



AUDIT OF THE CANADIAN EMBASSY

TEHRAN

September 2004

**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
MANAGEMENT OF THE MISSION	5
GENERAL RELATIONS PROGRAM	8
INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM	9
CONSULAR PROGRAM	13
ADMINISTRATION PROGRAM	14
5.1 Overview	14
5.2 Human Resources	15
5.3 Physical Resources	18
5.4 Finance	20
5.5 Information Technology	22
Appendix	24

EXECUTIVE SUMMARY

Tehran is a difficult environment in which to live and to operate a mission. Culture, congestion and pollution all impact on daily life. More significantly, however, ***. This is a hardship posting in every sense. The Mission is coping relatively effectively by working within the limitations imposed upon it. Under the direction and guidance of the Head of Mission (HOM), the Mission is monitoring political and security issues and reporting regularly to HQ. It has also responded well to high profile situations as evidenced by the Kazemi case.

The Mission has been operating largely on a reactive basis for much of its programming owing to accountability and planning structures that have been informal and ad hoc. The Mission would benefit by having a stronger management framework. This would include instituting Performance Management Agreements between the HOM and Program Managers (PM). Developing more rigorous workplans for each program would assist in placing more emphasis on proactive rather than reactive type of work. Maintaining minutes of committee meetings and enhancing communications through more staff meetings and circulation of committee minutes are also required.

Both the General Relations and International Business Development Programs are well managed with good teamwork and good inter-program cooperation. The IBD Program needs to evaluate the impact of the current level of event and travel related activities required and place more emphasis on developing its program of outcalls.

The Immigration Program has been coping with low employee morale due to the recent firing of two employees for conflict of interest transgressions and the practice within the Program of hiring temporary staff to replace, at times, up to five permanent positions. To reduce program disruption and employee uncertainty, it is recommended that permanent staffing be initiated.

The Administration and Consular Programs require increased management oversight to ensure that on-going operations are on track and that important projects and other initiatives are progressing as intended. Major issues that need to be addressed include immediate upgrading of chancery space, remedial maintenance of chancery facilities, progressing on a long term chancery solution such as moving to a site ***, developing service standards, evaluating financial workload and reassigning responsibilities.

A total of 32 audit recommendations are raised in the report; all 32 are addressed to the Mission and none to Headquarters (HQ). Management has responded to each recommendation indicating action already taken or decisions made as well as future action. Of the 32 recommendations, management has stated that all recommendations have been implemented.

