

3 DETAILED RISK ANALYSIS

This section provides detailed analysis of each residual risk, including risk definition, key sources of risk, current risk mitigation practices in place, and potential impacts. These risks are presented in no particular order (but rather the order used in the workshop sessions). Appendix B defines the format for this section.

This risk analysis is based on the input provided by DFAIT interviewees and workshop participants and their feedback has been incorporated throughout the document. It reflects a consolidated view of perspectives which may differ depending on the viewpoint of the participant (and reader of this document).

Risk 1: Financial Management



Risk Definition

There is a risk that significant financial errors, omissions, or malfeasance, with a value greater than \$84,000, will occur.

This risk has the potential to impact DFAIT achieving its strategic outcome of *Corporate and Executive Services Support*.

Sources of Risk

Reliance on Local Operations

There is a heavy reliance on Locally Engaged Staff (LES) at missions, where it is not always possible to get security checks done. Often, less experienced Canadian Based Staff (CBS) are assigned to postings in higher risk missions, which tend to have a greater likelihood of corruption, for example, by LES accountants.

The Department does not have a robust succession planning process in place to address rotational postings. As CBS turn over occurs, there are instances of time-lags between one Management and Consular Officer (MCO) exiting and another arriving. Furthermore, CBS in management positions who have recently been rotated to a new posting are less familiar with local operations and may face language barriers making it more difficult to detect and deal with errors or fraud committed at their posting. Also, financial management of satellite posts takes place without the manager being on location further increasing reliance on local operations.