



AUDIT OF THE CANADIAN EMBASSY

TOKYO
including
THE CANADIAN CONSULATES
FUKUOKA and NAGOYA

DECEMBER 2004

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

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Note: In December 2003 the Department of Foreign Affairs and International Trade (DFAIT) was split into two Departments – Foreign Affairs Canada (FAC) and International Trade Canada (ITCan). This audit was undertaken under the previous organizational structure, which explains the references to DFAIT throughout the report.

EXECUTIVE SUMMARY

An audit of the International Business Development (IBD), Political, Public Affairs and Cultural, Consular and Administration Programs was conducted in Tokyo during the period November 10 to 21, 2003. During this period, the Consulates in Fukuoka and Nagoya were visited. The Mission in Osaka was also audited and is the subject of a separate report. The previous audit of these Missions was conducted in October 1998.

This being one of Canada's flagship missions, there are formidable challenges to be met in managing a mission the size and importance of Tokyo. The Mission is effectively meeting these challenges. Initiatives, including a series of staff retreats and luncheons, have been introduced to diagnose and improve Mission operations. A Mission-wide learning initiative where each employee is given a learning plan is also seen as a best practice and an Intern Task Force was established to investigate the issue of using interns. The Mission now needs to put into action a plan with clearly defined deliverables and specific time frames to address many of the recommendations emerging from these initiatives.

The Mission has been trying to adjust to a Japan that is quite different from Japan of ten years ago. A decade of slow growth has meant that Mission clients now "fly over" Japan to exploit the potential of China and elsewhere in Asia. While the Japanese economy still dwarfs those of the rest of Asia, client visits (and official visits) have shrunk significantly. At the same time, Japan is becoming more assertive on the international political scene creating new opportunities for Canada to take advantage of common agendas. The Mission has faced huge challenges on its resources over the last few years from Think Canada in 2000, G-8 in 2001 and more recently dealing with the BSE and SARS issues. On the horizon are this year's 75th anniversary celebration of Canada and Japan's diplomatic relations and the Aichi 2005 World Expo which will have a major impact on the Mission and the Office in Nagoya.

The departure this summer of one of the two Ministers, the Head of Chancery, will allow the Mission to re-organize its management hierarchy with a one Minister model. This will see the remaining Minister designated Deputy Head of Mission (DHOM) responsible for the Immigration, Public Affairs and Administration Programs. Minister Counsellors will be designated for each of the Political/Economic and IBD Programs and report to the HOM. The Audit Team is recommending that the Osaka Consulate General report to either the HOM or DHOM in Tokyo (see Osaka Audit Report).

Many Canada-based DFAIT positions are under-filled (19 of 32), including both Ministers and three Program Manager positions. Ten positions are filled by Foreign Service Development Program Officers (FSDPs). This has a cost in terms of experience level, places added pressure on the Mission and may also suggest that some positions are not suitably classified. Japanese language proficiency is also a key requirement for this posting and is a contributing factor for the high number of under-filled positions. Japanese may be over-weighted as a criteria for some positions. An assessment is needed of the classification levels and the language abilities required of certain positions.

The International Business Development Program in Japan is second only to the United States in size, with Tokyo having the largest concentration of resources of any DFAIT mission. There is a decentralizing trend in DFAIT towards delivering trade services to its clients through smaller offices in more locations. This poses a challenge to the program to determine its overall resource needs and the optimum composition and deployment of these resources throughout Japan. Notwithstanding this challenge, the program needs to better articulate expectations and results in Performance Measurement Agreements and related workplans; ensure that all offices in Japan are integrated, communicating effectively and working towards a 'one team' concept; motivate and inspire teamwork amongst locally-engaged staff (LES); and re-evaluate responsibilities of junior Canada-based staff (CBS) and commercial officers. Considerable progress has been made by the program in implementing the New Approach @ Work, however, service and efficiency can be enhanced through introduction of an InfoCentre and realigning the duties of commercial assistants. A proactive approach is being pursued by the Investment, Science and Technology Section to integrate its activities with other programs and sections, including restructuring the section and redefining roles and responsibilities. Similarly, the Economic and Finance Section needs to formalize its mandate by identifying its clients, priorities and outputs and rationalizing its resources.

The Political Program is very well managed. This young and dynamic group is somewhat inexperienced due to under-filling in every position but is quite active despite a significantly lower visits workload. It produces quality work. The program has done a very good job at focusing on establishing its priorities and has made excellent progress in becoming results-based. The emergence of Japan on the international political scene has helped increase attention from Headquarters (HQ) on this program and the Mission is active in exploring opportunities arising from this situation.

The Public Affairs and Cultural Program is well managed and fast paced. The program is well funded from HQ but the staff complement is stretched in covering current priorities and is not able to focus on emerging priorities such as the important Opinion Leaders Initiative. The program will need to explore options internally to free resources for new initiatives. Special project funding for the 75th anniversary of Canada-Japan diplomatic relations will be provided for a one-year period. Funding for the World Expo in Aichi has been allocated by the Mission from savings fenced from FY 2003-4.

Consular is a very busy and well managed program. However, staff need greater access to the Deputy Management Consular Officer (DMCO) who heads the section. The registry supervisor should be used to assist with workload. The Honorary Consuls currently carry out few consular services as their focus is primarily on trade promotion. With the growing requirement for services, there is a need to review the current number of Honorary Consuls in Japan. The warden system also needs to be updated.

The Administration Program is significant in size and budget and could benefit from more structured management. It has made significant progress since the last audit in 1998. Program management's span of control, however, needs to be tightened, accountability agreements need to be introduced and a work plan is needed that focusses on expected results and time frame for deliverables. Staff generally are satisfied with the quality of service administration provides although they view administration as micro-managing. The program has introduced several initiatives to bring rigour, efficiency and economy to the Mission. Operating costs this fiscal year have been reduced by \$410,939 and returned to HQ. The manner in which administration operates, however, is seen as very stringent . The program needs to be more strategic in how it goes about introducing change. The devolution of certain budgets to program managers should assist to this end.

The HR Section has been re-organized and new procedures introduced. A LES classification review is seen as a priority project. Some LES appraisals are overdue and management must justify certain ratings in front of a Review Committee. The LES Committee is being reformed to allow more effective communications with management. Weaknesses exist in the Property Section although accommodation is excellent. The Master Agreement and contracts with the developer concerning the maintenance and repairs of the common elements of the Chancery building should be reviewed to determine if there is the potential for savings. The Finance Section is well managed and there are on-going efforts to continue improving. Financially, this is a high volume Mission and efficiencies are possible through change in payment procedures which the Mission is actively pursuing. Staff are also pleased with the services provided from the Information Technology Section.

A total of 61 audit recommendations are raised in this report, nine are addressed to Headquarters and 52 to the Mission. Management has responded to each recommendation indicating the action already taken or decision made as well as future action. Headquarters has implemented one of the recommendations and is in the process of implementing the others. The Mission has fully implemented 28 recommendations while the other 24 are in the process of being implemented.

SCOPE, OBJECTIVES, MISSION RESOURCES

Audit Scope and Objectives

An audit of the Tokyo Mission and the Consulates in Fukuoka and Nagoya was conducted during the period November 10 to 21, 2003.

The scope of the audit included a review of Mission Management and the Political, Public Affairs, IBD, Consular and Administration Programs. 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 reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

The Audit Team was accompanied by two officers from the Library Services group who conducted an in depth operational review of the Mission's Library and information services. A separate report was produced by the Library Services group.

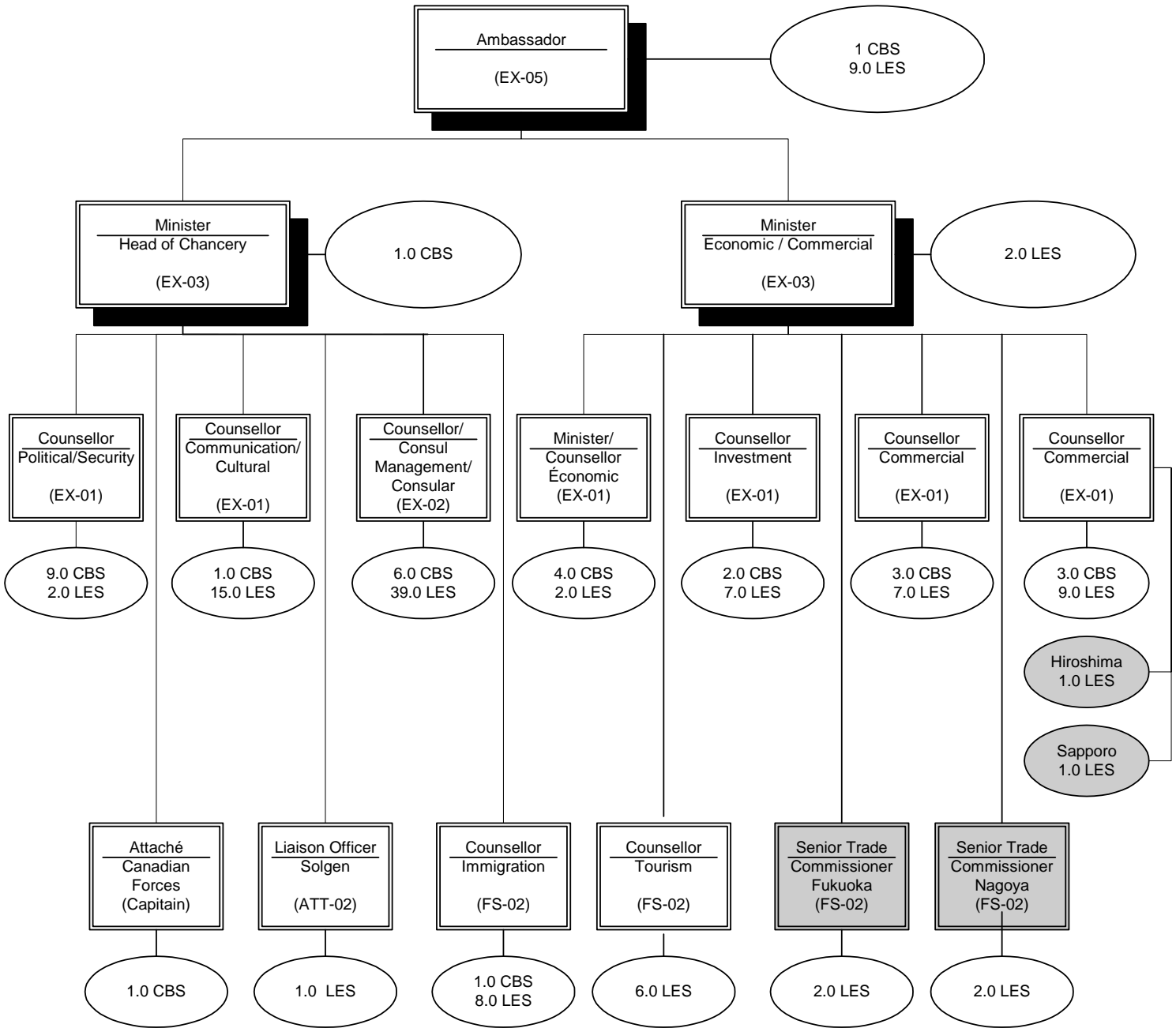
Physical Resources (including Fukuoka and Nagoya)

ASSETS	OWNED	LEASED
Chancery	1	2
OR	1	0
SQs	47	2
Vehicles	12	0

Financial Information 2003/2004 (including Fukuoka and Nagoya)

Operating	\$8,528,000
LES Salaries	10769700
CB Overtime	70000
Capital	250000
Total	\$19,617,700

Organization Chart



MISSION MANAGEMENT

1.1 Overview

1.1.1 There are multiple challenges in managing a Mission the size and importance of Tokyo. Japan is Canada's second largest trading partner and politically its importance is growing internationally particularly in the area of human security and peacekeeping. The Mission is well managed with progressive leadership provided from the Head of Mission (HOM). The HOM takes a strong interest in the Mission's management and is seen as an individual who cares about his staff.

