



AUDIT OF THE CANADIAN EMBASSY

BERLIN

(including Munich, Düsseldorf and Hamburg)

February 2005

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
SCOPE, OBJECTIVES, MISSION RESOURCES	2
Audit Scope and Objectives	2
Organization Chart	3
Physical Resources	4
Financial Information (2003-2004)	4
MISSION MANAGEMENT	5
1.1 Overview	5
1.2 Role of the Consulates	5
1.3 Communications	6
1.4 Performance Management Agreements	7
1.5 Appraisals	7
1.6 Training	8
1.7 Munich	9
1.8 Düsseldorf	9
1.9 Hamburg	10
1.10 Honorary Consul	11
GENERAL RELATIONS	12
2.1 Political Program	12
2.2 Cultural and Public Affairs	13
INTERNATIONAL BUSINESS DEVELOPMENT	16
3.1 Overview	16
3.2 Missions	16
3.3 Resources and Regional Coverage	17
3.4 InfoCentre and Commercial Assistants	17
3.5 Financial Counsellor	18
CONSULAR PROGRAM	20
ADMINISTRATION PROGRAM	22
5.1 Overview	22
5.2 Human Resources	23
5.3 Physical Resources	24
5.4 Finance	25
5.5 Information Technology (IT)	26
Appendix	28

EXECUTIVE SUMMARY

The Germany Missions are well managed with a degree of integration and coordination seldom seen in multi-mission countries. Leadership and direction are provided by Berlin with support provided to and input received from the Consulates, in effect creating a one-Germany program. The Head of Mission's (HOM) involvement in all aspects of Mission programming has a positive impact on operations and is appreciated by staff. A strong management team and qualified staff contribute to a high level of performance. The Missions are well resourced, and morale is positive with the exception of Düsseldorf.

Management and leadership issues in the Düsseldorf Consulate need to be addressed by more oversight and direction from Berlin. These issues relate to insufficient involvement of the Senior Trade Commissioner (STC) in day-to-day operations and a lack of communication and teamwork.

In Berlin, Performance Management Agreements need to be strengthened and focussed on results. Communications could be enhanced by means of holding mission-wide staff meetings and more frequent LES Committee meetings with management; by maintaining minutes of all Mission committee meetings; and by circulating the minutes that are already being kept of the Executive Committee meetings. Deficiencies related to appraisals and training plans need to be addressed.

The General Relations (GR) Program is well managed with clear priorities and the capacity to meet objectives. As the role of the Deputy Head of Mission (DHOM) evolves consideration needs to be given to having both the Political and Public Affairs Program Managers report directly to the DHOM. More input from Headquarters is required for GR programming in Germany with respect to defining GR responsibilities and determining the degree of effort expected from the Consulates.

The International Business Development (IBD) Program is well managed and has an impressive team of both Canada-Based Staff (CBS) and Locally-Engaged Staff (LES). Good communication and coordination between missions contribute to coherent country-wide programming. A long-term resourcing strategy is required to ensure that in the future the correct amount of resources are deployed in optimal locations to serve Canadian business needs in Germany. Lack of support positions is an issue in both the GR and IBD Programs. The Mission needs to rationalize existing resources and prepare a business case to define incremental resource requirements.

Consular services are provided by all Missions, supported and managed by Berlin. Administration is providing good support to all Missions. More attention is nevertheless required in the provision of services with respect to problematic property issues, and to first posting and single assignment staff. Administration Program plans, goals and objectives for its staff need to be developed, and regular Section and Program meetings are required to augment communication and co-ordination.

