be established and reviewed with managers annually. This will make the process of accessing training opportunities more transparent to employees, and allow managers to better plan for the absence of these employees while on training.

Recommendation for the Mission

- 6.2.11 A comprehensive Mission-wide training plan and budget should be established and reviewed with managers annually.**

Mission Action and Timeframe

- 6.2.11 Mission expects to have a Mission-wide training plan and budget in place by December 2006.**

6.2.12 A review of position descriptions indicated that most had been updated in the previous two years. Some positions had recently seen a change in responsibility, such as the Accountant with the addition of Bratislava and the Administrative Assistant supervising the drivers. Their position descriptions will need to be updated to reflect these changes. When updated, the Classification Committee should review these revised position descriptions to ensure the positions are properly classified.

Recommendation for the Mission

6.2.13 Position descriptions should be continuously updated as duties change.

Mission Action and Timeframe

6.2.13 Position descriptions are being updated with the arrival of the new MCO. Any descriptions with major changes will be presented to the Classification Committee for review.

6.2.14 The audit team made numerous requests to the Administration Section before receiving complete listing of all emergency employment, interns, and individuals on personal services contracts. This list was hand written as electronic tracking was not being undertaken. Electronic tracking is necessary to ensure the Mission does not inadvertently create employer-employee relationships.

Recommendation for the Mission

6.2.15 Electronic tracking of those hired on emergency employment, internship, or under a personal services contract should be instituted.

Mission Action and Timeframe

6.2.15 Tracking of all contracts, internship and emergency employment letters of offer has been set up in an electronic format effective August 2006.

6.2.16 Sufficient documentation to support staffing actions was on file, but letters of offer were signed by the MCO as opposed to the HOM.

Recommendation for the Mission

6.2.17 The HOM should sign letters of offer.

Mission Action and Timeframe

6.2.17 Effective August 2006, HOMs will sign all letters of offer.

6.3 Physical Resources

6.3.1 The Physical Resources Section is managed by the DMCO with the assistance of an LES Property and Materiel Manager (LE-07). They are responsible for a busy Property and Materiel program, managing a portfolio which includes 29 Staff Quarters (SQs), the Chancery, and the Official Residence (OR). There is simply too much work for the DMCO (who is also responsible for the Consular Program) and Property and Materiel Manager. As a result, planning and control has suffered, as the Section does not have the capacity to be proactive. Specific examples of overwork include the Mission Property Management Plan (MPMP), which was not updated at the time of the audit, annual SQ inspections not being performed, and occupancy agreements not being signed within two weeks of occupancy.

6.3.2 In addition to the backlog of work described above, relations with clients have also suffered with clients indicating an inconsistent level of service and spotty communication. Taking all of these factors into consideration, as well as the additional responsibilities pertaining to Bratislava, there is a clear need for an additional resource. It is recommended that an additional position be created to handle Materiel Management responsibilities. This would allow the Property and Materiel Manager to focus her efforts on Property issues.

6.3.3 Service standards have not been developed for the physical resources function, but are needed. The DMCO, who is copied on all work order requests, is often left to deal with unhappy clients who have not had clear communication on the status of their request. The Mission should develop comprehensive service standards detailing how to access services, the expected communications from the Section in response to work order requests, and service delivery timeframes.

Recommendations for the Mission

6.3.4 A business case for a Materiel Management Clerk should be developed and submitted to the Strategy and Services Bureau (RSD).

6.3.5 Comprehensive service standards should be developed and distributed to clients.

6.3.6 The MPMP should be updated and submitted to SRD.

6.3.7 Annual SQ inspections should be performed.

6.3.8 Occupancy Agreements should be signed within two weeks of occupancy.

Mission Actions and Timeframes

6.3.4 A business case was developed and submitted to the Headquarters Area Management Services and Special Projects Division (RSA) who advised verbally that no funding was available for this new position. HOM will raise this again with RSD.

6.3.5 Service standards will be developed and distributed to clients by December 2006.

6.3.6 The MPMP was completed and forwarded to Headquarters for approval in February 2006.

6.3.7 Annual SQ inspections will be performed effective September 2006.

6.3.8 Occupancy agreements have been signed within two weeks of occupancy since July 2006.

6.3.9 The Mission maintains a large materiel inventory in commercial storage space. Included in this storage is a large amount of nearly new furniture which was deemed unacceptable by clients because others at the Mission had received new furniture. The Mission needs to develop a capital replacement plan to better manage this in the future. Once developed, it is recommended that the plan be reviewed by the Housing Committee. Also, as most of the stored items will never be removed and put back into use, it is recommended that a disposal sale be held to reduce the excess inventory and minimize commercial storage costs. The disposal process should be carefully managed and include a number of staff, as a review of past disposals indicated a lack of rigour and transparency in the process.

6.3.10 The contract for the Embassy's moving and storage company has not been competitively tendered recently, instead being renewed automatically on an annual basis. To ensure value for money, and increase transparency the contract for moving and storage should be competitively tendered upon the expiration of the current agreement.

Recommendations for the Mission

6.3.11 Develop a capital replacement plan.

6.3.12 A disposal sale should be held to reduce excess inventory and minimize commercial storage costs.

6.3.13 Competitively tender the moving and storage contract upon the expiration of the current arrangement.

Mission Actions and Timeframes

6.3.11 A capital replacement plan will be developed over the coming year in conjunction with annual SQ inspection visits.