1.1.2 The Mission has two Ministers both of whom are new to the position this past summer. One of the Ministers, recently appointed Head of Chancery, has been at the Mission for the past five years and will be departing this summer. This departure will provide the opportunity to implement a "one-Minister" model which is being advocated by the HOM. This will allow for the remaining Minister to be clearly designated as Deputy Head of Mission (DHOM). The Audit Team is supporting a reporting structure that would see Administration, Immigration and Public Affairs Sections report to the DHOM. Minister Counsellors would then be designated for the Political/Economic and IBD programs and report to the HOM. This would better distribute the overall management burden and allow the HOM direct supervision of key Mission programs. The Osaka Consulate General, which was audited concurrently with this Mission, should report to Tokyo rather than to PND (North Asia Pacific Bureau), i.e. to either the HOM or the DHOM.

1.1.3 Several initiatives have been introduced by the HOM. These include holding regular retreats, hosting a series of informal staff luncheons, and championing a Mission-wide Learning Initiative. The results of the lunches, in particular, have highlighted, inter alia, the need for greater synergy and improved communications, the constraints with the existing hierarchical structures, classification problems, the need for more timely appraisals and staff career plans, and a call for a physical reconfiguration of the Mission.

1.1.4 The Mission has done an effective job of diagnosing itself through the retreats and staff luncheons and identified numerous suggestions to improve overall Mission operations. To build on the momentum that these meetings have produced, the Mission now needs to put into action a plan, with specific time frames for deliverables, that will address the issues that have emerged from these meetings.

1.1.5 Management needs to ensure that there is integration across programs and among the Missions in Japan so that there is in effect a 'one-Japan' concept of program delivery. This is further expanded in paragraph 2.2.1 of the Trade Program in its discussion of a 'One Team Concept' for Japan, a concept that is pertinent to all Mission programs. Management needs to make this a priority and ensure it is communicated to staff.

1.1.6 The Learning Initiative is seen as a best practice. Training at this Mission is taken very seriously and learning has been instilled as a fundamental philosophy that is incorporated into every day practice. Each employee has a learning plan that is updated annually. And to promote learning, the Mission seizes every opportunity to have visitors participate in its speaker's series or to engage individuals who have attended a course or done something unique to present to staff on their experience. This initiative has been well received by the LES.

1.1.7 There is a large number of on-going committees at the Mission, and the time consumed in attending meetings is taxing the staff. Normally, a mission will have seven or eight committees at most. Staff are concerned with the attendant extra time that has to be made up because of these meetings. Staff have described the Mission as a "mini-Pearson." To minimize the burden meetings have on Canada-based staff, LES are now being appointed to chair some committees. In doing so, however, some LES are feeling uncomfortable performing this role. A review of these committees is needed to determine if some should have defined mandates which sunset at a specified completion date.

Recommendations for the Mission

- 1.1.8 **Mission management should be re-structured to implement the "one Minister" model which will see: i) the Minister become the Deputy HOM and have reporting to the position the Administration, Immigration and Public Affairs Programs; ii) the managers of the Political/Economic and IBD Programs designated Minister Counsellors; and, iii) the Minister Counsellors reporting to the HOM.**
- 1.1.9 **Develop a plan of action to implement the recommendations made by staff as a result of staff retreats and luncheons. The plan should identify expected results and a time frame for implementation.**
- 1.1.10 **Review the large number of committees to eliminate those no longer required and to sunset those whose mandates are for a defined period.**

Mission Actions and Time Frames

- 1.1.8 **The Mission is proceeding with the implementation of management restructuring based on the "one Minister" model. An announcement was made to all Mission staff at a Town Hall meeting on May 26. The new management structure will be effective officially on July 1, 2004, and fully in practice once this summer's staff rotations have taken place.**

- 1.1.9** The report on the 2003 Embassy Fall Retreat was widely shared at the Mission and with HQ. The recommendations which were discussed at the retreat either have been or are being implemented, in particular on media monitoring and opinion leaders, building education linkages, and advocacy. The input of the “brown bag” lunches has also been shared widely, and some items discussed at Senior Management Committee. In addition, issues which have a broader interest have been brought forward to the Committee on Mission Management. The Mission has addressed all outstanding issues, and implementation will be fully in place by July 2004.
- 1.1.10** Several of the committees which were identified by the audit report have been “sunsetting” after having completed their work: Regional Program Task Force, Task Force on Internships, Task Force on Opinion Leaders/Media Monitoring, Task Force on Social Change in Japan. A number of committees are mandated, such as Contingency Planning and Operations Group, Health and Safety Committee, Housing Committee, Contract Review Board, etc. The work of the Learning Committee has been cited as a best practice. The Appraisal Review Committee was established to ensure timeliness and uniformly high quality of LES appraisals. Two committees are geared to special events: the 75th Anniversary and the Aichi 2005 Working Group, and have been established to promote greater communication and coordination between Mission sections toward a common goal. Both will be dismantled after the events have taken place. Two committees are essentially for social purposes: Embassy Association and Japan-based Staff Association. The Envirogroupe is made up of highly committed volunteers. LES officers are currently only heading up groups which consist of LES. In the past, we have asked LES to take the lead on certain committees, not to relieve the burden on CBS, but to demonstrate our commitment to giving opportunities for leadership to LES officers. In a large Mission, participation in useful groups is a way to bring staff from different sections together to share ideas and build teamwork. The Mission has reviewed committee membership, dismantled those no longer required, and will ensure that the contribution made by staff in committee work is reflected in the appraisal process.

1.2 Performance Management Agreements (PMAs)

- 1.2.1** While PMAs are in place, these need to be more results-based, identifying specific ‘how to’ strategies and activities for agreed to objectives. Strengthened PMAs could then be used as the basis for divisional workplans which in turn would cascade

down to individual workplans for all staff. To ensure that PMAs and workplans are useful management tools, programs need to institute a systematic follow-up methodology to validate results and adjust strategies.

Recommendation for the Mission

- 1.2.2 Revise existing PMAs to better reflect results-based management and measurement methodology and incorporate them into program and individual workplans.**

Mission Action and Time Frame

- 1.2.2 All PMAs for senior management and program managers were completed for the April 19, 2004 deadline, incorporating clear outcomes and performance measurements. Learning plans, workplans and Accountability Agreements have been completed for all staff.**

1.3 North Asia Initiative

1.3.1 The Mission is promoting greater efforts under the North Asia Initiative. This would see our missions in China, Korea and Japan working together to leverage the strengths of each country in providing markets or opportunities for Canadians. While there has been some activity at the HOM level, this initiative has not yet moved to the operating level. This would seem to be an initiative that merits experimentation – perhaps through a few pilot projects. HQ may wish to broker a suitable pilot.

1.4 Program Assistant and Secretarial Positions

1.4.1 There are several significant issues which impact on the program assistant (PAs)/secretarial contingent including:

- Are there enough or too many CBS PAs?
- Is there a proper mix of CBS/LES PAs and Secretaries?
- Are the roles and division of duties appropriate given language considerations?
- Is workload balanced?
- Are back-up arrangements appropriate?
- Are there ways to improve collegiality?

Some of these issues are long-standing and need study by those with expertise if they are to be resolved for the long run.

Recommendation for HPF

- 1.4.2 Knowledgeable practitioners from HPF should visit the Mission as soon as possible to review the administrative assistant/secretarial contingent size, roles and working arrangements so to make adjustments to better meet the needs of this Mission.**

HPF Action and Time Frame

- 1.4.2 Budgetary restrictions do not permit staff from HPF to travel abroad to review organization structure. We have, however, discussed the issue with the Mission and PJP and a number of changes have been made over the course of the assignment. Further changes can be implemented as required.**

1.5 Japanese Language Training

1.5.1 In the GR and IBD Programs, Japanese language ability has traditionally been a key requirement for CBS postings to Japan. The Team held wide discussions with CBS and LES on Japanese language training. Consensus was that the two year in-Canada training is simply not effective and graduates do not arrive with “business-level” Japanese. If the base of knowledge is not strong, staff can be reluctant to speak or interlocutors revert to English. In some cases, officers’ Japanese language skills can deteriorate while in Japan. The Canadian Foreign Service Institute (CFSI) needs to reassess its Japanese language program in light of this situation and it should also consult with the Mission and perhaps the missions of other nations in Japan to study their practices. Other opportunities, such as having the second year of Japanese language training taking place in Tokyo or Yokohama, may be useful. With downsizing and a number of employee couples, some SQs may be available to house language students in Tokyo, thereby making in-country language training less expensive than in the past.

Recommendation for CFSI

- 1.5.2 CFSI should formally assess the effectiveness of its Japanese language training program and assess alternative methods of training, including some training taking place in Japan.**

CFSI Action and Time Frame

- 1.5.2 The audit indicates that CFSI should reassess its Japanese program and possibly look into moving the second-year program back to Japan.**

- A) CFSL is aware that there are problems that need to be addressed with regard to the teaching team:**
- For cultural reasons, it is difficult to recruit male Japanese teachers, which means that the officers run the risk of developing a *feminine way of expressing themselves*.
 - Again for cultural reasons, some teachers are hesitant to be demanding with the student, who easily develop a “comfort zone”.
 - Following numerous departures from the program over the past years (three this year alone) CFSL has to recruit new teachers to teach Japanese conversation at a high level of proficiency. This requires finding individuals with extensive general knowledge who are aware of the current socioeconomic problems and service requirements of diplomacy.
- B) The studies conducted by CFSL over the past few years have demonstrated that under normal conditions, students reach level 3. For several years, however, the exception has been the rule : between 1999 and 2003, out of 15 students trained in Japanese, only three were able to complete the two years of training normally required to reach level 3. The training for the other candidates was shortened for operational reasons, professional development requirements or personal reasons (maternity leave).**
- It is not a question of placing blame; Personnel and CFSL thought the training could be shortened because a number of these officers already had basic Japanese before beginning their training (from 1 to 2+). However, experience has shown that 16 months of training is not sufficient to attain the general professional proficiency level, unless the officer already has a solid 1+ level upon entering the program. Personnel is now aware of this problem and has begun sending students for a longer training period.**
- C) It is sometimes difficult to clearly distinguish between professional and language needs; what comes under CFSD, CFSC or CFSL? For example, when it is a case of knowing what to say and how to conduct oneself at a meeting, or when setting up an appointment with businessmen. In some cases,**

the employee's weaknesses may be work - and not language - related.

