

**DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL  
TRADE**

**Corporate Risk Profile**



**INTERIS**  
Knowing What Works  
Is In Our Nature.

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## **1 INTRODUCTION**

### **1.1 BACKGROUND**

A risk profile describes the key risks that can prevent an organization from achieving its objectives.

Risks are events or circumstances, stemming from an organization's internal or external business conditions, which may negatively affect the achievement of the organization's objectives. The effective management of an organization's risks is critical to ensuring operational effectiveness and good governance. In recognition of these benefits, the Department of Foreign Affairs and International Trade (DFAIT) is developing a formal corporate risk profile that summarizes the risks that the organization faces.

### **1.2 RISK ASSESSMENT METHODOLOGY**

DFAIT's Corporate Risk Profile has been developed using the Interis risk assessment methodology. A risk assessment is a systematic process of analyzing an organization's business conditions and operating environment for the purpose of uncovering risks.

Interis Consulting Inc. facilitated the risk assessment process to develop DFAIT's corporate risk profile. This approach is multi-phased in nature and is described in detail below.

A fundamental characteristic of the methodology is that it is a facilitated self-assessment process. This corporate risk profile was developed based on input from DFAIT participants and reflects the risks and evaluations of these participants. Interis' team facilitated the consultation process to ensure adherence to standardized risk management principles.

#### **PHASE ONE: RISK IDENTIFICATION**

Phase 1 involved the identification and documentation of a preliminary list of the key risks to which DFAIT is exposed. Risks were identified through document reviews and interviews with DFAIT's senior managers. Please refer to Appendix A for a list of the interview participants.

#### **PHASE TWO: RISK ASSESSMENT**

In Phase 2, a series of six facilitated risk assessment workshops were conducted. These workshops were used to confirm the preliminary risk list, assess DFAIT's residual exposure to the risks after considering the existing controls already in place to address risk, select a response to the highest ranked risks in each workshop, and discuss preliminary mitigation strategies.



An additional two working sessions were conducted with members of the Management Committee (MC), where risk assessment was also conducted. Please refer to Appendix A for a list of the workshop participants.

The results of the workshops were then compiled into a corporate risk profile of ranked risks.

This document presents the results of Phase 1 and 2 and presents DFAIT's current Corporate Risk Profile.

### **1.3 DFAIT'S STRATEGIC OUTCOMES**

As described above, the main objective of the risk assessment process is to identify the risks that have the potential to obstruct the achievement of an organization's corporate objectives. As such, the risk assessment process was anchored on DFAIT's strategic outcomes as described in the 2007-08 Interim Program Activity Architecture.

1. Canada's Interests are Advanced Internationally
2. Canada's Commercial Interests are Advanced Internationally, both in Canada and abroad, in collaboration with Canadian business and other stakeholders
3. Government of Canada is Served Abroad
4. Canadians are Served Abroad
5. Corporate and Executive Services (Supporting Activity)

## **2 RISK PROFILE AT A GLANCE**

### **2.1 CONSOLIDATED RISK ASSESSMENT RESULTS**

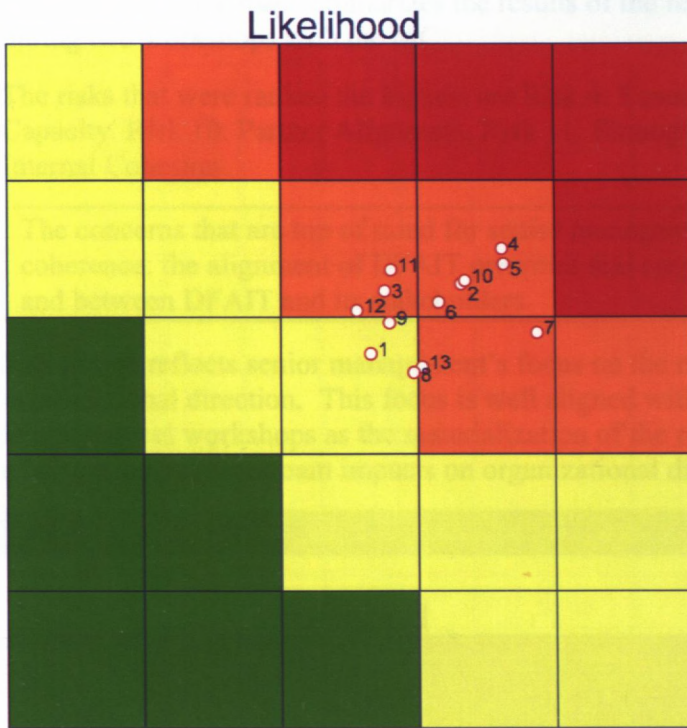
The following risk map summarizes the risks identified for DFAIT as at January 2007. The assessment is based on the residual risk exposure; that is the likelihood and impact of the risk after considering existing controls. Appendix C contains a larger version of the consolidated risk map as well as two detailed risk maps: one for the DG- and Director-level workshops and one for the MC workshops.