SCOPE, OBJECTIVES, MISSION RESOURCES

Audit Scope and Objectives

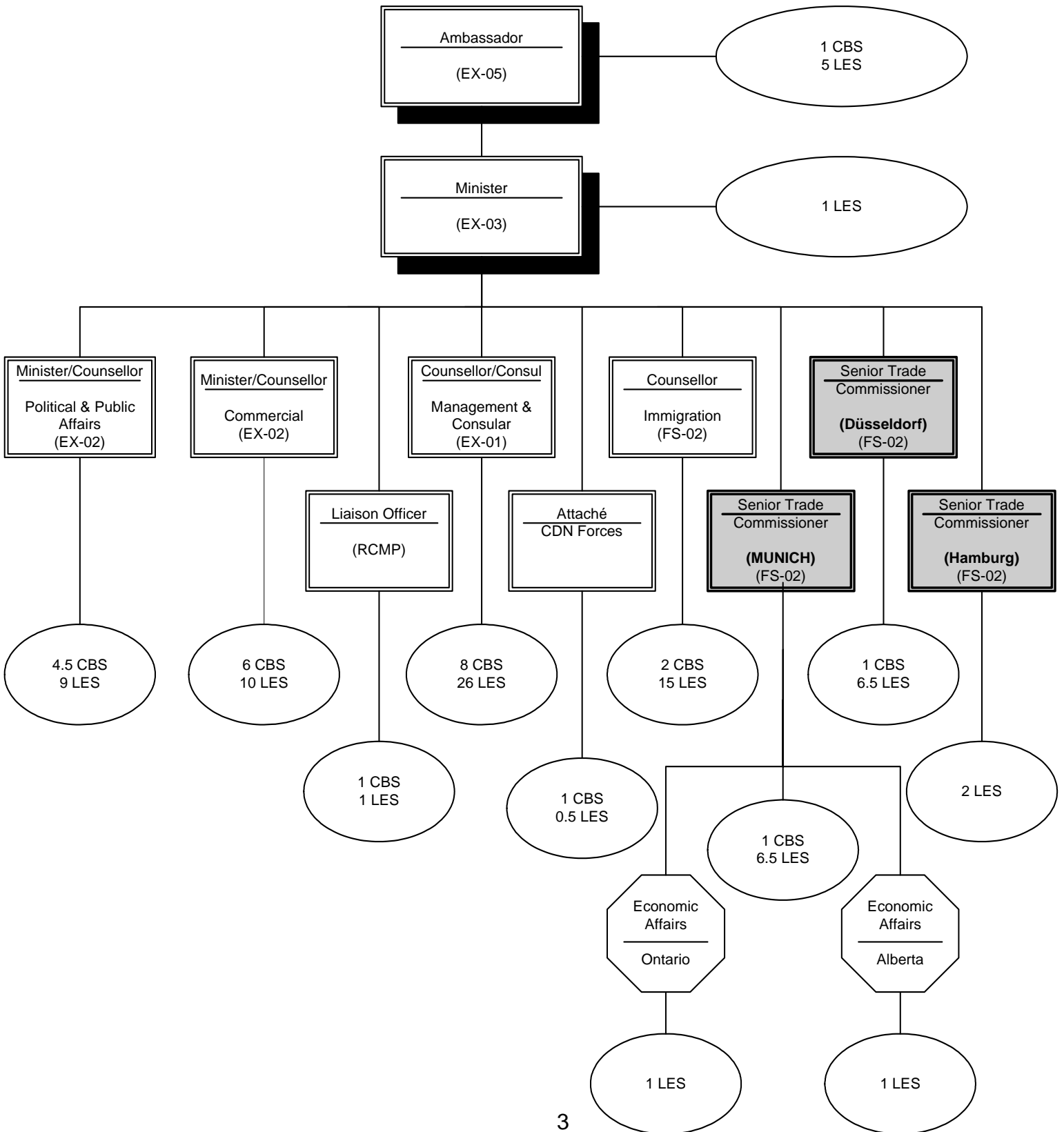
An Audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs was conducted in the four Missions in Germany (Berlin, Munich, Düsseldorf and Hamburg), during the period September 29 to October 10, 2003.

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

The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the programs;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the level of management integration and coordination between FAC/ITCan programs and those of Other Government Departments;
- determine the extent and adequacy of administrative support provided by FAC/ITCan to programs of Other Government Departments;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are used judiciously and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

Organization Chart



Physical Resources

	Berlin		Munich		Düsseldorf		Hamburg	
Assets	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
Chancery	0	1	0	1	0	1	0	1
Official Residence (OR)	1	0	N/A	N/A	N/A	N/A	N/A	N/A
Staff Quarters (SQ)	1	30	0	4	0	2	0	1
Vehicles	11	0	1	0	1	0	1	0

Financial Information (2003-2004)

	Berlin	Munich	Düsseldorf	Hamburg
Operating Budget (N001)	\$4,745,385	\$427,975	\$427,423	\$189,531
Capital Budget (N005)	759,015	5,335	3,800	1,615
CBS Overtime Budget (N011)	29,200	1,500	400	900
CBS Salaries Budget (N011)	1,778,900	136,800	115,200	68,400
LES Salaries Budget (N012)	5,073,742	421,462	631,773	207,036
Total	\$12,386,242	\$993,072	\$1,178,596	\$467,482

MISSION MANAGEMENT

1.1 Overview

1.1.1 Operations of the Missions in Germany reflect strong leadership, good communications, high morale and effective use of resources. Integration across programs and among the four Missions is a management priority that has been effectively communicated to staff and has resulted in consistent program delivery - in effect creating a 'one-Germany' program. The Administration Program in Berlin is providing a high level of service and support to the Mission and the Consulates. The Mission and the Consulates have experienced and qualified staff in all programs, both Canada-based staff (CBS) and Locally engaged staff (LES).

1.1.2 Consideration should be given to the continued need for the position of Minister-Counsellor, Political and Public Affairs, given the DHOM's role and involvement in the Program. With completion of the Berlin Chancery project, timing may be optimal to have both the Political and Public Affairs Managers report to the DHOM, freeing up the Minister-Counsellor position.

1.2 Role of the Consulates

1.2.1 Clarification of the role of the Senior Trade Commissioners (STCs) in the Consulates is not clear with respect to GR programming. STCs are unsure of what is expected of them in terms of proactive versus reactive activity. While this situation has not caused significant problems, formalizing the role of Berlin in an accountability agreement with the Consulates will ensure awareness by all parties of expected levels of service. As well, more direct involvement and supervision by the DHOM is required to ensure consistent management practices and full integration among Programs and Consulates.

Recommendation for the Mission

1.2.2 Clarify mandates for the Consulates particularly for programming other than Trade, incorporating more direct involvement by the DHOM.

Mission Action and Time Frame

1.2.2 The Mission proposed in January 2004 a change to the Business Line Utilization at the Consulates, increasing overall by one FTE (from 3.0 to 4.0) the resources devoted to IBD activities, with the recommendation that Berlin assume greater responsibility for political reporting and activities at the state level. Ottawa felt that this decision should be deferred until the organizational structure of

the two new departments (FAC and ITCan) were in place. Also see Recommendation 2.2.9.

1.3 Communications

1.3.1 While communications by management and within Programs are considered good, improvements can be made. Minutes of Mission committees are not being kept. As a sound management practice minutes are required to ensure that decisions and their background issues are recorded for current action and future reference. Circulation of the Executive Committee minutes or a record of decisions to all staff will not only provide information on important topics but also convey a sense of inclusiveness and trust to staff. More LES Committee meetings with management would also facilitate communications and relations with LES. Mission-wide staff meetings will increase information sharing and strengthen cross program awareness. This will be more feasible once larger meeting facilities are available in the new Chancery. A more immediate need is for the Mission to provide staff with updates on the progress of the new Chancery and issues related to the up-coming move. To minimize mis-communication and ensure an efficient transition, the Mission should consider developing a communications strategy for the Mission move.

