FOREIGN AFFAIRS AND
INTERNATIONAL TRADE

OFFICE OF THE
INSPECTOR GENERAL

AUDIT

OF

THE CANADIAN EMBASSY

WASHINGTON

July 2000

Audit Division (SIV)

TABLE OF CONTENTS

EXECUTIVE SUMMARY

An audit of the Political and Public Affairs, International Business Development (IBD), Consular and Administration Programs was conducted in Washington during the period December 1 to 16, 1999. The audit of the Administration Program was limited to issues identified at HQ and at the Mission and did not include a comprehensive review of all systems and procedures. The previous audit of the Administration and Consular Programs was conducted in April, 1995.

MISSION MANAGEMENT

Based on the review conducted, it was determined that all DFAIT Programs are well managed with dedicated and hardworking employees working towards meeting program objectives. The audit identified a number of issues which cross program lines that apply Mission-wide and require action by senior management at the Mission. An overall Training Plan needs to be established for all staff. A strategy should be developed to raise the Web site development from an ad hoc basis to a Mission-wide level. Financial services provided by the Finance Section to program managers needs to be reviewed to ensure that duplication of effort is avoided and to ensure efficient utilization of resources. Headquarters should provide the Mission with details of legal services contracts entered into with Washington legal counsel firms. Details of payments made on a periodic basis should also be provided.

POLITICAL DIVISION

Against the backdrop of the U.S. as a neighbour and superpower, the Political Division has the formidable challenge of promoting Canadian policies and interests while at the same time endeavouring to understand and influence U.S. policies that impact on Canada and the international community. Within the limitations of a resource base that is severely stretched, the Political Division is delivering an effective Program. An additional Foreign Service Officer in the Environment Section, together with some fine-tuning of responsibilities, would further improve the Program effectiveness of the Division.

PUBLIC AFFAIRS DIVISION

Public Affairs is a busy and well-managed Division. The Division is making effective use of technology although there is a need for a more planned and coordinated approach to maintaining the Mission's Web site. Some streamlining of processes is also being recommended. With the Minister's (Public Affairs) position being eliminated shortly, Mission management believes firmly that a new Canada-Based (CB) position is required. Given the recent addition of a Locally-Engaged (LE) Officer to the Division, the need for the CB position is not viewed as high a priority by the Audit Team compared to staffing requirements needed elsewhere in the Mission.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

Commercial Section

The IBD Program is a very busy and industrious program. Officers are all very knowledgeable of their sectors, hard working and dedicated.

There is a sense among staff that the workload is overwhelming. For new staff, there is a very steep learning curve and for the experienced staff it is difficult to find time to get out of the office and build the required network for trade promotion. There is a heavy demand in terms of trade promotional, defence access and regulatory issues. The Audit Team believes, as do the staff, that these issues cannot be separated. They are important elements of the job.

Although each Program Manager has a general work plan, a more focussed and organized approach, including better planning and prioritizing, would make their work more manageable. Each officer (CB and LE) needs an individual work plan articulating detailed strategy, and identifying planned staff activities such as projects, missions, seminars/conferences, area travel, HQ travel, and out calls. As a result, staff would be in a better position to prioritize work activities and be able to cope with the demands of unscheduled events and regulatory work that is primarily reactive in nature. This more structured approach would go a long way toward alleviating the concerns, expressed by both Mission and Headquarter staff, that the combination of trade promotional activities, defence procurement policy and regulatory demands is difficult to manage.

In addition to the Science and Technology (S&T) Program for the United States and Trade and Investment Development (TID) Programs for the mid Atlantic, the IBD Program has two unique sections, the Office of Liaison with International Financial Institutions (OLIFI) and Government Procurement. Both sections believe that the Team Canada Partners do not provide adequate export education advice in these markets. As such, they are taking the responsibility upon themselves to prepare Canadian firms to enter the market so that they are better prepared when they seek strategic advice from the Mission. Headquarters should review this situation to determine future direction and ensure future activities are aligned to the Performance Measurement Initiative (PMI) concept for services provided abroad.

Economic and Trade Policy Section

There are clear, high level objectives for the Program, however, because of the reactive nature of the issues that surround the Program it is difficult to establish prioritized targets. Generally, the emerging issue will determine its priority. Staffs integrate well with other Mission Programs on a daily basis.

Staff indicated a high level of respect for the demonstrated abilities of the Minister Counsellor. It is evident that there are some outstanding and dedicated staff at all levels. Officers are all very knowledgeable about their sectors and are hard working.

The current Minister Counsellor's span of control is far too wide and demanding. Delegating some managerial responsibilities to the Deputy Head would alleviate some of the demands. Another area that could be improved is closer collaboration between the Softwood Lumber and Trade Promotion Sections on border issues so that Canadian exporters planning to penetrate the U.S. market are better aware of the issues that impinge on them.

CONSULAR PROGRAM

The Consular program is well managed with established procedures and controls in place. Use of automated tools has enhanced service delivery and increased productivity.

ADMINISTRATION PROGRAM

Administration is managed by a senior Management Consular Officer (MCO) who has a strong management team reporting to him. There is good synergy and a service orientation in the Program. Locally-Engaged Staff (LES) are generally long serving and very knowledgeable of their duties. Besides managing the administration for the Mission and the Permanent Mission of Canada to the Organization of American States (PRMOAS), the Program has certain responsibilities to the U.S. Consulates and also does the purchasing of foreign currency for overseas missions. Clear objectives have been set for the Program and these are frequently reviewed and updated.

The following is a list of the key areas upon which the Mission needs to focus in the coming months.

- There is no LES Committee at the Mission but a group of LES did meet with the Audit Team to discuss LES issues. An LES Committee should be established to discuss Human Resources issues in order to improve the overall communication process with Mission management.

- The Mission should establish a time line of activities in order to ensure that the new rent ceilings are implemented in a timely manner for the 2001 posting season.

- Considerable maintenance is required at the Official Residence and decisions need to be taken, in a timely manner, as to which projects are to be completed by summer.

- There are three Chancery space relocation projects being considered so that programs and the PRMOAS are more efficiently located. Also of significance to the Mission is the need for the Corporate Finance, Planning and Systems Bureau (SMD) to provide policy interpretation and guidance with respect to recovering costs for use of Embassy facilities for externally-funded events.

- The CB Clerical position in the Human Resources Section should be converted to an LES position.

MISSION MANAGEMENT

Mission Committees

1.1 The Executive Committee, comprised of the HOM, three Ministers, Canadian Defence Liaison Staff (CDLS), MCO and the HOM's Executive Assistant, meets twice weekly to discuss current issues of significant importance to the Mission. The Committee on Mission Management consists of 10 members and is chaired by the DHOM. Mission management and administrative policies and procedures are discussed in this forum. Other Committees established at the Mission are Health and Safety, Contract Review, Staff Funds Management, and Defence Liaison.

Legal Counsel Contracts

1.2 The Mission requested that the Audit Team review the process for selection of legal counsel hired in Washington to advise on various Canadian Government issues, including the North America Free Trade Agreement (NAFTA). Discussions were held with the HOM, DHOM, Minister Counsellor/Economic and Trade Policy Section and staff in the Trade Law Division (JLT). The Mission feels that its involvement in the selection of legal counsel is minimal and that it is not kept informed on the status of contracts let, including the amounts being paid to the legal counsel. The number of legal counsel contracted is very small and with a large number of lawyers and law firms in Washington, the Mission feels that it may be opportune to review the contracts with the possibility of hiring other legal counsel.

1.3 SIV downloaded financial expenditures for legal services for 1998-99 and the first eight months of 1999-2000. The major payments were on behalf of Trade Remedies Division (EAR) - $922,000 for 1998-99 and $77,000 for part of 1999-2000 and for Export and Import Control Bureau (EPD) - $663,000 for 1998-99 and $115,000 for part of 1999-2000. For these HQ divisions, the same legal counsel has been used for a number of years. Other HQ Bureaux (e.g., SRD, UAM) also hire legal counsel as required.

1.4 For legal counsel contracted by JLT, a selection process is followed which involves Mission staff (although there have been no new contracts for which current Mission staff were involved), HQ program staff, JLT and the Department of Justice. The Department of Justice determines the rates to be paid under the contract. The invoices from the legal counsel are approved by the Program Manager in HQ, and approved as to the rate charged by JLT staff.

1.5 UAM has a budget for legal costs and a legal counsel is contracted to give advice on environmental subjects. The Counsellor (Environment) at the Mission reviews the invoices submitted by the legal counsel and the payments are controlled by UAM. In this case, the Mission is involved in the payment process.

1.6 The Mission had considered whether such legal counsel could be provided "in-house" on a more cost-effective basis. It was found that this would not be practical as a legal counsel can put eight to ten lawyers on a case as necessary. The Mission could not sustain such a number of staff. More importantly, subject matter expertise and a sound knowledge of American law is necessary when providing the legal advice required.

Recommendations for JLT

1.7 The Mission should be provided with information regarding the contracts for legal counsel in Washington and periodically be advised of the payments being made under these contracts.

1.8 The system for hiring legal counsel should be discussed with all interested parties, including Mission staff, and collective decisions be taken regarding the legal counsel contracted.

JLT Response

1.7 - 1.8 JLT would acknowledge that some might consider the number of legal counsel retained is relatively small. JLT would argue, however, that to a large extent, this reflects an effort to address the best and most cost-effective return to Canada. There often are cross linkages between cases which argue in favour of retaining counsel that already have moved along a learning curve with Canada on the particular legal issues and the related policy context. The expertise developed by counsel and familiarity with the policy context addressed also explains why the same legal counsel have been used for a number of years. This said, JLT seek to diversify legal agent selection to maintain competitive service standards and to target the diverse legal strengths in the law firms.

The role of the Mission staff is important and we do solicit their views and recommendations concerning legal counsel selection. The supervising lawyer signs a "reviewed and approved" notation on the account invoice.

Training

1.9 Program Managers expressed interest in the development of an overall Mission training plan. Over the past number of years there have been significant reductions in funds available for training including official language training. CFSS did notify SIV that in April 2000 it will advise all missions of the training options available to them by CFSS and will ask missions to determine their training needs. The training plan to be developed by the Mission should include a costing for each type of training if it cannot be provided through in-house or distance learning.

Recommendation for Mission

1.10 A training plan should be developed by the Mission with a costing for each type of training identified.

Mission Response

1.10 Mission agrees. A training plan is currently under development. Request for managers to submit staff training requirements will be distributed in early April when types of training and funding levels from CFSI are known. The Public Affairs Division is in the process of recommending media training for various officers throughout the Embassy depending on the existing level of experience. The Embassy is also working with HQ in the development of training modules which can be used to train Embassy staff on the most efficient means for researching the Internet.

Sustainable Development

1.11 No individual at the Mission has been tasked to set up the procedures required for reporting on sustainable development at the Mission. This would include property heating and air-conditioning costs and official vehicle costs. There is also a requirement to report to HQ on a quarterly basis with respect to sustainable development efforts.

Recommendation for Mission

1.12 Sustainable development procedures should be established and a person should be tasked to maintain such records and prepare the required reports.

Mission Response

1.12 Mission agrees. Head of Physical Resources has been assigned this responsibility and will be developing a Mission specific plan for July 2000.

Official Travel

1.13 The Mission utilizes the services of three travel agencies for official air travel by employees. Effective systems are in place to control the issuance of and payment for air tickets with coordination being through the Human Resources Section. The Section is considering adding another agency to the official list as the services from one long-standing agency are declining. One of the agencies on the list is owned and operated by the spouse of an LES employee. The Conflict of Interest Coordinator is aware of this situation and there are no current concerns.

Representational Support

1.14 The Mission notes that the Minister (Public Affairs) received authorization in 1995 to claim for the partial monthly cost of household cleaning through his official hospitality claims. Household representational support should be claimed only when official hospitality is extended. The Minister (Political) is provided with an LES position of Maid to maintain services at his staff quarter. The Mission notes that the authority for this position was given by Headquarters (UAM and SPSA) in 1993, and a GS-04 position was reclassified as a Maid position. There is no Treasury Board approval for this position. Without Treasury Board approval, we do not believe this practice should be continued. For the Minister (Public Affairs) there is provision under the Official Hospitality Guidelines to claim for cleaning costs on a case-by-case basis on those occasions when official hospitality is extended at the staff quarter.

Recommendation for Mission

1.15 For the Minister (Public Affairs) household representational support should only be claimed when official hospitality is conducted at the staff quarter. The Maid position for the Minister (Political) should be deleted.

Mission Response

1.15 The Minister (Public Affairs) position is to be eliminated. As existing policy does not support the continuation of the Maid position for the Minister (Political), the Mission proposes to transfer the position, which was created under cover of ABL memo 3985 of December 17, 1993, to the Congressional and Legal Affairs Section of the Embassy. This transfer will coincide with the scheduled departure of the Minister (Political) later this summer.

Web Sites

1.16 The Public Affairs Section has recently hired a new Web Site Coordinator to ensure the Mission's Web site is effectively maintained. This individual is also responsible for desk top publishing and is currently spending 90 percent of her time on Web site management. The Coordinator has taken a reactive approach to updating the site, leaving it largely to the various sections to keep the information current. The IBD and OLIFI Sections use interns to update their information. The Cultural Affairs and Academic Relations Sections are the most active in providing information as is the Press Office which provides news flashes to update the Mission's home page.

1.17 On the other hand, some of the 1,000 pages on the site have not been updated in over two years. Between September 24 and December 7, 1999 the site had been updated 24 times. The intent is to have the Web refreshed on a daily basis. Currently, there is no content renewal plan to ensure that information on the Web is posted and updated regularly. Nor is there a cohesive and coordinated approach with the Consulates in the U.S. to manage the site. By designating individuals from each of the Programs/Sections with responsibility for site maintenance and establishing a committee, more effective information on the Web would be assured. The number of "hits" is now averaging 7,000 a week and the site is increasing in its popularity. (It is not known how many are internal or external "hits".) The Coordinator recently attended a course to learn how to further increase the readership of the site. As a result, an initiative is now underway to inform the different search engines (of which there are some 200) that the Mission has a Web site. These initiatives will only increase the importance of the Web as an effective and strategic information source and amplify the need for strong information management.