6.3.12 A disposal sale will be held by March 2007 which will substantially reduce inventory and result in less storage space and costs.

6.3.13 All contracts will be competitively tendered as they come up for renewal, including the moving and storage contracts.

6.3.14 Without clearly defined Terms of Reference (TOR), some past housing committee practices have been less than ideal, and tenant initiated SQ moves have occurred at a much higher rate than is typical. A review of Housing Committee files indicated a fluidity of membership, leading to speculation that past members joined the Committee to advocate on behalf of specific cases, leaving after a decision was taken. Sample TOR were provided to the new chair of the Housing Committee, and should assist her in adding renewed vigour and structure.

6.4 Finance

6.4.1 The MCO oversees the Finance Section, which is staffed by an Accountant (LE-06) and two Accounts Assistants (LE-05 and LE-04). The Budgeting Officer has ***. She continues to exercise her budgeting role, but now works ***.

6.4.2 Workload on the Section has been increasing, with responsibility added for Bratislava this year. The transition to handling Bratislava was not well communicated and could have been better managed to document processes and procedures and limit ***. After a difficult transition, the relationship now appears to be working well, but the Section is not in a position to take on responsibility for more missions without a corresponding increase in resources. As mentioned in Section 6.1.5 of this report, strong consideration should be given to the creation of an FI position in Vienna, whether as a part of the RCSC model or to strengthen the Finance Section given Vienna's current responsibilities. Before doing so, it would be important to closely analyse how best to structure this Section to ensure that it is equipped to respond to current and future challenges.

6.4.3 During discussions with the Accountants, it became apparent that a significant portion of their time was spent assisting Mission staff in understanding and keeping them updated on the various administrative rules and regulations. It did not

appear that the administrative rules, regulations and/or service standards of the Finance Section were adequately documented and/or accessible to Mission staff.

6.4.4 One process which needs to be clarified pertains to the processing of value added tax (VAT) recoverable for CBS staff. A number of CBS bring a box full of receipts to the Accounting Section, who then processes them on their behalf. This is not the role of the Accountants, and instructions should be prepared detailing how CBS should prepare the necessary paperwork for their VAT refund. The Accounting Section can then perform their appropriate role and audit the claims for completeness before they are sent to the local authorities.

Recommendations for the Mission

6.4.5 Documented accounting policies, procedures and service standards should be drafted by the Finance Section, presented to the CMM, approved by the HOM and communicated to all staff.

6.4.6 Instructions for processing VAT refunds should be prepared and distributed to CBS. CBS should prepare their own submissions and submit to the accounting Section for review.

Mission Actions and Timeframes

6.4.5 The Mission is continuously providing documented accounting policies, procedures and service standards approved by CMM including: Mission signing authorities (written instructions and briefings were provided in September 2006); hospitality guidelines (briefings were provided in October 2006); travel expense claims (briefings were provided in December 2006); and VAT refunds (briefings were provided in December 2006). The Mission would like to establish a Mission Intranet site where all policies and procedures can be accessed easily by staff.

6.4.6 Instructions for processing VAT refunds were prepared and distributed to all CBS in January 2006. All CBS are now preparing their own submissions. A briefing session for new staff on the procedures will be held annually in September of each year.

6.4.7 The monthly bank reconciliations are prepared by the Senior Accountant and reviewed and approved by both the MCO and the HOM. Generally, there is sufficient segregation of duties to ensure an appropriate level of control, however the Budgeting Officer and Property and Materiel Manager have signing authority for the bank accounts of Vienna and Bratislava. These authorities should be immediately

removed. The MCO is also not sufficiently involved in the creation of new vendors, only seeing vendor creations and changes after completed, and not reviewing regularly.

Recommendations for the Mission

- 6.4.8 The signing authorities for the Budgeting Officer and Property and Materiel Manager for the Vienna and Bratislava bank accounts should be removed.**
- 6.4.9 Prior to being entered into IMS, the MCO should review and approve the creation of all new vendor accounts or changes made to previous vendor accounts**

Mission Actions and Timeframes

- 6.4.8 The bank signing authorities for the budgeting officer and property and materiel manager for the Vienna accounts were removed in August 2006.**
- 6.4.9 Effective September 2006, the MCO will review and approve the creation of all new vendor accounts or changes made to previous vendor accounts.**
- 6.4.10 In addition, the following recommendations were identified by the Audit team:**

Recommendations for the Mission

- 6.4.11 The Material Management module and Automated Contracting System of the Integrated Management System (IMS) should be used by the Mission.**
- 6.4.12 The Terry Fox Run bank account should be recorded in IMS using a Special Purpose Account (SPA)**
- 6.4.13 Asset and Liability reports should be completed monthly as part of the bank reconciliation package.**

Mission Actions and Timeframes

- 6.4.11 The Materiel Management module and automated contracting system in IMS is being used by the Mission effective December 2006.**

6.4.12 The Terry Fox Run bank account was closed in August 2006 given that the Terry Fox Run will not be held this year.

6.4.13 Effective September 2006, the asset and liability reports are completed monthly as part of the bank reconciliation package.

6.5 Information Technology (IT)

6.5.1 An Audit of Information Technology was not performed to facilitate an Audit of Business Resumption Planning (BRP). The findings of the BRP Audit will be written in a separate report.