



AUDIT OF THE CANADIAN EMBASSY

OSLO

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

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EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs was conducted during the period March 15 to 19, 2004. The last audit was conducted in 1993 and included only the Administration Program.

Overall the Mission is running smoothly and cooperation between the CBS and the LES is of a rare standard. Morale among staff in the Chancery is good and overall communications are excellent. Morale among Official Residence staff, however, varies as human resource and performance issues need to be addressed.

Living conditions in Oslo are comparable to Ottawa; however, the cost of living is very high. Canada enjoys a harmonious relationship with Norway across most business areas.

The Head of Mission (HOM) is available to support all programs and reports selectively on issues best known to her. Consideration should be given to a more active and broader reporting regime and outcall program in line with HQ expectations.

Much of the work in the General Relations Section is driven by the demarches it receives, approximately 130 each year, which are largely handled by the Political Counsellor. The Public Affairs Program is vested in a locally-engaged staff (LES) officer who sits on the Committee on Mission Management (CMM) and reports to the HOM, IBD and GR Program Managers. The consular program responsibility was transferred several years ago from the Political Counsellor's position to the LES Management/Consular Officer (MCO). This has resulted in passports being issued by LES. This unorthodox reporting structure should be modified to better reflect responsibilities normally assigned to the Political Counsellor in other similar missions.

The IBD Program is well managed, focusing on investment and science and technology (S&T) partnerships and the priority sectors. The visit of the Governor General, which was scheduled for April 2004 and cancelled in January, prevented a more ambitious corporate liaison program this year. It is suggested that the HOM and the Program Manager increase the level of activity in this area and focus more on those Norwegian CEOs and their firms who currently do not have investments in Canada.

The Consular Program is well managed under the direction of the LES MCO who reports directly to the HOM and staff are providing good service to Canadians. The lack of Canadian oversight noted above does not negatively reflect on the quality of the work accomplished by this section.

The Administration Program is well managed and is an excellent example to indicate that an LES administrator can be effective. This section provides a high level

of control and support to the Mission with its qualified and well trained staff. Employees in this section are experienced, well organized and dedicated to excellence. The Administration Section also provides administrative support to our mission in Reykjavik.

The Official Residence (OR) is very large and may exceed our needs. In the past several years the Physical Resources Bureau (SRD) spent \$1.3 million responding to urgent maintenance problems. Another \$600,000 in maintenance is planned in the next two fiscal years. ***

A total of 23 audit recommendations are raised in the report, 21 were addressed to the Mission and two to SRD. Management has responded to each recommendation indicating action already taken or decision made, as well as future action. Of the 23 recommendations, management has stated that 17 have been implemented. For 5 of the remaining 6 recommendations, management has indicated the initiatives in progress or the intended future action. In one instance the Mission did not agree with the recommendation made.

SCOPE, OBJECTIVES, MISSION RESOURCES

Audit Scope and Objectives

The scope of the audit included a review of Mission Management and the General Relations (GR), International Business Development, Consular and Administration Programs.

The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the program;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of the program.