Recommendations for the Mission

- 1.3.2 Ensure that minutes are kept for all Mission committees and that Executive Committee minutes or record of decisions are circulated to staff.**
- 1.3.3 Develop a communications strategy for staff regarding the new Chancery project.**
- 1.3.4 Ensure that LES Committee meetings with management are held on a regular basis.**

Mission Actions and Time Frames

- 1.3.2 The DHOM (backup: MCO) will henceforth ensure that the record of decisions is communicated to all staff. Inter alia, this will also be placed on the Intranet site of the Embassy, which should be operational by April 30, 2004.**
- 1.3.3 The LES Staff Committee has nominated one officer to oversee developments with the new Chancery. He will be involved in meetings where major decisions are taken. The LES Committee recently visited the chancery project. A special briefing on the chancery was held on March 11, 2004, for all staff. The timeline for**

the move will be finalized once we have a clearer indication of the actual move-in date. We will increase the frequency of briefings for staff as we approach the moving date. We will also re-institute this Spring regular Friday afternoon visits by all staff to the new chancery. Furthermore, the draft Manual for the use of the public facilities at the new chancery will be discussed in due course with all staff.

- 1.3.4 The newly elected LES Committee has adopted a very structured, goal-oriented approach. There have already been three meetings since they took office. The Committee has tasked its individual members with specific responsibilities, which will then be discussed with management. For example, they have already provided LES input into the annual review of pay and benefits. One officer has been tasked with oversight for the move to the new chancery.**

1.4 Performance Management Agreements (PMAs)

1.4.1 While Performance Management Agreements are in place, these need to be more results-based, identifying specific 'how to' strategies and activities for agreed to objectives. Strengthened PMAs would in turn cascade down to individual PMAs or workplans for all staff and serve as an accountability mechanism for management to assess operational and individual performance.

Recommendation for the Mission

- 1.4.2 Ensure that Performance Management Agreements have quantifiable and objective criteria for performance and results.**

Mission Action and Time Frame

- 1.4.2 The PMAs for senior managers were prepared this year in line with the Business Plan for the Mission, then reviewed by the Bureau and amended accordingly. The PMAs and the new Business Plan process will provide clearer criteria by which performance standards can be improved for all managers and staff.**

1.5 Appraisals

1.5.1 Although the Mission has a system in place to track and monitor appraisals, three managers at the time of the audit were behind in submitting appraisals for their staff.

Recommendation for the Mission

- 1.5.2 Consider using completion of appraisals as a performance criterion for managers, to ensure that all appraisals are performed annually.**

Mission Action and Time Frame

- 1.5.2 The Mission has taken the following steps to ensure that appraisals are performed annually. Messages to all managers with specific names and due dates for LES employee appraisals are circulated four times annually. We have moved from a 75 percent completion rate to a 92 percent completion rate. We have set a date of March 31, 2005 as the final date for 100 percent completion. For CBS, performance measures in PMAs have included commitment statements on performance management, and the necessity of completing appraisals in a rigorous and timely fashion. This started in the fall of 2003, and was included in the 2003/04 PMA statement. It is also included in the 2004/05 PMA statements.**

1.6 Training

- 1.6.1 Except for the Administration and Consular Programs there are no formal training plans for the Missions. Although training is encouraged, selection of actual courses is primarily left to the initiative of employees.**

Recommendation for the Mission

- 1.6.2 Develop a Missions-wide training plan with input from each Program and the Consulates.**

Mission Action and Time Frame

- 1.6.2 Noted. The Missions in Germany enjoy an excellent track record with professional training. However, Program Managers will be asked to prepare at the start of each new FY a program of staff training based upon the Business Plan, PMAs and individual appraisals. It should be noted that with the high amount of annual leave for LES (six weeks) and an already active program of department-initiated training activities (in Europe and in Canada), Program Managers will be asked to rationalize the amount of time dedicated to professional human resources development.**

1.7 Munich

1.7.1 Munich is an extremely effective and active Mission with good morale. The acting Senior Trade Commissioner is involved in all aspects of the operations and is well appreciated by staff. The two provincial operations are supported by the Mission and there is regular coordination of activities and sharing of information. As mentioned above, clarity is required regarding the level of programming other than for Trade activities. More direction and support from the DHOM and the IBD Program Manager are also required during the period before the new permanent Senior Trade Commissioner arrives in March 2004. Regular weekly staff meetings would enhance communications and team work in the Mission. The Consulate, while centrally located, does not have an ideal configuration and it is not in good condition. If expensive upgrades such as air conditioning are contemplated, then new premises should be considered.

Recommendations for the Mission

1.7.2 The Mission should hold regular staff meetings.

1.7.3 The Mission should consider the costs and benefits of renovating the Consulate versus acquiring new accommodation.

Mission Actions and Time Frames

1.7.2 The Consul holds staff meetings every week for Consulate Trade staff. The Consul also holds Administration/Consular staff meetings on a monthly basis. This started effective March 2004.

1.7.3 The future of the Munich Mission has been included in our 2004 Mission Property Management Plan for review by SRD. Consideration will be given to locating more suitable accommodation.

1.8 Düsseldorf

1.8.1 The Consulate in Düsseldorf is well situated with well appointed offices. There are two Canada-based staff in the office, a team of (LES) Canadian Tourism Commission personnel, a Consular position and two Commercial Officers and a Commercial Assistant.