1.18 We recommend that a Mission Web site strategy and work plan be developed to address development and implementation for all IBD Sections as well as other Mission Sections. Activities and costs need to be identified to raise Web site development from an ad hoc level to a Mission and Headquarters level. There may be areas in which Headquarters can advise and assist. At a minimum, such a plan will initiate a dialogue between the groups involved. Management recognition of the resource implications of this task is required. In addition, the geographic and functional bureaux should be aware of these plans so they can better serve the Mission. Resources will have to be found if the Mission is to expand the use of this tool.

Recommendations for Mission

1.19 A committee should be established to include representatives from each of the Sections/Programs at the Mission to ensure information on the Web site is appropriate and updated in a planned and coordinated manner.

1.20 **A Web site strategy and work plan that addresses development and implementation for all IBD Sections as well as other Mission Sections and the U.S. Consulates should be developed. Activities and costs need to be identified to raise the Web site development from an ad hoc to a Mission and Headquarters level.**

Mission Responses

1.19 **Mission agrees. The Embassy's web site is a "work in progress" reflecting the rapidly evolving nature of this form of communication. Within the past year the number of user sessions has risen from an average of 2,500 per week to more than 8,000. Much of this reflects the increased amount of material (and links) being employed on the site, as well as improved methods of bringing our site to the attention of key target audiences. Nevertheless, there is no question that we have experienced "growing pains". The transition from a work environment that is paper-based to one that is electronic has not been a smooth one. The auditors' recommendation that a committee be established to review the site's development, compare notes on best practices and ensure that information on the site is appropriate and updated in planned and coordinated manner had already been anticipated by the Embassy and an ad hoc committee of the CMM already exists, although meetings have not been frequent. The auditors' recommendation has encouraged us to reinvigorate the mandate of the committee, ensure that it meets regularly and reports to the CMM on a timely basis. Because so many parts of the Embassy have an interest in using the web site as a communications tool, we intend to have the chairmanship of the committee rotate between sections. It is our hope that this will give the sections a greater stake in the issues that need to be addressed in developing the site.**

1.20 **Mission will review and advise. As indicated above, the ways in which various sections of the Embassy use the web site has been evolving rapidly. Even bigger challenges have resulted from: a) the rapid evolution of the technology for running a web site and b) rapid economic growth which has made it extremely difficult to find a server with a stable workforce to operate a web site. Dealing with the latter issue has become an immediate priority for the Embassy. We are engaged in discussions with SXIA in an effort to determine whether the Department has the technical capacity to assist the Embassy in addressing our needs. The Embassy agrees with the auditors' recommendation on the need for a web site work plan and intends to adopt this recommendation as soon as the basic question**

of server capability is resolved. The observation of the auditors about the need for coordination of web site coordination with the consulates is an issue for the "U" branch to address, as consulate oversight rests with that organization. It should be noted, however, that at the PERPA managers' meeting held last month, URR did present the outline of an action plan calling for more coordination between missions. The Embassy endorsed this approach and urged that the Embassy be included in a pilot project to determine the best means to coordinate the operations of HQ and mission sites.

URD Comment

1.20 URD agrees with this Recommendation for Mission, and continues to work with the Mission on development of a strategy and work plan that addresses the concerns of audit team members.

Provision of Financial Services to Program Managers

1.21 Each Program uses an independent system to keep track of its financial transactions. These systems provide Program Managers with records in case of discrepancies, up-to-date information on its budget balances and financial management-type activities. This situation has developed over time due to real or perceived service deficiencies from Financial Services and the desire to maintain control. The problems that have been encountered with the new IMS system's reporting capabilities have accentuated the need for separate record keeping.

1.22 This situation overlaps with, and therefore duplicates, the responsibilities assigned to Financial Services. Significant resources are devoted to these activities which could be better utilized toward program objectives. The Public Affairs and IBD Sections of this report analyse the effect of this financial workload on their programs. In addition there is no assurance that the program financial services are accurate and reliable since they are not officially sanctioned or necessarily resourced by qualified personnel.

1.23 The present RFO is planning to address this issue by meeting with Program Managers and staff involved in these activities. It is the intention that, through needs identification, ongoing communication and the resolution of IMS reporting, Financial Services will be able to provide the program areas the service that they require, including the provision of financial management advice and assistance. The Finance Section has the resources and expertise to accomplish this.

Recommendation for Mission

1.24 Financial Services Section, in cooperation with program management, should initiate a review of all financial activities outside the Financial Services Section for the purposes of reducing duplication, identifying required financial services and freeing up program resources.

Mission Response

1.24 Mission agrees. Meetings and training have begun, however not all has been completed. The plan is for Finance Section to resume meetings with the program areas in April (after year end). Five of the administrative assistants to program areas have been trained on IMS read only. Remaining staff will be trained before April 30, 2000. Financial services has already developed and distributed a simplified overtime tracking system for each section.

POLITICAL DIVISION

2.1 Overview

2.1.1 The Political Division is headed by the Minister (Political) who is one of five Division Heads reporting to the HOM. Reporting directly to the Minister (Political) are seven officers, including the Minister Counsellor (Political), the Counsellor (Environment) and the Counsellor (Federal/Provincial Relations). This audit was restricted to reviewing the management processes within the DFAIT component of the Political Division. The remaining operations (Immigration, ***) were excluded from the scope of this audit.

2.1.2 The Political Division is tasked with the formidable challenge of promoting Canadian government policies and interests, and understanding, assessing and influencing U.S. policies that impact on Canada and the international community. To effectively deliver this mandate, the General Relations Section has, in addition to a Minister Counsellor (Political), three CB Officers; Environment has a Counsellor and an LE Officer; and, the Federal/Provincial Relations Section, a Counsellor. There are three support staff available to assist the DFAIT Officers. Two interns are also currently providing assistance.

2.1.3 The Officers' work within the General Relations Section is divided geographically as well as on an issue basis (e.g., defence, non-proliferation, arms control and disarmament, Y2K). The Minister Counsellor manages the Section and has direct responsibility for bilateral relations, the UN and NATO. The Environment Counsellor manages environmental and fishery issues, while the LE Officer focusses primarily on important water issues. The Federal/Provincial Relations Counsellor manages issues related to the Provinces and the Territories, including the Canadian Unity issue. He is also tasked with issues relating to matters that fall under the Departments of Health and Welfare, and Indian and Northern Affairs.

2.1.4 *** The workload within the Division is heavy. The pressure is constant. The clientele is broad-based and numerous. It includes, inter alia, Ministers, DFAIT's geographic and functional bureaux, PCO, PMO, OGDs, Provincial governments, Canadian missions, and NGOs. Outputs produced by the Division include advocacy, reports, advice, demarches and diplomatic notes, correspondence, briefings, speaking engagements and organizing visits. Contacts include the Administration, Congress and Think Tanks. It is important not to underestimate the heavy workload associated with the large number of visits. During the twelve month period ending November 1999, the Political Division took the lead in managing a total of 104 visits to Washington, including numerous federal and provincial ministers and senior government officials. Visits of Americans to Canada also require considerable effort as well; for example, President Clinton's visit to Ottawa and Mont Tremblant in October 1999.

2.2 Resources

2.2.1 The Officers within the Division are consummate professionals – knowledgeable, hardworking and dedicated. The work is intellectually demanding and professionally stimulating. Officers are regularly putting in long days, averaging nine to ten hours. Some are keeping longer hours to manage what verges on a never-ending workload. For most, the workload is seen as manageable and fairly balanced except for the Environment Section which, in 1998, lost a crucial FS 01 position to Program Review cuts. Since the cut, the Counsellor and LES Environmental Affairs Officer have been working under intense pressure, with unacceptable hours of overtime being required.

2.2.2 Work in the Environment Section is falling behind. Some sectors are by necessity given short shrift. The climate change file, for example, which consumed 40 percent of the former FS 01's time, was reallocated to the Federal/Provincial Relations Section. The file has since been returned to Environment as the Counsellor's heavy workload precluded him from giving it the attention required. The General Relations Section, already more than fully occupied, has been unable to provide any relief. The forestry file also deserves more attention. The Section employs one to two interns on a regular basis, but these persons are limited in the support they can provide. They are not seen as the solution to the rising workload and the increasing pressures. It is believed the only solution is the reinstatement of the FS 01 position. It is strongly recommended that any posting be for no less than four years in this specialized job. If funding to provide an FS 01 position is not met, the Department could, as a fallback, consider adding an LE Officer position to the Section. The Department has in the past attempted to have the Departments of Environment or Fisheries and Oceans fund the position, but without success.

Recommendation for URD

2.2.3 An FS 01 position should be added to the Environment Section of the Political Division in Washington. Should this not be possible for funding or staffing reasons, the notion of adding an incremental LE Officer position should be considered.

URD Response

2.2.3 URD agrees with this recommendation. It is our understanding that one of the seven new FSDP positions to be created abroad this summer will be provided to WSHDC to alleviate pressures in the Environment Section.

2.3 Work Plans

2.3.1 The work in the Political Division is largely issue and event-driven and the Division reacts to the priority of the day. There are a number of external factors that influence the workload of the Division. International events, Ministerial requests, regional crises, politicians' enquiries and high level visits on short notice are only some of the factors. Day-to-day priorities are developed against longer term objectives, e.g., cultivating the U.S. position on Canadian Unity, the Human Security agenda, making the border more open and effective and modernizing the post-cold war defence relationship. The Division makes excellent use of a variety of Mission planning mechanisms. The Accountability Agreement between the Department and the HOM sets out the priorities for the Division. There is a Calendar of Events prepared which identifies the event, date, purpose and officer-in charge. A Critical Operations Path (COP) has been established for reporting on the U.S. election campaign. A twice yearly retreat with the HOM is also a useful forum for a regular review of plans and priorities. The Minister (Political) also briefs staff frequently following the Executive meetings to download what is considered "big picture" issues. There are also regular staff meetings chaired by the Minister (Political) for all Program Officers, including those of OGDs. Communications within the Division are good.

2.4 Use of Technology

2.4.1 The Division is generally making good use of technology. Each Canada-based Officer is equipped with the traditional SIGNET work station as well as a C-4 terminal. Few use the Microsoft Outlook to manage their list of contacts preferring to maintain these manually. The degree to which Officers are using the Internet to conduct their work varies considerably. Use made of the Net by some Officers is impressive. Newspapers and other sources of critical information are set up as "bookmarks" and serve as a vital research tool. The Net is also used for contacts in the State Department. Others, however, make only minimal use of the Internet. Training in effective use of the Internet as a research and communication tool would add to the capabilities of the Division. The audit of the Public Affairs Program in the Mission recommended that the Reference Centre offer a course to officers on how to use the Internet efficiently. A similar course was offered to Departmental personnel at HQ and the response was overwhelming.

Recommendation for Mission

2.4.2 The Political Division should consider placing its Officers on a training course on how to effectively and efficiently utilize the Internet as a research and communication tool.

Mission Response

2.4.2 Mission agrees. Library services in Ottawa has agreed to provide a trainer to the Mission and courses for all officers have been planned for late April early May at the Mission.

HQ is offering courses in access to the Internet at the Mission and officers in the Political Division who require additional Internet skills are being encouraged to inscribe themselves in the course.

2.5 Hospitality and Travel

2.5.1 Effective use is made of hospitality allocations within the Division. Most entertaining is conducted at business luncheons. The allocation for the Division is $60,000 and Officers feel their allocation is sufficient. The travel budget at only $27,000 is considered inadequate. This limits travel within the region and has restricted travel to Ottawa which has hampered a fully effective dialogue with contacts at HQ and with OGDs. Officers are concerned about the time spent inside the office. All Officers indicated a need to get out more frequently to attend committee hearings, conferences, visit think tanks and establish contacts.

PUBLIC AFFAIRS DIVISION

3.1 Overview

3.1.1 Public Affairs is a very busy and industrious Division headed by a Minister and a Director, and a senior LE Officer who served previously as a CB Officer at this Mission. There is an impressive array of skill and talent in this Division. Officers have a good knowledge of their sectors, are hard working and are dedicated. Morale in the Division is high. In the past few years, a number of innovative initiatives have been introduced, some brought about as a result of Program Review II and the reduction in resources, but others because of the imaginative efforts of management.

3.1.2 The Division is now much more strategic and market-oriented. Cultural Affairs, for example, instead of bringing Canadian artists to Washington and holding concerts and receptions, is now promoting Canadian cultural products by brokering contact between Canadian artists and agents and U.S. buyers and presenters. Academic Relations is now placing significantly more emphasis on attracting American students to our Canadian Universities and Colleges. The effective use of technology in day-to-day operations has also impacted heavily on the way things are now carried out in the Division. From all accounts, these moves are in the right direction.

3.1.3 The Minister's position had been identified in 1998 for elimination to meet the Mission's Program Review II resource reductions. Elimination of this position has been deferred until the incumbent departs. *** Management is prepared to absorb this loss, but only with some difficulty. The elimination of the Minister position would see the Director report directly to the Deputy HOM. This reporting relationship will allow the high profile of the Division to be maintained. The Division has recently added a senior LE 09 position to its complement (soon to be hired) and strongly believes there is a need for an incremental FS 01 position as well.

3.2 Planning

3.2.1 The Division has a well-narrated PERPA Plan for fiscal year 1999-2000 which sets out the priorities, objectives and activities planned for the year. This Plan forms the basis upon which HQ provides the funding for the planned activities. The Division also reports to HQ on how it performs against the six priority areas in the Plan; viz., trade policy advocacy, environmental advocacy, multilateral/foreign policy, U.S. understanding of Canada, education marketing and upgrading of advocacy tools. Concern has been expressed in HQ that this PERPA Plan and its reporting of performance should emphasize its activities in terms that are more quantifiable and qualitative. As it is, the manner in which the Division activities are now planned and reported on, when compared to other Consulates in the U.S., makes it more difficult to evaluate performance and measure results.

3.2.2 The Heads of the Press Office, Cultural Affairs, Academic Relations and Communications Sections, with input from the Minister and Director, establish the agenda for identifying the planned activities for each of their Sections. This approach makes sense as each Officer is given the flexibility to manage his/her sector. It was noted that the Division had not set definable goals and objectives for each of the sectors and for each of the individual Officers. Without evidence that targets have been established, it is difficult, without any reference point, to evaluate performance and measure accountability.