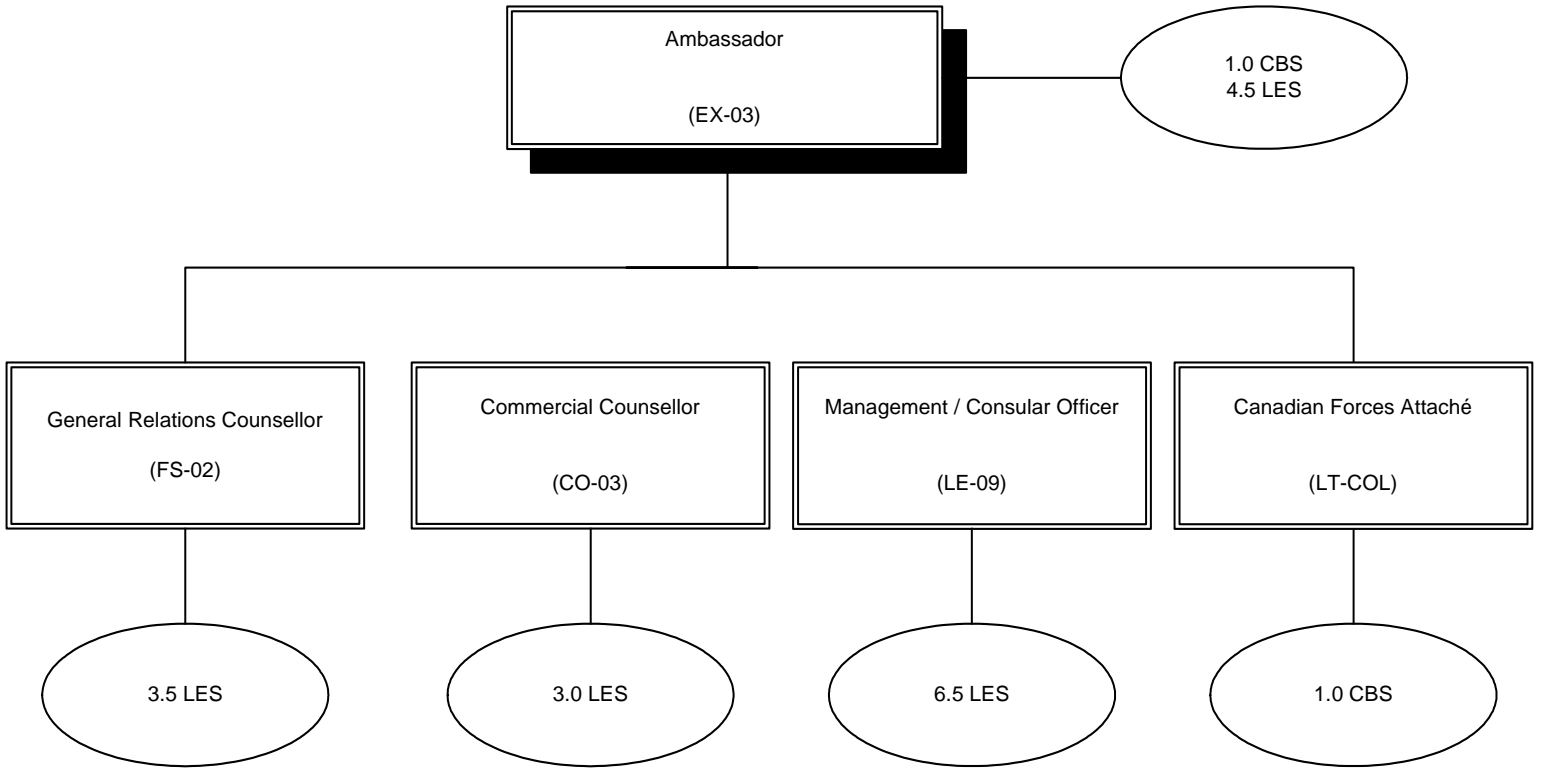
Physical Resources

Assets	Crown Lease	Crown Owned
Chancery	1	
OR		1
SQs	5	
Vehicles		3

Financial Information 2003/04

Operating budget (N001)	\$1,030,635
Capital Budget (N005)	44080
CBS Overtime Budget (N011)	4000
LES Salaries Budget (N012)	1631497
Total	\$2,710,212

Oslo Organization Chart



MISSION MANAGEMENT

1.1 The Head of Mission (HOM), who arrived in Oslo in 2001, is on her initial assignment as HOM and is probably under-challenged compared to her previous experience as a deputy minister. Given our special relationship with Norway and our like-mindedness, the working relationship with Norwegians is harmonious and effective. Norway enjoys a very high standard of living and a prosperous economy derived from its abundance of natural resources (oil, gas, hydro, mining, lumber) and a relatively small population of 4.5 million habitants. The inflation rate and the unemployment rate have been steady at around 3 percent and 2 percent respectively for the past several years.

1.2 The HOM maintains an open door policy and is available to support programs as required. Regular management and staff meetings are held as required. The minutes of management meetings are detailed and shared with our other Nordic missions and with Headquarters (European Union, North and West Europe Bureau-RWD, Area Management Office-RAM). There is very good interaction across programs in the Mission and the communication links between the HOM, International Business Development (IBD), Political/Public Affairs, Department of National Defence (DND), Administration and Consular Sections are excellent. The General Relations (GR) Program is headed by a Political Counsellor, an FS-02 who devotes most of his time to the numerous demarches received. For the past several years, the Public Affairs Program Manager, an LE-09, sits on the Committee on Mission Management (CMM) and operates independently from the GR program. The IBD Program is managed by a seconded non-rotational officer from the International Trade Centre in Vancouver supported by three locally-engaged staff (LES) employees. The Administration and Consular Sections are managed by an LES Management/Consular Officer (MCO) who also provides administrative support to Reykjavik.

1.3 Morale of office staff is high and communications between Canada-based staff (CBS) and LES are excellent. Morale of Official Residence (OR) staff varies as human resource problems need to be resolved and performance issues addressed.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 Canada and Norway's diplomatic relationship dates back some 60 years and both countries cooperate and collaborate on numerous initiatives in various international fora. Canada and Norway share the same basic values and hold similar positions on a variety of multilateral issues, including human rights, the field of small arms, war affected children and gender equality. There is a Norway-Canada Partnership on Human Security and both countries are active partners in peace keeping activities. Canada also has a bilateral fisheries agreement with Norway and Norway is a member of the International Network on Cultural Policy, a Canadian initiative which provides a forum to discuss cultural policy issues. There are strong ties between universities in both countries and university student exchanges are actively promoted.