1.8.2 The Düsseldorf Mission faces several challenges. Improved management and leadership are required. There is little communication by management and a lack of teamwork among staff. Officers attend to their own agendas with little consultation and coordination. The Agriculture and Agri-Foods Canada (AAFC) sponsored

Commercial Officer takes direction from AAFC HQ, ***. Canadian Tourism Commission employees are about to move out leaving considerable empty space.

Recommendations for the Mission

- 1.8.3 Specific oversight measures are required by Berlin to ensure required management initiatives are communicated and implemented.**
- 1.8.4 Succession planning is required to facilitate the departure and replacement of a Commercial Officer position.**
- 1.8.5 Options to downsize or replace Chancery space should be developed.**

Mission Actions and Time Frames

- 1.8.3 Noted. Immediately after the Inspection Visit, the mission initiated weekly staff meetings. The DHOM and Minister-Counsellor (Trade and Economic) also met in November with Düsseldorf's staff to frankly discuss the communications issues. Once the Embassy moves into the new Chancery, Berlin and the Consulates will be outfitted with video-conferencing facilities, which will enhance communications (and reduce travel costs). We are now also looking at the co-location and co-operation between the Consulate staff and the positions funded by AAFC, with the objective to ensure even greater integration, as well as better communications.**
- 1.8.4 Noted. The job package has been re-defined and the position will be reclassified downwards to reflect the new job responsibilities. The responsibility for access issues previously handled by the incumbent have now been transferred to the IBD officers, who will henceforth be responsible for all access questions in their sectors.**
- 1.8.5 SRD recommended that we continue with the present space, citing the excessive costs that would be incurred with downsizing/re-locating. The lease has been re-negotiated at more attractive rates and we have the option to release space.**

1.9 Hamburg

1.9.1 The Hamburg Mission is small with one CBS, one LES officer and two part-time Assistants. It has suitable offices and is well located. Issues facing the Mission are the adequacy of support services in the Mission and the level of technical

support from Berlin. Extra hours are being worked by the Assistants resulting in overtime. Although technical support is available from Berlin, telephone and computer problems continually hamper operations. Consideration needs to be given to converting Hamburg to an LES-based office supervised by Berlin, only two and one half hours away by train. This would provide a CBS resource for redeployment, and reduce the need for support .

1.10 Honorary Consul

1.10.1 The Honorary Consul in Stuttgart is open three days per week for Trade and Consular affairs. The Honorary Consul actively supports the IBD Program in the region. This is a cost-effective operation that could be replicated in other centres.

GENERAL RELATIONS

2.1 Political Program

2.1.1 The Political Program is well managed and focussed, with clear priorities and a good assessment of its own capabilities and work capacity. There is wide scope in Germany for the Program to deploy its resources to maximum advantage. It is managed by the Minister-Counsellor, Political and Public Affairs (EX-02), who reports to the DHOM. The DHOM, in addition to overseeing Mission Programs and the Consulates, will be occupied with the Chancery move for the coming year. Once this project is completed, consideration should be given to having both the Political and the Public Affairs Program Managers report directly to the DHOM rather than to the Minister-Counsellor. This would free up the Minister-Counsellor position.

2.1.2 The Program has fewer resources than other G-8 missions, yet it needs to have a greater reach than it has at present, given Germany's decentralized nature and the number of large and important cities in the regions.

2.1.3 The Program recently held its first annual retreat, which was a success. Program priorities were laid out through its "game plan" process. The link to the PMAs for senior staff, however, could be improved. The PMAs lack the specificity and measurability to make them as useful as they should be. The PMA commitments should also cascade down to the appraisals and accountability agreements of all program staff.

2.1.4 The Program works well with all other Mission programs, but has limited interaction with the Consulates. The Minister-Counsellor has effectively created a climate of co-operation in Berlin where each program automatically considers the synergy potential of integrating their initiatives with other programs. The Consulates, however, appear to have a reactive role in the Political Program. The job descriptions of the Consuls call for them to "assist" Berlin in the execution of Political Program initiatives. The Mission should reflect on whether this is still an appropriate arrangement. (see Recommendation 1.2.2)

2.1.5 The Program has made efforts to work with key divisions in Headquarters (HQ) to set priorities, and in particular, its reporting priorities. The Program received good input and feedback from divisions with the exception of divisions in its Geographic Bureau (RWD). This may be explainable given that the responsible Geographic Division staff (REN) are both new and junior. To ensure that both HQ and the Mission are co-ordinated, REN should be providing direction, input and feedback on a periodic basis.

Recommendation for REN

- 2.1.6 Co-ordinate with the Program to set out key areas of focus and reporting.**

REN Action and Time Frame

- 2.1.6 RWD has provided a list of key EU issues to the Mission requiring action through the bilateral relationship. REN has initiated a branch-wide process of consultation with other branches on key Canadian objectives which should be pursued by posts (including Berlin) with their host governments. This initiative was first laid out in the Europe branch business plan for 2004/05 and is currently being pursued actively by RWD and REN through a pilot project with the Global and Security Policy Branch. An early element of this has been the tasking of Berlin to develop an advocacy strategy on the "Responsibility to Protect" initiative. Full implementation of the branch business plan objectives in this regard is planned for this fiscal year.**

Recommendation for the Mission

- 2.1.7 In conjunction with HQ and the Consulates, determine the optimum manner in which the Political Program can formally task the Consulates.**

Mission Action and Time Frame

- 2.1.7 The PERPA program is centralized in Berlin. With the addition of a third Canada-based officer in Berlin in 2005, Berlin will assume greater responsibility for political activities in the territories covered by the Consulates. Also see Recommendation 1.2.2.**