Recommendations for Mission

3.2.3 To allow HQ to better evaluate its performance and measure its results, the Public Affairs Division should use the same format used by other Consulates in the U.S. in preparing its annual plan and reporting on its performance using quantifiable and qualitative terms.

3.2.4 Clearly defined goals and objectives should be established for each of the Section Heads in the Public Affairs Division in order to more effectively evaluate performance and measure accountability.

Mission Responses

3.2.3 Both the final report on the Mission's public affairs activities for FY 1999/2000 and plans for FY 2000/2001 have been submitted in the format requested by HQs.

3.2.4 Section Heads have been provided with the URD Bureau Plan and the HOM accountability agreement for the coming FY. Each of the section heads has had the areas of those plans relevant to their activities drawn to their attention. In addition, the annual performance review of each section head will include an evaluation reflecting the goals and objectives established in these relevant plans.

3.3 Resourcing/Staffing

3.3.1 The Division has recently added a Media and Outreach Advocacy Officer position at the LE 09 level. This position will concentrate on long term advocacy work in areas of trade and environment and will closely follow issues that are considered topical. The Division is also pursuing an FS 01 position that would complement and be seen as a counterpart to the new LES position. The FS position, it is felt, would add a Canadian perspective to the job (the FS would be sensitized to what is driving the Canadian agenda); assume duties now carried out by the Director with the loss of the

Minister position and be a focal point for developing a communications strategy. The position would also serve as an ideal training ground for an FS Officer. While the Mission views the staffing of this position as a priority, it is not seen by the Audit Team to be as urgent a requirement compared to other staffing needs within the Mission. The team believes that it would be more prudent to assess the need for the FS 01 position in a year's time after which the work of the new LE 09 position will have been incorporated in the Division. At that time, the need for the position being a CB or LES could be better assessed.

3.3.2 The Public Affairs Division is currently staffing its LE positions on a term basis. The Academic Relations Officer position, an LE 09, was staffed in this manner three years ago. The position has already been extended for one year and is to become vacant in eight months time. The Web site Coordinator (LE 06) and the Receptionist (LE 04) positions have recently been staffed for three year terms. HQ (HRL) considers these hirings to be a major departure from existing departmental policies. Term staffing, however, is gaining popularity around the world and HRL recognizes this and is planning to review this issue in the near future. In the interim, HRL's position is to normally advise missions against term employment. HRL indicated that it could be convinced that some officer positions require the staffing flexibility that term appointments will provide; however, it could not endorse applying this practice to indeterminate support positions. HRL believes support positions tend to require training which could mean cost implications for the Department. There is the concern that the precedent set by Public Affairs could have a disturbing effect if followed by the whole of the Mission. At the same time, it has to be recognized there are merits to both sides of this argument.

Recommendation for HRL

3.3.3 The notion of filling indeterminate LE positions on a term basis as a regular form of staffing is a practice that should be given careful review by HRL as soon as it is possible. A policy should be established and promulgated to all concerned.

HRL Response

3.3.3 Until such time as a clear departmental policy/guidelines based on a thorough review of the situation is developed for application around the world, HRL will continue to advise missions on term hiring based on the merit of each case. HRL's advice to missions recognizes that there are different categories of LES positions and takes into consideration the role of the position, the ongoing requirement for the position/continuity in the position, the constraints of the local laws and practices and any other relevant factors as may be provided by the Mission. As per the current LES Employment

Regulations and Guidelines, missions are allowed some flexibility to hire employees for specified periods.

3.3.4 The Administrative Assistant (EXT-04950) who reports to the Director, dedicates 65-70 percent of her time to selecting interns for the various Mission programs. Recruitment is open to both American and Canadian university students. The Program mirrors the academic calendar starting with the fall, winter/spring and summer sessions. There are usually 12 interns working throughout the Mission at any one time. The balance of the incumbent's time is spent on providing financial assistance to the Division. The incumbent initiates the processing of payments for the Division and prepares financial reports. The Division's current budget is set at $312,293; in addition there is HQ funding for which Public Affairs is accountable totalling $415,460, i.e. grants.

3.3.5 The Administrative Assistant does not currently have access to IMS, nor has she yet been trained on this system. The Audit Team believes, however, that this financial responsibility carried out by the Administrative Assistant is a role that rightfully belongs in the Mission's Finance Section. Formerly, there was concern that the Finance Section could not produce reports in the format required by Public Affairs. The Head of Finance now confirms, however, that IMS can produce financial reports in the desired format and that Finance can effectively deliver the services required. The time consumed by the incumbent on financial activities could be better deployed in assisting the Academic Relations and the Cultural Affairs Sections whose shared support position is currently very stretched. Both these Sections indicated that the one support position they now share is not adequate and that the Section Heads are often required to pitch in to assist. They believe their time could be more effectively spent in other program activities.

Recommendation for Mission

3.3.6 Financial responsibilities of the Administrative Assistant in the Public Affairs Division should be reviewed with the intent of transferring this responsibility to the Finance Section of the Mission. The Administrative Assistant's time now spent on financial activities should be redeployed to assisting the Academic and Cultural Relations Sections of the Division.

Mission Response

3.3.6 Meetings have been initiated as to how this recommendation can best be achieved. The Administrative assistant has been trained on IMS Read-Only. The Finance Section and the Public Affairs Division have begun to implement a series of measures to meet the auditors'

recommendations and Public Affairs is enjoying the benefits of this transfer of responsibilities.

3.4 Cultural Affairs

3.4.1 This Section is headed by a Counsellor (Culture) with support provided by an Assistant (LE 07), a Receptionist (LE 04) and a Secretary (LE 05), whose time is shared equally with the Academic Relations Section. The Section now markets Canadian cultural products by providing brokering services to Canadian producers that bring them into contact with U.S. vendors and distributors. Once a match is made, the U.S. buyer takes on the role and expenses of promoting the event, a responsibility formerly absorbed by the Mission. Assistance is also provided to U.S. buyers to entice them to present Canadian cultural products. Excellent use is made of the $71,000 the Section has in grant funding. This year monies were allocated to more than 40 recipients whereas in the past (with the same funding) only 10 to 12 recipients received any financial assistance. The Section is making good use of technology to maintain a database of Canadian cultural offerings and U.S. contacts. The Section publishes a monthly calendar of events which is e-mailed to about 2,500 clients. The Web site is updated to list Canadian cultural events taking place in the region. This year, the Mission participated in 57 cultural events attracting 216,000 people. Another four million people, it is estimated, were reached through the media.

3.5 Media Relations

3.5.1 The Counsellor (Press and Official Spokesperson) is in charge of this Section which includes a Media Relations Officer (LE 08), a Media Analyst (LE 06) and an Assistant (LE 05). The Section is heavily involved, inter alia, in dealing with the media; involving itself with visits by attending to the logistical requirements of media and media events (photo-ops, briefings for Ministers, etc.); organizing outreach programs for the HOM; supporting the Canadian media representatives in Washington; and presenting information to Ottawa and the Consulates in the U.S. On average, there are 25 visits a year for which the Section is required to organize at least two media events. A weekly publication, NEWSCAN, is also produced which is a compendium of stories excerpted from Canadian news organizations to inform media clientele on Canada-U.S. trade and political issues, Canadian foreign policy initiatives and domestic issues. The Counsellor maintains good rapport with the Economic and Trade Policy, International Business Development and Political Divisions of the Mission. He attends the weekly meeting in the Economic and Trade Policy Section.

3.5.2 The Media Analyst in the Press Office prepares a pack each day (between 6:30 and 9:00 AM) of newspaper clippings from both Canadian and American newspapers. Each pack is between 30 and 40 pages in volume. The Canadian pack is faxed from the Press Office in Ottawa each morning while the incumbent searches some eight to nine American newspapers to put together the U.S. clippings. These packs are sent to 50 recipients throughout the Mission. This high number raises questions as to whether all these packs are necessary. The notion of sending these packs electronically has also not been fully explored although some officers feel strongly that a hard copy is necessary. The Media Analyst indicated that it would be very easy to put the U.S. pack together using search engines on the Internet and electronically mailing the pack. Currently, it is a very labour intensive exercise to assemble the U.S. pack.

Recommendations for Mission

3.5.3 The high number of packs of newspaper clippings sent to Officers in the Mission should be re-evaluated to determine if all are required.

3.5.4 The notion of assembling and sending packs electronically to reduce the paper burden should be fully explored.

Mission Responses

3.5.3 The Press Office, in conjunction with other sections of the Embassy, has conducted an analysis of the number of packs being prepared with a view to determining where reductions may be made. The opportunities for reductions identified have not been great. The judgement of senior management in the Embassy is that the U.S. policy-making apparatus is information-oriented. If Embassy officers do not have ready access to breaking information they will be put at a serious handicap. This does not serve the Canadian interest. We have, however, moved to implement double-sided copying of 80 per cent of the clips being distributed and this has resulted in a significant reduction of paper-use.

3.5.4 More and more of the monitoring of the U.S. press is being done in electronic format and is being distributed in that format. However, the electronic format deprives the recipients of a number of critical pieces of information. It gives no sense of the prominence ("the visuals") of the coverage in print form and sometimes no sense at all of where the piece appeared within the paper. The "absence of context" of electronic reporting has caused senior management in the Embassy and in the central agencies/departments in HQs to require the continuation of a "clipping" service. Equally important is the fact that many newspapers are not available on a searchable database for 24 hours or even a few days.

3.6 Academic Relations

3.6.1 The Academic Relations Officer (LE 09) reports to the Director (Public Affairs) and is assisted by a Secretary (LE 05) whose time is equally shared with the Cultural Affairs Section. The delivery of the Canadian Studies Program has been reshaped in recent years to increase its profile, efficiency and relevancy. The Canadian Studies Grant Programs provided support to faculty and graduate students at 64 universities, colleges and institutions spread amongst 29 States. Now more than fifty Canadian Studies Programs exist and there are some 500 U.S. universities and colleges offering courses on Canada.

3.6.2 A new initiative to attract more Americans to our Canadian universities and colleges was launched about three years ago. A strategy was developed to advise Canadian institutions about the U.S. education market opportunities, to work with U.S. educational associations to open doors for Canadian schools, and to promote opportunities to study in Canada through the media and Internet. News magazines are now publishing articles on the benefits of attending Canadian schools and the increasing number of Americans studying in Canada. The Section is currently working with a communications firm to develop a “radio media tour” to talk about educational opportunities in Canada on U.S. national and local morning radio shows. While Statistics Canada has not published any numbers, informal surveys suggest the numbers of Americans attending school in Canada have increased over 40 percent in the last couple of years raising to over 3,000 the number of students.

3.7 Communications

3.7.1 The Communications Section is headed by a Communications Officer (LE 09) who is supported by a Web site Coordinator (LE 06), a Reference Librarian (LE 07) and two Library Technicians (LE 05). The Information Centre saw 1,238 Mission staff and 242 outside visitors utilize the facility during the initial ten months of this fiscal year. In addition to managing the Information Centre, the Section is also responsible for maintaining the Mission’s Web site. This Section also produces a Canada Quarterly Newsletter four times annually which is distributed to some 6,000 recipients. The Quarterly will not be produced in hard copy in the new fiscal year and will be available through the Web site instead. The Section is also heavily involved in producing trade statistics for each State and annually publishes a document titled “The World’s Largest Trading Relationship” for an audience of 20,000 readers.

3.7.2 The Reference Centre has lost two reference library positions over the past few years and is left with only one qualified professional librarian. The demand on the Centre for researching requests is heavy. Most of these come from Program Officers within the Mission. The use of the Librarian to carry out Internet searches could be reduced if Program Officers in the Mission were properly trained on techniques on how to search the Internet more efficiently. Library Client Services (SXCI) at HQ has recently offered three one-hour sessions on this topic and response has been overwhelming. The Librarian is very knowledgeable on this subject and was planning to write a column on Web savvy, providing tips on searching the net. A course similar to what is offered by SXCI at HQ would be a more efficient way of providing the technological knowledge required by these officers.

Recommendation for Mission

3.7.3 The Reference Centre within the Mission should develop a course, in conjunction with SXCI, offering techniques to Mission staff on how to efficiently search through the Internet.

Mission Response

3.7.3 Mission agrees. Library services in Ottawa has agreed to provide a trainer to the Mission and courses have been planned for late April early May at the Mission. The Mission, in conjunction with SXCI, will be conducting its first "Internet Coaching Sessions" for Embassy staff in early May. Our intention is to continue to offer these courses on a regular basis.

3.7.4 Included in the Public Affairs budget for 1999-2000 is $127,100 for "other" expenditures. The major items from this category include $24,000 for the printing, distributing and translating of the "Canada Quarterly"; $36,000 for Federal News Services; and, $11,000 for the production of videos. Also paid from this budget are radio and TV transcripts, computer software, Web site surveys, access to commercial servers, two memberships in the National Press Club and a number of other minor items. (Some funds will be freed up when the production of Canada Quarterly in hard copy is discontinued in year 2000.)

3.7.5 There is also an HQ allocation for PERPA of $70,000 which is directed mainly toward Advocacy activities: Trade, Environment, Human Security, National Unity, Cultural and other general interest advocacies. Educational marketing and general infrastructure expenditures to support the advocacy activities are also covered. The types of expenditures are mainly for the production of brochures, purchase of software, Web site development, purchase of gifts for distribution, publicity, travel and some shared hospitality events. (There is some minor "crossover" of expenditures between the mission-funded and HQ-funded budgets but not to a significant degree.)

3.7.6 There is no Publications Committee (as is the case with the Web site) or Mission publishing guidelines. Some Mission sections, such as the Trade Section, produce brochures–some of which do not meet the basic Departmental publication guidelines, i.e. no Federal Identity Program logo. In addition, there is no set policy on when the wide range of services offered by the printing shop should be used. (This comment was also made in the 1993 audit report.) This shop offers high-speed photocopying at rates lower than those charged when using other photocopiers. While these services appear to be both efficient and effective, there is no promotion of these services other than through word-of-mouth.

Recommendation for Mission

3.7.7 A Mission Publishing Committee (could also be the Web site Committee) should be established to, inter alia, set standards and publish guidelines.