The risks requiring further attention appear towards the top right corner of the heat map (red and orange regions). The highest ranked risks are Risk 4: Resource Alignment, Risk 5: Staff Capacity, and Risk 7: Records and Knowledge Management.

The highest residual risks reflect DFAIT's corporate emphasis on its ability to manage its assets. The specific assets in focus are DFAIT's human resources, corporate records and knowledge, and DFAIT's ability to allocate resources to organizational priorities.

The DFAIT Corporate Risk Profile does not identify external, environmental threats or events that may occur and to which DFAIT would be required to respond (e.g. natural disasters, civil wars, terrorist attacks on Canadian embassies etc.). Because response to such events is part of DFAIT's mandate, the Corporate Risk Profile focuses on what could stop the organization from responding to this mandate, rather than identifying the events themselves.

Consolidated Results



Risk Name

1. Financial Management
2. Safety and Security
3. Business Continuity
4. Resource Alignment
5. Staff Capacity
6. Staff Capability
7. Records & Knowledge Management
8. Process and Control Compliance
9. Program Delivery / Transformation
10. Partner Alignment
11. Strategy / Policy Relevance
12. Litigation / Treaty / Trade Disputes
13. Internal Cohesion



## 2.2 MANAGEMENT COMMITTEE RESULTS

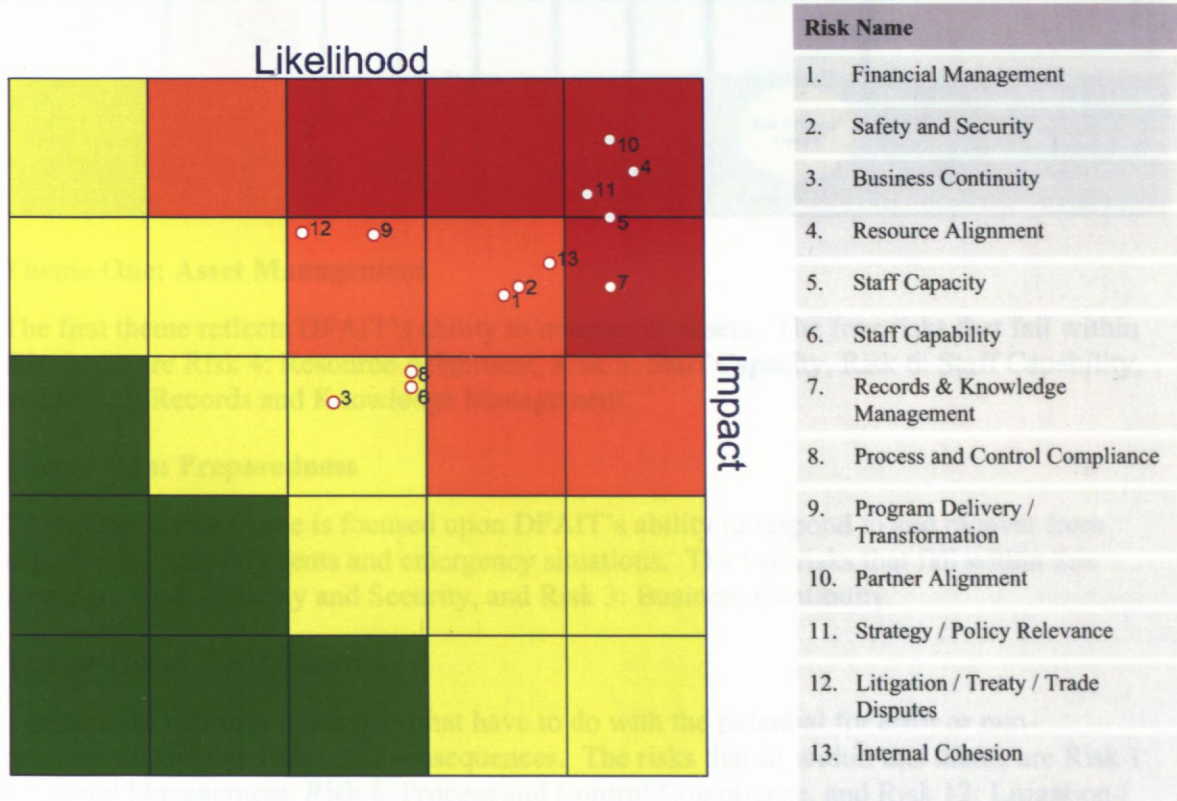
The following risk map summarizes the results of the residual risk assessment conducted during two workshops with the MC.