SCOPE, OBJECTIVES, MISSION RESOURCES

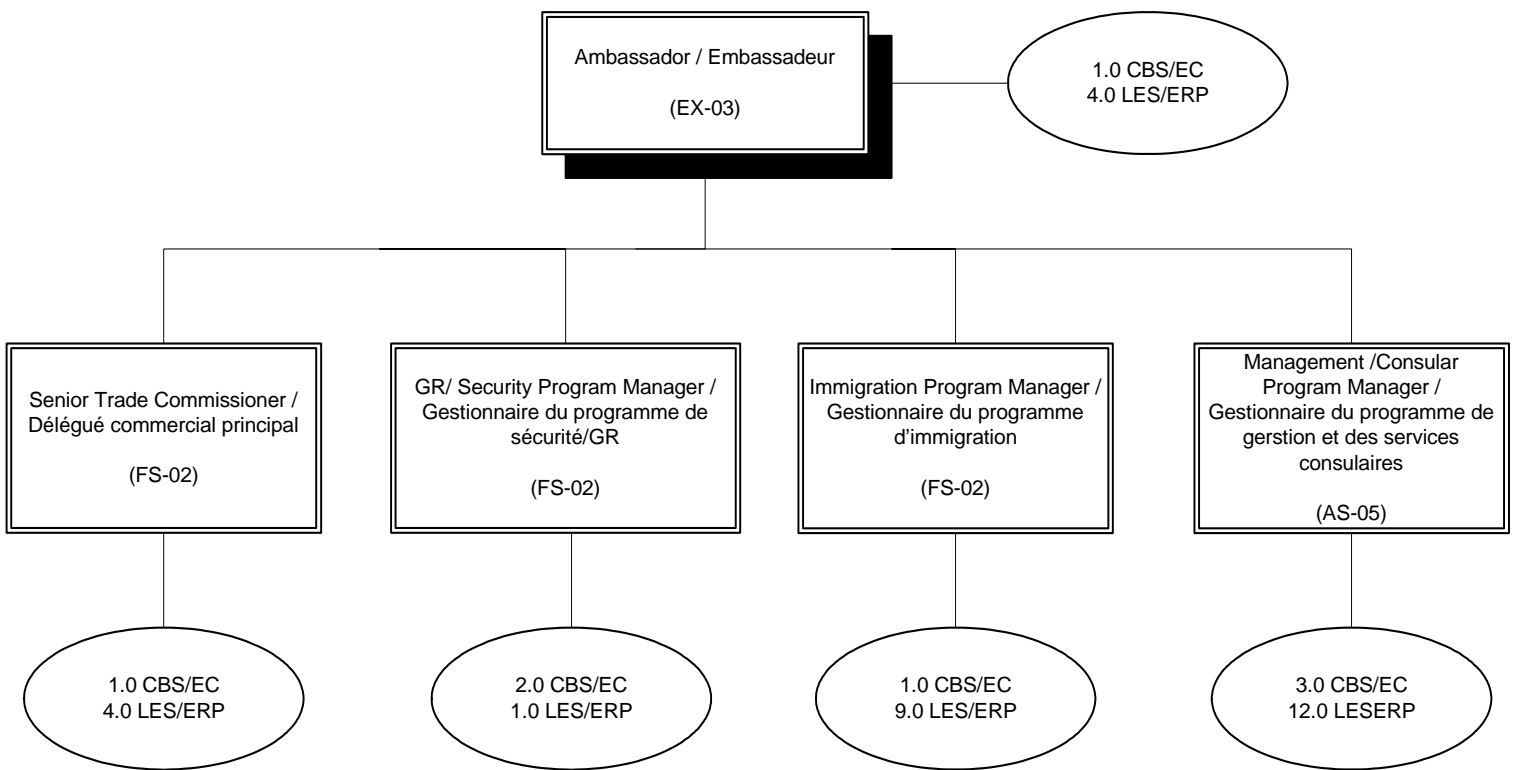
Audit Scope and Objectives

An Audit of the Tehran Mission was conducted during the period November 23 to 27, 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 Embassy in Tehran. 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 DFAIT programs and other government departments;
- determine the extent and adequacy of administrative support provided by DFAIT to other government departments;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

Organization Chart



MISSION RESOURCES FACT SHEET

Physical Resources

Assets	Owned	Leased
Chancery	0	1
Official Residence (OR)	0	1
Staff Quarters (SQ)	0	12
Recreational Apartment	0	1
Vehicles	4	0

Financial Information (2003-2004)

Operating Budget (N001)	\$2,008,899
Capital Budget (N005)	130,200
CBS Overtime Budget (N011)	31,700
LES Salaries Budget (N012)	664,146
Total	\$2,834,945

MANAGEMENT OF THE MISSION

1.1 The working and living conditions in Tehran create a difficult environment in which to operate. Congestion, pollution and personal restrictions make day-to-day living a challenge. The current political climate, *** and an embassy facility that is barely functional further contribute to Tehran's hardship rating.

1.2 Much progress has been made since the last visit by the audit team in 2000. The HOM is respected by staff for his approach both interpersonally and professionally. More focus, however, is required in strengthening the management structure including more day-to-day involvement by the HOM in ongoing operations.

1.3 Developing Performance Management Agreements (PMAs) for the Program Managers will clarify expectations and provide a review mechanism that can be used in conjunction with program workplans to monitor progress, assess results and alter strategies. Mission committees need to be reestablished for proper oversight of the contracting process and health and safety concerns.

1.4 Morale in the Mission has been affected by the recent firings of two Citizenship and Immigration Canada (CIC) employees. There are misperceptions surrounding these cases on the part of staff and there is a lack of clarity regarding management's position on these cases and on other issues such as overtime, hospitality and appraisals. While existing relations with staff are good and management is accessible, more proactive communications initiatives are required to keep staff informed of latest developments to minimize erroneous perceptions, and to enhance teamwork and cooperation between programs. This will improve morale by instilling a sense of teamwork and inclusion. Specific initiatives could include keeping the Committee on Mission Management (CMM) minutes and distributing these to all staff, holding regular all-staff meetings and hosting informal lunch or coffee sessions with random groupings of staff.

1.5 The condition of the chancery is also impacting on operations and morale. Lack of space, particularly for CIC, and the general state of maintenance in terms of cleanliness, repair and decor is unacceptable. Vacant space has been available since New Zealand departed three years ago but has not been refitted. Low cost upgrades such as new carpeting, fresh paint and disposal of redundant items would go a long way to enhancing the working environment. There are long-term problems, both from a health and safety issue and from a work efficiency issue, that indicate a chancery relocation is required. The Physical Resources Bureau (SRD) has been considering a move; however, more progress is needed.