Mission Response

3.7.7 The Mission accepts the auditors' recommendation that a publishing review committee is merited and is taking steps to implement it. The Mission shares the auditors' inclination to combine this function with the web site work plan committee. Once again, our intention will be to include all parts of the Embassy with publishing interests and to have the chairmanship responsibility rotate between the constituents. Mission plans to establish a listing of services offered with costs on the Mission Intranet web page to inform staff of the options available and the standards and guidelines regrading publishing.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

4.1 Commercial Section - Management of the Program

Monitoring and Reporting of Commercial Objectives

4.1.1 The Minister Counsellor (Commercial) has established objectives for her Program Managers. Each Program Manager has a work plan that articulates operational objectives, strategy, deliverables, officer responsibility and costs. These operational objectives are linked to an overall strategic objective that is linked to the HOM Accountability Document. It is the understanding of the Audit Team that a formal Trade and Investment work plan was prepared just prior to the visit of the Audit Team. OLIFI, Science and Technology and Government Procurement work plans had been in place for a longer period of time. The preparation of the work plans is a positive step forward.

4.1.2 Now that the work plans are in place, discussions can focus on the objectives, work activities and the results and/or expectations. This should be followed with the implementation of regular monitoring and reporting mechanism whereby each Program Manager will discuss with the Minister Counsellor results to date. In addition, each Program Manager should prepare a detailed strategy for each officer identifying planned staff activities such as projects, missions, seminars/conferences, area travels, HQ travel, out calls, etc. Actual results can then be compared to planned activity on a quarterly basis. In this way the impact of unscheduled demands on planned activities and the ability or inability of individuals to meet performance targets can be assessed. In addition, this would give officers a better sense of where they are going with their sectors and what constitutes a priority.

Recommendations for Mission

4.1.3 The Program Managers should prepare a detailed strategy for each officer, including themselves, and submit the strategy to the Minister Counsellor for approval.

4.1.4 The Minister Counsellor should implement a regular monitoring and reporting mechanism whereby each Program Manager's results to date would be discussed at her weekly meetings with them.

Mission Responses

4.1.3 A formal and detailed Trade and Investment work plan is prepared each year. The existing plans were updated in a common format for all divisions in the Commercial Section in preparation for the audit.

The understanding of the Audit Team with regard to the TID plan, therefore, is not correct. Detailed work plans for each officer are being prepared by managers for each of their staff and will be ready by the end of April.

SIV Comment

4.1.3 As noted in the observation, the Audit Team did review the work plan for each Program Manager. What the team did not see was a detailed listing of employee planned activities that must be undertaken to ensure the work plan is achieved; however, the Mission has noted that this has been addressed.

4.1.4 With the restoration of the operation of the client tracking system, the issue of monitoring and reporting staff work will be much simpler. Program managers will review work plans, activities and results with their staff once a quarter. The Minister Counsellor will review the unit work plans twice a year.

Information Technology Sector

4.1.5 The Information Technology (IT) Sector is handled by two officers each concentrating on their particular area of responsibility – Science and Technology and Government Procurement. Each officer expressed some concern with respect to the direction given under the present arrangement. The Mission and Headquarters believe there is tremendous potential in this sector and that the IBD Program needs to be much more proactive in this area. However, there are other file demands, in particular the International Traffic in Arms Relations (ITARs) and Radarsat that involve constant monitoring of developments and advising on Mission strategy. In addition, one incumbent has been at the Mission for only three months and is finding the Government Procurement learning curve extremely difficult to cope with while at the same time attempting to penetrate the IT Sector. The Audit Team believes that the Program Manager requires an IT Sector strategy outlining work plans, activities and anticipated results. The plan would provide a focussed and organized approach for each of the two officers responsible for this sector.

Recommendation for Mission

4.1.6 An IT Sector strategy outlining work plans, activities and anticipated results should be developed.

Mission Response

4.1.6 In the near term, an Information Technology Strategy will be consulted and completed by early May under the direction of the Government Markets Unit. IT is an integral part of the existing workplans, results and activities for the TID, Government Markets and S&T Sections. As a more long-term solution, in addition to a strategy, the Embassy will take steps to explore the feasibility of seeking an additional PY in the IBD Section, dedicated only to the IT sector. Developments over the last five years have made this sector nearly impossible to keep up with. The Greater Washington area (D.C., northern Virginia and suburban Maryland) has exploded to lead the U.S. in Info Comm clusters that bring well over $100 billion a year into the hands of tech firms in this region. Over half of the world's internet traffic passes through the region; the private sector technology workforce exceeds the federal workforce in this nation's capital. The region has the largest concentration of scientists and engineers in the country; there are over 2,300 science and technology firms (second highest in the country) and over 700 foreign-owned firms.

Investment Sector

4.1.7 The TID Program Manager has been developing a strategy, over the past eighteen months, outlining a work plan with anticipated results. He recently documented the work plan, but it has not yet been discussed with the officers responsible for the sector. The officers working on the investment file are concerned that the sector did not have a more coordinated approach. The work plan should be reviewed by and be discussed with each officer to ensure their efforts are coordinated and focussed.

4.1.8 In addition, many high ranking executives from major U.S. firms visit Washington to petition Capital Hill on various regulations affecting their interests. The Mission will invite individuals or they may request a meeting with the HOM, often at the last minute, to discuss their interests in Canada. The Audit Team understands that these requests are driven by the private sector and, at times, advance notice is not possible. Nevertheless, the more time that can be spent on preparing HOM briefing material, the more effective the visit will be.

Recommendations for Mission

4.1.9 The TID Program Manager should review and discuss the investment work plan with each responsible officer and monitor progress in relation to those plans.

4.1.10 The TID Program Manager should ensure that he is advised as soon as possible of visits to the Mission by senior executives from major U.S. firms.

Mission Responses

4.1.9 Done, and progress will be monitored in relation to those same officers' needs to support their respective trade development sectors. Contrary to the statement above, a fully consulted and distributed investment work plan did exist for fiscal 98/99.

4.1.10 The office of the HOM will provide the TID Program Manager information about CEO visits as early as possible.

Office of Liaison with International Financial Institutions (OLIFI)

4.1.11 The OLIFI consists of one Canada-based Officer and three LES. In addition, there are two student interns and one temporary position which is to be staffed for a two-month period. The focus of the OLIFI has been on enhancing the effectiveness of the Trade Commissioner Service (TCS) abroad by providing to Small and Medium Enterprises (SMEs) advice on pursuing procurement opportunities financed by the World Bank (WB) and Inter-American Development Bank (IDB). Activities completed to date to accomplish this objective are: staging an IFI Leaders Mission, developing Web site material, developing and implementing a Web site promotion campaign, and delivering various seminars. This has been initiated by the Mission because of its belief that many Canadian businesses are not familiar with how the WB and IDB operate. This is evidenced by the numerous enquiries received from unprepared exporters, and client concerns with the difficulties they experience in Canada when researching and targeting a market. The Audit Team questions: "Why is the Mission spending resources training firms and leaders when, under PMI, this is the responsibility of Team Canada Partners in Canada (i.e. border in services)?" This suggests that the Team Canada Partners, responsible for providing "border in" services such as assisting firms in researching and selecting markets, are not fulfilling their mandate. As such, the Mission has undertaken the role, through the OLIFI, to fill this void by developing a common network of skilled trade staff that would provide this information. The work plan outlining its activities was approved by Mission management.

4.1.12 A discussion is required between Headquarters and the OLIFI in Washington (WB and IDB) as well as the other OLIFIs offices (Asia DB, Africa DB and Caribbean DB) on what services these offices and Headquarters are expected to provide clients and other missions. There is also the question of the resources required to provide the services. While OLIFI is located in Washington, its present focus is the developing world, not the U.S., and hence the Mission is having difficulty responding because it is unable to find the required funding. Funding currently comes from the Americas geographic; however, because of the global focus, consideration should be given to some funding being provided by the T-Bureau to ensure that opportunities arising outside of the geographic interest are not lost.

Recommendation for Mission

4.1.13 There is a need for the Mission, in consultation with TBF, to determine future direction and resourcing to ensure that the planning for IFI opportunities is aligned to the PMI concept and opportunities are not lost.

Mission Response

4.1.13 The audit team's observations do not reflect an accurate understanding of the "Leaders Mission" concept, which was a direct response to the PMI, and a one-time-only event. The PMI, which re-defines the TCS client as a firm which has "researched and selected" its "target market", supposed that a number of OLIFI clients would have to be re-directed to sources of advice and assistance in Canada. Team Canada colleagues were unable to assume such a responsibility. Indeed, our most poorly-prepared clients were being referred to us by Team Canada colleagues, particularly DFAIT colleagues and ITCs. TBF relied heavily on the experience and guidance of specialists at OLIFI Washington to develop a core working tool (consisting of a specially-prepared reference materials, tailor-made business guides, contacts and a slide presentation) for Trade Commissioners.

Private sector participants were recruited to the leaders mission, but most of the participants were Team Canada colleagues. The core budget for the mission came from TBF, who used the Washington event as a model upon which to build future training events for DFAIT colleagues in Manila, Abidjan and Mexico. The OLIFI event, which was also observed by CFSI, provided the basis for the development of annual pre-posting training at headquarters.

The IFI Leader's Mission was a creative and timely response to the PMI, which in fact allowed the PMI to be implemented more smoothly and with a higher degree of client satisfaction than would otherwise have been the case. The delivery of the OLIFI program is already completely aligned to the PMI, and this recommendation is not relevant.

We agree that a greater level of cooperation between EED and TBD as regards instructions to both OLIFIs and ED's offices could result in greater clarity for Canadian firms as to the type of service to expect from each, and could help avoid overlap. In our view, staff in ED's offices, to the extent they are part of Team Canada, should be expected to provide PMI-compliant services. These staff were however not included in the PMI roll-out discussions.

We agree that funding for OLIFI is important, and continue to spend time and resources looking for creative ways to obtain it. We believe that it would facilitate planning and be more efficient to receive a basic annual allocation for post-initiated projects. The logical source for funding is TBD which regularly funded projects in the past.

SIV Comment

4.1.13 The Audit Team understands why the OLIFI is in Washington and why a Leaders Mission was held. The Audit Team questions: should the service (either one-time-only event or ongoing) continue to be provided from Washington through the OLIFI, or from Canada through a Team Canada Partner. We reiterate that TBD, URD and the Mission should decide where the point of service should reside.

Government Procurement

4.1.14 A similar situation to what is occurring in OLIFI prevails in the Government Procurement Section. The Section believes that many Canadian firms are not familiar with how the sector works. As such, the Section has developed a Web site to assist Canadian exporters prepare for the market. It would like to expand the Web site to include web-based distance learning for government procurement and a web-based interactive technology trade mission. This would enable clients to teach themselves the basics so the Mission could work with them on finding opportunities, solving problems and learning about procurement opportunities, meeting partners and carrying out the full range of trade mission activities without leaving home. In addition to its Web site development, the Mission is planning to host a Government Procurement Leaders Mission that will provide those in the Canadian network (ITCs, OGDs, Trade associations, etc.) information on how to advise Canadian firms. The Audit Team questions: "Why is the Mission spending resources on training firms and leaders when under PMI this is the responsibility of Team Canada Partners in Canada (i.e. border in services)?"

Recommendation for Mission

4.1.15 There is a need for the Mission, in consultation with TBD, TCD and URD, to determine future direction and resourcing to ensure that the planning for government procurements is aligned to the PMI concept.

Mission Response

4.1.15 The Mission supports and will continue to apply the PMI concept to the plans and operations of the Government Markets unit. This is an extremely complex market about which DFAIT's HQ corporate memory and current intelligence has nearly disappeared over the past 10 years. Until recently, most of what remained was to be found only at the Mission. The Procurement Leaders' Mission successfully rebuilt the in-Canada foundation of expertise on US government procurement and equipped the in-Canada network with enough knowledge to plan and execute border-in campaigns on US government market opportunities, access, and process. The Mission is ready to work with the Team Canada partners to do so.

Science and Technology (S&T)

4.1.16 The S&T Counsellor has been at the Mission since September 1998. Shortly after his arrival the Department clarified the role of the S&T Counsellors world wide. The S&T Counsellor position was to be integrated into the IBD network, while retaining a clear accountability for science and technology. As such, the S&T Counsellor in Washington is to maintain a close linkage with IBD and will also be involved in activities which would lead to investment in Canada. The IBD Program developed a work plan for the S&T Counsellor, allocating 30 percent of his time on policy, 50 percent on technology development and 20 percent on administration. The plan includes strategies and deliverables with due dates and is periodically reviewed by the Minister Counsellor to assess and discuss actual results with the Counsellor. In addition, the S&T Counsellor receives tasking from both the IBD Program, TBR and the Science-based Departments and Agencies (SBDA). This presents an interesting management challenge for the IBD Program. For instance, what activities should and should not the IBD Program fund? How does the Mission assess the relative value of activities that the S&T Counsellor engages in outside its IBD region? How does the Mission prioritize tasking from the IBD Program and SBDA? How does the Mission prioritize policy work vs technology development? How does the Mission define the type of working relationship the S&T Counsellor is to have with other Consulates in the U.S. to maximize funds, ideas and opportunities. Concerns have been expressed by Headquarters that the Mission is not placing enough emphasis on these challenges.

4.1.17 Historically there has been a lack of guidance with respect to this position at the Mission. The services that the Department will provide to science-based departments and agencies were summarized by DMT in a letter dated November 1998 and sent to the National Research Council, Medical Research Council and Industry Canada. The letter indicated that DFAIT has an on-going commitment to service the needs of the S&T community. Although the role of the S&T Counsellor was summarized, the Mission needs better direction from TBR, URD and SBDA to define what the deliverables are with respect to IBD and policy work and align the activity to the PMI concept. Decisions reached among the parties could be documented into an accountability agreement. The Mission, in consultation with URD, TBR and the SBDA, needs to discuss how to better maximize the value of the S&T position at the Mission. For instance, is it more effective to have an individual do only S&T policy monitoring and reporting from within the Trade and Economic Policy Section, while another individual does only technology development work from within the Trade Development Section?

Recommendation for Mission

4.1.18 The Mission, in consultation with URD, TBR and the SBDA should determine how to better maximize the value of the S&T position at the Mission and ensure that the S&T activities are aligned to the PMI concept.