The risks that were ranked the highest are Risk 4: Resource Alignment, Risk 5: Staff Capacity, Risk 10: Partner Alignment, Risk 11: Strategy / Policy Relevance and Risk 13: Internal Cohesion.

The concerns that are top of mind for senior management can be grouped into the theme of coherence: the alignment of DFAIT priorities and corporate resources both within DFAIT and between DFAIT and its stakeholders.

This theme reflects senior management's focus on the management of corporate assets and organizational direction. This focus is well aligned with the results from by the DG- and Director-level workshops as the materialization of the risks associated with the management of assets have downstream impacts on organizational direction.

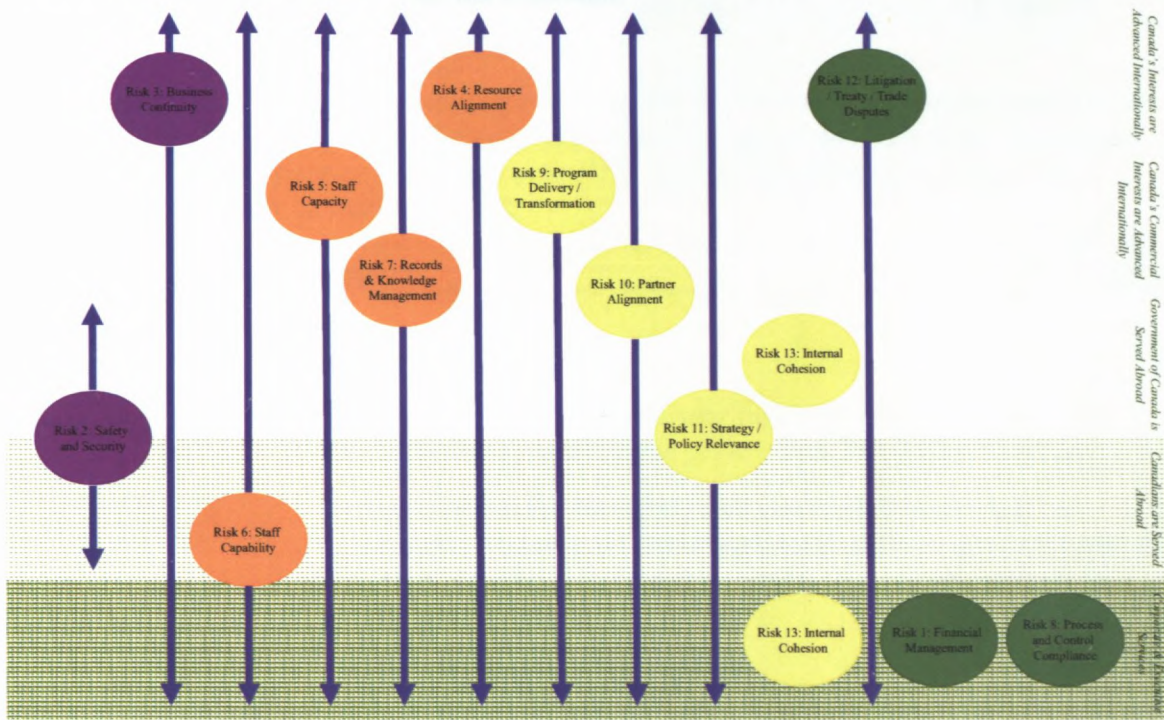
### MC Results





## 2.3 KEY RISK THEMES

The thirteen risks comprising DFAIT's corporate risk profile can be grouped into four themes. These thematic groupings and the link to strategic objectives provide management with a visual representation in the figure below of the information contained in the risk list.



### Theme One: Asset Management

The first theme reflects DFAIT's ability to manage its assets. The four risks that fall within this theme are Risk 4: Resource Alignment, Risk 5: Staff Capacity, Risk 6: Staff Capability, and Risk 7: Records and Knowledge Management.

### Theme Two: Preparedness

The preparedness theme is focused upon DFAIT's ability to respond to and recover from negative, unplanned events and emergency situations. The two risks that fall within this theme are Risk 2: Safety and Security, and Risk 3: Business Continuity.

### Theme Three: Compliance

Theme three captures those risks that have to do with the potential for error or non-compliance and the associated consequences. The risks that fit within this theme are Risk 1: Financial Management, Risk 8: Process and Control Compliance, and Risk 12: Litigation / Treaty / Trade Disputes.



**Theme Four: Organizational Direction**

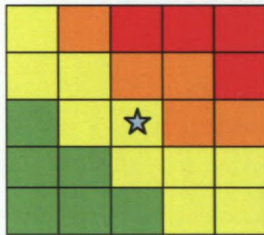
The Organizational Direction theme groups together a series of risks that focus upon DFAIT's current operations and future direction. The risks captured within this theme are as follows Risk 9: Program Delivery / Transformation, Risk 10: Partner Alignment, Risk 11: Strategy / Policy Relevance, and Risk 13: Internal Cohesion.