2.2 Cultural and Public Affairs

- 2.2.1 The Program is well managed, has a seasoned and knowledgeable staff, and carries out a heavy program across the country. Given Germany's decentralization and the number of large and key cities, the Program has responded by being active in all regions. Since its move from Bonn the Program has grown substantially and will continue to grow. Two additional positions will be added to the team with the opening of the new Chancery. The Program also hires two interns every quarter and has become dependent on these positions for program support.**

2.2.2 Staff universally raised concerns about the lack of support positions to assist them in their heavy workloads. The intern positions are critical but are not a long-term solution. A request for a support position was rejected by HQ. A solution within the current complement was not apparent. As the move to the new Chancery approaches and as plans develop to deliver what will no doubt be an even busier program, the Mission may wish to develop a new business case for additional support positions. Alternatively, workload will have to be truncated.

Recommendation for the Mission

2.2.3 Develop a business case for a support position once program requirements in the new Chancery become clearer.

Mission Action and Time Frame

2.2.3 Berlin will receive two new positions to staff the Canada Info Centre at the new chancery. We will re-submit our proposal for the new Public Affairs position again in 2005, once these two new staff members have been integrated into the operations, and consistent with RAM's request that this business case only be presented in 2005.

2.2.4 With a Post Initiative Fund (PIF) of \$65,000, Public Diplomacy funds of \$480,000 and education and marketing funds of \$18,000, the Program is well endowed. These funds and the associated decision making are completely centralized in Berlin, although there is input from other programs, and to some extent from the Consulates. Funding from HQ arrived very late this year and resulted in some anxiety when negotiating with partners on funding commitments, but the late funding did not have a significant impact on the Program's plan.

2.2.5 The Program gives presentations twice per year to the other programs in Berlin to explain funding sources and purposes, and to invite them to make proposals. The Consulates are not invited to participate in this exercise, resulting in their uneven knowledge of and lack of interest in these funds and their purposes.

2.2.6 Despite the Program's work outside Berlin, the perception in the regions both inside and outside the Missions was that this Program is for Berlin only, and the Consulates have a limited role, if any. The Mission should work towards ensuring that the Program is seen to be for the benefit of all of Germany.

2.2.7 The Academic Program is an active one with the Mission placing reliance on the network of academics in Germany as a partner in delivering events. While the base of academics fully involved in Canadian studies has shrunk, there is a growing

network of academics with an interest in Canada, e.g. through comparative studies programs.

2.2.8 Education marketing is a low priority for the Mission. While education fairs occur yearly, last year's fair was viewed as a disappointment. There is no Mission officer dedicated fully or even substantially to education, and there are no external partners. Staff view the program as having a low probability of success, and as a result, no change is anticipated to its low priority status.

Recommendation for the Mission

2.2.9 **Ensure that the Consulates clearly understand the GR funding programs, and that their input and proposals are welcomed. Correspondingly, Consulates should be proactive in making proposals.**

Mission Action and Time Frame

2.2.9 **The Consuls participated for the first time at the PERPA Retreat in December 2003. This will become an annual event. The Consulates are already actively involved in co-hosting activities where there are both cultural and IBD objectives.**

INTERNATIONAL BUSINESS DEVELOPMENT

3.1 Overview

3.1.1 The IBD Program in Germany is centred in Berlin under the management of a Minister-Counsellor, with Consulates in Munich, Düsseldorf and Hamburg as well as an Honorary Consul in Stuttgart. The Program in Berlin includes investment, science and technology and trade development sections and an Economic Counsellor and a Finance Counsellor. Ontario and Alberta Trade Offices are co-located in the Munich Consulate.

3.1.2 The IBD Program in Germany is impressive, with the exception of on-going management issues in Düsseldorf. A generally solid management team combined with highly qualified and enthusiastic staff underlie a productive and successful Program. There is a comprehensive planning and reporting system that outlines strategic direction and related activities for each section. Inter-post meetings are held to coordinate plans and allocate resources including a large Client Service Fund (CSF) budget (\$300,000). Performance targets have been set and expectations communicated to staff. Staff have the opportunity to input into Program planning through objective setting and discussion within their sections. Regular reporting on results of activities occurs and is summarized in the Program's annual planning report.

3.1.3 The Program operates under the 'prime post' principal and has for the most part effectively integrated activities between sections and among the four missions. There are many examples where the Program has jointly organized events and visits through leverage, cooperation and collaboration with other Mission programs and with outside partners for mutual benefit and support.

3.2 Missions

3.2.1 In Berlin there is good communication within the Program with weekly meetings of all staff, open on-going access to management and colleagues and frequent dialogue and cooperation between the Investment, Trade Development and Science and Technology sections. There is also appropriate integration of the Economic and Finance portfolios. Staff are highly motivated and morale in the Program is high.

3.2.2 Munich is well managed under the acting Senior Trade Commissioner (STC) who has fostered a strong sense of teamwork and morale as well as effective partnership with the provinces. A need was identified for all staff meetings, including the provinces, to increase awareness of initiatives and activities across the Mission and the Program. A vacant Commercial Assistant position is being staffed which will provide much needed support to the three officers. The arrival of the permanent STC in March will bring the Mission back to its full complement.

3.2.3 The Düsseldorf Office requires more direction and intervention from Berlin. The Mission has been plagued with management problems in the past and there continues to be a lack of communication and leadership on the part of the STC. This has affected staff morale and program productivity. The Agricultural Canada positions are operating independently thus limiting potential opportunities for collaboration.