1.6 Five position vacancies in the CIC Program have been outstanding for some time. These are continually being filled with temporary employees and at any given time one or two positions are vacant. Each time a new person is hired, training is required and adjustments have to be made. Workloads are high and the present

situation of empty positions and temporary staff is creating frustration amongst CIC staff. There is no compelling reason for the Program not to hire permanent staff.

1.7 The Administration Program requires substantial oversight to ensure that plans are developed, projects are initiated and followed up, ongoing activity is monitored, and staff receive proper direction and support. The Program has been dominated by a reactive administrative style that has precluded efficient organization, budget analysis, identification of longer-term projects, staff development and promotion of teamwork.

Recommendations for the Mission

- 1.8 The Mission should develop PMAs for all Program Managers and establish regular reviews to assess performance.**
- 1.9 The Mission should keep minutes of CMM meetings and distribute these to staff.**
- 1.10 The Mission should hold regular mission-wide staff meetings.**
- 1.11 The HOM should institute informal (coffee type) meetings with staff.**
- 1.12 In consultation with HQ, the Mission should initiate immediate action to refurbish the vacant chancery space and upgrade the chancery as a whole.**
- 1.13 The Mission should review CIC staffing requirements and develop an appropriate staffing strategy.**

Mission Actions and Time Frames

- 1.8 In progress. Will be completed by mid May 2004.**
- 1.9 Implemented.**
- 1.10 Will be Implemented early in the new fiscal year.**
- 1.11 Will be Implemented early in the new fiscal year.**
- 1.12 Construction is near completion. New furniture will arrive at Iranian port of entry on March 31. Entire chancery was newly painted. Interim upgrades of chancery are almost completed and discussions are ongoing with HQ regarding the fire escapes.**

1.13

Recruitment is in progress and actively ongoing. Candidates will be identified by end of April and security screening and recruitment completed in May.

GENERAL RELATIONS PROGRAM (GR)

2.1 The General Relations Program Manager brings substantial GR experience to the Mission. A program plan is in place that describes objectives and related activities, outcomes, work in progress and results. Much of the Program's activity focusses on human rights and the nuclear file. Level of effort in these areas is highly reactive and often intensive as has been the case with the Kazemi situation and Canada's position on the U.N. nuclear resolution. While these issues require extra attention, the bilateral controversy surrounding them inevitably results in reduced cooperation on other files and initiatives.

2.2 The recent addition of a second Canada-Based (CBS) officer in 2002 has greatly increased the Program's capacity. This position was assigned in response to the Global Security Reporting Program (GSRP) and now allows more reporting on security issues while providing a back-up to the Program Manager. The GR Assistant provides general support to the Program by setting up appointments, liaising with the Ministry of Foreign Affairs (MFA), translating documents, handling protocol requirements and promoting and participating in cultural events. Public Affairs and cultural activities such as organizing an education fair and a Canadian film festival had been planned but were cancelled or postponed due to lack of interest.

2.3 The GR team works well together with defined responsibilities and balanced workloads. The HOM is fully engaged in the Program, providing input and direction as required. There is good communication and integration with the Trade Program on trade policy and market access issues as well as on education marketing and cultural events and with CIC on immigration and visa cases.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

3.1 The IBD Program in Tehran has a balanced complement of experienced and new staff. The Senior Trade Commissioner (STC) arrived in September 2003 and is well supported by experienced staff. The Program faces obstacles as a result of strained political relations. Arranging events and obtaining local participation is difficult and results in many initiatives being cancelled. Despite this, the Program has identified on-going opportunities in the agriculture and oil and gas sectors and future potential in Information Technology (IT) and mining sectors. There is good communication within the Program with weekly staff meetings that are used to monitor activities and to provide updates on current and future events. A weekly newsletter, which is sent to recent Canadian contacts, generates enquiries and updates on existing projects from clients.

3.2 The Program has well defined responsibilities by sector for the STC and each officer. Priority sectors are highlighted and other areas such as economic reporting and investment rest with the STC. Service standards are well developed, differentiating service levels for various clients. Business Mission Agreements are used to ensure there is clear understanding between clients and the Program for large commercial missions. Planning and reporting templates are used for Client Service Funds (CSF) and constitute the basis for each officer's sectoral activity.