### 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.

### **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

Government Departments (OGDs) but does not have approval control of the payments.

This risk is compounded by Risk 5: Staff Capacity and Risk 6: Staff Capability because without adequate capacity and capability, the potential for the commission of financial errors and omissions increases.

### **Current Risk Mitigation**

Various governance and review committees are in place to help prevent this risk from occurring or to be able to discover occurrences after the fact:

- A Malfeasance Committee has been established by the Audit group
- A contracting board is in place and the responsibility for administration of the procurement process (a susceptible area for error or fraud) has shifted away from the Area Management Advisors to the Centre of Expertise for Contracting Services (also can be considered a driver of risk in the short term)
- Inter-Departmental project review committees exist for horizontal management
- The Management Committee, chaired by the Deputy Minister, reviews the financial state of DFAIT on a monthly basis

Various Acts and Codes in place:

- The Federal Accountability Act
- The Public Servants Disclosure Protection Act
- A Departmental Code of Ethics

Some training programs are in place:

- The Canadian Foreign Service Institute (CFSI) and the Canada School of Public Service (CSPS) are coordinating to develop and provide training at missions to meet training requirements

Some supporting processes are in place:

- The Central Agency review process

- A Financial Analysis Unit has been established to improve the quality of financial due diligence
- A financial risk assessment process occurs at missions
- A guide on budget management has been created to standardize processes across the Department
- Channels of communication exist to report suspected improprieties
- There is a segregation of duties in sensitive areas
- Internal and external Audit Committee plans are in place

### **Potential Impacts**

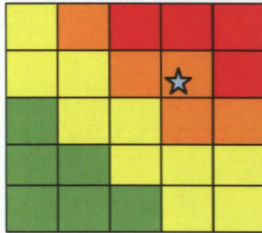
If this risk were to materialize, it could result in a reduced ability to make relevant projections and conduct financial management, which would hinder decision-making.