3.2.4 The STC in Hamburg arrived in September 2003 with a mandate to provide more active focus on trade initiatives while continuing to support other programs. Although the Office is operating effectively, increasing workload has required on-going overtime for both the Commercial Assistant and the Consular Assistant who are both part-time employees working half days. A case needs to be made to increase the hours for one or both of these positions. This will provide more support for the Mission and lower costs by reducing overtime expenses.

3.3 Resources and Regional Coverage

3.3.1 Of the approximately 30 resources in the IBD Program, 16 are based in Berlin with 14 based in the three Consulates. Three aspects of our trade presence in Germany need to be considered by management: location of resources; alternate delivery models; and total resource requirements. The prime post system requires that all officers cover the entire country. While this system works relatively well, there are limitations to the coverage that can be provided given the size of the country, its regional diversity and the value of its economy. Geographically, most businesses and industry are located outside of Berlin. There is a tendency for officers to focus on the regions where they are located, thus detracting from the prime post system by giving other regions less attention. There is a case to be made to bolster the Munich and Düsseldorf Consulates while Hamburg and other locations could be staffed by LES supervised from Berlin (such models already exist in other countries). This scenario would require a combination of incremental resources to the Program as a whole, re-allocations from Berlin and Hamburg and establishment of stand alone Trade Offices staffed with LES. The Mission needs to work with the Trade Commissioner Service Overseas Operations Division (TCS) in its global evaluation of trade resources to determine the optimum resource base for Germany. At the same time, the Mission should reassess from a strategic perspective the optimum geographical deployment of resources irrespective of the status quo, and then develop the corresponding implementing strategy.

3.4 InfoCentre and Commercial Assistants

3.4.1 In Berlin, operational support in the Program has been problematic. *** The third support position is currently shared between two half-time employees. This situation has had an impact on the Program leaving officers without adequate support and back-up. Even without these absences, the Program has had insufficient resources to support its officers. This was recognized by TCS during a recent training visit.

3.4.2 Under the New Approach, InfoCentres have been identified as a best practice and particularly beneficial in large programs. An InfoCentre would provide efficiencies by centralizing the receipt, recording, control and distribution of enquiries, and the maintenance of files, reports and other information for all four offices. Berlin's need for an InfoCentre was recognized during the recent TCS training visit.

3.4.3 In conjunction with the establishment of an InfoCentre, Commercial Assistants (CAs) need to be given training on the New Approach and given more responsibility in order to provide higher value in supporting officers, in effect backing them up by responding to low level enquiries, doing basic research and project work in addition to traditional logistical support and administrative duties.

3.4.4 An ideal configuration would be to have a CA or junior Officer in charge of the InfoCentre working with four other CAs each of whom would be assigned to one of the sections in the Program.

3.5 Financial Counsellor

3.5.1 This position will no longer be funded after the summer of 2004. Many aspects of the Counsellor's work have proven valuable to the IBD Program and efforts are being made to assess how this position could best serve Trade interests on a regional basis, particularly as they apply to outward investment. As it will only be possible to retain this position through departmental funding, the Mission should consult with the Trade Branch and through a joint assessment determine the viability of retaining the Counsellor position.

Recommendations for the Mission

3.5.2 In consultation with RWD and TCS, develop a long-term resourcing strategy that identifies personnel requirements and alternative deployment models for the Germany IBD Program.

3.5.3 Establish an InfoCentre serving all Missions, to centralize receipt and processing of enquiries and coordinate other support services.

3.5.4 Provide more delegated responsibility, better Program integration, and more New Approach training to Commercial Assistants.

Mission Actions and Time Frames

3.5.2 Given the restructuring of ITCan, the Mission will continue to monitor that development so that the Germany strategy can be discussed at the appropriate time.

3.5.3 The Mission made a request for additional funding which is not available at this time. The Mission will monitor the developments of the restructuring of ITCan and the impact on establishing InfoCentres.

3.5.4 The IBD Program will avail itself of every opportunity to train staff on New Approach standards. The restructuring of ITCan may have an impact on how best to delegate additional responsibilities to staff and the Mission will re-examine the responsibilities once the restructuring is complete. The Program is using interpost meetings and consultations, the integrated annual planning process and the Business Plan process to enhance program integration and plans to use the video-conferencing capabilities of the new Chancery to further improve inter-Mission communication.

Recommendation for TCS

3.5.5 Assess the proposed realignment of the Finance Counsellor's duties in comparison to other such positions to help determine its continuing viability.

TCS Action and Time Frame

3.5.5 It appears that the Finance Counsellor's position will be transferred to OECD sometime in 2004. The Minister-Counsellor (Trade and Economic) is looking at the re-alignment of duties of the Economic Counsellor and Economic Assistant to minimize the impact of this loss.

CONSULAR PROGRAM

4.1.1 The Consular Program is providing good service to Canadians by means of dedicated and knowledgeable staff located at five points of service delivery. Overall, the Program is well managed under the direction of the Deputy Management/Consular Officer (DMCO) in Berlin. The level of support offered to the Consulates was judged to be high. Good communication exists between Embassy and Consulate staff with support and assistance provided by Berlin, particularly for difficult cases.

4.1.2 The Consular Program Manager is a new recruit and on her first posting abroad following her training program. This employee is enthusiastic and has instituted a number of measures such as weekly staff meetings that have improved morale.

4.1.3 A Consular Contingency Plan has been completed for Germany, in response to a recently established requirement. While the Consular Section has had limited success in getting Canadian citizens to register with the missions, the Consular Program Manager understands the importance of updating the Register of Canadians Abroad (ROCA) database and has made this a priority.