Steps currently being taken to address these problems:

- **The FLIO school, which teaches Japanese at CFSL, has just recruited two Japanese teachers who can teach at an advanced language proficiency level. These two teachers will not hesitate to shake up students' "comfort zones". The search continues for a male teacher.**
- **CFSL will no longer agree to a training period of less than 22 months for officers unless they have at least a level 1+ upon entering the program.**
- **CFSL regularly carries out validations of its courses with former students posted abroad. A validation was completed in 2003 at the Tokyo Mission and the level of satisfaction proved positive. Also, the training needs analysis was updated in 2002 and changes were made and continue to be made to the Japanese program, particularly at the advanced level.**

We are confident that, with these measures, CFSL can continue to provide a quality Japanese program.

1.6 Classification, Language Requirements and Under-filling of Positions

1.6.1 The under-filling of positions in Tokyo is pervasive. Of the 32 DFAIT positions at the Mission, 19 are filled by individuals who are not at the substantive level of the position. There are 10 FSDPs (Foreign Service Development Program Officers), three of whom are filling an FS-01 position and seven an FS-02 position. This in itself is causing some morale issues. It appears incongruous that so many FS-02 positions are being filled by FSDP Officers. If these officers, on their first posting, are performing the duties at the FS-02 level, then perhaps some of these positions may be better suited as FS-01 positions (especially since large missions are most capable of handling junior positions). The FS restructuring exercise will provide an opportunity to review the classification levels of all FS positions at the Mission.

1.6.2 Japanese language skills are an important requisite for certain positions; however, it appears that these abilities may be over-weighted as a posting criteria for some positions. As a consequence, the Mission may have sacrificed experience and managerial abilities. While the quality of junior officer is high, the lack of experience puts an added burden on managers who must focus far more on training and mentoring. The focus on language skills may also be contributing to the under-filling situation. HQ

and the Mission need to re-assess the number of positions truly requiring Japanese language ability and better balance this with other position qualifications.

Recommendation for HPD

1.6.3 HPD, with PND and the Mission, should:

- review the classification levels of all FS positions in Tokyo;
- review the language requirements for those positions; and,
- address the under-fill situation.

HPD Action and Time Frame

- 1.6.3**
- **HPD expects the FS positions to be converted to the new four level structure, and will work with managers towards addressing issues that the new structure is raising. Employees accepted their assignment at post at the level for which it was posted. If the levels were to go down, they would maintain a right of acting pay until the end of the assignment. Any extension would be done at the new level of the position however.**
 - **Language skills are required for virtually any assignment to Tokyo. Unless the person already has language skills, they are trained for 1-2 years. Therefore anyone going on a first posting will, under the new system, already be an FS-02 before they go out. It is also difficult to find people interested in two years of language later on and our best learners are not surprisingly our new recruits. The department tries to make sure that those who do the language training are strong performers and have been tested abroad at least for a short period of time on a TD. With a new emphasis on language skills, there is likely to be more, rather than less, intensive training. This was discussed at the MSV management committee in the summer and the recommendations are reflected in an updated policy re FSDPs (although this was never finalised).**
 - **During the restructuring exercise, efforts have been made to identify FS-01 positions in missions, such as Tokyo, where the environment is conducive to the creation of a number of FS-01s mostly because of its structure and the number of FS positions at the Mission. However, foreign language training issues became bigger than the classification issues being addressed. Management was able to convince the**

Classification Committee that, because of the need for foreign language training before going to post, and because of the introduction of a shorter FSDP program which no longer provides with sufficient time to acquire this training, no FS-01 positions were to be identified in Tokyo.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

2.1 Overview

2.1.1 The IBD Program in Tokyo has the largest concentration of trade resources of any DFAIT mission. There is a relatively new management team in place headed by a Minister with responsibility for two Trade Development Divisions, an Investment, Science and Technology Division, an Economic and Financial Section and the Consulates in Nagoya and Fukuoka. The management team is made up of experienced and capable officers who are willing to engage new ideas and work towards constructive change. The Mission is concerned that Canada is losing market share in a growing Japanese import market. Canadian exporters are by-passing Japan in favour of other emerging Asian markets. Also of concern is the fact that the Trade Program's results were weak in some areas of the Client Survey conducted by the Overseas Operations Directorate (TCS). The size and location of program resources, the complex environment of the Japanese economy and society and the somewhat entrenched cadre of LES are also on-going challenges within which the program operates. On the other hand, there has been significant progress towards implementation of the New Approach @ Work in Tokyo, the Consulates and Trade Offices with more emphasis placed on planning, results, outcalls, core services and use of HORIZON tools.

2.2 Japan 'One Team' Concept

2.2.1 Within the Trade Program, lack of integration and communication was cited as a major constraint to efficient and productive operations. This was evident within the program in Tokyo and more particularly evident between Tokyo and the missions in Osaka, Nagoya and Fukuoka and the officers in Hiroshima and Sapporo. Instances were noted where information was not forwarded or shared, most often through neglect but occasionally for purposes of guarding contacts or territory. Cooperation and coordination of trade activities are largely dependent on individual officers and, therefore, are reflective of varying degrees of interest and effort. To ensure that the program operates and is perceived to operate seamlessly across Japan, management needs to establish a protocol in each location for all staff to follow regarding inter-office cooperation, comply with the protocol and take corrective action where non-compliance is noted.

Recommendation for the Mission

2.2.2 The Mission should develop a protocol to promote a 'One Team' concept for the Trade Program in Japan.

Mission Action and Time Frame

2.2.2 Strengthening the concept of a “One Team” is recognized as a priority. A protocol for communications, developed by an internal working group, was agreed to by all our offices in Japan at the IBD annual retreat on December 3, 2003. Further steps taken to meet this objective include: effective inter-mission communications built into workplans for all IBD officers as a key commitment; bi-monthly conference calls between Tokyo and the consulates in Nagoya and Fukuoka and our trade offices in Hiroshima and Sapporo; and the establishment of a Commercial InfoCentre to provide liaison and support to the consulates and trade offices. Virtual sector teams that connect IBD officers in all Missions are now functioning.

2.3 Resource Allocation

2.3.1 On-going questions facing the Mission are the appropriate level of IBD resourcing given the decline in Canada’s trade activity with Japan and where best to deploy the approximately 52 IBD resources allocated across Japan. Tokyo has 37 of the positions or 72% of the total. Of the remaining, Osaka has 12%, Nagoya 6%, Fukuoka 6% and Hiroshima and Sapporo 2% each.

2.3.2 Outside of Tokyo there are very compelling arguments that the program is under-represented in existing locations and that there is potential in locations where we are not represented. It was also noted that the value added of an incremental resource in a smaller office (particularly where achievement of critical mass has not be attained) can be greater than in the larger Tokyo Program. The existing model of self-supporting LES resources in Hiroshima and Sapporo has demonstrated positive results in comparison to costs incurred.

2.3.3 There are several factors impacting the Tokyo IBD Program’s efficiency. There are performance and motivation issues with many of the long serving LES, a comfort level due to mature sectors and repetitive events, and the bureaucratic and administrative inertia associated with a large program and a large mission.

2.3.4 The analysis presented above suggests that opportunities exist to leverage productivity through replacing existing Tokyo resources and locating them in other locations. However, a more detailed assessment is required to determine precisely the number of resources to be relocated and to where, based on a comprehensive analysis of market potential and related trade and investment opportunities. Important factors that will also need to be considered are the impact on staff, facilities and other logistical support. To ensure objectivity, the scope of such a review will require involvement of both HQ and the Mission. The Geographic Bureau (PND) should take the lead, working closely with the Trade Branch.

Recommendation for PND

- 2.3.5 In consultation with the Trade Branch, PND should conduct a review to optimize IBD resource deployment in Japan.**

PND Action and Time Frame

- 2.3.5 PND concurs with the audit findings that the one-person trade offices in Hiroshima and Sapporo are understaffed and need early strengthening. To meet this challenge, Tokyo, with PND concurrence, is redeploying LES resources to each of these offices on a trial basis. More broadly, with respect to the overall deployment of resources across Japan, Tokyo will develop proposals to discuss with PND and the Trade Branch.**

2.4 Flattening

2.4.1 The Mission has undertaken a flattening exercise in the Trade Development Sections with the intention of standardizing roles and responsibilities for all officers both CBS and LES. This has led to some positive results, empowering and motivating LES and challenging junior CBS with responsibility for their own sectors and in dealing with clients. While these positives are recognized, there is much frustration expressed particularly by junior officers who point out that language inadequacies limit their capability in liaising with local clients and that their sectoral knowledge, in general, is less than that of long serving LES. It is also felt that the independence of LES officers has reduced teamwork and cooperation. As a consequence, CBS feel marginalized, limited in their ability to contribute and to develop as supervisors.

2.4.2 Management needs to consider modifying the flattening concept by organizing on the basis of teams, pairing CBS with LES, recognizing the mutual advantages of having each focus on where their skills can best be used. This would include LES dealing with local clients, initiating contact and supporting the CBS in this context. CBS would deal more with Canadian clients, and the policy and horizontal issues that they are more familiar with. Teamwork would be emphasized and incorporated into performance objectives.

Recommendation for the Mission

- 2.4.3 The Mission should evaluate current responsibilities of CBS and LES officers with the intention of optimizing their roles.**

Mission Action and Time Frame

2.4.3 The audit rightly noted that flattening has brought both opportunities and challenges to CBS and LES staff. However, the Mission takes issue with the audit conclusion that teams do not now exist, as well as with the proposal to create teams by having CBS deal “more” with Canadian clients while LES deal “more” with local contacts. Virtual teams are functioning now in most sectors, with officers in various Missions liaising on a regular basis.

The limitations of flattening have come more at the individual level, either in terms of inadequate language training (CBS), or in terms of an inability to grasp the opportunity now granted to LES officers. Heads of Section will continue coaching the CBS/LES sector teams towards achieving the best workload balance; to be determined in part by the demands of the sector and the personnel profiles. The Mission senior management will work with CFSL to ensure appropriate Japanese language training, provide skills’ upgrading where necessary for LES officers and, over the next year, provide advocacy and teamwork training for all. Progress will be closely monitored, and adjustments made, if necessary.

2.5 InfoCentre

2.5.1 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 officers.

2.5.2 An ideal configuration would be to have a commercial assistant (CA) or junior officer in charge of the InfoCentre working with the other CAs in the two Trade Development Sections.

Recommendation for the Mission

2.5.3 An InfoCentre should be established to centralize receipt and processing of enquiries and coordinate other support services.

Mission Action and Time Frame

2.5.3 Established in February 2004, the Tokyo InfoCentre is now up and running.

2.6 Commercial Assistants

2.6.1 In conjunction with the establishment of an InfoCentre, commercial assistants (CAs) need additional training on the New Approach and to be given more responsibility (in line with the Trade Commissioners Service's developed competency profiles) 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.

2.6.2 Related to this issue are the classification levels of CAs which range from LE-04 to LE-05 . Once job packages are defined per implementation of an InfoCentre and enhancement of CA duties, a classification exercise needs to be conducted to ensure consistency and fairness.

Recommendation for the Mission

2.6.3 The Mission should review the CA job packages in line with New Approach profiles and reclassify positions as necessary.

Mission Action and Time Frame

2.6.3 The Mission is awaiting the new job descriptions currently being developed within TCS, and will reassess the CA classifications and job packages in light of these.