3.3 Current IBD activities are largely focussed on events and missions, with considerable travel outside the territory attending conferences and fairs, and engaging in outreach. The value-added of these on-going activities needs to be assessed and compared to more proactive type initiatives such as outcalls within territory. Emphasis should be placed on higher potential areas and incorporated into workplans.

3.4 It would be useful for the Program to develop an overall strategy tied to departmental, geographical and HOM objectives, from which a workplan for the Program can be developed that incorporates and accounts for all program resources. This would include CSF and sectoral activities and all initiatives and involvement by the HOM, STC, Commercial Officers (COs) and Commercial Assistants (CAs). In turn individual workplans would flow out of this process and be used to monitor progress, assess results and manage staff and program performance. Given that the STC has recently arrived and there is a new CO, a retreat should be considered where the Program could examine strategy, set priorities and establish a program workplan. The retreat would also serve to improve communications and foster team building.

Recommendation for the Mission

3.5 The IBD Program should develop a comprehensive workplan that identifies objectives, activities, outputs and expected results for all program related resources.

Mission Action and Time Frame

- 3.5** An IBD Program retreat was held on 21 January 2004 at the Official Residence to examine strategy, set priorities and establish an IBD program workplan for the Commercial Section and included the participation of all Commercial Section staff members as well as the HOM. Results of the retreat included *inter alia*:
- a) a decision to hold a Commercial Section retreat annually during the first half of December;**
 - b) development of a work plan for both officers and commercial assistants over the next year, including CSF and non-CSF activities;**
 - c) a decision to increase the number of outcalls by the STC and each Section officer to develop and increase local contact networks;**
 - d) establishment of a program for participation by Commercial Section staff members in domestic trade fairs, conferences and events, as well as in specific, targeted sectoral events in the region and in Canada;**
 - e) a decision to increase WIN tracking and use of the VTC by all Commercial Section staff members.**

3.6 The New Approach is well understood and is for the most part being applied. The CAs respond to low level enquiries from both Iranian and Canadian clients and deal with the Post Support Unit on global enquiries. More emphasis needs to be placed on tracking in WIN. Officers find the system to be cumbersome and therefore do not track or they enter backlogs periodically during the year. Outcalls are another activity which is approached reluctantly. Strategies need to be emphasized that include more proactive activities such as outcalls, where new contacts are established and intelligence is gathered that can be transferred to clients. A regular program of outcalls needs to be developed and coordinated in conjunction with the overall planning and prioritizing process.

Recommendations for the Mission

- 3.7** The Mission should ensure that WIN tracking is completed on a timely basis through regular monitoring.
- 3.8** A program of outcalls should be developed.

Mission Actions and Time Frames

- 3.7** During the Commercial Section retreat, it was resolved that all Commercial Section staff increase their WIN tracking as well as their

use of the VTC. Results will be monitored on a monthly basis by the STC.

- 3.8 A program of increased outcalls by the STC and each officer has been implemented as of 1 December 2003 in order to develop new contacts and to gather pertinent market intelligence that can be transferred to clients. To date, these have included *inter alia*:
- a) meetings with Chambers of Commerce/ Free Trade Zone Organizations in Tehran, Isfahan, Kerman and Kish;
 - b) attendance by Commercial Section officers at domestic trade fairs and conferences in the Mining, Agriculture/Livestock, Tourism and Investment sectors;
 - c) meetings with interlocutors *inter alia* in the Iranian banking, agriculture, geomatics, ITC and oil & gas sectors.
- Outcalls, together with meetings at the Embassy with new contacts and potential clients, will continue to be undertaken by the STC and each officer on an ongoing basis.

3.9 The Program intends to do more economic reporting. Due to other priorities only one report has been done in the past two years. HQ has expressed a desire for more information on the economy and the STC will take up this responsibility.

3.10 Responsibility for CSF accounting falls to one of the CAs. Ensuring that information is accurate and up to date is difficult since the CA does not have access to the IMS financial system. Once read-only access is provided, the accountant could give IMS training and assistance to allow the IBD Program to access reports on their commitments.

Recommendation for the Mission

- 3.11 The Mission should ensure that read-only access to the IMS is provided to the IBD Program.

Mission Action and Time Frame

- 3.11 During the visit of the SIV Mission, a brief training session on IMS was provided to the STC and one CA, which highlighted the utility of read-only access to the IMS for all Commercial Section staff. It is anticipated that a similar training session for all Commercial Section staff will be held with the Mission accountant following the busy FY2003-2004 year-end in March 2004.