2.2 Management of the Program

2.2.1 The GR Program in Oslo is headed by a Political Counsellor, an FS-02, who is supported by an LE-06 Political Assistant. On paper, the Counsellor position is shown as managing the Public Affairs Section with a staff of three, including an LE-09 Public Affairs Officer, LE-06 Assistant and LE-05 Translator. Past practices, however, have resulted in an informal approach to the GR management structure, and, in consequence, the Public Affairs Section currently receives little direction or supervision from the Political Counsellor. Public Affairs operates as a de facto, independent program focussing largely on activities engaging the HOM and the Trade Program. The Public Affairs Officer is a sitting member of the CMM. The current Political Counsellor will be departing the Mission this summer after having served four years in Oslo.

2.2.2 Much of the work in the General Relations Section is driven by the demarches it receives, approximately 130 each year, which are largely handled by the Political Counsellor. His assistant deals with the less complex demarches and maintains an effective information system. The demarches deal primarily with our partnership in NATO, disarmament, missile defence, human security and peace building processes in Sri Lanka, the Middle East and Sudan. The Section also manages the Northern Initiative Fund of \$25,000 which deals primarily with circumpolar and indigenous relations in the North. The Counsellor works closely with his counterparts in the other Nordic missions on issues which are regional in nature. Political reporting is shared amongst each of these counterparts. He maintains a wide array of excellent contacts and he reports actively on substantive bilateral issues and partner country perspectives. The HOM also assists with reports on selective topics. Headquarters has indicated it is pleased with the analysis and volume of political reporting it receives from this Mission.

2.2.3 The Political Counsellor is also the Mission Security Officer (MSO) and serves as the Chargé in the HOM's absence. The position, however, is unique in that the Political Counsellor is not actively engaged in managing the Public Affairs portfolio. This is a situation that was inherited from his predecessor. The LE-09 Public Affairs Officer has an Accountability Agreement with the Commercial Counsellor but not the Political Counsellor. The Political Counsellor, on the other hand, prepares the performance appraisal of the Public Affairs Officer.

2.2.4 The Public Affairs Officer has spent fourteen years at the Mission, most of it in the current position. He works largely with the HOM and Trade Counsellor, spending between 70 and 80 percent of his time on activities in which they are involved. He is responsible for one of the Trade's priority sectors, Cultural/Education Industries. He is also engaged in reporting on selected Canadian and Norwegian political and economic topics, managing the web site, responding to enquiries and publishing a news letter that is distributed to some 400 contacts. His training has been limited to a basic course in public affairs and advocacy training. He has had no management training.

2.2.5 To enrich the job package of the political counsellor position and to be able to continue to attract senior Foreign Service Officers to the Mission, more of a management component needs to be added to the position's scope of responsibilities. This would include reconfiguring the management of both the Public Affairs and Consular Sections to formally report to the political counsellor position. Currently, the consular function is managed by the LES MCO. The suggested reporting structure is one that is found in most missions. The Political Counsellor has not had consular training and it is important that his successor receive appropriate consular training prior to his/her posting. The Political Counsellor will also need to introduce more structure into the program, including the development of a results-based work plan, holding regular staff meetings, introducing Accountability Agreements with employees and ensuring hospitality claims are submitted on time.

Recommendations for the Mission

2.2.6 The political counsellor position should be assigned responsibility for the management of the Public Affairs and Consular Programs.

2.2.7 Accountability Agreements should be established with employees of the Political and Public Affairs Sections outlining in qualitative and quantitative terms the expectations of the incumbents.

2.2.8 Staff meetings should be held weekly to review workload pressures, upcoming events and past undertakings.

Mission Actions and Time Frames

- 2.2.6 Mission agrees that the Political Counsellor should be responsible for the public affairs program.**

This does not represent a structural change for the PERPA section; indeed, this responsibility is clearly reflected in the Political Counsellor's job description. It is also highlighted in the Political Counsellor's accountability agreement for 2004-05. The Public Affairs Officer has done an excellent job managing the Public Affairs Section, and will continue to carry out the day-to-day responsibilities of the program, and to direct the work of the public affairs assistant. The Political Counsellor and the Public Affairs Officer are working together to ensure a seamless transition which will see the Political and Public Affairs Programs working more closely together, under the overall responsibility of the Political Counsellor.

However, the mission does not agree that the Political Counsellor should be responsible for managing the Consular Program. Responsibility for the Consular Program was assigned to the LES MCO/MAO by the previous HOM in 1998. The incumbent is doing an excellent job managing the program, and HQ has approved the current arrangements. It is agreed that when the present MCO leaves his position, the authority for the Consular Program should revert to the Political Counsellor. The Political Counsellor will, however, serve as the CBS backup for the MCO on consular issues. She will undertake basic consular training in Canada in May 2005 (the earliest opportunity).