2.7 Investment, Science and Technology (IS&T) Section

2.7.1 The newly arrived manager is providing the section with a fresh approach by challenging his staff to do things differently. In consultation with staff, a new strategy is being developed with emphasis on integration of IS&T activities with other programs and, in particular, within the IBD Program across Japan. The strategy will include restructuring the section and redefining roles and responsibilities of all involved. Training is to be provided in line with these responsibilities and mechanisms identified to better engage clients and partners such as Memoranda of Understanding (MOUs), Investment Champion Teams and annual investment forums.

2.7.2 In conjunction with the strategy, a two-year workplan is being developed that outlines the specific steps required to achieve the strategy objectives. As envisioned, the integrated IS&T plan will include Consulates in a coordinated liaison program and in the provision of training. This type of initiative will foster communications and cooperation contributing to achieving a 'One Japan' concept.

2.8 Economic and Finance Section

2.8.1 The Economic and Finance Section is heavily resourced with three FS-02 positions, an LE-09, an LE-05 and a CBS secretary all under the direction of a minister-counsellor. The section has provided value in intelligence gathering and has served as a sounding board and think-tank for the HOM. The section also works with the Political Program and its IBD Program colleagues on trade policy issues and economic reporting and finance related subjects. Much of the section's tasking is from HQ and is often unpredictable. The newly arrived minister-counsellor has recognized the need to increase coordination and cooperation between the Economic and Finance Section and the Trade Development Sections and the Political Program and to identify more precisely its clients, priorities and outputs. At the operational level, the job package of the economic analyst (LES) needs to be evaluated to better integrate this position into the operations of the section.

Recommendations for the Mission

2.8.2 The Economic and Finance Section should formalize its mandate by identifying its clients, priorities, outputs and resource needs.

2.8.3 Reassess the job package of the economic analyst (LES) position.

Mission Actions and Time Frame

2.8.2 This exercise was still in progress during the visit of the audit team and was completed shortly thereafter, through a planning exercise (carried out in close cooperation with the political and trade sections) that established section priorities, including defined outputs and clients to be served, allocated specific responsibilities and confirmed the budget. These will be updated on a yearly basis or more often, as required.

2.8.3 The job package for this position will be reassessed and reflected in a new job description in time for the September 04-August 05 work planning period.

2.9 Fukuoka Consulate

2.9.1 The Consulate is small with a staff of three employees, whose primary focus is trade promotion. A limited public affairs program and some consular services are offered. The responsibilities of this office extend to the whole of Kyushu Island, which includes seven prefectures having a total population of 13.45 million and a GDP of US \$378 billion. Two-way trade between Canada and the region totals \$1.4 billion, for which Canada exports \$700 million annually. Exports consist primarily of

commodities (coal, wood, canola and wheat). Priority sectors are agri-food, building products, consumer goods and environmental products.

2.9.2 This is an efficient and active operation and is well worth the current investment. The Consulate maintains a high profile in the region, participating in numerous activities and events which require few cash outlays. The Trade Commissioner capitalizes on every opportunity to increase the visibility of Canada by speaking at events throughout the region. All major cities within Kyushu have been visited by the Trade Commissioner and the Commercial Officer.

2.9.3 Program management is sound with effective planning which focuses on key results. The office is led by a Consul/Trade Commissioner who is energetic, dedicated and enthusiastic and whose work ethic is infectious with staff. The Commercial Officer brings ten years of experience and has developed a wide network of valuable contacts. The Consulate needs to be more closely integrated and coordinated with the Trade Section in Tokyo. There are times when Tokyo is not always sharing and forwarding relevant information to Fukuoka.

2.9.4 The Consulate works closely with the Fukuoka-Canada Society, an influential body of four hundred business members, 98 percent of whom are Japanese. This has enabled the Consulate to establish key contacts and allowed Canada to gain a high profile in the region. The Society publishes a quarterly newsletter in which the Trade Commissioner is a regular contributor.

2.9.5 There is clear evidence that the Consulate has fully adopted the Trade Commissioner Service's New Approach. Accountability Agreements have been established with a strong focus on outcalls to increase market knowledge and intelligence and identify new potential opportunities for Canadian companies in priority sectors. The Commercial Officer is currently spending two days each week out of the office. Core services are provided to Canadian clients, enquiries are responded to within the five-day standard and tracking services are recorded in WIN ONLINE.

2.9.6 Current Chancery space is extremely tight and the situation will be exacerbated should the Consulate receive approval for an incremental commercial officer position for Agri-food promotion which is to be funded by Agriculture and Agrifood Canada. The Consulate has identified a potential site which is centrally located offering 25 percent additional space at the same cost as currently paid. There is no opportunity to acquire additional space in the current location. The new facility is modern, has several commercial firms as tenants and is located near the subway and post office.

2.9.7 The Consulate has a Hub and Spoke Agreement with Tokyo for administrative and consular purposes. The Consulate is reasonably pleased with the administrative services received from Tokyo. Several of Tokyo's administrative staff have visited Fukuoka in the last couple of years. The Consulate is frustrated with the

current micro-mission platform. Considerable time is wasted each day waiting to access e-mails and download documents.

2.9.8 The current Office Manager will be departing the Mission shortly. A new candidate has been recruited to fill the position. Candidates were selected for interview from an ad placed in the local newspaper. The Personnel Officer from Tokyo along with the three current Consulate employees were involved in the selection process. The position will be expanded to embrace responsibilities to increase the awareness of education opportunities in Canada.

2.9.9 The Consulate is financed through a Standing Advance issued in the name of the Trade Commissioner. From this advance, a petty cash fund is set up for minor office expenses. Larger expenses are paid directly by the Tokyo Finance Section. A quarterly reconciliation of the advance is submitted to Tokyo.

2.9.10 Administratively, job descriptions were found to be up-to-date and inventories of office furniture and informatics equipment were appropriately completed.

2.10 Nagoya Consulate

2.10.1 The Consulate in Nagoya is a small office focussed primarily on trade promotion and development. A limited public affairs and consular program is offered, supported by Tokyo. The Consul reports to the Minister (Economic/Commercial) in Tokyo and is supported by two commercial officers (one on contract) and a secretary/assistant. The Consulate covers most of the Tokai region except for Shizuoka, with a population of 11 million and a GDP of \$800 billion.

2.10.2 The Consul has a well defined Performance Agreement that includes ongoing commitments, performance measures and results achieved. Workplans have been developed for each of the three staff outlining areas of responsibility, activities and services provided, quarterly goals, measures and results. A general profile of the region's economy and other relevant information was produced from which a strategic approach was formulated. Focus is being placed on developing market intelligence and tracking clients in addition to coordinating and facilitating trade events and missions.

2.10.3 While the Consul participates in weekly section meetings with Tokyo by phone where information is shared and issues are discussed, there is a need for a more proactive, inclusive approach that better integrates efforts by all missions in Japan. The small resource base of the Consulate barely constitutes the critical mass required and is therefore unduly impacted by the administrative and operational support activities that are inherent to any organization. Incremental resources have the potential of adding considerable value by leveraging the established administrative and operational infrastructure. These issues are raised under the resources allocation section (see 3.4) of this report.

2.10.4 The secretary/assistant is involved in all aspects of consulate programming, including reception and administration duties, consular work, public relations and education activities, and general operational support to the Consul and COs. Not surprisingly, training and back-up are issues that need to receive more attention by the Consulate and from Tokyo. Adding to this is that administrative procedures and related service standards provided by Tokyo need to be, in some cases, clarified as well as periodically reiterated when key staff turn over. The Consul is considering hiring a part time employee to provide back-up during absences and peak periods. The Mission needs to consult more frequently with Tokyo to address on-going operational concerns such as bandwidth, space and purchase of equipment.

Recommendation for the Mission

2.10.5 A training and back-up plan should be developed in consultation with Tokyo for the secretary/assistant position.

Mission Action and Time Frame

2.10.5 The Mission is currently assessing the needs of the Nagoya Consulate in recognition of the growing demands being placed on this Mission by the upcoming Aichi Expo 2005. Resources may be temporarily deployed to assist in this regard, while longer term answers to the issue of resourcing the consulates can and should await the broader IBD allocation study recommended in 2.3.5.

POLITICAL PROGRAM

3.1 Overview

3.1.1 This program is very well managed and is comprised of the program manager (PM), three FS-02s, a CB assistant, an LES political officer and an LES political assistant whose duties extend to assisting the Defence Relations Section and the MSG manager. The Security Program also reports to the PM. This is a young, dynamic and focused group but somewhat inexperienced (the PM and two FS-02s are all under-filling their positions). The inexperience means the PM is required to spend more time on training, mentoring and being more hands-on than would be ideal.

3.1.2 This program has historically had to fight for its place in the sun in what is seen as a trade-dominated Mission. The emergence of Japan on the international political scene, not only in the peace-keeping and human security spheres but also as it relates to political, diplomatic and security issues, is helping increase attention for this program in HQ. Greater interaction with the HOM would also be desirable. As Japan continues to assert itself multilaterally, more opportunities will arise where Canada will need to exploit common agendas. The program is active in this area.

3.1.3 While this is a busy program, visits have decreased and the program, and the Mission at large, is promoting a greater frequency of visits from Canada and especially from DFAIT (Ministers, Deputies, ADMs, I-Branch, etc). Demands on the Program have significantly increased with regard to serving the Mission on the Diet program relations and dealing with such issues as BSE, bilateral peace and security cooperation.

3.1.4 The impact on the Political Program of the reorganization to the planned one-minister model will not be known for some time since the management structure below the HOM/minister has not yet been determined and regardless of the structure will need time for staff to adjust. This Mission, because of its large size, has historically had stove-pipe issues among its programs and the Mission will need to continue to work on addressing these cross-program communications issues. The Political Program has good instincts as to where and how it should interact with other programs and does so very well, especially with the Public Affairs and Economic Programs. The Political and Economic Programs have regular meetings to discuss priorities.

3.1.5 The program has good and active linkages with HQ and has a good understanding of who its clients are. Reporting is concise and of good quality. Like most political programs it would like more feedback from HQ on reporting priorities and on the quality and frequency of reporting. Other missions are very good at providing feedback, e.g. Beijing and Seoul.

3.1.6 This program invests time in planning and establishing priorities and it shows. This effort is driven by the five themes passed down from the HOM and

minister. Each member of the team is aware of his or her priorities, clients and time-frames. Staff have input into the process and feedback is also requested from HQ, senior Mission management, other programs and some missions. Portfolios of staff are well defined. Workplans are developed quarterly and progress is tracked. We encourage the process to become more “results-based” and, to the extent possible, to build in “effort”. Subsequent to the audit visit, the program expanded its workplan format to include both outputs and outcomes. In the Mission management section, we encourage all mission PMAs to become more results-based and we encourage that workplans reflect the PMAs.

3.1.7 There is an issue of overwork in the LE-05 position. *** She is currently the only assistant who can provide Japanese language support for the Political Section, Defense Relations and the Minister/Head of Chancery. This should be addressed in the context of an overall review of program assistants/secretary situation as set out in the Mission management section of this report.

Mission Comment

3.1.7 Subsequent to advice received from the auditors, the LE-05 job description was re-written to reflect the actual work required from this position.