In addition to such IMS training for all Commercial Section staff, as of 1 December 2004 the STC, CBS Trade Commissioner and one CA

are also working together to monitor CSF accounting and to prepare spreadsheets for internal Commercial Section use which will provide current information on CSF consumption for all completed events.

3.12 The recently hired CO is new to the Department and new to the Trade Program. While training and development is being considered for this individual, it has not been formalized in a documented plan. Such a plan will ensure that all aspects to training and development are identified, scheduled and actioned. It is also important that regular performance reviews are conducted to ensure that the employee is on track in his developmental plan and performing as expected.

Recommendation for the Mission

3.13 **The Mission should develop a training and development plan for the new CO and provide on-going assessment of performance.**

Mission Action and Time Fame

3.13 **Due to the resignation of the new CO on 31 December 2003, the Commercial Section has attempted to hire a replacement officer. Once hired, the STC and the new officer, in consultation/cooperation with the CBS Trade Commissioner, will develop a comprehensive program of training and development both within the Section and at HQ to include on-going performance assessment.**

During January and February 2004, individual meetings were scheduled by the STC with all Commercial Section staff members to provide them with individual performance assessment and to obtain feedback on individual performance and issues of concern. Such individual meetings will be held by the STC with all Commercial Section staff members on a quarterly basis (or more frequently as warranted).

CONSULAR PROGRAM

4.1 The Consular Program is operating effectively with a Locally Engaged (LES) Consular Officer who is knowledgeable and manages the day-to-day workload. Control and oversight is provided by the Management Consular Officer (MCO) who averages 30% of his time on consular work. This increases for high profile cases where the HOM, the General Relations Program Manager and HQ will also become involved. The DMCO fills in during absences of the MCO.

4.2 Good service is being provided to clients within the standards established by the Program. There are approximately six active cases and on a yearly basis 60 citizenship and 500 passports are processed. Passports and other document assets on hand were verified and reconciled to inventory records. Monthly reconciliations are properly reviewed and signed by the MCO. Quarterly reviews should be conducted and evidenced by the HOM as per departmental policy.

4.3 Consular and passport revenues are properly controlled. Deposits, however, are made every two weeks ***. Requirements per the Financial Administration Act require minimum weekly deposits ***.

Recommendations for the Mission

4.4 The Mission should ensure that the HOM verifies and signs the passport reconciliations every quarter.

4.5 Consular revenues should be deposited weekly *.**

Mission Actions and Time Frames

4.4 Implemented.

4.5 Implemented.

ADMINISTRATION PROGRAM

5.1 Overview

5.1.1 Administration services are being provided to programs and staff on a reactive and ad hoc basis. Greater oversight is required by the HOM to strengthen administration management. The Mission would be better served with more attention and rigour placed on setting priorities, developing work plans and establishing service standards for all administrative tasks. This would enable the Program to be more effective in managing larger projects such as the refurbishment of the chancery and more proactive in the provision of administrative services.

5.1.2 For planning purposes it would be useful to have the HOM and the MCO develop an Accountability Agreement which sets out expected goals and objectives in terms which are measurable and for which the MCO and his staff can be held accountable. This would allow for work plans to be developed for each administrative area, facilitate staff appraisals by setting out results to be achieved, and keep everyone focussed on the same priorities. Work plans for the Section's staff could then be developed as extensions of this Accountability Agreement.

5.1.3 There is a need for the Mission to establish consistent policies for areas such as level of service for airport pick-up of visitors, overtime and conflict of interest, as staff indicated some frustration since practices seem to change as CBS management changes. These policies need to be communicated in both writing and orally to staff. Normally they would be part of formal administration service standards. Standards would allow clients to know the quality of service they can expect, the time frames for delivery of such services, and what information or action the Section requires on the part of clients in order to process the various requests.

Recommendations for the Mission

5.1.4 An Accountability Agreement between the HOM and the MCO should be established for the Administration Program which clearly sets out priorities, objectives and expected results.

5.1.5 Develop a work plan for the Administration Program, detailing objectives for the year and then communicating it to staff and to the CMM.

5.1.6 Develop service standards for the Administration Section for approval by the Committee of Mission Management (CMM).

Mission Actions and Time Frames

- 5.1.4** In progress. Will be completed by end of May.
- 5.1.5** Will be implemented for the FY 2004-2005 (in April after the new budget is received).
- 5.1.6** First draft was presented to the CMM and is being reviewed by Program Managers for implementation, by the end of April.
- 5.1.7** The MCO and the HOM need to establish weekly meetings to initially set goals and objectives and then subsequently to track progress.
- 5.1.8** In order to improve communications among the staff of the Administration Section and to provide better direction, there is a need to meet regularly to share information, adjust priorities, resolve difficulties and reinforce teamwork. These meetings should include monthly all Administration/Consular staff meetings, plus bi-weekly functional section meetings to develop plans for such things as annual Staff Quarter (SQ) maintenance inspections, to set budgets, to analyse workloads, and to monitor progress.