A reduction in program delivery effectiveness, inappropriate expenditures, misdirection of funds, significant financial losses, or a lapse of funds are other potential consequences of this risk, which compounds Risk 4: Resource Alignment.

A general perception of misuse of taxpayers' dollars, or errors in reporting to Parliament can erode DFAIT's and the Government's reputation, bringing about a loss of confidence from Central Agencies and other stakeholders leading to increased oversight and approval requirements.



**Risk 2: Safety and Security**



**Risk Definition**

There is a risk that external events (malicious actions or natural disasters) may endanger employees (CBS or LES), foreign dignitaries on Canadian property, Canadian-owned property, or IT systems.

DFAIT is responsible for maintaining the safety and security of staff and foreign guests, as well as physical and information assets.

This risk has the potential to obstruct the organization from achieving its strategic outcomes of *Government of Canada is Served Abroad* and *Canadians are Served Abroad*.

**Sources of Risk**

**Inherent High-Risk Nature of the Mandate**

DFAIT's mandate itself, and several of the services Canadians demand hold the potential for placing DFAIT staff at risk. For example, the evacuation of Canadians from Lebanon in the summer of 2006 required staff to be placed in a high-risk environment. Events such as acts of terrorism, war, natural disasters, civil unrest, can put people and assets in danger. Furthermore, there are perpetual gaps between intelligence information and the input required to make decisions to ensure security.

Some Canadian policies, such as the foreign policy position taken with respect to the Middle East, and the government's principle of disclosure increase the inherent exposure to this risk.

**Reliance on a Foreign Environment**

DFAIT relies on foreign infrastructure (including IT networks) in certain areas. Not having control over the infrastructure, the level of security and controls in place to gain access are not always adequate. DFAIT also relies on foreign and local contractors. In some cases it is not possible to get reliable security checks on these contractors.

Health and safety conditions overseas may expose staff to higher risk. For example, in some locations, disease is more prevalent

and lower standards of building maintenance increases potential exposure to health and safety risks such as mould.

### **Physical Constraints**

There are vulnerabilities in some physical systems in terms of infrastructure placement. For example, if certain cables are damaged or displaced accidentally, the systems will be exposed to significant disruption.

Physical (and financial) constraints, such as the cost of rebuilding and the condition of existing building footprints, limit DFAIT's ability to address some physical safety issues. In addition, some assets are located in buildings where other international targets such as embassies of other countries are co-located. In recent years DFAIT has invested relatively little in security upgrades compared to the other G8 countries.

### **Changing Work Environment**

There is an increasing trend of having staff members operate outside mission environments away from of the protection that missions provide. At a time when incidents of cyber-attacks are increasing and the workforce is becoming more mobile, gaps in mobile information security systems expose employees and information to more risk.

### **Other Conditions**

Additional business conditions expose DFAIT to this risk:

- There is a lack of understanding of (and thus a degree of non-compliance with) security policies by some members of staff.
- The perception of danger (often through media reports) may divert resources away from real threats, requiring DFAIT to spend money fixing the perceived problem (which, therefore, drives Risk 4: Resource Allocation).

This risk is compounded by Risk 3: Business Continuity and Risk 5: Staff Capacity.

### **Current Risk Mitigation**

The Departmental security program is in full operation. Ongoing security measures include:

- Threat and Risk Assessments (TRAs) have been

developed for all domestic facilities, and work is being done on them at the Missions abroad

- Building condition report assessments are conducted regularly
- Security clearances are sought wherever possible
- Incident reporting is strongly urged

A Memorandum to Cabinet (MC) has been submitted in December 2006 to request increased funding for security.

The IT renewal initiative addresses IT security, and Management of Information Technology Security (MITS) implementation is beginning within DFAIT. Departmental policies such as the Network Use Agreement and the Conduct Abroad Code are endorsed by staff.