JWD Comments

JWD is satisfied that risks in Olso for passport services are low and, therefore, recommends the status quo for this mission only, but that the HOM be reminded of the importance of oversight with regard to the activities of the LES, and that her accountability for passport blanks, service standards and error rates be reinforced.

- 2.2.7 Accountability Agreements will be established - target completion date is end of December 2004.**

- 2.2.8 Three of the five members of the PERPA section attend the bi-weekly CMM and therefore it is sufficient for a PERPA staff meeting to be held bi-weekly (on weeks when there is no CMM). Weekly meetings**

have been instituted between the Political Counsellor and the Public Affairs Officer.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Overview

3.1.1 IBD is a well managed program focusing on investment and science and technology (S&T) partnerships and the priority sectors of oil and gas, environmental technologies, aquaculture, transportation and light metals. The redeployment of fisheries and environmental policy issues to the Political Section and the integration of the Public Affairs Officer dedicating part time to the arts, culture and education sectors, make Oslo an IBD model of efficiency. There is very good interaction across programs in the Mission and the communication links between the HOM, IBD and Political Sections are excellent. Further integration and coherence among Senior Trade Commissioners (STCs) in Nordic missions through annual meetings and conference calls ensure optimum coordination and service delivery to Canadian companies.

3.2 Re-configuration of Resources

3.2.1 The IBD program is delivered by four full-time equivalent staff (FTEs) with morale amongst staff extremely high. An Honorary Consul in Bergen dedicates time to the aquaculture and fisheries sectors on behalf of the program. Accountability statements have been written for each member of the IBD staff including the Public Affairs Officer who spends 30 to 40 percent of his time dedicated to the Section. The RWD (European Union, North and West Europe Bureau) mandated 50 outcalls per year to be carried out by each officer and quarterly reports are submitted to Headquarters (HQ). The Commercial Assistant is fully utilized and is also handling sector work in the areas of agriculture, fish and food. The S&T position situated in Copenhagen, with newly established terms of reference for Nordic posts, will complement efforts at the Mission in this area. Additionally, the Mission has submitted a rationale to increase the LES complement by one position in the IBD Program. At present, the Audit Team is not persuaded that an additional resource in the Commercial Section is needed. However, the Mission, in conjunction with RWD and ITCan, should revisit a frozen commercial officer (CO) position (LE-09 EXT 311907) that rests in the Section. The funding attached to the position has been re-allocated to other high priority needs of the Mission.

Recommendation for the Mission

3.2.2 The Mission, together with RWD and ITCan, should re-evaluate the need for the LE-09 commercial officer position.

Mission Action and Time Frame

3.2.2 The Mission has deleted the frozen position LE EXT 311907, effective May 26, 2004. At this point, the Mission is not planning to submit a rationale to increase its current complement of IBD resources.

3.3 Planning and Reporting

3.3.1 IBD staff, including the Public Affairs Officer, are provided with an annual accountability framework setting out the plans, priorities and strategic objectives for the year. Annual appraisals are complete and up-to-date. Strategic priority setting in key sectors and Client Service Fund (CSF) allocation of program resources are undertaken at the beginning of each fiscal year and events are tracked and managed within the CSF template. The Mission has been effective in leveraging additional partnership funds of close to \$130,000. WIN Online is used regularly and was recently updated. The Audit Team underlined the need for more vigilant updates to WIN. An internal tracking report has been developed to manage the outcalls and corporate liaison calls which are reported on regularly. The Mission utilizes Outlook and Contact Plus to manage its contacts which are shared across the Mission. Mission Win is not used to track local contacts. Canadian interest in the market has increased significantly in the past year. The IBD Program reported 210 Canadian visitors to date and anticipates an increase again next year.

3.4 Corporate Liaison Program

3.4.1 The Mission has an active Corporate Liaison Program with the HOM and Program Manager undertaking 15 calls in fiscal year 2002-03 and eight planned to the end of this current fiscal year. The visit of the Governor General which was scheduled for April 2004 and cancelled in January prevented a more ambitious program this year. It is suggested that the HOM and STC increase the level of activity in this area and focus more on those Norwegian CEOs and their firms who currently do not have investments in Canada. Although reporting on each call is undertaken, the reporting in CLIMS (the Corporate Liaison Investment Management System) has not been updated.

Recommendations for the Mission

3.4.2 The Mission should increase its corporate liaison efforts to focus on potential Norwegian companies who have yet to invest in Canada.