4.1.4 Full passport services are provided, and always meet or exceed the Departmental service standards. Approximately 3,000 passports are issued every year. The bulk supply of passport blanks is kept in a secure area in the Embassy, with a working supply similarly secured in the Consulates. Passport counts are done every month by the DMCO and verified quarterly by the Management/Consular Officer (MCO). Passports and other assets were reconciled by the Audit Team.

4.1.5 As the Consular Program Manager is on her first assignment, the MCO needs to provide a development plan, including a mentoring component, that will cover both present duties and future career development.

4.1.6 The practice of refunding fees for unclaimed services needs to be reviewed, particularly telephone authorizations to the bank. All refunds should be recorded and processed with appropriate financial signing authorities.

Recommendations for the Mission

4.1.7 Prepare a development plan for the Consular Program Manager.

4.1.8 Consular fee refunds should be properly authorized and documented.

Mission Actions and Time Frames

- 4.1.7** The incumbent received her objectives, in discussion with her supervisor, and in written form, upon arrival at the Mission. She has been given additional responsibilities (e.g. classification committee; new chancery timeline planning group; contract review board; the implementation of the Mission's Intranet; the preparation of the Common Service Delivery Standards document; the Emergency Response group) to broaden her experience and exposure to other programs and functions. Also, the Mission has set up a mid-posting change of responsibilities for her - during the summer of 2005, she will move to the Deputy MCO position and will become responsible for the Property/Personnel/General Services program - this will round out her training as a Management/Consular Officer. The officer has also been involved in the Mid-Term and Third Quarter Financial Reviews with the MCO and Financial Officer. When sessions are available the Mission would like the incumbent to take Business Intelligence Training.
- 4.1.8** Already actioned. Previously, this was handled by the Consular Section. The Finance Section has taken over this responsibility.

ADMINISTRATION PROGRAM

5.1 Overview

5.1.1 The Administration Program provides services and support to the Mission Programs in Berlin, Munich, Düsseldorf and Hamburg. These services include human resources, finance, property, information technology and security. The Program is well managed, led by an experienced MCO who is supported by a strong team of CBS managers and LES staff. Required systems and procedures are in place and roles and responsibilities are generally well defined. Morale is good, management is accessible to staff, and there is good teamwork within sections and across the Program.

5.1.2 The Program would benefit by implementing a planning process that would identify major projects and initiatives and establish goals and objectives for managers and their staff. There is also a need for more formalized communications. This would include meetings within sections between the manager and staff; at the Program level between the Program Manager (PM) and the management team; and across the program in the form of staff meetings. Establishing service standards would improve consistency of service delivery and would provide clients with a reference point to measure expectations.

Recommendations for the Mission

- 5.1.3 **Develop a program plan based on section plans, including the setting of goals and objectives for staff.**
- 5.1.4 **Establish regular section meetings, program management meetings and all-staff meetings.**
- 5.1.5 **Develop service standards for each section.**

Mission Actions and Time Frames

- 5.1.3 **Noted. The Business Plan and the PMA for the MCO will form the base for the objectives established for all staff.**
- 5.1.4 **Already actioned. The Heads of the Consular and of the Administration Programs already had weekly staff meetings. In addition to the daily meetings that the MCO had with the heads of the Consular, Finance and Administration Programs, there will now also be structured monthly program co-ordination meetings as well as quarterly all-staff meetings.**

5.1.5 Noted. The standards for the Consular Program are already well defined by Ottawa. A Manual for Administrative Procedures outlining administrative services and who is responsible for actioning them is in place. New standards that are now being developed by Ottawa for OGD co-locations will be adopted by the Mission. The Contact Management System (CMS), developed by Berlin and now under consideration as a model for application elsewhere, has provided clearer direction on event management standards for the Mission.

5.2 Human Resources

5.2.1 The Human Resources Section is well managed by the MCO with the assistance of the Personnel Officer and the Administration Assistant. Files were well maintained and appropriate processes and systems were in place. The Consulates noted that the staff are accessible when assistance is required.

5.2.2 The MCO's Administration Assistant is currently spending the majority of her time on HR tasks. While generally it would be the HR staff that complete the EXT-208 personnel forms, given the current workload of the HR section, the Finance staff are completing this task. The Mission should monitor the workload levels to evaluate when/if this task might be moved.

5.2.3 The Mission Report was last revised in 2001 and needs to be updated. This includes the Education Report and it would be useful if school websites were added. Concerns were raised by the CBS spouses regarding the difficulties of working in Germany. The Mission's report on spousal employment could be clearer in describing the challenges facing spouses, in order to improve the information available to those considering Germany as a posting.

Recommendations for the Mission

5.2.4 Transfer responsibility for completing Staffing Action forms EXT-208 from the Finance Section to the Human Resources Section.

5.2.5 Update the Mission Report, and ensure that the Spousal Employment Report reflects more accurately the difficulty of working in Germany.

Mission Actions and Time Frames

5.2.4 The responsibility for completing the EXT-208 has not been transferred from the Finance Section to the Human Resources Section. The MCO and MFO agreed that the responsibility would remain in the Finance Section as the function was closely linked to IMS. The decision will be reviewed again on April 1, 2005.

5.2.5 **Already actioned. The Mission will also strive, where feasible, to increase the number of productive assignments for spouses at the Mission. This will depend, however, on the availability of positions and on the availability of required skills, including at times a basic level of German.**

5.3 Physical Resources

5.3.1 The Property Manager, a professional in his field, brings a much needed expertise in the field of lease negotiation and management, especially in Berlin as a city going through significant urban transition and growth. Although the DMCO oversees the activities of the property and materiel section, the roles, responsibilities and authorities of the Property Manager, the DMCO and the MCO should be clearly defined in order to ensure effective management of property issues. Clarity is also required in responding to property requests. The use of discretionary authority for cases that are problematic due to unusual personal situations or unclear interpretation of rules needs to be improved. Decisions in such cases should be provided on a proactive, service-oriented basis, as opposed to one of arbitrary rule enforcement.