Partners such as the RCMP and CSIS supply information to DFAIT, and intelligence is shared amongst allies. Media analyses are conducted regularly within the Department for intelligence gathering purposes.

Contingency Planning initiatives underway include:

- Standard Operating Procedures for some situations have been developed, and staff training and awareness of security issues is ongoing
- Some branches have in place duty rosters for after-hours service or response for security and IT Systems

The Public Sector Disclosure Act and other guidelines include measures to protect safety and security.

DFAIT has a cultural readiness to accept risk and staff generally demonstrates a willingness to take on higher-risk assignments.

### **Potential Impacts**

If this risk were to materialize, it could diminish the health and safety of individuals or result in injury or loss of life. From an asset perspective, sensitive information may be lost or stolen.

Productivity, effectiveness, and quality of services would be reduced as staff respond to incidents. There is also the potential for mission closures and staff reluctance to take on more dangerous assignments can result in the inability to provide

services which Canadians demand.

If safety and security incidents are not well-managed, DFAIT and Canada may lose the public trust and reputations may be damaged. In turn, allies may not be willing to share information as freely.



**Risk 3: Business Continuity**



**Risk Definition**

There is a risk that the Department's key operations will not recover from an emergency event in an adequate or timely manner.

The focus of this risk is on DFAIT's ability to recover from an emergency event, not on the event itself. As such, this risk includes the adequacy of existing plans and practices to enable a timely and adequate response to an unanticipated event.

This risk has the potential to obstruct the organization from achieving all of its strategic outcomes.

**Sources of Risk**

**Business Continuity Planning Inadequacy**

In general, the current state of business continuity planning in the Department is inadequate and inconsistent. In some cases, the missions in sensitive locations tend to be better prepared than headquarters. DFAIT does not have a single Departmental Business Continuity Plan (BCP) or authority in place. Although some BCP components do exist they are in need of updating.

Lessons learned are not consistently integrated into corporate operations, thus, potential efficiencies are not realized to improve response to future events. As an example, lessons learned from dealing with the Tsunami aftermath exist, but were not translated into best-practices at the corporate level which could have aided in subsequent responses (e.g. for the Lebanon crisis). Certain areas are integrating lessons learned; however, it is not being done holistically across the Department.

The recent flood in Tower C of 125 Sussex Drive highlighted the need for better emergency communications planning and temporary re-location plans for workers when their workstations are not available.

In the situations where business continuity information is in place, it is felt that the information may be cumbersome. There is a need for a more streamlined approach. As an example, there are 5 binders for BCPs at the Washington mission.



Finally, articulation of key systems and key business processes has not been documented for the whole organization. In instances where it is detailed, information may be out of date.

### **Complex Business Conditions**

There are a large number of stakeholders involved in ensuring adequate capability to recover from an emergency. In general, there is a lack of interoperability between areas of the Department and with other government departments.

There is very little capacity for response to some situations. Physical and financial constraints limit DFAIT's ability to address some of these physical safety issues including the cost of rebuilding the HQ. Another complexity in planning for responses is the high level of dependency the Department has on outside actors to maintain services such as servers and communications equipment to name a few. Certain programs have off-site server backups but there is no off-site redundancy for the servers housed at HQ.

This risk is compounded by Risk 2: Safety & Security.

### **Current Risk Mitigation**

BCPs exist in some missions, however, many of those need updating.

There is an inter-Departmental Emergency Response Committee in place and the BCP unit in Public Works and Government Services Canada (PWGSC) conducts audits on Departments' BCPs.

Building condition reports and Threat and Risk Assessments (TRAs) are conducted regularly.

IT Renewal is ongoing and IT assets are being renewed cyclically.

Contingency Planning initiatives underway include:

- Standard Operating Procedures to deal with some situations have been developed and staff training and awareness of security issues is ongoing
- Some branches have in place duty rosters for after-hours service or response for security and IT Systems

- Standard operating procedures for inter-Departmental communications are being developed
- A plan is being put together to engage senior management in the BCP process

**Potential Impacts**

If this risk were to materialize, it could result in loss of key information, reduced effectiveness of programs, diminished service to Canadians, and a significant loss of productivity. Technological failures may lead to decisions being made with inadequate information. An overall consequence would be damage to the reputation of the Department and the Government.