Recommendations for the Mission

- 5.1.9** Weekly meetings should be set up between the HOM and the MCO.
- 5.1.10** Conduct regular staff meetings for the Administration Program as a whole and smaller regular meetings for the various Sections.

Mission Actions and Time Frames

- 5.1.9** Implemented.
- 5.1.10** Implemented.

5.2 Human Resources

5.2.1 The Mission has no formal training plan, though it does try to capitalize on training opportunities that are made available such as the Administration Assistant's accounting training in Headquarters. A survey of staff is needed to inventory the training that has been taken and to identify further training that is required. Staff indicated that IT coaching is one area that is of interest.

Recommendation for the Mission

- 5.2.2 Develop an annual training plan for all staff that prioritizes the Mission's training requirements.**

Mission Response and Time Frame

5.2.2 Implemented.

5.2.3 The Section has made efforts to ensure that appraisals are up to date; however there are still some pending and these should be completed by the relevant managers immediately. To assist in reminding managers, the Mission should develop a spreadsheet to track appraisal processing and if required missing appraisals should be referred to the HOM for action. The Mission should also ensure that Program Managers complete appraisals during the probation period for new employees.

Recommendations for the Mission

- 5.2.4 The Mission should develop a tracking system for appraisal completion and include compliance as a performance criteria for managers to ensure that all appraisals are performed annually.**
- 5.2.5 Supervisors should complete mid-term performance appraisals for probationary staff.**

Mission Actions and Time Frames

- 5.2.4 A tracking system has been put in place.**
- 5.2.5 CMM informed program managers to complete mid-term appraisals for staff on probation.**
- 5.2.6 Some job descriptions are in need of review and updating. Once updated, any classification discrepancies should be raised with the Classification Committee in order to evaluate the position descriptions and make classification recommendations. For the Administration Section in particular, this review could result in better utilization of current resources with some redistribution of responsibilities. Suggestions for consideration include: assigning drivers the responsibility for shredding documents when in the office, increasing accounting duties for the administrative assistant, redistributing work between the administrative assistant, the HOM SCY and the social secretary.

Recommendation for the Mission

- 5.2.7 Review and update LES position descriptions and submit any changes to the Classification Committee for re-evaluation.**

Mission Action and Time Frame

- 5.2.7 To be completed by end of June.**

5.2.8 The Mission has not had a Community Coordinator since 2001. A Community Coordinator would assist the Administration Section particularly in organising CBS arrivals, helping them in settling into the Mission, and providing local environmental information to all CBS. As there is currently no interest from within, the Mission should look for resources outside the Mission community by considering contracting a Canadian expatriate resident or a spouse of another suitable diplomatic mission.

Recommendation for the Mission

- 5.2.9 Recruit a Community Coordinator as soon as possible.**

Mission Action and Time Frame

- 5.2.9 In progress. To be completed in April.**

5.2.10 Some recruitment files were found to be incomplete. All correspondence and documentation related to recruitment actions should be maintained on file. These should include the statement of qualifications, advertisement, all applications, selection methodology and tools, all interview and test notes from board members, letters of offer and rejection, the recommendation to the HOM, and the final approval of the HOM. These are necessary to ensure that the staffing process is transparent and that all required elements have been completed.

Recommendation for the Mission

- 5.2.11 Ensure that complete files are maintained for all staffing actions.**

Mission Action and Time Frame

- 5.2.11 This is being actioned.**

5.2.12 A visit by the Locally-Engaged Staff Division (HRL) to conduct a comprehensive benefit review was planned for early 2003 but had to be postponed due to the conflict in the region. The Mission looks forward to having the visit rescheduled

as there are a number of areas staff would like evaluated including dental and optical coverage and overtime rates.

5.3 Physical Resources

5.3.1 There is currently a project to renovate the first floor of the chancery to incorporate the space previously occupied by the Embassy of New Zealand. Requests for bids from contractors have been made with the expectation that the work be completed by spring 2004. This will alleviate some of the space constraints currently being felt by the Mission. The Mission and the Property Maintenance and Operations Division (SRSF) need to monitor the project to ensure that it is completed as soon as possible. Surprisingly, the project has taken three years to reach this stage despite a pressing need to address space and working conditions and to incorporate security changes. Currently the chancery makes a very poor impression on visitors and employees alike, with its worn and run down appearance.