5.3.2 The Embassy has an eclectic mix of staff quarters (SQs) including some rather large and expensive apartments that were negotiated under long-term leases during the difficult transition from Bonn to Berlin in 1999/2000. These should be examined closely for their ongoing suitability. The construction of the new Chancery offers opportunities for obtaining SQs within the Chancery complex. All options should be thoroughly researched.

5.3.3 The Section receives a high volume of requests for services. These are tracked and assigned manually which does not provide management with information such as volume, type, assignment and timeliness of services rendered. Considering the likely increase in service demand when the Mission moves to the new Chancery, we strongly recommend the use of an electronic tracking system.

Recommendations for the Mission

5.3.4 **Roles, responsibilities and authorities of the Property Manager, the DMCO and the MCO should be clearly defined.**

5.3.5 **Develop a strategy to provide more flexibility in the property portfolio by reducing the number of long-term leases and pursuing the possibility of providing SQ space in the new Chancery.**

5.3.6 **Develop an electronic tracking system for property service requests that would capture the number of requests, type of work, person assigned and length of time to complete.**

Mission Actions and Time Frames

- 5.3.4** The MCO held a meeting with the D/MCO and Property Manager in October 2003 to clarify tasking within the Property Section. The Deputy/MCO has held weekly meetings with her staff beginning 2003. A document entitled Administrative Briefing notes can be found on the Mission's Intranet site which clearly outlines which person is responsible for each service provided by the Property Section.
- 5.3.5** Noted. This is already included in our 2004 Mission Property Management Plan, which has been submitted to SRD. We are exploring options of securing SQs in the residential component of the Kanada Haus complex.
- 5.3.6** Noted. We have received the Cairo Model and are investigating its implementation in Berlin.

5.4 Finance

5.4.1 The Finance Section is under the direction of a CBS Financial Management Officer (FMO), FI-03, who brings a level of expertise enjoyed by few missions abroad. He is supported by four experienced, knowledgeable financial officers/assistants, and together they provide strong financial support to the Missions in Germany.

5.4.2 Since his appointment to Berlin in 2001, the FMO has conducted a thorough review of internal controls and processes. A detailed workplan with measurable objectives was prepared to address areas identified as being in need of improvement. Progress on the objectives of the workplan were regularly monitored and reported to the MCO. The positive results of these sound management practices were noticeable during our review of various financial records and actions.

5.4.3 Most of the minor observations and recommendations raised were addressed during the course of the audit. The following recommendations are noted below for HQ and Mission action.

Recommendation for SMF

- 5.4.4** The Mission's request for action regarding the long-standing reconciliation adjustment needs to be resolved.

SMF Action and Time Frame

- 5.4.4** All outstanding adjustments were actioned by SMF in April 2004.

Recommendations for the Mission

- 5.4.5 Supporting documentation for the following transactions must be placed on Finance Section files: requests for the creation of vendor accounts; Contract Review Board (CRB) review and approval of contracts; and receipts for events at the Official Residence.**
- 5.4.6 Official receipts issued for Consular and Immigration revenues should be made out to individuals rather than to their Sections.**

Mission Actions and Time Frames

- 5.4.5 The Mission has taken the following steps: a paper file is kept of all requests for the creation of vendor accounts; all CRB documentation is kept on a paper file in the Finance Section by the FMO; all required receipts for the OR have been provided to the Finance Section and are kept on file.**
- 5.4.6 Noted. This has been actioned and is in effect.**

5.5 Information Technology (IT)

5.5.1 The technical staff is relatively large in Berlin as they provide support services to the Mission and the three consulates. During the past year, however, a number of projects including the development of a contact management system have required the full-time dedication of one of the System Administrators. Consequently, the Consulates commented on the need for improved system support and training opportunities from Berlin.

5.5.2 As noted above, the Mission has dedicated extensive resources to the development of contact management system. The development phase is now completed and after a number of system improvements, indications are that the system has good potential for improving contact management in the Programs. To ensure effective use of the system and eventual recovery of the time and money invested in its development, it is of vital importance that all training requirements be identified, a training plan developed and the implementation closely monitored.

5.5.3 Although the Mission is to be commended for its initiative in developing such a complex and detailed system, this points to the question of the lack of a departmental system which can effectively address the needs of most missions. A major project is currently underway at headquarters which, in time, is expected to meet the needs of mission programs. In the interim, missions nonetheless continue to fund costly individual projects themselves.

Recommendations for the Mission

- 5.5.4** **Establish a regular schedule of visits to the Consulates for IT maintenance and training.**
- 5.5.5** **Develop an implementation process, including training requirements, to ensure efficient implementation of the contact management system.**

Mission Actions and Time Frames

- 5.5.4** **Noted. We will put into place a more regular schedule of visits, effective April 1, 2004.**
- 5.5.5** **We have already organized several training sessions in Berlin, with an AV training presentation prepared by our Information Technology Section. We hope to roll out CMS to the Consulates, with training, as soon as technological limitations (e.g. band width) are overcome. This is also a very resource-intensive exercise, which will require careful scheduling.**

Appendix

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

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

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

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

Mission Management

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

General Relations Program

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

International Business Development Program

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

Consular Program

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

Administration Program

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

Human Resources

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

Physical Resources

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

Finance

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

Information Technology

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