PUBLIC AFFAIRS AND CULTURAL PROGRAM

4.1 Overview

4.1.1 The Public Affairs and Culture Section is comprised of a cultural unit; media relations; research; education; translation; and the library. The section consists of two CBS and 14 LES. This is a well managed and fast paced group. At times, the program shows the strains of workload and this points to a need for possible reallocation of resources to stated priorities.

4.1.2 Goal and objective setting has been very good in this program and the resulting “one-pagers” are very useful and focused. Each sets out the individual or unit’s mission statement and priorities. The program should now build on a strong base and strive for the next level by making them more results-based. This should also flow from the PM’s PMA.

4.1.3 The program is very well funded from HQ sources including PIF funds of \$88,000 and CG funds of \$115,000. Funding will increase temporarily for the next year to undertake projects for the 75th anniversary initiative. Mission has financed the funding for the World Expo in Aichi from savings from FY 2003-04. The programs work almost exclusively with Japanese partners in order to leverage funds. The program also receives \$20,000 from the Client Service Fund for education marketing and \$600,000 for the Canadian Studies Program.

4.1.4 While the program is well funded from HQ, the staff complement is stretched to cover current priorities and is not able to focus on emerging priorities such as the important Opinion Leaders initiative.

4.1.5 The PM and staff have a good sense of where they could link up with the other programs (and other missions in Japan) but the programs must also be proactive in assessing their needs for partnering with or receiving assistance from this group. The Trade Program link offers the most potential and is perhaps the least developed. The two programs (and perhaps others) should develop a vehicle, perhaps a standing work group, to ensure there is synergy and to create a Mission-wide vision.

4.2 Media Packs

4.2.1 There are a number of media analyses (packs) produced in the Mission with a considerable investment of resources. Further, packs are received from outside sources, e.g. the US Embassy, and still more information is available through the Internet and newspapers. The library, translation unit, research unit and various individuals within the programs are involved in media packs creation. Clearly there is a need to rationalize these efforts. The program should assess user needs, perhaps in “must have” and “nice to have” categories. The program should also catalogue key sources where staff can self-serve their information needs.

Recommendation for Mission

- 4.2.2 Review and rationalize the Mission's needs for media packs given the significant resource investment in this function and reallocate resources to priority areas.**

Mission Action and Time Frame

- 4.2.2 The program agrees and has conducted the recommended in-depth assessment of the usefulness of the packs. It will be reallocating resources to priorities such as the Opinion Leaders Initiative and advocacy.**

4.3 Cultural Program

4.3.1 The Cultural Program is a dynamic one and at times feels stretched because of limited support staff. The program may wish to contact the Cultural Program in our Mission in Berlin which has been innovative in the use of local interns. The interns have contributed support services but have also been involved in all facets of program delivery.

4.4 Media Relations

4.4.1 The Media Relations Unit is working well despite the loss of a CBS position. The unit is experiencing predictable anxiety during the adjustment but should work itself out with time and experience. The PM, however, may need to take a direct role in the interface with Canadian media since the learning curve for an LES would be quite lengthy.

Mission Comment

- 4.4.1 We concur that the unit is working well despite the loss of a CBS position. This is due to the considerable experience and commitment of the PM and the senior LES officer. We are currently looking into how we might strengthen this unit and provide increased backup.**

4.5 Academic and Education

4.5.1 This small unit is responsible for academic relations and education policy and promotion. The program sees much potential in this area but feels hampered by staff limitations. The program has linkages with 75 twin-cities and 20 friendship centres – rarities among Canadian missions. The Canadian Studies Program is also doing well and growing but the Mission would like a shift in research to a more policy orientation.

The program also feels that much more can be done in education marketing and the Mission is under-resourced compared to some key competitors. It feels there are significant niche markets developing with the changing demographics of the country – for example, retirees.

Recommendation for Mission

4.5.2 Develop a formal business case and strategy to solicit more resources for this Program.

Mission Action and Time Frame

4.5.2 While it is recognized that Japan represents a very important education market, there is a limit to the scope of activities the Mission can realistically pursue in this area given human resource limitations in the Program. Ensuring consolidated funding (based upon reports and proposals submitted), which would enable the Mission to be more proactive in targeted education promotion, is important and the options with our partners will be explored.

4.6 Training for LES

4.6.1 Some LES expressed concern about their limitations in English business writing and their resultant reluctance to write. Some products require extensive edit by the PM, not a good use of managerial time. The Mission will need to examine options to improve English writing skills, including sending staff on formal training; twinning staff with CB administrative assistants for mentoring; and hiring spouses to edit and work with the LES.

Recommendation for Mission

4.6.2 Explore ways to improve English writing skills within the program.

Mission Action and Time Frame

4.6.2 Agree and the plan is to explore suggestions to improve LES' English writing skills through the Mission's Learning Initiative.

4.7 Library and Information Services

4.7.1 This unit and its function were reviewed by two staff from the Information Services Section (SXKL) in HQ who accompanied the Audit Team. This was the fifth mission library reviewed by the SXKL team and forms part of an overall audit of libraries being conducted by the audit group. SXKL's findings and recommendations are found

in a separate report from this one. Thirty-one recommendations are found in that report. The Audit Division will treat those recommendations as an extension of this report for follow-up purposes. Some recommendations we wish to highlight include:

- the library's mission, services and service standards should be articulated and promulgated to the Mission and outside users;
- library staff should be given training in "Virtual Library";
- media packs and other information sources should be fully reviewed;
- programs should agree on who handles general enquiries;
- better statistical collection and analysis are required; and,
- several safety and security issues need to be addressed.

Mission Comment

4.7.1 We generally agree with the analysis and many of the recommendations have already been implemented.

Actions:

A formalized consultation process with designated academics from JACS on suggested acquisition in priority areas has been undertaken.

A new profile sheet will be created to assess more strategically the needs of users.

A guide to the library will be designed explaining services and location of material, search options and service standards. It will be distributed to the outside clients and throughout the Mission.

A special message explaining the library services available to the Mission staff will be circulated throughout the Mission.

Liaison with PJP re library content on Ni-ka Online will be pursued to ensure broader dissemination of information on holdings.

Responsible staff will receive VL training and will conduct coaching sessions at the Mission.

New shelves have been ordered and materials have been removed from the top shelf.

CONSULAR PROGRAM

5.1 Overview

5.1.1 The Consular Program is well managed by the Deputy Management Consular Officer (DMCO) who is also responsible for human resources (HR). The Consular Section is comprised of one consular officer and three assistants. The DMCO has been at the Mission since August 2002 and has implemented several changes. These include the introduction of a consular window, a new filing system, consular office hours for the public, a main phone line for incoming calls and implementation of after-hours services through HQ.

5.1.2 The Mission maintains good communications with the Consulates in Nagoya and Fukuoka who provide notarial services and manage a few consular cases each year. Tokyo also works closely with other embassies in Japan through a Consular Working Group.

5.1.3 The Consular Section is very busy. During the period January to November 2003, the section handled 25 arrest/detention cases, two assaults, four child custody/welfare and abduction cases, five deaths, seven legal services, three financial assistance cases, ten well-being/whereabout cases and 202 citizenship applications. The Mission averages 120 passports per month and 120 monthly requests for notarial services. The section is also consumed with translating documents into Japanese for the Japanese Government and local authorities to reduce processing times. These documents consist of correspondence related to major consular cases.

5.1.4 An earthquake contingency plan was developed and is continuously being revised by the DMCO given the frequency of earthquakes in Japan. The Mission has also completed a Mission contingency plan. COMIP reports have not been filed for the period April to September 2003.

5.1.5 Notarial services and prison visits are consuming much of the DMCO's time. In Japan, only individuals with consular designations may exercise notarial and consular authority, such as prison visitations in arrest cases. To deflect some of the work away from the DMCO, we are suggesting that the registry supervisor, who holds a consular designation, assist with providing notarial services and prison visits.

5.1.6 Given the high level of activity in this section, managing both consular and HR is proving to be very challenging and time consuming. The DMCO's accessibility to staff has consequently been limited. His availability needs to be more structured to allow set times for staff to obtain signatures and raise routine inquiries. This could be accomplished by having the DMCO set specific times for each section to see him for specific requirements, using the Outlook calendar more consistently and establishing weekly or monthly sectional meetings.

Recommendations for the Mission

- 5.1.7 COMIP reports should be completed and filed for the period April 2003 to date.**
- 5.1.8 The registry supervisor should receive training so that he can assist with notarial services and prison visits.**
- 5.1.9 Establish set times for both HR and consular staff to meet with the program manager. Regular sectional meetings should be held to allow staff to be better informed.**

Mission Actions and Time Frames

- 5.1.7 We have completed and filed COMIP reports since the fall of 2003.**
- 5.1.8 Actioned.**
- 5.1.9 Actioned.**
- 5.1.10 The Registration of Canadians Abroad (ROCA) system indicates there are 3,818 registered Canadians in Japan. The Mission encourages Canadians to register while at the Mission and through its Web site. Consular services are available in both official languages.
- 5.1.11 A reconciliation of passports was conducted and all assets were accounted for. The passport reconciliation is conducted monthly by the DMCO and quarterly by the HOM. The Mission is currently doing a manual count for passport inventories. It should be using the electronic version of PMP for inventory purposes. Passport and consular revenues are adequately secured and they are transferred daily to the Finance Section.
- 5.1.12 There are Honorary Consuls (HonCons) appointed in Hiroshima, Sapporo and Sendai. These HonCons are mainly trade representatives and, while having limited consular duties which include notarial services, passport/citizenship applications and general information, they are only marginally involved in consular activities. They are never involved in the core consular work of case management or emergency planning. The Mission examined the possibility of appointing Honorary Vice-Consuls to manage consular duties; however, this was not accepted by Japanese authorities.
- 5.1.13 As it currently stands, HonCons provide only limited value to the Consular Program. Their interests lie primarily in local trade promotion and they are used extensively in this respect by the Commercial Section. However, given the increasing number of Canadians living and working in Japan and the likelihood that, with the

OCTEL after-hours switch being recently implemented, the Watch Office will re-direct calls to these HonCons, it is important that the advantages of using HonCons in a consular role be maximized. Mission management needs to carefully examine this situation. The conclusion may be that there is a need for more HonCons to deflect some of the workload away from the Consular Section.

5.1.14 The Mission's warden system needs to be updated. Most wardens are JET (Japanese Exchange and Teaching Program) participants who are normally in Japan for two years. The Mission is, therefore, required to frequently appoint new wardens. The warden list shows 34 in Japan, although it has not been updated in the past year and a half. The Mission is considering combining districts in Japan and assigning wardens to these new districts, based on the number of registered Canadians.

Recommendations for the Mission

5.1.15 Mission management needs to examine the role and effectiveness of Honorary Consuls to ensure they play a suitable role in carrying out consular and other responsibilities.

5.1.16 Use the electronic version of PMP for tracking passport inventories.

5.1.17 Update the warden system to ensure its currency and appoint new wardens where needed.

Mission Actions and Time Frames

5.1.15 In progress. A decision is expected prior to September 1, 2004.

5.1.16 Implemented and working well.

5.1.17 A plan to be able to effect this is before senior management for a decision. If approval for the process is provided, we shall be working on this in the coming months with an implementation date of January 2005 expected for a workable warden system to have been mapped out.