Mission Response

4.1.18 In the context of its Program Review II deliberations, the Mission dedicated significant resources and consulted widely within DFAIT to determine the appropriate role, level and positioning within the Embassy of the S&T position. It was the unanimous decision that the position should focus on the DFAIT major business line of Trade and Investment.

In response to the question on the potential to enhance effectiveness by splitting the S&T policy aspects from the Technology aspects of the job, the Mission's view is that this could only be done if a second position were dedicated to the S&T portfolio.

TBR in conjunction with URT and with the support of DFAIT senior management is developing a strategy and job profile for the S&T counsellors. The Embassy has just received a second draft of the

generic job profile from TBR which will be amended to fit with the individual aspects of the S&T position in Washington. It is an ambitious document and will require careful consideration to ensure a reasonable job package is developed for the single resource dedicated to S&T at present. An accountability document for IBD and PMI guidelines modified for S&T counsellors is also being prepared by TBR.

Resourcing

4.1.19 The Program Assistant position (EXT-02063X) dedicates the majority of her time to providing financial services, i.e. processing receipts, payments and providing financial reports. In the last three fiscal years the Program Assistant has processed: for 1997-98, a total of $955,000 consisting of $400,000 cash contributions and $555,000 encumbrances; for 1998-99, a total of $640,000 consisting of $80,000 cash contributions and $560,000 encumbrances; and, for 1999-2000 (as of December 8,1999), a total of $587,000 consisting of $124,000 cash contributions and $463,000 encumbrances. The level of promotional activities has resulted in several hundreds of thousands of dollars being received from private interests by the IBD Program.

4.1.20 This accounting role would generally belong to the Mission Finance Section; however, the IBD Program believes that to transfer the responsibility to Finance would be a mistake. The IBD Officers do not have confidence nor believe that the Finance Section has the resources to provide the detailed information that is required to administer projects. The Head of Finance indicated that IMS, the Departmental's new financial system, can now produce financial reports in the format required by IBD. The Audit Team recommends that the function be transferred to the Finance Section. However, before the transfer is undertaken, IBD Officers and the Program Assistant should discuss the issue thoroughly with those in Finance to ensure user requirements are defined. The time now consumed by the incumbent on financial activities could be better deployed in assisting one of the Canadian Trade Commissioners or Trade Development Officers whose shared support positions are currently very stretched.

Recommendation for Mission

4.1.21 The Mission should review the feasibility of transferring the financial service duties, now performed by the Program Assistant position (EXT-02063X) in the Trade Promotional Section, to the Finance Section.

Mission Response

4.1.21 During detailed discussions with the Regional Financial Officer it became clear that the scope of the duties of the TID Program Assistant relate to program budget not financial administration. Program specific activities requiring unique budget reports should remain under the IDB Section. The Finance Section will continue to be consulted concerning budgetary control and reporting issues. The training of the TID Assistant on IMS (which the Mission had been pressing to accomplish for most of the past fiscal year) took place in early March and contributed significantly to the most efficient year-end closing in years.

SIV Comment

4.1.21 IMS is continually evolving and eventually will be able to produce the unique budget reports required by the IBD Section. When this occurs the service should be transferred to the Finance Section.

Policy Work

4.1.22 There is a certain degree of policy work conducted under the responsibility of the Minister Counsellor in the IBD Program. The Director of Government Procurement and the Third Secretary of Transportation are both involved in the trade and economic policy of their respective sectors. This arrangement came about because of Program Review cuts and, at the same time, provided a job package with a policy flavour.

4.1.23 It is the understanding of the Audit Team that the Government Procurement Policy is a very specific licensing process. Knowledge in this subject is limited to the Government Procurement Section because of its close association with it. As such, it has a unique combination of trade promotion and policy and should remain within trade promotion.

4.1.24 Transportation policy on the other hand, could fit into either trade promotion or trade and economic policy sections. The Third Secretary Transportation (position EXT-07185R), which reports to the Minister Counsellor (Commercial), dedicates 100 percent of his time to transportation and related policy issues. Activities include representation, advocacy, tracking U.S. bills and policy decisions, monitoring U.S. media and reporting, and analysing and reporting on U.S. bilateral and international transportation policies and developments. He does not conduct trade promotional activities. The majority of his day-to-day interaction is with the staff in the Economic and Trade Policy Program. Perhaps greater value could be realized from the position if it was located in the Economic and Trade Policy Program. As the Minister

Counsellor (Commercial) is to depart this summer, it is an opportune time to review the present organization structure.

4.1.25 If the policy component is removed from the job portfolio, there is the possibility that the position (Minister Counsellor) would be classified at the EX 01 level.

Recommendation for Mission

4.1.26 In consultation with URD, a review should be conducted of the present portfolio of the Minister Counsellor (Commercial) position to ensure that the Section has an appropriate balance between trade promotion and policy activities in order to maximize all trade promotional opportunities for Canadian exporters.

Mission Response

4.1.26 A review on this question will be carried out.

Web Site

4.1.27 The IBD Program has completed considerable Web site design work and implementation. Each Section has achieved a degree of sophistication from basic to advanced information on its site, dependent on the expertise of Section Heads and the lack of a coordinated Web site development process at the Mission. Public Affairs is the Web site Coordinator for the Mission. However, many of the Web site plans are beyond the capacity of the Coordinator because of limited time and expertise available. As such, the IBD Program has also appointed one of its officers as Coordinator. The IBD Program's development is also limited by time and resources. The Audit Team reviewed the OLIFI and Government Procurement Web sites. Much of the information on the site deals with preparing Canadian firms on how to set themselves up to strategically export to the U.S. In addition, the IBD Section has placed two projects on the back-burner because of limited resources. The projects are:

- web-based distance learning for government procurement so clients can teach themselves the basics, so the Mission can work with them on finding opportunities and solving problems; and

- a web-based interactive technology trade mission to enable Canadian firms to learn about procurement opportunities, meet partners and carry out the full range of trade mission activities without leaving home. It is for interactive participation between Canadian IT firms and U.S. government buyers, and contractors.

4.1.28 Refer to sections 1.19 and 1.20 for Audit Team recommendations.

Overtime

4.1.29 Concern was raised among the LES that overtime is not being approved in a fair manner and that the LES Regulations for overtime are not being followed. Instances of favouritism were cited by the staff. The Minister Counsellor addressed these concerns with her Program Managers in November 1999. Based on staff interviews the situation is still unresolved. This situation needs to be reviewed and discussed among the Minister Counsellor, Program Managers and LES to ensure that this issue is resolved.

4.1.30 Half of the overtime incurred this fiscal year is being held by LES as time off in lieu of cash. As of December 9, 1999, the overtime budget of $6,930 had recorded expenditures of $3,570 and commitments (cash or leave) of $3,900. Currently, there is a deficit of $541 which needs to be addressed with the MCO before any further overtime is approved. In addition, the procedure to bank earned overtime and eventually liquidate it sometime in the future into either cash or leave should be reviewed. If staff are not able to take time off because of work demands, they should be paid in cash. Such a practice can place a burden on financial budgets at year end.

Recommendation for Mission

4.1.31 The Minister Counsellor, Program Managers and LES should review and discuss the overtime issue once again to ensure it is resolved to the satisfaction of all concerned.

Mission Response

4.1.31 Overtime was the subject of a recent meeting of all staff. Two questions were raised and dealt with. Administration has set up a new system that should alleviate the cumbersome administrative burden this small budget item exerts on the Commercial Division's resources.

WIN On Line

4.1.32 Because of data integrity problems and the extreme slowness of the system, Mission staff had stopped entering client management records and new contacts into WIN. As a result, the Mission cannot account for all of its client services. At the time of the audit, the Mission did not have much experience with the new software "Open Client." The new software is intended to significantly improve the response time of WIN on Line. It had only arrived during the audit visit.

Recommendation for Mission

4.1.33 The Mission should use the new "Open Client" software and monitor its performance and provide feedback to TCE.

Mission Response

4.1.33 WIN-On-line is now running well from the desktops of individual users. Staff have been testing and using WIN-On-line with satisfactory results. Some re-training of some users is expected, and will be completed by end of May. Canadian clients will be entered into WIN-On-line.

Contact Management

4.1.34 A joint TCE/SXC Message on using Mission WIN Exports and Contact Plus for managing local contacts was sent to all Senior Trade Commissioners on November 4,1999. It listed a number of reasons and recommendations why all Commercial Sections continue to use Mission WIN Exports for managing local contacts. The Mission has been using the SIGNET Contact Plus for managing local contacts over the past year. The Commercial Section believes only Contact Plus can reliably accept and maintain the integrity of new contact records, is compatible with business card scanners, and can create lists. Thousands of new local contacts and some new Canadians contacts were added to Outlook over the year, making both Mission WIN Exports, WIN on Line, and Contact Plus incomplete. While integration of Mission WIN Exports and Contact Plus into a single complete database is technically possible, it is very labour intensive because the essential task of resolving duplicate entries remains. Effort to eliminate duplicates will require the time of the Program Assistants who are familiar with the Section's contacts; however, this cannot be accomplished within the present level of Mission resources.

Recommendations for Mission

4.1.35 All new Canadian contacts should be added to WIN on Line.

4.1.36 The Mission, in consultation with TCE, should assess the possibility of a single solution that would integrate the Mission WIN Exports and Outlook contact management data base.

Mission Responses

4.1.35 See 4.1.33

4.1.36 **Mission WIN is currently being installed on all workstations. Once done, the tests will completed regarding data conversion integrity from Outlook to Mission WIN. Some re-training of some users is expected, and will all be done by the end of May. Local contacts will be entered into Mission WIN.**

Recommendation for TCE

4.1.37 **TCE should determine which other Missions have two or more contact data bases and assess the feasibility of a single data base solution.**

TCE Response

4.1.37 **From November 1999 until April 2000, TCE consulted with over 40 Missions with the goal of developing a Blueprint for Information Technology Renewal in the Trade Commissioner Service. The WSHDC Trade Section was consulted on 13 March 2000. A central part of this exercise involved a discussion on contact management requirements fro the Mission--for both local and Canadian contacts. The blueprint is currently being finalized.**

4.2 Economic and Trade Policy Section - Management of the Program

Span of Control at the Minister Counsellor Level

4.2.1 There is an excessive span of control for the Minister Counsellor. Eleven people are now reporting to the Minister Counsellor covering many sectors of economic and trade policy; in particular energy, trade remedies, textiles, FTAA, NAFTA, agriculture, investment and telecommunications, intellectual property, softwood lumber and finance/economic. If the Counsellor for transportation presently reporting to the Minister Counsellor Commercial was to report to the Trade and Economic Policy Section, the span of control would further increase. Traditionally this position has had a large span of control but was further expanded because of Program Review cuts. A major criteria for the Minister Counsellor (present and past) occupying this position is to have a strong background and experience in trade policy. Another interesting factor that encourages a wide span of control is a sense among the reporting officers that another layer of management would remove them from the learning experience they now gain when dealing directly with the Minister Counsellor.

4.2.2 Despite the Minister Counsellor’s abilities, this current span of control is too wide and demanding. The one main casualty is the position of Deputy Head Counsellor Trade Policy. It is an EX 01 position with little managerial responsibility. The current situation is working well, because of the capabilities of the present Minister

Counsellor and the working relationship she has with her Deputy. There is a potential risk, however, that this situation could become a major problem when staff change.

4.2.3 Possible accountability arrangements for consideration include aligning some officers according to their speciality group (i.e. energy, trade remedies, softwood lumber, agriculture, investment) under the Deputy Head.

Recommendation for Mission

4.2.4 A review should be undertaken of the reporting relationship to the Minister Counsellor to optimize the managerial responsibilities of the Deputy Head.

Mission Response

4.2.4 There are good reasons for the current structure in light of the very specialized work in trade/economic policy and the expertise and background of the staff in the section. The organizational structure of a section should be appropriate to the subject area and the staff involved. However, the reporting relationships in the section will be kept under review to determine whether alternate structures and reporting relationships would be more appropriate as circumstances and staff configurations change.

Collaboration

4.2.5 One area that could be improved is closer collaboration between the Softwood Lumber and TID Sections on border issues so Canadian exporters planning to penetrate the U.S. market are aware of the issues that impinge on them. It is important for the Softwood Lumber Section to know what the TID Section is doing, which sectors are focussed on, and which contacts are being made.

Recommendation for Mission

4.2.6 The Softwood Lumber and TID Sections should collaborate more on their respective work plans.

Mission Response

4.2.6 This recommendation is puzzling as the work of the trade and economic policy section on softwood lumber is directed at the current agreement, which provides for a quota on the export to the

United States of Cdn softwood lumber products. No amount of trade promotion can change this fact.

SIV Comment

4.2.6 **The Softwood Lumber Section believed that the Mission could provide an improved, more proactive service to Canadian exporters if it knew what sectors are important to trade development. As such, they could advise and assist TID staff and clients of potential border problems. The Audit Team recognizes that this goes beyond the work under the current agreement and only brings it to Mission attention as a possibility to improve client services.**

CONSULAR PROGRAM

5.1 Management of the Program

5.1.1 The Consular Program reports to and is the responsibility of the MCO. Day-to-day operations are performed by two Canadian LES, a Program Officer (LE 07), and a Consular Assistant (LE 05). The Program Officer has nine years experience and the Consular Assistant five years. The MCO is assisted by two CBS, either in his absence or if the workload demands it. The Program is well managed with established procedures and controls in place. Use of automated tools has enhanced service delivery and increased productivity.

5.1.2 There are well defined procedures and systems in place. Staff are experienced and trained. The automated tools available (COSMOS System) are being fully utilized for case management, workload statistics and performance feedback. There is good communication with and support from HQ. The Program oversees standards for fees for all U.S. missions. Y2K contingency plans were well documented and specific responsibilities were assigned.

5.1.3 The Consular Program is both physically and operationally separate from the Administration Program, however it reports to the MCO and is backed up by two other managers in Administrative Services. As such, it would be practical to have the LE Program Officer more involved in management activities and meetings. The MCO and LE Program Officer both attend the monthly Consular Corps meeting.