3.4.3 The Mission should update its Corporate Liaison Management System.

Mission Actions and Time Frames

3.4.2 **Implemented. In the 2004-05 IBD plan, the Mission has given priority to corporate liaison calls on potential investors as well as existing investors.**

3.4.3 **Implemented in October 2004. All BDOs have been made aware of CLMS and encouraged to understand it and use it. CLMS is to be used in reporting on corporate liaison meetings and kept up to date.**

3.5 New Approach

3.5.1 All officers and the Commercial Assistant practice the New Approach and have undertaken the training. The Program Manager is designing a refresher course for his staff and will offer it Mission-wide. Program delivery is in terms of the six core services and promotional material and banners are prominently displayed throughout the Mission. The public face of the Mission and IBD program is delivered through the Mission and Info Export website which are well managed and updated regularly. There are excellent synergies, linkages and activity through the Canada Norwegian Business Association whose membership increases annually. Non-core service delivery is minimal, if not non-existent. The Audit Team raised the issue of the lack of service providers listed on the Mission's website and is satisfied that there is no demand for these services and that the costs would be too prohibitive for most clients. The Commercial Assistant handles all of the general enquiries while distributing others to the relevant officers. Enquiries are handled within the five-day turnaround period and companies are advised immediately if their enquiry, because of its complexity, will take longer. The Mission is excellent at following up with new companies registering with the Virtual Trade Commissioner. The IBD staff have adopted a number of innovative approaches to stimulate more interest in Canada among Norwegian businesses, such as disseminating an investment and science and technology newsletter to key clients.

3.6 Databases

3.6.1 WIN Online is used and in good operation. The Mission receives good support from the WIN expert in Paris. Client tracking has recently been updated in WIN and the Mission is urged to maintain this momentum. Contacts are managed through Outlook and Contacts Plus with good cross pollination among program areas in the Mission.

3.7 Relationship with HQ/OGDs/Provincial Governments

3.7.1 The Mission acknowledges a good and close working relationship with key partners such as Atlantic Canada Opportunities Agency (ACOA) and the Atlantic provinces. The Program Manager indicated a need for better assistance from the

Regional Trade Networks (RTNs) in recruiting of Canadian firms for trade shows and missions. From a HQ standpoint, the Mission makes regular use of International Business Opportunities Centre (IBOC) and the Post Support Unit and is extremely pleased with the support. The recurring theme of lack of funding for the translation of market intelligence reports and a recent issue over formatting of reports was raised by the Mission with HQ. The Mission has asked that there be an examination of the ways to better disseminate market e-newsletter reports, but understands the copyright issues.

CONSULAR PROGRAM

4.1 Overview

4.1.1 The Program is well managed under the direction of the LE-09 Management/Consular Officer (MCO), reporting directly to the HOM. Staff are providing good service to Canadians.

4.1.2 The Mission issues approximately 350 passports and handles around 30 citizenship applications per year. The Registration of Canada Abroad (ROCA) system indicates there are 1100 registered Canadians, though the Mission estimates that there is double the number in Norway.

4.1.3 The LE-07 Consular Officer, who was the Consular Assistant, was recently promoted into this new role. The new LE-06 Consular Assistant is currently undergoing on-the-job training and the Mission plans to have her attend the two-week consular specialist training in HQ within the next year.

4.1.4 The Consular Officer and Assistant, who each work part-time, arrange their schedules so that the Officer works three days a week and the Assistant the other two days. They have developed an effective means of communications and keep one another up-to-date on issues.

4.1.5 The following procedural recommendations need to be addressed by the Section.

Recommendations for the Mission

4.1.6 Deposit revenues weekly or when they exceed CAD \$500.

4.1.7 The finance section should issue the official receipts to the consular section for the transfer of funds in the name of the individual rather than that of the “Consular Section”.

4.1.8 Passports should be reconciled on a monthly basis rather than the current quarterly basis.

Mission Actions and Time Frames

4.1.6 This is normal practise at the Mission and we strive to adhere to it. However, there are occasions where due to sickness, etc., the deposit may not take place on the Friday, but as soon as possible thereafter.

4.1.7 Implemented, end of March 2004.

4.1.8 Implemented, end of March 2004.

4.2 Program Responsibility and Issuance of Passports

4.2.1 The General Relations (GR) Program Manager formerly was responsible for the Consular Program. This changed during the previous incumbent's and previous HOM's posting and the responsibility for the Program was transferred to the LES MCO. While the incumbent is managing the Program well, the Audit Team has concerns with this arrangement. Given the sensitivity of this Program, the Team believes there should be a final check of passports by a Canada based staff (CBS), as well as general oversight of the Program. Direct oversight should not be the role of the HOM; it needs to be returned to the GR Program Manager with the LES MCO continuing to manage the day-to-day issues.

Recommendation for the Mission

4.2.2 Reassess the reporting structure for the Consular Program to include CBS oversight other than that of the HOM.

Mission Action and Time Frame

4.2.2 The current reporting structure for the consular section will not be changed, i.e. the MCO retains the management of the section and reports to the HOM.