ADMINISTRATION PROGRAM

6.1 Management of the Function

6.1.1 The Administration Program represents 30 percent of the human resources of the Mission (7 CBS and 39 LES) and has a program budget of \$6.2 million, one-third of the Mission's \$19.6 million budget. The program is headed by a Management Consular Officer (MCO), an EX-01 in an EX-02 position, who reports to the Minister and Head of Chancery. The MCO spends most of his time on administration and five percent managing the Consular Program. The MCO is working 75 to 100 hours each week. He controls operations tightly and is very engaged in the administrative process. The program has introduced significant changes since the last audit that have contributed to a more efficient functioning of the Mission.

6.1.2 On paper, the MCO has eight people reporting to him but, in reality, it is more like 13. This span of control is far too wide. This, in part, relates to the shortcomings in the Property and Materiel Section, resulting in approximately 35 hours of the MCO's time each week being spent on property. A new property manager from the Physical Resources Bureau (SRD) will arrive in the summer of 2004.

6.1.3 The Administration Program could benefit from a more structured management approach. The MCO's Performance Management Agreement has recently been completed and there is need now for Accountability Agreements to be developed for the Canada-based supervisors. These agreements would spell out in measurable terms the expectations of each position and would form the basis upon which performance is evaluated. There is also a requirement for administration to have a well developed work plan that focusses on expected results, resources and a time-frame for delivery. Currently, there is only a listing of planned activities. Reporting on the progress of results should follow at year-end.

6.1.4 The administration team is endeavouring to introduce greater rigour and efficiency into administrative practices. Organizational changes recently resulted in duties being redistributed and two positions in administration eliminated. Program management is frustrated that the process, while supported by the HOM, is not always supported by management and staff. While extremely conscientious, program management is seen as relentless in its efforts to introduce change. The Administration Program's approach is perceived at times to be too exacting and some messages clearly upset staff. By focussing on a series of smaller items to save money, people have been upset and support for larger initiatives has been lost. Administration needs to be much more strategic in approach and needs to be focussing on those issues that are most important and achievable.

6.1.5 There are currently administrative service standards in place. And while CBS are generally satisfied with the quality of service they receive, administration is seen as micro-managing. CBS complain about the procedures they have to endure to

get the smallest of items purchased for their program. To overcome this and in keeping with the principles of modern management, it is suggested that program managers be devolved their own budget. This would include managing the LES and CBS overtime, office supplies and translation services. This assumes that there is a consistent overtime policy in place and that managers are provided with a list of qualified suppliers with whom purchases can be made. This will increase the managers' accountability and deflect criticism away from administration.

Recommendations for the Mission

- 6.1.6 The MCO should be provided with a Performance Management Agreement and supervisory staff should have Accountability Agreements. These agreements should spell out the expectations of the positions in measurable terms and form the basis upon which the incumbents will be evaluated.**
- 6.1.7 The Administration Program should have a well developed work plan that focusses on expected results, resources and time frame for delivery. Reporting on the progress of results should follow at year end.**
- 6.1.8 A more strategic approach should be taken to implement and communicate the changes necessary to improve efficiency and effectiveness of the Administration Program.**
- 6.1.9 In keeping with the principles of modern management, program managers should be devolved their own budgets for overtime, supplies and translation services. Financial reports should be provided to managers on the status of their budgets at least monthly.**

Mission Actions and Time Frames

6.1.6 Actioned.

6.1.7 Actioned.

6.1.8 In progress.

6.1.9 Actioned.

6.1.10 The Core Service Unit (CSU) which reports to the MCO is managed by a team leader (LE-07) with support from a client service officer (LE-07) and 0.5 of an administrative assistant (LE-04). The unit was established in 2000 and manages logistical arrangements for approximately five official visits per month; large visits

involve ministers, members of Parliament or delegations. The team leader is also the Learning Committee Coordinator. Administrative tasks relating to the learning initiative were assigned to the CSU in October 2003.

6.1.11 Both the team leader and the client service officer occupy the same LE-07 level. Given the reporting relationship and responsibilities, a review of the Client Service Officer position is needed to determine whether this level is warranted. The organizational chart also needs adjustment to identify the actual reporting relationship between the Team Leader and two support officers.

6.1.12 As part of their job packages, Trade Program Assistants arrange staff travel and small visits. The Mission needs to evaluate whether or not the CSU should take on all logistic responsibilities related to visits to better capitalize on its specialization in this area. Program staff would then be free to concentrate on the substantive aspects of the visit.

Recommendations for the Mission

6.1.13 The Mission should review the classification level of the client service officer position to determine whether its current classification is warranted.

6.1.14 The organizational chart should demonstrate the reporting relationship between the team leader and two support staff.

6.1.15 The Mission should determine if there are benefits from having the CSU arrange logistics for official visits on behalf of all programs.

Mission Actions and Time Frames

6.1.13 Review is currently underway and should be finalized as at the end of October 2004.

6.1.14 Actioned as of April 1, 2004.

6.1.15 Agreed. Study in progress.

6.2 Human Resources (HR)

6.2.1 The human resources function is managed on a day-to-day basis by the DMCO, an AS-03 in an AS-05 position, who is also responsible for the Consular Program. The section provides guidance to the Consulates in Fukuoka and Nagoya and on request to the new MCO in Osaka who is on her first posting. In the past year, the section has undergone a number of personnel and organizational changes with the

arrival of a new LES personnel officer, the staffing of a new personnel-consular assistant position and the redistribution of CBS personnel responsibilities between the logistics officer and the registry supervisor. The additional resources have allowed the Section to develop tools such as a CBS overtime tracking system and an LES leave and overtime reporting system.

6.2.2 The HR Section over the past year has made a concerted effort to improve procedures and documentation, undertaking projects such as reconstructing position files, updating reliability check documentation and reformatting the LES Handbook. The Mission recognizes the need to finalize the Handbook for HRL (Locally-Engaged Staff Division) approval and complete the verification of the BLUs (Business Line Utilizations).

6.2.3 Generally files were well maintained but some recruitment exercise files were found to be incomplete. Over the last 12 months, the Mission conducted 20 staffing exercises. Correspondence related to recruitment action should be on file and should contain all documents related to the exercise, including the statement of qualifications, advertisement, all applications, methodology applied to arrive at a short list, selection tools used and supporting documents, all interview and test notes from board members, letters of offer and rejection, the recommendation to the HOM, and final approval of the HOM. These steps are necessary to keep the staffing process transparent, efficient and as fair as possible.

Recommendation for the Mission

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

Mission Action and Time Frame

6.2.4 **Recommendation noted and will be actioned for all future staffing actions.**

6.2.5 A main priority of the section is a comprehensive review of LES job descriptions, as there are inconsistencies between responsibilities for same level positions and a lack of coincidence between the position description and actual duties. The project is planned to start shortly.

6.2.6 This is one of Canada's larger missions with 111 LES and a salary budget of \$10.7 million. The Mission is working with a private company to customize a human resource management software system. This system is being designed to integrate payroll administration, leave and overtime monitoring and HR information. The payroll portion is scheduled for parallel testing with the existing system in March 2004. This new system is expected to improve the forecasting and tracking capabilities of the section and provide a HR database. The Mission has been consulting with HQ

regarding this project and PAM (Area Management Office - Asia-Pacific) and the Mission are each funding \$25,000 for this project. The Mission needs to keep HRL and PAM abreast of the progress of this project to evaluate if this system could be used world-wide and reduce individual systems from being developed at Missions.

6.2.7 The Mission has concerns with the appropriateness of the LE-09 level for some positions and the absence of LE-08 officer positions. The Mission has recently hired an employee at level LE-08 for a position classified as LE-09 and plans on repeating this again when other opportunities are presented. HRL is closely monitoring this situation while it evaluates the position and the work being undertaken by the incumbent for appropriate classification after a year.

6.2.8 The Mission's Learning Committee has promoted a dynamic learning program. Each employee has a learning plan that is updated annually incorporating training from five categories: language, information technology, administration, developmental skills and job specific skills. The Mission has been creative in its approach to training, looking for low cost and inclusive delivery mechanisms such as:

- inventory of spouses as trainers – matching individual talents/qualifications to training opportunities;
- resident experts – Mission staff share expertise/specializations with other staff;
- visiting experts – inviting experts to make presentations;
- returning trainees – inviting returning staff members to present on their recent training;
- mentoring – mentoring new LES with longer serving employees;
- language buddies – matching staff with complimentary languages to teach and learn with each other; and,
- learning tips – weekly tips such as preparing travel forms and time management are posted on the Learning Page of the Mission's Intranet.

The next step is for this approach to be rolled out to the Consulate General and the Consulates.

6.2.9 The LES Committee is now being reformed, evolving from a social committee to one representing the LES with management. Currently the DMCO - HR is chairing a voluntary group to start the committee which is currently looking at developing terms of reference. Once formed, the DMCO should step aside to leave the Committee strictly in LES hands. The Committee's following step will be to elect representatives rather than have volunteers.

6.2.10 Communications in general are good; however, there are areas where the Mission needs to establish well-defined policies and communicate them both in writing and orally to staff. This Mission, like many others, does not have a consistent overtime policy or practice within the Mission. While overtime is discouraged for all but exceptional circumstances, there appears to be a variation in the application of the

policy from section to section. While the Mission does have a set of guidelines for Japanese language training, there were concerns raised regarding a perceived lack of transparency and fairness regarding the Mission's methodology in determining who receives Japanese language training and the form of that training. Another area of concern raised by LES is the frequent insensitive remarks made by CBS regarding the amount staff are paid in comparison to Canadian salaries, forgetting other living constraints LES staff face.

6.2.11 The HR Section has made efforts to ensure that appraisals are current; however, there are still some missing. To assist program managers during the probation period for new employees, the HR Section needs to send reminders to complete a mid-term appraisal at the six-month point of the probation period. The Mission is concerned with the high number of LES appraisals for which there are outstanding ratings and it wishes to ensure that there is enough rigour in the process. To address this concern, the Mission has established an Appraisal Review Committee where managers must provide appropriate justification to support their ratings.

Recommendations for the Mission

- 6.2.12 Develop a Mission-wide policy on the application of overtime.**
- 6.2.13 Develop a Mission-wide policy on the application of Japanese language training.**
- 6.2.14 Complete all remaining outstanding appraisals.**
- 6.2.15 Supervisors should complete mid-term performance appraisals for probationary staff.**

Mission Actions and Time Frames

- 6.2.12 The Mission has adopted a strict "prior approval" policy for all CBS overtime. Now that managers receive monthly updates on CBS leave and overtime, they are better able to monitor the use of overtime and composite leave. Discrepancies in the use of overtime are more the result of different approaches by the officers concerned. Nevertheless, this policy will be fine-tuned in conjunction with the visit of the HRL team in October 2004.**
- 6.2.13 All incoming CBS staff receive a message which outlines the allocation for Japanese language training. Training is offered to all staff for the first two years of the posting; and to Japanese language officers for the duration of the posting. Consistent with the priority on learning, however, additional allocation is made for CBS who**

wish to continue their studies beyond the initial two years based on a demonstrated commitment to language study, and group classes have been set up for spouses. In addition, we have identified a need for intensive language training for officers who are not yet fully functional, and initiated two years ago a summer intensive program with a specialized language institute. This year we have allocated funding for the provision of such training for all five officers who applied for the program. With these steps, we believe that all officers with designated language requirements, plus CBS who need orientation level training, are being offered as much training as our budget allows.