Recommendation for Mission

5.1.4 The LES Consular Officer should be regularly included in Administration management meetings.

Mission Response

5.1.4 Mission agrees. The Consular Officer now attends the administration management meetings on a regular basis and has since January.

5.2 Service to Canadian Citizens

5.2.1 The Consular Program is responsible for the geographic territory of Washington, D.C., Maryland, Virginia and Delaware. There are no Honorary Consuls. The main services being provided relate to prisoner liaison, citizenship, aiding distressed Canadians and issuing passports and related information.

5.2.2 Prisoner liaison requires considerable coordination on behalf of all U.S. Consulates with the Department of Justice and the State Department and responding to prisoner and family requests through visits and phone calls. Citizenship activities include providing information and forms, registering children and processing applicants. Aiding distressed Canadians includes dealing with parental kidnapping, deaths and robberies.

5.3 Passport Services

5.3.1 The safeguarding of and accounting for document assets is well controlled. All documents and monetary assets on hand were reconciled and accounted for.

ADMINISTRATION PROGRAM

This visit did not include a comprehensive audit of all administrative activities and procedures but rather was "issues" based. The "issues" audited were either identified by the Mission, Headquarters Bureaux or were topics of current interest to Departmental management. A follow-up of the recommendations made in the previous audit report of March 1995 was conducted and a review of the quality of services provided by Administration to Programs was also conducted.

6.1 Management of the Program

6.1.1 The Management/Consular Officer (MCO) is responsible for the management of the Administration Program. This Officer reports to the DHOM and also serves on the Mission Executive Committee. Reporting to the MCO are six CBS responsible for the areas of Finance, Human Resources, Physical Resources, Technical Services, Systems Administration and Security. The total number of staff involved in Administration is 18 CBS and 58 LES.

6.1.2 There is good synergy and a service-oriented mentality in all sections of Administration. The MCO is very experienced and he has a strong management team with knowledgeable LES, many whom have worked in the Division for a lengthy period. Twelve Program Managers were interviewed regarding the quality of services provided by Administration. All managers were very complimentary regarding the level of services provided, especially in the areas of Finance, Systems Administration and Physical Resources. They noted that there was good team spirit and teamwork in solving issues. Points raised by the Program Managers concerned the need for a training plan, the need for more detailed information on the status of Program budgets and the fact that official vehicles are not always available when required. All points raised by the Program Managers were discussed with the MCO.

6.1.3 Administration has set objectives for 1999-2000 and 2000-2001 and these objectives are incorporated into the HOM's Accountability Agreement. On a continuing basis, the MCO updates the Division's Projects and Tasks Status Report. These tasks include a review of the service standards for the Division. There are currently 16 Mission Administrative policies issued and these can be accessed by all staff on the Mission's Web page. The MCO holds bi-weekly meetings with all of his managers to discuss current issues.

6.1.4 Besides being responsible for administrative services for the Embassy and the PRMOAS, the Program is also involved in providing services to other missions. LES benefits administration for all of the LES in the U.S. is managed out of Washington and the Finance Section purchases currency for the majority of the missions in the world. Protocol requirements for CBS posted to missions in the U.S. are also co-ordinated through Washington.

6.2 Human Resources

6.2.1 The Human Resources Section consists of 11 persons under the management of the CB Head of Human Resources. The Section provides all Human Resources services to the Mission staff as well as multiple services to the Consulates. The services to the Consulates vary from Protocol and accreditation of diplomats to administration of health and pension plans. The Section also has a role of giving advice and guidance on all aspects of Human Resources management to the Consulates.

6.2.2 In 1997, the PUPS were inaccurate. The Mission submitted an old version of the PUPS to SMR (now SMS). SMS then made errors transcribing the information into the PUPS database. As a result of this and other small errors, 36 FTEs in the PUPS were assigned to the wrong business line or department. This was corrected for the 1999-2000 PUPS which had input from each Program Manager.

6.2.3 In November 1995, a number of organization charts were changed whereby incumbents were moved from one position to another. In total, six positions were changed. These changes were not reflected in HQ records (PeopleSoft and PUPS). A report on this subject was prepared at the Mission in November 1999 and a decision needs to be taken by the Deputy Head of Mission to correct the situation.

Recommendation for Mission

6.2.4 To ensure accurate organization charts, the changes made in November 1995 should be reversed.

Mission Response

6.2.4 Mission will be reversing positions changes done in 1995 so that Organization charts reflect positions and incumbents in PeopleSoft. Embassy will undertake an in-depth review of establishment to determine appropriate classification levels of positions and up-date job description to accurately reflect current relevancy and take necessary corrective action if required.

6.2.5 The LES Handbook was revised in September 1998. However, changes need to be made in the compensation section as salary scales A and B no longer exist. The MCO in New York is taking the lead in having the handbook and the letters of offer reviewed by a law firm to ensure that the Mission will not be subject to litigation.

6.2.6 Two employees are still on the GS scale in the Public Affairs (GS 15) and the Tourism (GS 14) programs. They are not on the Hay scale but considered as an LE 10 special category.

6.2.7 U.S. or naturalized citizens working at the Mission or at the Consulates in the United States are considered self-employed. Consequently, they are responsible for paying their own income taxes and Social Security to the U.S. tax system (IRS). The Mission reimburses approximately one third of the total amount paid by the LES for social security, but LES have to provide evidence of tax payments. Calculations to determine the reimbursement have been made in conjunction with advice from the IRS and Treasury Board in 1991-1992.

Recommendations for Mission

6.2.8 During the next review of the benefits plan, the Mission should ensure that the Social Security refunds are in line with other markers.

6.2.9 It should be determined if the LE 10 special salary scale levels are still appropriate.

Mission Responses

6.2.8 Common practice in private industry is for the employer to pay 50% of mandatory social security taxes while the employee pays the other 50%. These payments are tax deductible. Most embassies compensate their employees for social security payments. Mission will re-visit with other like-minded Embassies to determine if this practice is still applicable and verify amounts being refunded.

6.2.9 HRL use B. Hay data to determine appropriate salary revisions for all LES office staff. As this Mission is the only Mission with LE-10 Special positions, HRL has been asked to confirm and or include these positions in their salary revision reviews. It should be noted that CTC Tourism position's salary scale is determined by CTC. DFAIT no longer has control or responsibility concerning the salary scale for this position.

Meeting with LES representatives

6.2.10 Members of the Audit Team met with LES representatives who were designated by the MCO to attend the meeting. At the present time, there is no LES Committee. Unlike most missions, many of the LES are Canadians.

6.2.11 Eleven issues brought to the attention of the Audit Team were: Taxation of LES salaries; Effect of Exchange Rates; Lack of Promotions; Maternity Leave; Day Care; Canada Savings Bonds - Payroll Deductions; Lack of Resources; *** Training Opportunities; Pension Plan; and, Forum for Personnel Issues.

6.2.12 The above issues have been fully discussed with the Head of Human Resources and the MCO. Written responses were provided by the Head of Human Resources and were sent to all LES under the signature of the HOM and the Inspector General, during the audit.

Recommendation for Mission

6.2.13 An LES Committee should be established to discuss Human Resources issues in order to improve the overall communication process between employees and Mission Management.

Mission Response

6.2.13 In February 2000, the LES employees formed an LES Advisory Committee. Issues and concerns originating from this Committee will be addressed to the MCO, who will take the necessary action to respond as appropriate and in a timely manner.

LES Benefits

6.2.14 The Health and Pension Coordination Section is responsible for LES pension plan and medical administration at the national level. Health, pension and other benefits were revised in April 1997.

6.2.15 This Section is service-oriented. The Coordinator and three employees are devoted to support LES benefits' duties. The Section manages four different pension plans and three different health plan carriers. A 1-800 number was set up for enquiries from retired staff. Clients are not only the Mission's employees, as Treasury Board and DFAIT also place reporting demands on the Section. The Coordinator spent many working hours reading rules and regulations and other documents to assess compliance of the previous and new plans. All the calculations for pension payments have to be conducted manually because there is no software for the Section to use to calculate when changes occur. This task is time consuming for the employees.

6.2.16 A professional Human Resources consulting group will be hired to review all benefits for LES in the U.S. With respect to the pension provisions, the Treasury Board established an Investment Committee in 1997. The Assistant Secretary of the Pensions Division - Treasury Board Secretariat is the chairperson, the head of Human Resources and the SPS Director are members of the committee. In addition, the health and Pensions Co-ordinator as well as the Deputy-Director - SPSL sit as observers.

Occupational Health and Safety Committee

6.2.17 There is an effective Occupational Health and Safety Committee in place which is chaired by the MCO. Meetings are held on a monthly basis and minutes are on file. Minutes are also available to the staff through the Mission Intranet. Staff is reminded by e-mail to bring issues to the Health and Safety Committee meetings.

6.2.18 There are three current Health and Safety issues. The mould, noise complaints and heating/cooling system problems continue to be monitored by the Mission. The results of the various testings are documented and have been sent to HRE in Ottawa.

Issues from Previous Audits

6.2.19 The Audit Team still believes savings could be realized by replacing the CB CR 06 position with a LES who has been trained in FSDs. SERV in Ottawa is involved in giving FSDs advice to individuals. Also, two of the FSDs are now non accountable allowances.

Recommendation for Mission

6.2.20 The Mission should analyse the feasibility of replacing the CB Deputy Head of Human Resources position with a LES position.

Mission Response

6.2.20 Although savings would not be substantial (approx. 50,000 Cdn), we will review this recommendation in further detail at a later date as present incumbent is in his first year of a four year assignment which will have to be considered before we can comfortably come to a final decision.

6.2.21 At the meeting with LES representatives, it was determined that 10 of 15 employees did not receive any performance appraisal during the last twelve months. The Audit Team reinforces the need for the appraisals to be done each year for every LES.

Recommendation for Mission

6.2.22 The Head of Human Resources should ensure that performance appraisals are conducted annually for each LES employee.

Mission Response

6.2.22 The Personnel Section will review the current system in place with respect to LES appraisals and will formalize these current practices so that missing appraisals can readily be identified so that appropriate action can be taken to have these reports completed in a timely fashion.

6.2.23 The 1993 audit noted that parking was available to LES wishing to drive to work but this had not been factored into the compensation package. It was understood that some parking was provided free of charge at the two Embassies included in the survey. The private marker firms did not provide staff with parking. The Mission could not produce a study showing that a majority of other Embassies in Washington provide free parking to their LES.

Recommendation for Mission

6.2.24 Salary surveys should take into account the underground parking currently being provided free of charge to members of the LES.

Mission Response

6.2.24 We are planning to undertake a detailed LES benefit review this fiscal year. Part of this review will include miscellaneous benefits such as free parking. Upon completion, HRL will have to determine if appropriate adjustments will have to made to our salary scales based on our finding. Currently we are not fully aware of what data and information HRL receives from B. Hay and if these type of benefits are part of the package in determining actual salaries.

Private Lease Rent Ceilings

6.2.25 The Mission has started to gather the supporting documentation that Working Group A has requested to approve the rent ceiling increases for the period from 2001 through to 2003. It is currently gathering material that is regularly published by the Washington Post on the Greater Washington rental market and passing it on to SRD. In the year 2000 it plans to contact real estate companies to get further data on the rental market. No specific time line has been established for gathering this information and making sure that the rent ceilings are in place for the 2001 posting season. As far as space guidelines for private leases are concerned, the Mission could not provide evidence that the Washington Mission is exempt from these guidelines. The Audit Team realizes that strictly applying the space guidelines, in conjunction with the rent ceilings, would make the situation extremely difficult to manage.

6.2.26 In November 1993 SRD issued a policy notice regarding space guidelines for missions with private leases. The policy notice stated that adherence to space guidelines was desirable but if acquisition of an oversize staff quarter was unavoidable, the HOM could approve the lease where it was the most cost effective solution. This policy would require the Mission to measure each staff quarter leased, a practice the Mission is not following at present. The Mission has also put in place the guidelines to regulate the reimbursement of fit-up expenses for employees moving into private lease accommodations. The fit-up expenses were agreed to by UAM and the guidelines are effective September 24, 1998. Up to U.S. $750 is provided for a family configuration of one or two and up to U.S. $1,000 for a family of three or more. The guidelines spell out what fit-up expenses are allowed.

Recommendation for SRD

6.2.27 If the November 1993 policy with respect to space guidelines is still considered applicable, the policy notice should be reissued to Missions who have private leases.

SRD Response

6.2.27 SRD is reviewing the current policies and practices with regard to staff quarter acquisition. Until such time as new policies are approved, the November 1993 policy remains in effect and will be reissued to missions who have private leases.

Recommendation for Mission

6.2.28 The Mission should establish a time line of activities in order to make sure that the new rent ceilings are in place in time for the 2001 posting season.

Mission Response

6.2.28 Mission continues to monitor and collect material with respect to the local rental market. Embassy will strive to be able to provide HQ with justification and documentation to support the proposed 5% increase to the current scales by the end of January 2001.

6.3 Physical Resources

General Comments

6.3.1 The Physical Resources Section is well managed. The Section is meeting its objectives and regularly reviews its procedures to ensure that the work is organized in the most efficient manner possible. As well, the section has implemented a pro-active consumer-friendly approach to project management. Other sections at the Mission are regularly consulted before decisions affecting them are taken and there is a high level of satisfaction with the services that are being provided. A pro-active approach has also been taken in the area of building maintenance and personnel planning within the Section, taking into consideration both the short-term and long-term needs of the Mission. In the area of contracting, procedures have been streamlined to ensure maximum transparency in the contracting process.

Organization

6.3.2 The need to reorganize the management of Physical Resources was discussed with the Mission. The Mission indicated that: it has put together an organizational manual containing both the organization chart for the section and the description of staff positions; it regularly reviews the organization of the section to improve service delivery; and, it conducts surveys to determine how staff feel about the services that are currently being provided.

6.3.3 The Mission believes there is not a need to have a CB Technical Property Manager. In the past, an LES technical position was cut and replaced with a contract clerk and that is what is currently required (i.e. someone who manages contracts and materiel management). The Mission indicated that it has some technical expertise in-house and what it does not have it can either purchase locally or obtain from SRD on a case-by-case basis. The Audit Team does not support the need for a full-time CB technical person as this experience is available in SRD.

