Business Process and System Challenges

There is a lack of clearly identified and documented corporate processes and practices. Often, Head of Missions (HOMs), senior managers, and program managers do not have appropriate training for their accountability and authority levels. Because of the decentralized structure and lack of awareness, financial management structures and authorities can be unclear. This creates potential for a manager without the appropriate financial authority to approve spending.

There may be inadequacies in systems reporting, business practices and user knowledge to support managers in performing financial due diligence efficiently. For example, managers do not have full visibility or access to their budgets at the beginning of the fiscal year. In some instances, full budget visibility is not granted until January. As another example, systems tend to focus on larger size grants and contributions but smaller amounts are not tracked as thoroughly. The financial tracking system (IMS) does not provide adequate reports useful to managers and it lacks reporting flexibility. Because of this, managers use the data from various sources to produce their own reports in spreadsheets, and manipulate data to suit requirements not currently being met. There is a heavy reliance on labour-intensive, manual accounting procedures which may result in use of out-of-date, inaccurate, or poor quality data. Furthermore, because the financial management systems are complex, some managers rely on junior staff with in-depth knowledge of the systems resulting in managers not being as involved in the financial management process.

Finally, sufficient time between rotations is not being spent at headquarters for staff to adequately keep up-to-date on controls and new business practices.

Complex Business Conditions

Additional business conditions expose DFAIT to this risk:

- Security checks and clearances done on staff are not always adequate to indicate or predict fraud.
- The amount of cash DFAIT deals with is significant, and the requirement to deal with foreign currency transactions increases the overall level of complexity.
- DFAIT makes payments abroad on behalf of Other