JWD Comment

4.2.2 Refer to recommendation 2.2.6.

4.3 Honorary Consul

4.3.1 The Honorary Consul in Bergen supports both Trade and Consular Affairs programs.

4.3.2 The Mission has submitted a request to HQ to review the proposal for an additional Honorary Consul for Stananger. Many oil companies are active in this latter area and attract a large concentration of Canadians.

4.4 Consular Statistics (COMIP)

4.4.1 Until recently the LES MCO used the previous GR Program Manager's COMIP account and password to file reports. To correct this anomaly, it was decided to

provide the LES MCO with his own COMIP account and to have the HOM sign off on previous reports filed.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The LE-09 Management/Consular Officer is a determined and control oriented manager who effectively manages the program. He has an excellent overview and grasp of the administration functions which include: human resources, finance, property and information technology. This section provides a high level of support to the Mission with its qualified and well trained staff. Employees in this section are experienced, well organized and dedicated to excellence. The HOM participates as needed in administration and her support is appreciated by staff. Together, they achieve exceptional results and enjoy the reputation of being one of the best administrative teams in Europe.

5.1.2 The Mission also provides administration support to our Mission in Reykjavik and has recently completed a Memorandum of Understanding (MOU) for services provided. The LES MCO is credited with the success of finding office space, residences and hiring the staff needed to open Reykjavik in 2001.

5.2 Human Resources (HR)

5.2.1 The HR function is well managed by the LES MCO. Generally, personnel files were found to be complete except for recruitment files which did not have all correspondence and documentation on file. Interview questions, interview notes and scoring of candidates are kept instead by individual board members. To ensure that the staffing process is transparent and that all required elements have been completed, this information should be consolidated into one file and kept in administration.

Recommendation for the Mission

5.2.2 Ensure that complete files are maintained for all staffing actions.

Mission Action and Time Frame

5.2.2 Implemented in April 2004. All notes relating to staffing of positions to be kept by the MCO.

5.2.3 The benefits survey is planned for the fall of 2004 which will allow for updating of the LES Handbook and its submission to HQ for approval. Items the Mission plans to review with markers will include accommodation for servant and interns. The Mission recently ceased the practice of allowing LES to purchase duty free items.

5.2.4 The Mission needs to review the job description and classification of a number of positions.

- Political Assistant (LE-06) ***.
- System Administrator (LE-07) ***.

5.2.5 Headquarters (HQ) will be reviewing the job description and classification level of the MCO given the Hub/Spoke and consular responsibilities of this position. ***

5.2.6 With the opening of the Mission in Reykjavik, and the creation of its LES Commercial Officer (CO) position, the Mission froze position EXT311907X (Commercial Officer (LE-09)) as it was vacant and not deemed necessary by Mission management. The Mission has been using the funding for this position for salary increases and for a temporary Housekeeper. The Mission indicated an ongoing need for the Housekeeper who divides her time between the Chancery and the OR. The Mission will be discussing with RAM how best to create this new indeterminate position following the review with RWD of the requirement for the frozen Commercial Officer position.

5.2.7 The OR Servant (LE-03B) resigned and left the Mission April 30, 2004. The Mission has indicated that the OR requires a position of a "Majordomo" to provide a much needed supervisory function. The timing is right for the Mission to take this opportunity to review the responsibilities required of the OR staff, including that of the new proposed position, in order to better configure the staffing arrangements.

Recommendations for the Mission

5.2.8 Review and update LES position descriptions, including OR staff, and submit to the Mission's Classification Committee for re-evaluation.

5.2.9 Revisit with RWD and RAM the ownership (FAC or ITCan) of the frozen CO position in order to develop with RAM a plan to create the new indeterminate position for the Housekeeper.

Mission Actions and Time Frames

5.2.8 The review of job descriptions for OR positions was completed as of 1 May 2004. It has resulted in the reclassification of previous "Senior Servant" position to that of "Senior Housekeeper". Other duties within the OR staff remain unchanged. As for other Embassy positions, the review is ongoing and will be completed by 1 April 2005.

5.2.9 The frozen trade position has been deleted. The housekeeper position has been made indeterminate. Changes were effective 26 May 2004.

5.2.10 Mission employees at levels LE-07, 08 and 09 receive increments every two years. The Mission has matched the appraisal cycle for these employees to the increment cycle; however, the appraisals should be done on an annual basis in order to provide timely feedback on the performance of staff and to set relevant objectives.

5.2.11 While Mission Program Managers discuss the job performance with individuals during their probation period, a good practice would be to do so in writing. Administration could extend the annual appraisal due-date reminder system to include reminders to complete a mid-term appraisal at the six-month point of the probation period.