6.3.4 *** One option proposed by the Mission to solve the problem over the long run is to have one full-time electrician on staff and to bring in someone who would spend part of his/her time working as an Electrician and part being trained and working as a Maintenance Technician. *** If the Mission chooses this solution it may consider creating a term position for the trainee and, if he or she works out, appoint the individual to the indeterminate position *** . Other possible options presented by the Mission were either to contract out the electrical work to a firm or to have a standing offer agreement with a company for the services. If one of these options were chosen, a trial period would be recommended to see if the option was more cost effective than having electricians on staff. During the trial period the salary funding would be transferred into the operations budget and the position would be kept open. The Audit Team finds that the second option leaves the question of training someone to perform the job of Maintenance Technician unresolved. If the Mission decides to have the electrical work conducted by an outside company, it must still develop a plan to train someone ***.

Recommendation for Mission

6.3.5 Different options concerning staffing in the Technical Maintenance Section should be explored. Whatever option the Mission chooses to pursue, it must keep in mind the need to train someone *.**

Mission Response

6.3.5 Mission agrees, a number of options are being considered and * we will make our proposal to HRL. Regardless of which option we plan to pursue it will include the training and back up requirement for the Maintenance Technician prior to his retirement.**

Relationships and Services Provided to the Consulates

6.3.6 The Mission currently provides limited services to the Consulates in the United States. It answers requests for information, gives advice and provides coordination services if the Consulates need an opinion from the U.S. State Department concerning leases for Official Residences or Chanceries. At this time no other services are provided. No effort is being made at this time to coordinate purchasing of materials for the whole of the United States. The Mission indicated that it is examining the possibility of using Internet suppliers on standing offer contracts to provide office supplies to the Mission. If this idea proves feasible, it may be possible to obtain further discounts by establishing contracts that cover all U.S. Missions.

HOM Official Residence

6.3.7 The Mission has identified the major maintenance deficiencies at the Official Residence and included the work to be done in the Mission Five Year Plan. The critical projects that have to be undertaken are:

- Kitchen renovation.
- Repointing and recaulking of the OR exterior.
- Upgrading of windows and doors.
- Refurbishing the representational bathrooms on the main floor.
- Upgrading the complete heating system.

The Audit Team discussed the projects with the Mission and visited the Official Residence to examine the areas that require attention. The Mission indicated that the work should be conducted in such a way as to minimize the disruption of the activities at the Official Residence and suggested that, since the current HOM is expected to depart in the summer of 2000, it might be opportune to do all the work at that time. On October 15, 1999, details of the kitchen refurbishing proposal were sent to SRPD for review. As of the time of the audit no response had been received from SRPD.

Recommendation for SRD

6.3.8 While it may be possible to delay some of this work, it is recommended that, if funds are available, all the maintenance work be done at the same time to minimize the disruption to the functioning of the Official Residence. Furthermore, an urgent decision is needed on the part of SRD concerning the kitchen plans if the work is to be conducted next summer, as bids must be solicited and contracts let.

SRD Response

6.3.8 Five maintenance projects are slated for implementation at the Official Residence over the next few years. They include replacing the windows and doors, a complete kitchen renovation, refurbished main floor guest powder rooms, a refurbished heating system, and repointing and remortaring the exterior. There is no essential operational requirement to address all of them at the same time, and it is financially prudent to allocate our finite funds to the highest priorities first.

Energy Savings Plan for the Chancery

6.3.9 The Mission's main emphasis has been to get the heating system to work properly before considering improvements. Regular inspection and maintenance plans have been put in place for the heating system and these were found to be up-to-date. The Maintenance Section has been occupied putting into action a plan to resolve the mould problem that was affecting air quality at the Chancery. This problem seems to have been resolved and controls are in place to make sure it does not recur. The Mission replaced the chiller units in the cafeteria. The new system is more efficient, uses less energy and uses a lot less water than the old system. This has produced considerable savings in water and sewerage charges. As well, the Mission plans to replace the window seals to reduce energy costs. The plan to develop a partnership with a private firm to reduce the energy costs at the Chancery will be reexamined when time permits.

Chancery Space Management

6.3.10 Plans are being developed to make more efficient use of the space that is available at the Mission. Three space relocation projects are being discussed.

6.3.11 The first space relocation involves moving the Systems Analysts (SAs) from their present location on the third floor ***. The present plan involves a request for a $55,000 from SRSF plus $38,100 from the Mission budget. *** Bids on this plan ranged from U.S. $212,435 to $242,650. The cost was deemed too high and the project was redesigned to decrease costs. *** Under the new plan an outside company will do the basic construction work and the Mission will do the Signet/MITNET cable run, the carpeting (utilizing Mission stock) and will purchase the cables, doors, frames etc.

6.3.12 The second project addresses the needs of the PRMOAS. One Officer and two interns are currently located in offices on the fourth floor and the PRMOAS would prefer that they be co-located with the rest of the Mission on the third floor. A plan has been developed under which the PRMOAS will expand into a portion of the Library creating additional office space (two offices, two work stations and a meeting room). The Library will acquire new space in the area currently occupied by the CTC (Canadian Tourism Commission) and the space will be reconfigured to meet its needs in light of new technologies. CTC will adjust its space on the third floor by using the adjacent PRMOAS meeting room. The plan would provide space for the individuals currently on the fourth floor and would leave one office available if additional staff were to join the Mission. Extensive consultation has taken place with the three groups involved in the move and all have agreed to the plan.

6.3.13 The third space project involves moving PWGSC into space provided by DND on the fourth floor, moving OLIFI into the space vacated by PWGSC on the fifth floor so that it can work more efficiently with the Trade section, and use part of the space vacated by PWGSC to create one office for the Congressional and Legal Section to accommodate a new officer. Consultation continues on this part of the plan with the Trade Section. Once the consultation with the sections involved is completed, plans two and three will be brought to the CMM for approval and to obtain the funds to develop an accurate cost estimate of the projects.

Building Project Next to the Chancery - Situation Report

6.3.14 The project to build a new building on land owned by the City of Washington next to the Chancery has been deferred for three years. The Mission continues to monitor the situation.

Project to Upgrade the Ergonomic Office Furniture - Situation Report

6.3.15 The project to upgrade the office furniture was initiated as a result of complaints by Mission staff to the Occupational Health and Safety Committee. The Mission consulted SRDP who visited Washington to study the situation. The Mission has still not received the results of the study from SRDP nor the actual plans for the project. It would be preferable, if the furniture is replaced, that it all be done at the same time. The Mission is currently responding to requests on a case-by-case basis and modifying office furniture as required. As well, the Mission has so far received 100 ergonomic chairs with proper back support and is providing them to those who request them.

Issues from Previous Audits

6.3.16 The Mission has successfully implemented the recommendations made in the previous audit.

6.4 Finance

Management of the Function

6.4.1 The Finance Section in Washington is headed by the Regional Financial Officer (FI-03) who reports to the MCO. The RFO also has a reporting relationship to HQ. The RFO has a staff of 11 including a Deputy FMO. The section is well organized with clearly assigned responsibilities and reporting relationships supported by an experienced staff with very little recent turnover. There is open communication between staff and management and there are sound and documented systems, procedures and controls in place. The recently hired RFO is highly regarded by clients and staff due to a positive, progressive and professional management approach.

RFO Role

6.4.2 The Regional Financial Officer role has been in place in Washington for the past four years and has been constantly evolving and expanding, particularly with the recent introduction of IMS and the ease with which electronic communications facilitate interface and coordination between HQ and missions. In addition to direct responsibility for all Washington and PRMOAS financial operations, various financial services are being provided by Financial Services to 11 Consulates and five missions and include the following:

- LES payroll processing for Boston and New York;
- daily electronic funds transfers for previous day transactions;
- purchasing of U.S. funds for missions worldwide;
- credit card issuance, control and payment;
- participation in staffing of mission accountants; and,
- provision of advice from Washington and on-site assistance in the areas of reconciliations, IMS processing, and reporting.

6.4.3 The RFO position is an HQ resource while the other eleven financial positions are Washington-based. In reviewing the services being provided to the other missions and consulates, a conservative calculation of the related resources totalled at least three FTEs.

6.4.4 The RFO intends to promote and expand on the existing concept by being more proactive in assessing mission needs. Plans are underway to bring all mission accountants, RFO staff and certain HQ personnel together with the RFO for an orientation, training and lessons learned session.

Cost Recovery

6.4.5 The Mission raised several issues related to the non-DFAIT use of embassy facilities. These include: nature and types of costs that can be recovered; criteria and conditions pertaining to use of facilities; requirement for the presence of embassy staff; payment options for staff attendance at outside events; and, accounting and administration for outside events. These or similar issues have also been raised by other missions. With this in mind the Audit Team set out to address these issues with a view to providing a context from which missions and HQ could derive appropriate practices and incorporate these into departmental policy.

6.4.6 1) What costs can be recovered?

- TB Policy (825125) gives DFAIT net voting authority for revenues received from optional services and those mandatory services that are not funded by appropriations.
- Rates charged to OGDs are to recover incremental costs and rates charged to Crown Corporations and non-federal organizations can recover the full cost of services provided.
- The policy gives authority to DFAIT to "expend revenues received in a fiscal year to offset related expenditures". This implies that long-term costs such as the purchase of buildings would not be recoverable.

6.4.7 Conclusion: For OGDs, only costs incurred additional to ongoing operational costs can be recovered. For other organizations, all operating costs incurred in the present fiscal year related to the event can be recovered. Non-operating costs cannot be recovered.

6.4.8 2) Mission Policy on Use of Representational Areas

- The Mission policy outlines the conditions for use of Mission facilities under four categories: official hospitality; jointly funded events; externally sponsored events; and charitable events.
- The policy also outlines the procedures and responsibilities regarding the organization and administration of these events.

Recommendation for SMD

6.4.9 Given the varying practices among missions regarding the use of embassy facilities, consideration should be given by HQ to use the Washington policy as a basis for developing a departmental model.

SMD Response

6.4.9 In preparation for implementation of the Financial Information Strategy, SMD is reviewing and revising all Departmental management and administrative policies. SMD will begin development of a comprehensive Departmental policy on Cost Recovery and Cost Sharing which will address, among other issues, the non-DFAIT use of embassy facilities and the model used in Washington. Consultations will take place with personnel at missions and headquarters, and with Treasury Board staff, to ensure that the policy corresponds to Treasury Board rules and regulations and to the needs of our Department.

6.4.10 3) Requirement for Presence of Embassy Staff

- The present policy does not require the presence of a host/hostess during events using the Embassy's facilities.
- Given that such events are authorized on the basis of a benefit or connection to a program area, it would make sense to have an Embassy official present during the event for purposes of accountability and linkage to program objectives.

Recommendation for Mission

6.4.11 The policy on use of representation areas should include the requirement for an on-site Embassy employee, preferably from the responsible program area.

Mission Response

6.4.11 Mission agrees and will include in our instruction/guideline paper to be completed end of April and posted on the Mission Intranet Web page.

6.4.12 4) <u>Contracting of Embassy Staff for Host/Hostess Duties and Support Activities</u>

- Embassy staff are being hired on a contract basis to act as host/hostess and to provide logistical support for events held at the Embassy. This is being done for two reasons: to facilitate the recovery of these costs (if paid through overtime, Mission budget does not benefit); and to provide a monetary incentive to employees (contract revenue as opposed to overtime salary).
- Issues of liability, hiring practices and contract rates have been raised by various sources.

Recommendation for Mission

6.4.13 Hosts/hostesses should be assigned on the basis of connection to the program area involved and overtime used as the basis of remuneration for all Embassy personnel working at outside events. Accounting procedures need to be developed to charge back these costs to the RCs incurring them.

Mission Response

6.4.13 Hosts/hostesses will be assigned on the basis of connection to the program dependent on availability. Mission does not consider the use of overtime as a viable alternative as the duties of a Hostess bear no relationship to the job function of their regular duties. The remunerations based on an LE 4 and individuals volunteer to work these events under a separate contract. With respect to the final part, regarding the development of accounting procedures. New procedures will be developed by the Finance Section before May 31, 2000.

SIV Comment

6.4.13 We would reiterate that payments based on the overtime process would eliminate issues of liability and differing rates paid.

6.4.14 5) <u>Accounting for and Administration of Outside Events</u>

- There are different accounting practices for receiving revenue and charging expenditures for outside events. For the Public Affairs Section revenue is accounted for through a local suspense account for each event. In the Trade area, revenue is sent to HQ and accounted for on an aggregate basis, making tracking difficult.
- Standard contracts are not being used for external events. Usually a letter outlining the event is sent to the sponsoring organization.
- Administration of events is performed by both the Events Management Section and the hosting program. Coordination of services such as security and cleaning

and their subsequent payment would be more efficiently handled by the Events Section who has the expertise and the resources.

Recommendation for Mission

6.4.15 Consideration should be given to establishing a single model regarding financial arrangements for external events. Standard contracts should be developed and the Events Management Section should be assigned all administrative responsibilities for such events.

Mission Response

6.4.15 The first part of the recommendation dealing with a single model financial arrangement will be pursued with the intent of establishing standard procedures. New procedures will be developed by the Finance Section before May 31, 2000. All administrative responsibilities are now handled by the Event Management Section with the latest transfer of hostess and perimeter guard bookings on April 03, 2000.

Contracting

6.4.16 Contracting practices for Washington and the PRMOAS were examined. Detailed procedures have been developed and issued by the Financial Services Section outlining the requirements for the submission and approval of contracts and the related responsibilities of Program Managers and administrative personnel. A key component of these procedures is the establishment of a Contract Review Board (CRB). This Board is composed of four officers, the MCO, the Regional Financial Officer, an Administrative Services Manager, and a Program Manager. The Deputy FMO is the secretary to the CRB. All contracts and purchases over $1,000 are reviewed by the CRB, which ensures value for money and adherence to the contracting policies and procedures of the Government of Canada. The minutes of the CRB were reviewed as was a small sample of approved contracts. Contracts sampled were in good order. Noteworthy is that in the tendering and evaluation of some contracts, a point system was used to rate and award the contract. This practice increases objectivity and transparency of the process. It was also noted that the dollar threshold of $1,000 means that almost all contracts are reviewed by the CRB. Given the procedures and work required for each contract reviewed by the CRB, a risk analysis should be carried out to determine the appropriate balance between dollar amounts and the number of contracts to be reviewed. We would see a higher threshold being established. Alternative mechanisms such as monitoring and trend analysis can be used to diminish potential risk.