6.2.14 Actioned. We are now 100 percent up to date on appraisals.

6.2.15 Noted. Future hires will be treated accordingly.

6.2.16 Next fiscal year, HRL is scheduled to complete a comprehensive benefits review. The following should be included as part of this review:

- overtime policy for live-in OR staff;
- methodology for calculating LES parking charges;
- the high number of steps in the LES salary band which is currently set at 23.

6.2.17 The DMCO - HR's password to Peoplesoft was given to the LES responsible for CBS overtime and leave tracking. The Mission should again discuss this issue with HQ in order to find a solution to allow her suitable access without compromising password policy.

Recommendation for the Mission

6.2.18 Change the DMCO's password to Peoplesoft and keep it confidential.

Mission Action and Time Frame

6.2.18 Actioned.

6.3 Physical Resources

6.3.1 All 47 staff quarters (SQs) are Crown-owned with 26 SQs located on the Canada Court compound. There are three off site developments (OSDs) with 20 SQs. There is also Qu'appelle House which accommodates one minister. The Official Residence (OR) is a Crown-owned Canadian Heritage property on the Compound. It is used extensively for functions by the HOM and CBS. The Property Section is managed by a CBS property manager seconded from National Defence who has a technical

background. There is limited managerial experience in the section and staff, in practice, report directly to the MCO. The MCO spends 35% of his time on property issues. The CBS property manager position is to be filled with an experienced PPMO this summer, which should decrease the MCO's time on property.

6.3.2 The Chancery offers plenty of space and is well maintained, although there is a need for a number of large maintenance and capital replacement issues in the coming years. SRSF has a long-term maintenance and capital replacement plan in place; however, for minor capital and routine maintenance, the Mission needs to establish long-term plans. This should be a priority for the new PPMO.

6.3.3 Some Mission programs are physically fragmented. The Canadian Tourism Commission (CTC) on the third floor is expected to relocate from the Chancery shortly and this will allow for some rationalization of space. Administration staff on the fifth floor could occupy the vacated space which would allow the Commercial Section to occupy additional space on the fifth floor. The registry clerk could be relocated from the sixth floor to the third floor so that he can better assist the personnel/consular manager.

6.3.4 There is a Master Agreement between the developer of the Chancery building, *** and the Government of Canada. The Mission feels there may exist the potential for savings and more efficient operation of the Chancery within the context of the Master Agreement, particularly in relation to maintenance services, contracts and the reserve fund. There are a number of initiatives that the Mission would like to undertake pertaining to building management but it feels there is a lack of cooperation in its efforts to pursue these initiatives on the part of either the building management company or ***. The MCO has raised concerns with HQ seeking that attention be paid to this arrangement. The Mission needs assistance and on-going support from SRD to be in a position to respond effectively to issues of concern with respect to the Master Agreement or management of the Chancery.

Mission Comment

6.3.4 The interpretation of the contents of the “Master Agreement” is a particular challenge to the Mission. Specifically, the Mission's interpretation of a number of the conditions outlined above is quite different from our Japanese partner in this Agreement. However, the Mission is unable to discuss these different interpretations with our partner as a result of a 1998 directive from SRD instructing the Mission not to enter into any discussions with our partner which might result in the “opening up” of this deal. We would welcome assistance from SRD.

6.3.5 The SQs are still reasonably new and maintenance requirements up to now have been mostly minor in nature. Three maintenance staff handle most routine repairs, while outside contractors are used for more complex matters.

6.3.6 The Mission's two ministers are not Order in Council (OIC) appointments. One minister is in an SQ at Canada Court. The second minister occupies Qu'appelle House, a Crown-owned SQ suitable for personal and program purposes. The previous minister had only eleven hospitality functions at Qu'appelle House during a twelve month period. If this property is to be retained, the Mission needs to take better advantage of this valuable asset.

6.3.7 The Mission has few Standing Offers and those that are in place pertain to the summer relocation process. This report is recommending that budgets be devolved to managers. A number of Standing Offers with qualified suppliers need to be established if devolution of budgets to managers is to work. The job description of the procurement clerk should reflect this priority. Further, suppliers should be encouraged to bill monthly to reduce the Mission's processing costs.

6.3.8 The Mission purchases most appliances and furniture through HQ. Given the products available locally, and the fact that Japanese products are among the most environmentally friendly in the world, the Mission should explore the issue of procuring more goods locally.

6.3.9 Approximately \$1.7 million is spent annually on electricity. The Mission needs to focus efforts on reducing this amount by becoming more energy efficient. Measures which need to be explored include the purchasing of enviro-friendly appliances and reviewing the practice of running the Chancery escalators continuously. The Mission recently implemented a policy of turning off the Chancery lights at 8 pm. Sensor-lights could be installed in common areas to allow staff to work late and on the weekend should the need arise.

6.3.10 The Mission should take greater efforts to ensure the Mission Property Management Plan (MPMP) is properly completed and submitted every year and that PRIME is updated as required. Occupancy Agreements and distribution accounts have not been signed since the Mission introduced the barcode reader system in February 2001.

Mission Comment

6.3.10 The PRIME database was completely overhauled and updated by an MCO trainee in January of 2003. At the time of the auditors' visit, the PRIME database, with the exception of information on Occupancy Agreements, was 100 percent up to date. While the Mission had not prepared an MPMP for 2003, in 2002 a detailed MPMP (the first one ever prepared for Tokyo and its satellite missions) was prepared and favourably received by HQ.

6.3.11 Facilities staff are very responsive to clients needs. There has been a recent move towards "turnkey" service providers who can satisfy all requirements at different events. This has resulted in lessening the need to be so involved in the supervision of events and consolidated billing. There is, however, no evidence that management has reviewed the cost structure or operations to ensure the full costs of supporting an event are captured, such as LES salary, overtime, and overhead costs. The Mission needs to consider a two-tiered cost structure which would charge outside users more than Mission users who are allocated a hospitality allowance. Necessary approvals and authorizations from Headquarters would be required before implementation.

6.3.12 Separate vehicle logs are kept for kilometric use, gas usage and maintenance. There is no evidence that the gas log and kilometric log are reconciled on a monthly basis. This practice should begin immediately and several months of past logs should be examined by the registry clerk, who recently was assigned dispatcher duties.

6.3.13 There are too many vehicles in the Mission's fleet. The fleet includes the HOM vehicle, four sedans, two minivans, two buses, a station wagon, a maintenance van and truck, and two motorcycles. Given that there are only three drivers, that vehicle maintenance in Japan is costly and that there are alternative means of transportation available, the size of this fleet needs to be re-evaluated. The Mission should consider disposal of one sedan, a Minivan, a bus, and motorcycle.

Recommendations for the Mission

6.3.14 Staff in the Property Section should report to the CBS property officer and not the MCO.

6.3.15 When CTC relocates, space usage should be examined with one outcome being the consolidation of the Administration Section on the third floor to the extent possible.

6.3.16 Standing Offers should be negotiated with suppliers. A criteria for selecting suppliers should be their willingness to bill on a monthly basis.

6.3.17 The job description of the procurement clerk should be re-written to reflect the new focus on negotiating Standing Offer Agreements.

6.3.18 The notion of purchasing locally for appliances and furniture should be explored.

6.3.19 The Mission should focus efforts on reducing electricity costs.

- 6.3.20** The Mission should update PRIME and ensure the MPMP is completed every year. All Occupancy Agreements and distribution accounts need to be completed and signed.
- 6.3.21** Cost recovery rates in the Facilities Section need to be reviewed with consideration given to a two-tier system.
- 6.3.22** Vehicle logs need to be reconciled and reviewed on a monthly basis.
- 6.3.23** The Mission needs to re-evaluate the size of its fleet given there are only three drivers and vehicle maintenance costs are high.

Mission Actions and Time Frames

- 6.3.14** Agreed. This is being worked on now and will be fully implemented in time for the change in PPMOs in July 2004.
- 6.3.15** We agree with this recommendation and are in the process of implementing it to the extent possible. It should be noted that there is not sufficient space to consolidate all of the Administration Section on the third floor. A number of the management program's staff will, of necessity, have to remain on the 5th floor. Finance Section, in particular, benefits from its central location next to the elevator on the 5th floor.
- 6.3.16** The expansion of the number of our Standing Offer Agreements is in progress. There were a large number of Standing Offers in place just prior to the auditors' visit that either had just expired or were in the process of expiring. Work had already begun to prepare the necessary RFP's and obtain new Standing Offers in a number of areas. We have now completed a number of Standing Offers, on supplies, moving companies, etc., and others are in progress.
- 6.3.17** Actioned.
- 6.3.18** This approach was tried in the past with poor results (with microwave ovens and with vacuum cleaners). While Japanese name brand appliances can indeed be sourced locally at a lower price, they may not be appropriate for Canadian SQs. For most appliances we have to go to specialty stores to purchase products that will fit in our apartments. These tend to be custom made or custom imported for high-priced buildings, and are priced accordingly. The final challenge with local appliances is that instructions are often only in Japanese. Therefore, from an overall cost/benefit perspective,

meeting the objective of sourcing our appliances in the most efficient and cost effective manner possible does not necessarily entail local procurement.

6.3.19 Many items have already been identified to HQ and are listed in the SRSF workplan. The problem is that they tend to entail relatively high cost initial investments and are, therefore, not addressed. Please refer to the comprehensive MPMP and SRSF work plan and a series of independent suggestions that have been made over the course of the past three years, including:

- an environmental study by an environment expert to determine energy efficiency measures and make recommendations on how we can make improvements;
- replacement of all of the light ballasts in the Mission (estimated cost \$800K, estimated payback 4 years);
- installation of mylar film on all the windows (both a security and an environmental concern - estimated cost \$2 million);
- rewiring of the Chancery to take advantage of the \$130K Building Systems computer programme (study has been carried out);
- installing light sensors in all common areas, washrooms and offices;
- rewiring the main electrical panel from the service provider to take advantage of a 5 percent diplomatic discount (estimated cost \$300K, pay-back period 4 years).

The Mission has carried out electricity reduction through a plan whereby office ceiling lights are automatically turned off at 20H00 every weekday and throughout the weekend, resulting in significant cost savings.

6.3.20 Actioned. The PRIME data and the MPMP have been updated. Occupancy Agreements and distribution account updates are in progress and will be completely up to date by the end of this year's rotation cycle.

6.3.21 In progress. A report was tabled at the end of May. It should be noted that this was looked at in 2001/2002 but it was decided at that time not to proceed with a two-tiered system.

6.3.22 Actioned.

- 6.3.23** We concur with this recommendation. No new vehicles have been purchased in the last three years (with the exception of a small motorbike which the CPOG deemed necessary in the event of an earthquake and/or emergency). We will reduce the size of the fleet as the existing vehicles reach the end of their effective life cycle. Used vehicles have negligible re-sale value and can be used in the interim.

Recommendations for SRD

- 6.3.24** SRD should ensure there is a strong understanding of the terms and conditions of the Master Agreement and that the Department is fully capitalising on its contents.
- 6.3.25** The Department should be insistent on receiving audited financial statements on an annual basis relating to the status of the reserve fund. Statements retroactive to 2001 should be actively pursued.
- 6.3.26** SRD should assist the Mission in developing long-term plans for capital replacement and maintenance.