Recommendations for the Mission

5.2.12 Supervisors should complete yearly appraisals for all staff regardless of the increment cycle.

5.2.13 Supervisors should complete mid-term performance appraisals for probationary staff.

Mission Actions and Time Frames

5.2.12 Implemented in April 2004.

5.2.13 Implemented in April 2004.

5.2.14 The MCO is the training coordinator for the Mission. Mission programs make use of training opportunities found locally and through HQ, but there is no formal, overall Mission training plan linked to Mission objectives.

Recommendation for the Mission

5.2.15 Develop a formal Mission-wide annual training plan that prioritizes the Mission's training requirements and co-ordinates training efforts.

Mission Action and Time Frame

5.2.15 Agreed. A formal Mission-wide annual training plan will be established for FY 2005-06. The Mission will identify training needs through the appraisal process, plus an annual call for training needs

to be sent by the MCO in Jan/Feb each year. The CMM will approve the annual training plan.

5.3 Physical Resources

5.3.1 Physical Resources are managed by the MCO assisted by an LE-06 Administrative Assistant who is responsible for the day-to-day administration of the Mission's Physical Resources.

5.3.2 The Chancery is located on the 4th floor a modern office building owned by a shipping company. Offices are well organized providing sufficient space for all staff (six CBS and 19 LES). There are several spare offices used by visitors as well as a small board room and a larger Canada Room for presentations. Office furniture is in excellent condition. The Mission enjoys excellent relations with the landlord.

5.3.3 The Team visited three of the five leased staff quarters (SQs); these are well maintained and furnished, and within the new housing guidelines. Leases usually correspond to employees departure dates, thus providing the possibility of leasing a new SQ to accommodate changes in family configuration. This strategy usually works well but can cause a problem when an employee departs the Mission before the end of his normal term, as leases cannot be terminated early for such reasons. ***

5.3.4 Canada owns one of the most prestigious and largest residences in Oslo. The OR, purchased in 1956, is located some 10 km from the centre of Oslo on a large plot of land overlooking a fiord. The OR is very large and well furnished; however, it may exceed our needs. The OR is used as often as possible to host events; however, in the last several months the number of events held has diminished.

5.3.5 The Annex, adjacent to the OR, is old and in a state of disrepair. It consists of a two bay garage on the lower portion of the building and two apartments, one located above the other. The lower flat is rented to the temporary housekeeper who pays a lower than market rent. The other is used to house interns, free of charge, when working at the Mission. The Audit Team is concerned with the salubrity of the Annex and the quality of electrical wiring. Given its current condition, the Mission may wish to revisit the prudence of lodging employees in the Annex.

5.3.6 In the past several years, SRD spent \$1.3 million responding to urgent maintenance problems such as: replacing old and leaking underground oil tanks and installing a more efficient heating system; replacing outdated and dangerous electrical wiring; and replacing the old wooden windows with energy efficient ones. At least another \$600,000 in maintenance have been identified in the next two fiscal years for renovating the kitchen, the servants' area, bathrooms, as well as the drainage perimeter of the main building and the Annex.

5.3.7 To better grasp the real estate potential of the OR site, it can be parcelled up into three different sections. The OR, Annex and immediate grounds; the lower lawn; and the access to the fiord. This latter section is located across the street from the main entrance to the OR. ***

5.3.8 ***

Recommendations for SRD

5.3.9 ***

5.3.10 ***

SRD Actions and Time Frames

5.3.9 ***

5.3.10 ***

Recommendation for the Mission

5.3.11 **Given the poor condition of the Annex, the Mission needs to assess the health risks to occupants and take appropriate action to ensure that local health standards are met.**

Mission Action and Time Frame

5.3.11 **The Mission has received a consultant report dated 30 Sep 2004 showing that electrical wiring in the Annex is of acceptable standard, and that the Annex is not a health risk.**

5.3.12 The Administrative Assistant maintains excellent files on each property detailing purchases and maintenance projects undertaken for each SQ over many years. Occupancy Agreements and Inventories are also up-to-date and properly filed. The Fine Arts inventory is also up-to-date as confirmed by a random sample of items during our visit. The Mission recently reviewed the 1993 list of fine furniture. All of the items on this list, except for one, which had been disposed of, were located. Most, however, are not viewed by the Mission as items of significant value. SRD confirmed that there is an on-going process to update the departmental inventory of valued assets and heritage items.

Recommendation for the Mission

- 5.3.13 Provide SRD with pictures and a description of the items on the valued heritage inventory list to determine if these items should truly be on this list.**

Mission Action and Time Frame

- 5.3.13 To be completed by December 1, 2004.**

5.3.14 The Mission has a fleet of three official vehicles. All are well maintained. Log books and monthly vehicle reports are up-to-date and provide the necessary controls for monitoring usage, gasoline consumption and maintenance. The MCO scrupulously reviews these reports monthly.