6.4.17 The Mission has made several adjustments to the contracting procedures in the area of physical resources contracts:

- The Mission has adjusted the amount after which a contract must go to tender from U.S. $7,500 to U.S. $5,000.
- A points evaluation system to evaluate companies that are bidding on contracts was recently introduced and a Contract Control List was developed to ensure that the appropriate steps are followed in awarding contracts.
- Controls have been instituted to ensure that the bids are delivered in sealed envelopes and that they are stamped when they are received.
- A system whereby Outlook is used to track contracts and determine when new contracts are needed has been implemented.

6.4.18 The service contract book, containing the minutes of the Contract Review Board meetings and the contracts, as well as a number of contract files were examined to ensure that these procedures were put in place and to make sure that at least three bids were obtained for contracts above U.S. $5,000. The new procedures are being used and competitive bidding with three or more bidders was used in almost all instances with an appropriate justification being provided for the occasions it was not.

Recommendation for Mission

6.4.19 The practice of evaluating contracts through a point rating system should be expanded to cover all tendered contracts and a cost benefit analysis regarding the dollar value threshold for contract submission should be carried out.

Mission Response

6.4.19 Mission agrees. With regard to the second part regarding dollar value threshold this is currently being examined. Result of review and possible revised threshold will be published by the Finance Section before May 31, 2000.

Cash Management of Public Affairs EX Position

6.4.20 The Mission's operating budget for 1999-2000 was reduced by $250,000 to compensate for the related expenditures of keeping the Public Affairs EX 03 management position for an additional year, which had been eliminated during Program Review II.

6.4.21 The Mission has been managing the cash deficiency by deferring maintenance projects. Most projects being deferred are those pertaining to preventative or cost-saving activities. The RFO and the Head, Physical Resources were both initially unaware of the budget reduction since they both arrived during the summer of 1999.

6.4.22 The budget reduction is well managed, however projects presently being deferred may, in the longer term, become priorities resulting in a request for funds from HQ or the deferring of other priorities.

Credit Cards

6.4.23 Financial Services has documented procedures and controls in place for the acquisition, use and payment of credit cards. These procedures detail the requirements and process for obtaining a credit card, the responsibilities of the card holder, the contracting authority (RC manager), and Financial Services. There are currently 34 cards distributed as follows: Canadian Embassy Washington–13; New York Consulate General–6; New York Permanent Mission–2; Los Angeles Consulate–1; Canadian Consulate Trade Office (SF)–1; San Jose Trade Office–1; Chicago–5; Miami–1; Canadian Embassy Mexico–4.

6.4.24 The process and controls in place were reviewed. The only issue raised was the requirement for Financial Services in Washington to make payments on behalf of all 34 credit cards. Having the missions and consulates pay their own credit card statements would simplify accounting procedures. Control could still be maintained through the central issuance of cards, monitoring of charges and payments.

Recommendation for Mission

6.4.25 Consideration should be given to decentralizing the payment of credit card balances to the missions and consulates.

Mission Response

6.4.25 Subject was discussed with mission accountants at the March Seminar. Administrative details with bank and credit card company have been worked out; decentralization to missions and consulates to be effected as of April 1, 2000.

Purchasing of U.S. Dollars

6.4.26 The Washington Mission purchases U.S. funds on behalf of missions worldwide. This is done once a week with additional emergency purchases as required. The process is well documented and controlled. Requests for funds are received by e-mail from missions with a copy to SMF in Ottawa; *** Supervisory reviews and sign-offs are appropriate. All requests and purchases are monitored by HQ.

Reconciliations

6.4.27 The Washington Embassy has four bank accounts: a money market account; a chequing account; an ACH payroll account; and a Canadian dollar account. These accounts are reconciled on a daily basis with an official reconciliation prepared each month. The monthly reconciliation is signed off by the Accountant; the Mission Financial Officer and by the Head of Mission. The procedures and controls in place regarding reconciliations are well documented. The reconciliation process was reviewed and verified.

HOM Official Hospitality

6.4.28 The Official Hospitality records for expenditures claimed by the HOM were examined and processes reviewed with the HOM, his Secretary, and the Official Residence Manager and Chef. A separate bank account is maintained to control expenditures. Detailed records of hospitality purchases are maintained, including indirect costs and purchase of official gifts. All purchases were fully substantiated and in accordance with Departmental official hospitality guidelines. Monthly claims are reviewed by the MCO prior to additional advances being provided. The share paid by the HOM for personal meals is reasonable but should be reviewed on the arrival of a new HOM as the amount recovered depends on family size and lifestyle. The amount reimbursed from Mission budget for the meals consumed by the Official Residence staff has not been adjusted for at least 15 years. The Official Residence Manager and Chef notes that a reasonable cost for staff meals would be $3 for breakfast, $5 for lunch and $8 for dinner, an increase from current levels. The effect of an increase in rates is that Mission budget for LES allowances would need to be increased and the amount available to the HOM for official hospitality would increase by a similar amount.

Recommendations for Mission

6.4.29 The personal share of official hospitality costs for the HOM should be reviewed.

6.4.30 An adjustment should be made to the amount claimed for Official Residence staff meal costs to more closely reflect the current costs of such meals.

Mission Responses

6.4.29 This activity has been completed, justification for costing is on file. A detailed survey will be completed upon any change in HOM.

6.4.30 Finance Section will complete a cost analysis on the subject with recommendations to be provided to HOM before April 30, 2000.

Official Hospitality

6.4.31 The Mission Official Hospitality Guidelines are out of date. They do not reflect the new policies issued in April 1999, especially with respect to indirect costs. A restaurant survey is being conducted to determine the appropriate rates for claiming official hospitality. The Guidelines will be updated when the survey is completed.

6.4.32 Four hospitality files were reviewed. Other files were reviewed only for program related purposes. In May 1999, the Auditor-General reviewed the files of eight senior officers. These two reviews encompassed all major claimants. All the claims in each file were checked and matched against the supporting receipts. Appropriate receipts were included for all claims and no problems were found. The totals for the amount spent to date reported in each file were reconciled with the amounts in the IMS printout. In addition, the claims were checked to make sure that they fell within Guidelines for a given type of event, and no problems were found. Minor issues were found and resolved on site.

Recommendation for Mission

6.4.33 Hospitality guidelines should be updated to ensure that they reflect the new Departmental Policy especially in the area of indirect expenses.

Mission Response

6.4.33 Mission Official Hospitality Guidelines effective April 1, 1999 will be distributed to all affected staff.

Security Deposits

6.4.34 The security deposit advances for both the Washington Mission and the PRMOAS were matched against the rent records for the respective Missions and no discrepancies were found. All advances where accounted for and no individual received an advance that was greater than the rent actually paid.

Accountable Advances

6.4.35 Accountable advances for travel, hospitality and medical expenses are recorded and controlled manually since there is no IMS subsystem for this purpose. A calendar is kept where each advance number, employee name, amount and type is recorded under the due date. When a request for an advance is made, the due date is noted and a check is made of any outstanding advances. The calendar is reviewed on a daily basis for past due advances. If there is a past due advance, the employee is notified. Any ongoing problems are referred to the DFMO.

6.5 Information Management

6.5.1 The SIGNET and Systems Administration Section has four System Administrators; one CBS and three LES, plus a computer resources officer who conducts training. A position will be transferred from CDLS to help improve the services offered by the Section to CDLS. There will be shared services with DFAIT and, as a result of this association, there will be back up for both Departments. The Mission has an Intranet Site Committee but there is no Technical Committee in place to deal with Information Technology and Communications issues.

6.5.2 The SA Section does not provide any regular services to the U.S. Consulates, but the CB SA receives calls from the Consulates and missions in South America for advice and guidance.

6.5.3 A plan has been prepared by the CB SA to reorganise the Section in order to realign and clarify the duties of staff. The Mission should use this plan to help improve services and ameliorate the efficiency of the Section.

CONTACT +

6.5.4 In October 1999, CONTACT + was introduced at the Mission with demonstration sessions being held in the Auditorium. Following the sessions, the CB SA set up folders suitable to the needs of every section. Academic and Trade Sections are the common users of CONTACT +.

6.5.5 CONTACT + is still an evolving tool and it is not used by everyone. Most officers still use CONTACT under Microsoft Outlook or the business cards to keep track of their contacts. The CB SA noted a general low degree of satisfaction from users. The IBD Section of this report will give more detailed information on that topic.

IT Training

6.5.6 Since July 1999, the Computer Training Officer has been under the management of the Head of the Section, instead of Human Resources. The Training Officer is giving training on software use and coaching on SIGNET. He will attend a course in January 2000, paid by the Mission and CFSI, on how to deliver effective training courses.

6.5.7 Each section now has a responsibility to update information on the Mission Web site. As a result, the sections are looking to the SAs to give support on web page design. With the large Mission web page and its Intranet site, there is a need for the SAs to receive web page design training to ensure that adequate support is provided to each section.

Recommendation for Mission

6.5.8 Funds should be allocated to train the SAs in web page design.

Mission Response

6.5.8 Mission agrees and training is scheduled for the first half of April 2000.

Citrix Program Neighbourhood

6.5.9 In November 1999, WINFRAME changed to the Citrix Program Neighbourhood. Citrix is considered as a treasure of information but a little bit before its time. The CB SA noted that it is not often used by officers or managers. Many officers still prefer paper documents. Users claim that a lot of information is already available on the Internet, therefore, they do not feel the need to go on Citrix. Dow Jones and World Trade on line are used more than any other information on the program.

SIGNET Renewal Project

6.5.10 The overall degree of satisfaction for the SIGNET Renewal Project is high. No particular concerns were brought to the Audit Team's attention.

6.5.11 A memo from the Mission's Head of SIGNET was sent to the MCO about the reorganization of the Section. The memo proposes the realignment of the duties for the Head of SIGNET and for the Senior LES SA. There are no recently updated position descriptions for the LES SAs.

Recommendation for Mission

6.5.12 The Mission should ensure that all SA position descriptions are amended to reflect appropriate supervisory and reporting relationships for each SA.

Mission Response

6.5.12 Positions descriptions will be reviewed and amended as necessary.

6.5.13 There is no formal system to exchange information among staff within the Section. This results in loss of information. The Head of the Section should establish a weekly meeting to discuss concerns and issues that may arise within the Section.

Recommendation for Mission

6.5.14 The Head of Section should establish weekly meetings.

Mission Response

6.5.14 Mission agrees and regular meetings have commenced.

Communications

6.5.15 There are three Electronics Technicians (ELs) based at the Mission who are responsible for the reliability of technical services provided to the Mission and the U.S. Consulates. The temporary duty at other offices has reduced considerably with the introduction of remote access, but ELs still have to travel to monitor the phone systems and the MITNET, OCTEL and secure fax systems. The ELs also have a wide consultative role with the Consulates and the Mission budget covers overtime costs for EL visits to Consulates.

Cabling Infrastructure

6.5.16 The cabling infrastructure at the Mission dates from the time of the building's construction. The original implementation did not adequately address future expansion or technology changes and is now becoming a bottleneck in meeting the needs and requirements of the building's occupants. The principal concern is that the existing vertical riser (inter-floor) structure is congested and sufficiently convoluted that cable additions or replacements are very difficult.

6.5.17 For example, the addition of a new telephone drop is not simply a matter of adding a horizontal cabling component but requires consideration as to the limitations of the vertical cabling. With the current infrastructure, actual implementation would likely involve some non-standard cable mapping which would complicate maintenance and future cable utilization. The inadequate cable infrastructure is already hindering the ability to provide a solution to the secure facsimile problems faced by one mission program. Upgrades to the delivery of SIGNET to the desktop and relocation of the Designated Computer Centre (DCC) are also being hindered for the same reason.

6.5.18 The Mission has identified the problem in its Management/Corporate priorities' document but, to date, no action has been taken and no costs have been calculated for upgrading the infrastructure.

6.5.19 The Head of Technical Services wanted to take the opportunity created by the various office moves that will take place at the Mission to begin implementation of a proposed solution but the Mission was not able to reserve the space he deemed to be required. Therefore, it will be difficult to proceed incrementally towards a final solution.

Video Conference

6.5.20 Video conference equipment was provided to the Embassy by SXCH as part of an operational pilot between Ottawa, Washington and New York. It has been operational for incoming calls since September. Technical problems are currently inhibiting outgoing calls. These problems should be resolved shortly. Since its implementation, the video conference facility has been used by various programs and sections for events such as the preparation of President Clinton's visit to Canada as well as for Press releases by the Trade Section and other meetings.

6.5.21 The current facility is only suitable for the conduct of UNCLASSIFIED video conference calls and is not compatible with classified systems such as those used by DND.

6.5.22 There has been some initial reluctance to use the system but once users have tried it, they have generally found it very useful and have indicated that they will continue to use it. Once outgoing capability is achieved communications costs will nominally be U.S. $0.66 per minute plus multi-point bridge costs, if applicable. If OGD's use the services, they can be charged for the costs involved.

6.5.23 The cost of equipment and installation was approximately $30,000. The time needed to set up a boardroom for a video conference is neither long nor labour intensive (maximum 10 minutes). The video conference facility is a good way to save one day trips to Ottawa.

APPENDIX A

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

	CBS	LES	TOTAL
HOM Office	3	9	12
Economic	16	8	24
Public Affairs	3	16	19
International Business Development	7	13	20
Political	7	5	12
Administration	18	58	76
Consular	-	2	2
***	2	-	2
PWGSC	3	6	9
Immigration	2	5	7
CDLS	41	12	53
Tourism	-	11	11
***	2	2	4
***	3	2	5
Total	107	149	256

Physical Resources

ASSETS	OWNED	LEASED
Chancery	1	-
OR	1	1[1]
SQs	-	1[2] Private Leases: 103
Vehicles	18	-

[1] The DHOM is provided with an OR.
[2] The Minister (Political) is in a Crown-leased SQ.

Financial Information 1999/2000

LES Salaries	$8,090,000
Operational	6,900,000
CB Overtime	67,000
Capital	100,000
Total	$15,157,000