SRD Actions and Time Frames

- 6.3.24** We agree. SRD will be reviewing its strategy to oversee the Master Agreement in order to provide improved support to the Mission and to ensure the Department's interests in the arrangement are being properly served.
- 6.3.25** SRD has the Financial Reports on the Surplus Portion of Place Canada *** for the reporting periods up to March 31, 2004. SRD will be contracting an independent accounting firm to provide a financial audit of these records for the fiscal periods April 1, 2000 to March 31, 2004.
- 6.3.26** SRD has a five-year plan for capital replacement and maintenance. SRD will continue to work with the Mission to ensure that this plan is effective and fulfills the Government of Canada's obligations for its portion of the building as defined by the Master Agreement.

6.4 Finance

- 6.4.1** Finance is well run with a very strong financial officer (FI-03) managing the function. The financial officer has instituted weekly meetings, specific service hours and rotation of duties within the section to allow for effective backup. This has improved

morale and processing capabilities in the section. Mission accounts are well organized and appropriate processes and systems are in place providing good segregation of duties and controls.

6.4.2 The Mission effectively controls its budget of \$19.6 million (which includes Fukuoka and Nagoya) through the establishment of cost centres and commitments. The section processes accounting documentation for the Mission, Osaka, Nagoya and Fukuoka. An Executive Information System (EIS) has been developed which takes Integrated Management System (IMS) information and downloads managers' budget data into a spreadsheet format that is easier for managers to read. Managers receive information weekly and find it very useful. As the Business Intelligence (BI) system has now been rolled out to missions, the Mission needs to review how this could be integrated into its reporting requirements with a view to eliminating the Mission specific system.

6.4.3 The Mission is working with Technical Support and Development (SMST) to adapt IMS for Japanese characters in order to use Electronic Funds Transfers (EFTs) by the Mission. Using EFTs should increase efficiencies by reducing time devoted to producing and reviewing manual bank transfers and saving significantly on costs. The Mission processes approximately 6,000 bank transfers annually, which account for 85-90% of payments. Each bank transfer costs 800 Yen (\$9.90) and moving to EFTs will save 300 Yen per transfer. EFTs will cost 500 Yen. Once the Mission has EFT capabilities, a procedure is needed whereby EFT reports are reviewed regularly by the financial officer. The Mission will also need to ensure that monthly EFTs form a part of the month-end reconciliation with certification provided by the HOM, MCO and accountant.

Recommendation for SMFF and SMST

6.4.4 In collaboration with the Mission, complete the adaptation of the IMS system so that the Mission can move to the use of EFTs.

SMFF and SMST Action and Time Frame

**6.4.4 Implemented.
Mission Comment**

6.4.4 We successfully effected our first EFT payment on March 19, 2004. SMFF and SMFS were excellent at providing support and assistance in getting this system implemented.

6.4.5 The Mission uses numerous vendors providing the same products or services, which has proven to be costly and time consuming. In an effort to reduce banking charges and create economies of scale, the Mission should strive to use a

limited number of vendors and negotiate payment arrangements that allow for monthly payments. The Mission currently has 800 active vendors and several thousand inactive vendor accounts. These will be revised during the next IMS upgrade project. In the month of October 2003, the Mission processed 537 transactions. The Finance Section has started the process of consolidating invoices for certain vendors such as travel agents and has seen savings in bank transfer costs and staff time by paying only once a month.

Recommendation for the Mission

- 6.4.6 The Mission should reduce its vendor list, consolidate purchasing and encourage suppliers to invoice monthly rather than for each individual transaction.**

Mission Action and Time Frame

- 6.4.6 The Mission recognizes the importance of this and has already taken steps towards the consolidation of vendors and purchasing. The Administration Section is actively working with various sections within the Mission to ensure the continued success of this initiative.**

6.4.7 Utility bills are presently paid through directly debiting a Mission bank account specifically established for this purpose. This account is set up in IMS and is replenished each month to an amount equivalent to the anticipated expenses. The only other form of payment accepted by these suppliers is cash. Given the large amounts involved, this represents an unusually high security risk when payments are made in person.

6.4.8 Controls over revenues are adequate. A log is kept for all revenue received by the Accounting Section and official receipts are provided for revenues collected. These receipts, however, are not pre-numbered. At the time of the audit, the Mission was moving from collecting immigration revenues at the Mission to full collection at the bank. A separate bank account was opened for this purpose and is included in IMS.

Recommendation for the Mission

- 6.4.9 Pre-numbered official receipts should be used for revenue collected to improve tracking and control.**

Mission Action and Time Frame

- 6.4.9 Management of the Mission had identified this concern and it was actioned in November 2003.**

6.4.10 The Contract Review Board's (CRB) threshold could be increased from its current level of \$6,000 (\$2,500 for sole source or personal service contracts) to reduce the administrative burden. An analysis is needed of the past year's contracts to determine a suitable threshold. The CRB should continue to do spot checks of all contracts, notwithstanding their value. The Mission may wish to re-examine the current responsibility of the minister's (economic/commercial) assistant as the CRB secretary to see if this is the most suitable position for this function.

6.4.11 Travel and hospitality claims are generally well done, though a number of improvements are recommended. In general, original receipts are available; however, in some cases, credit card slips are attached without original receipts. Some receipts did not include any translation. SMFF indicated the need to develop a policy regarding when invoices needed to be translated. In the meantime, the Mission may wish to consider establishing its own set of guidelines. Hospitality and gifts received must be recorded. The Mission needs to ensure that at fiscal year end or on departure, copies of inventories of bulk purchases are included with the diaries. Hospitality claims should be submitted on a quarterly basis.

Recommendations for the Mission

6.4.12 Original receipts should be attached to travel and hospitality claims and a brief translation should be provided for goods and services received.

6.4.13 Hospitality and gifts received as well as copies of inventories of bulk purchases should be included with hospitality diaries.

6.4.14 Hospitality claims should be submitted on a quarterly basis.

Mission Actions and Time Frames

6.4.12 It is the Mission's practice only to process payments based on original invoices and to ensure that brief translations are provided on the invoice itself or on the document input form.

6.4.13 Actioned. Necessary steps are outlined in the most recent version of the Mission's hospitality guidelines.

6.4.14 This is the Mission's standard procedure and it has been re-communicated to all staff.

Recommendation for SMS

- 6.4.15** **Develop a policy regarding translation of invoices and other financial documentation for missions.**

SMS Action and Time Frame

- 6.4.15** **SMSP, in consultation with SMFF, will revise the existing departmental Account Verification policy to include the “translation” of financial documents as part of the verification process at missions.**

6.4.16 The cellular telephone policy needs to be reviewed to keep in line with modern management. To avoid administration time and expenses in preparing and processing numerous individual claims, LES officers could be compensated quarterly with an established flat fee, as part of the allowance on the payroll.

Recommendation for the Mission

- 6.4.17** **Analyse the business cellular calls made by staff to establish a suitable quarterly allowance for staff who use their own cellular telephones.**

Mission Action and Time Frame

- 6.4.17** **Actioned. An excellent suggestion which Mission staff greatly appreciated.**

6.4.18 Various sections and individuals in the Mission are currently using several versions of forms, for example EXT 52 (Hospitality Diary) and travel claims. With the new Forms@DFAIT site on the Department’s Intranet Web site, the Mission needs to instruct staff to use the current version of all forms from this site. This standardization of forms will ease the burden when the administration staff audits the claims.

Recommendation for the Mission

- 6.4.19** **Staff should use the versions of forms found on the Forms@DFAIT site.**

Mission Action and Time Frame

- 6.4.19** **The Mission has been working to standardize the multitude of forms used by various staff within the Mission and appreciates this recommendation which reinforces these efforts.**

6.4.20 The Canadian Embassy Association needs accounting assistance for its commissary and TGIF operations. The Association executive are volunteers and are elected annually. While the stock inventory is well maintained, the financial records of the Association showing revenues and expenses have not been kept up-to-date and there have been no financial statements prepared of its operation. A fiscal year end has not been established. Canada-based staff posted to Tokyo invested into the Association when it was originally formed, the amount of the investment depending on the rank of the individual. The records associated with these investments are missing. It is believed the current Head of Chancery is the only original investor left at the Mission. The former MCO was issued a cheque in 2001 for \$600 upon his departure from the Mission and the cheque was never cashed. Current inventory is valued at \$26,978 and the balance in two bank accounts is set at around \$28,000. The situation with the Association is serious and needs attention. As a first step, because of the HOM's overall responsibility for Mission operations, it is suggested the Financial Officer review the status of the account and implement appropriate controls.

Recommendation for the Mission

6.4.21 Appropriate financial controls should be instituted for the commissary and TGIF operations. Financial statements should be prepared and an independent review of its operations should be conducted by the Mission financial officer.

Mission Action and Time Frame

6.4.21 This was a recommendation in the last audit report. In the intervening time frame, we have effected two comprehensive audits of the association carried out by one of our LES. As this is a volunteer organization which does not have a reporting relationship with the Finance Section of the Mission, having the Mission financial officer review the operations may cause a conflict of interest, whereby the Mission would be responsible to the Commissary's board of directors. Instead, the Mission would like to have the financial statements of the commissary reviewed by an independent external firm on an annual basis.

6.5 Information Technology

6.5.1 The Information Technology (IT) Section is well managed and provides good service to clients. The section consists of two Foreign Service Information Technology Professionals (FSITPs), three System Administrators (SAs), and one LES who focuses on graphic design and Web site development. The senior FSITP has effected a number of recent improvements in service delivery including the

implementation of a “hotline” for service requests and the use of REMEDY to log service requests. IT staff were consulted in the development of these new working methods.

6.5.2 The IT Section is located on the fifth floor, apart from the Administration Section on the third floor. The Physical Resources section of this report suggests that all of the Administration Program be consolidated on the third floor to the extent possible.

6.5.3 The section has become involved in a number of very specialised initiatives such as the Human Resource Management System. The Mission recently funded a new SA position to provide support to these initiatives. The SAs feel they will require ongoing local training to be able to provide adequate support, particularly if the next senior FSITP does not have as strong a technical background as the current incumbent. The Mission should ensure these needs are incorporated into individual training plans.

6.5.4 No formalized workplan is in place in this section. This would be particularly helpful as it relates to a maintenance schedule for the other Missions in Japan.

6.5.5 The current SIGNET platform does not support Japanese language software or software used by the audio visual staff in the Facilities Section. The new SIGNET platform will address these problems, but is not due to be rolled out until January 2005.

6.5.6 The Tokyo Mission introduced a full Octel script in October 2003. This has improved operations at the reception desk and allowed the Mission to eliminate one receptionist position. The junior FSITP is responsible for the script with both receptionists trained to execute some programming such as creating mailboxes.

Recommendations for the Mission

6.5.7 The senior FSITP should review individual training plans given recent initiatives taken at the Mission.

6.5.8 A workplan for the section should be developed incorporating scheduled maintenance trip to all missions in Japan.

Mission Actions and Time Frames

6.5.7 Actioned. All of the FSITPs are receiving training as outlined in their training plans.

6.5.8 This is the purview of the Regional Systems Manager. The Mission is not funded for the FSITPs' maintenance travel to all missions in Japan. That is funded and managed by SXD.

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 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