5.4 Finance

5.4.1 Finance is managed by the MCO, assisted by an LES accountant LE-07. Signing authorities are properly exercised and there is sufficient segregation of duties to ensure an appropriate level of control. Bank reconciliations are up-to-date and appropriately reviewed by the MCO and the HOM. Budgets are properly controlled and reports prepared in a diligent and timely manner.

5.4.2 The Mission still uses cheques for all payments made to employees, including bi-monthly salaries, and Giros (a direct transfer notice which needs to be signed like a cheque) for payments to external payees. Signed cheques are photocopied prior to distribution; however, Giros are not. The Mission facilitates the issuance of credit cards to employees for travel purposes. These cards are returned to the accountant for safekeeping when not in use, even though employees are personally responsible for them.

5.4.3 Since the opening of Reykjavik in 2001 the Accountant has been working full time. Prior to this, she was working half-time as the work did not justify a full time position. The volume of IMS lines of coding inputted into IMS has increased by 51 percent since 2000-01 to justify the full time position. Further segregation of duties is achieved by having the Administrative Assistant enter consular and immigration revenues in IMS, and the MCO also enters some transactions, as necessary. All have received the appropriate IMS training, thus providing backup capability as required.

5.4.4 The questions raised by the SIV review of the October 2003 accounts were satisfactorily answered and/or recommendations formulated to improve control and transparency. These included such items as preparing official receipts in the name of the individual who brought the funds instead of "Consular Section" (see paragraph 5.1.6); depositing funds on a more timely basis; and improving the clarity of information

contained on the EXT 199 Consular Revenue form. These observations were discussed with the Accountant and a copy left with Mission Management.

Recommendations for the Mission

- 5.4.5 The Mission should keep photocopies of signed Giros.**
- 5.4.6 Returning corporate credit cards to the accountant for safekeeping, for which employees are personally responsible, should be the choice of the individual card holder.**

Mission Actions and Time Frames

- 5.4.5 Implemented 17 October 2004. The Mission is currently working on the implementation of EFT process by 1 January 2005.**
- 5.4.6 Implemented on April 1, 2004.**
- 5.4.7 Our Mission in Reykjavik operates two bank accounts; however, only one is active in IMS. This strategy was devised by the MCO in Oslo to improve control by further segregating duties between employees in Reykjavik. The main bank account is used to transfer in funds from HQ, to deposit revenues and to transfer funds needed to pay invoices from the second bank account. Payments to suppliers are usually made the same day as the incoming transfer, thereby quickly eliminating any balance in the second bank account. Both accounts use internet access requiring two passwords to complete a transaction. Passwords have been segregated to achieve maximum control between the two accounts, with the Accountant having a password for only the second account. Since the balance in the second bank account is nil at month end, no request was made to the Financial Management Services (SMFF) to activate this bank account in IMS. There is a control weakness since the second bank account is not linked to IMS.

Recommendation for the Mission

- 5.4.8 Review with SMFF the need of maintaining the second bank account in Reykjavik.**

Mission Action and Time Frame

- 5.4.8 The second bank account was closed as of September 8, 2004, and not used as of July 19, 2004, that being the date that the Mission converted to Internet banking as approved by SMFF.**

5.5 Information Technology (IT)

5.5.1 The LES MCO is responsible for the overall management of Information and Technology, with an experienced LE-07 Systems Administrator (SA) effectively managing the day-to-day operations. Systems within the Mission run well and staff indicate they receive good service from the SA.

5.5.2 Prior to last year, the SA assisted Copenhagen with its IT functions until that responsibility was transferred to London, at which time the Mission took over the IT duties for Reykjavik. The SA last visited Reykjavik during the preparations for the Governor General's visit last year when she completed workstation upgrades. She plans to visit next for the SIGNET 3 upgrade this summer.

5.5.3 The SIGNET 3 upgrade is also scheduled for Oslo this summer and the SA will be in Canada this spring for training. While at HQ, she will also have training in voice mail box support as the Mission intends to use this function more, particularly to create a mailbox to address Citizenship and Immigration Canada (CIC) client questions.

APPENDIX

The following tables indicate the areas of each Program that were reviewed to determine compliance to policies and procedures and to assess efficiency and effectiveness. For each Program listed, reference can be made to the specific audit guides on the Office of the Inspector General (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 meeting with the LES Committee, individual interviews with staff, and results of other documentation reviewed.

The level of audit work for a given area is therefore based on issues and information identified and gathered at all levels, HQ, mission management, and mission operations. Accordingly, not all areas 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 (Political/Public and Cultural)

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

International Business Development Program

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

Consular Program

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

Administration Program Management

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

Human Resources

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

Physical Resources

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

Finance

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

Information Technology

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