5.3.2 It is not only the first floor that is dreary. The rest of the chancery also requires some refurbishment. While there is a long-term project to relocate to a new chancery, this will take a number of years to complete and the current dilapidated state of the chancery needs to be addressed immediately. The Mission should develop a plan for this work with the guidance of SRSF. The plan should include at a minimum the following:

- clean up days, with staff work parties tasked to reduce the amount of clutter (followed by the appropriate disposal of files, old furniture/equipment, books, etc.)
- painting the entire interior
- cleaning/replacement of the rugs
- encasing exposed wiring
- improving ventilation and lighting in the boiler room
- general repairs and replacement of broken tiles on the staircase
- fire escape access and operation

Recommendations for the Mission

5.3.3 Develop a multi-year refurbishment plan for the chancery.

5.3.4 Organize a regular schedule of clean-up days to reduce the amount of office clutter, followed by the appropriate disposal of files, old furniture/equipment, books, etc. Ensure that exits remain clear in order to ensure rapid egress from the building.

5.3.5 Ensure that the fire escape ladder is accessible, working properly and readily and safely deployable.

Mission Actions and Time Frames

5.3.3 In Consultation with SRSF, a Property Maintenance Plan was put in place. A plan for the replacement of furniture and furnishings will be put in place as soon as the new budget is received.

5.3.4 In progress. Will be completed by the end of June. The additional office space provided by the renovations on the ground floor will go a long way to alleviate this problem.

5.3.5 Included in the property work plan for FY 2004 and 2005 and will be completed in consultation with SRSF and ISR.

5.3.6 Headquarters and the Mission have been pursuing the lease/purchase option for a portion of land *** as a site for a new chancery. At this time, this is the most suitable location, though given the tensions in the region, there will always be security concerns to address.

5.3.7 Staff are well housed which is essential in this hardship environment, as home is a haven particularly for women. The local society demands that discretion be exercised in dress and behaviour, and women need to cover their head with a scarf and should also cover their arms and legs. The Mission monitors the environment around the SQs closely, as the construction of high rise apartments/office buildings can happen quickly and often without warning, and this can seriously impinge on the privacy provided by our SQs. This is currently the situation for the Official Residence (OR) where there may be a need to move in the future should a proposed construction project next door go through. The OR is spacious and well appointed. It is very suitable for entertaining and has been well maintained.

5.3.8 The Mission should establish an Occupational Health and Safety Workplace Committee involving CBS and LES staff outside the CMM, which currently oversees this function. Such a committee would be the initial contact point for staff to raise health and safety issues. The yearly inspection of the Chancery by the Committee will also provide excellent input for the property maintenance work plan that Administration needs to develop.

5.3.9 The Mission is also using the CMM for its Contract Review Board. Establishing a separate committee will assist in keeping the contracting process as transparent, efficient and fair as possible. It will also allow other staff to be on the Board which can provide a variety of inputs on such factors as performance of contractors.

Recommendation for the Mission

- 5.3.10 Establish an Occupational Health and Safety Workplace Committee and a Contract Review Board.**

Mission Action and Time Frame

- 5.3.10 Committee members were selected and will meet in April.**

5.3.11 Service standards for property are being recommended to assist the section in prioritizing work requests and giving clients realistic expectations on length of times for work to be addressed. The requirement for work orders to be in writing needs to be enforced so that the system can allow for better tracking and follow-up and analysis on properties, contractors, and workload levels for the property manager and handyman.

Recommendation for the Mission

- 5.3.12 As part of the service standards, the Mission should ensure that work orders are submitted to the property section in writing.**

Mission Action and Time Frame

- 5.3.12 This recommendation will be implemented as of April 1, 2004.**

5.3.13 The handyman is currently using his own vehicle for trips and bills the Mission as if he is operating a taxi. He is not comfortable with this arrangement and finds that without diplomatic plates, parking for deliveries is problematic. The Mission has agreed that when the next vehicle is to be replaced, it will be retained and assigned to the handyman if it is in good condition.

5.4 Finance

5.4.1 The finance function is managed by the MCO supported by an experienced accountant. The MCO's assistant also has some financial responsibilities. The Financial Management Services Division (SMFF) recently visited the Mission to provide supplemental training to the LES accountant, to ensure that proper internal controls are in place and to review business processes of the Mission's financial operations including the Mission's bank reconciliations and Immigration revenue cost recovery. This visit was made at the request of the Mission and was viewed very positively as many of the SMFF recommendations have been implemented or are in the process of being implemented.

5.4.2 More focus on budget planning and control is required. There is inadequate explanation of ongoing deficiencies in both operating and salary budgets. The Area Management Office for Africa and the Middle East (GAM) has provided a one-time adjustment for salaries; however, next fiscal year will require close monitoring. Prior to the next year, the Mission should review its reference levels and determine if they are sufficient to cover all planned expenses. Budget variance analysis should be conducted monthly and presented to CMM for review.

5.4.3 Workload is heavy to the extent that the quality, extent and timeliness of service provided and work performed are seriously affected. The accounting procedures in place are ad hoc, not documented and service standards do not exist. Job descriptions are not up-to-date and work allocation arrangements between the Office Manager, the accountant and the MCO assistant are not always clear and where clear, they are not always followed. The MCO's assistant is involved in the accounts process only in a limited way. The assistant's job package should be reviewed to determine if non-financial duties could be reassigned, thus freeing up to one half of her time for finance. Wherever possible, individual financial tasks that the MCO assistant can start and finish should be assigned. Examples are the LES pay, specific transactions such as contracts, etc. Clearly delineating tasks between the accountant and the MCO assistant would improve inefficiencies. Once procedures and service standards are established, workflow should be closely monitored to determine if a full-time second accountant is required.

5.4.4 Banking operations need to be reviewed to determine alternatives to existing procedures. The Mission is one of the last in Iran to regularly use a letter of credit to fund local currency requirements. The Mission is collecting USD cash for CIC revenue and transfers excess cash to HQ. The Mission has also been maintaining a USD account at its bank which it is not using. With SMFF approval, it should consider making deposits to its existing USD account and transfer funds to the local currency account for disbursements. Reports from other friendly missions also indicate that they are receiving Telegraphic Transfers (TT) from abroad (if they do not originate in the US). The Mission could consider receiving such TT transfers from HQ if USD collected locally does not cover all expenses.

5.4.5 Immigration revenues are collected in all three currencies, USD, CAD and Rials. Deposits of local currency are made directly to the bank by staff from the Mission and in the case of USD to the cash account, entered into IMS and checked against POS+ reports. CAD and USD funds are forwarded to Ottawa. Cash control has improved since the SMFF visit. *** Official receipts are now being used. Consideration should be given to arranging direct deposit by applicants at the bank for CIC visa fees, if possible and feasible. The Australians are currently using this method of cash collection. This has been reviewed by the Mission and SMFF at various times. A deadline should be set for determining if it is possible, testing the system, and deciding whether or not to follow this process.

Recommendation for the Mission

- 5.4.6 In consultation with SMFF, the Mission should examine banking alternatives for collecting and transferring cash.**

Mission Action and Time Frame

- 5.4.6 Consultations with the local authorities and the bank are completed. Approval from SMFF has been received and implementation is scheduled for April 01.**

5.4.7 In discussions with other missions it was noted that the requirement for cash disbursements is diminishing as cheques and even direct transfer payments are now more widely accepted. The Mission should endeavor to make all payments by cheque or direct transfer. The use of 'bearer cheques' where payments are made out to the 'bearer' of an issued cheque rather than the payee, should be discontinued.

Recommendation for the Mission

- 5.4.8 The Mission should maximize the use of cheques and transfers for payments and eliminate the use of 'bearer' cheques.**

Mission Action and Time Frame

- 5.4.8 Done to the extent possible in the current business environment. It must be recognized that there will be occurrences in which we will continue to use bearer cheques.**

5.5 Information Technology

5.5.1 The Mission has been operating without the services of its Systems Administrator (SA) since October. The Mission via the Personnel Management Bureau (HPD) requested temporary duty assistance but no one was available to go to Tehran. The Mission is managing with the Technician (EL) taking on some of the SA duties and requesting remote assistance from the Regional Systems Administrator (RSA) and other posts for questions outside his scope. ***

5.5.2 The Mission has established mail boxes and an information tree on the OCTEL system to assist clients and reduce the burden on the receptionist. Fine tuning is needed to improve ease of access and the information provided.

Recommendation for the Mission

- 5.5.3 The Mission should review the OCTEL system to ensure appropriate information is provided and to facilitate ease of access for callers.**

Mission Action and Time Frame

- 5.5.3 In progress with the support of the CBS technician. Completion is scheduled for the end of June.**

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	Material 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