**Risk 4: Resource Alignment**



**Risk Definition**

There is a risk that resources may be misaligned with DFAIT priorities and activities.

In order to effectively deliver business priorities, sufficient levels of resources (financial, physical, staff, management, etc.) must be allocated (or reallocated) to these objectives and activities. If the organization does not have appropriate levels of resources, business objectives must be reprioritized and changed. The organization must have appropriate mechanisms to reallocate resources to current priorities and activities.

This risk has the potential to impact DFAIT's ability to achieve all of its strategic outcomes.

**Sources of Risk**

**Lack of Clarity on Priorities**

Organizational priorities are articulated at a high level as part of the planning process but are not well detailed or communicated in operational or local terms to support daily management. The lack of detail creates potential for misalignment between operational resource allocations and articulated priorities.

**Continual Change**

DFAIT operates in a business environment characterized by change, and therefore must regularly respond to unanticipated events and requirements. This exposes DFAIT to the potential for misalignment of resource allocations with organizational priorities. Further, DFAIT is influenced by events on the international and national stages, priorities set forth by Central Agencies, and the voice of Canadians. A robust priority-setting process is not in place to manage this business condition, nor are adequate processes in place to revisit existing programs to evaluate their continued relevance.

**Increasing Expectations**

DFAIT is facing resource strain due to increasing demand for DFAIT services, increasing Central Agency management and reporting requirements, and growing demands for response to

world events from Canadians (as highlighted in Risk 2: Safety and Security).

As described in Risk 10: Partner Alignment, as other areas of government continue to have a presence on the international stage (Agriculture, provinces), DFAIT must increase its coordinator and platform-provider roles. Other examples of areas where DFAIT is experiencing growth include trade litigation, communications, supporting conferences, and addressing ATIP and correspondence requests. Often, there is an expectation that the additional resources required to comply with Central Agency requirements will be absorbed by the Department, thus additional resources are not allocated by the Centre and must come out of DFAIT's existing resource base.

#### **Lack of Resource Allocation Mechanisms**

Resource allocation mechanisms beyond the Program Activity Architecture (PAA) level are not clear, making it difficult to clearly identify or articulate how resources are to be allocated at the local level. This condition is exacerbated by high-level priorities that have a tendency to multiply when they are cascaded down, so that a single entity may have too many priorities to realistically be able to address within the given resource base. Further, in some instances, the communication of priorities lags, making it difficult to allocate resources in a timely fashion, as described above.

Management processes and systems are not in place to enable the anticipation of where to evaluate, allocate, and monitor resources in response to operational demands or the addition of new priorities. In addition to which, there is a culture of managing budgets in silos (e.g. there lacks consultation between HQ and the field) which limits DFAIT's ability to take strategic, holistic, timely reallocation and alignment decisions. Taken together, these factors diminish DFAIT's ability to reallocate resources between branches in support of priorities.

#### **Budget Management Culture**

DFAIT's budget appears large given the nature of its mandate and the high proportion of assessed contributions. Budgeting decisions are made incrementally based on historic budget levels rather than on the basis of strategic allocation of resources to priorities or activities.

There is recognition that required cuts, both current (Baird, ERC) and future, will be hard to achieve without mandate or program delivery impacts, but budgeting and resource allocation decisions are being made on an incremental basis (e.g. percentage cuts across the board rather than targeted mandate or program cuts). Further, just as priorities are articulated at a high level, there is a sentiment that while decisions of where to cut are clear at a high level specific component-level cuts are not clearly articulated.

From a cultural perspective, DFAIT has not yet made permanent changes to reflect slated budget cuts. Some programs slated for cuts are being funded in-year with reallocations, and work is continuing to happen in areas that were considered to be cut (e.g. Public Diplomacy).

This risk is compounded by Risk 1: Financial Management, and Risk 2: Safety and Security.

#### **Current Risk Mitigation**

DFAIT's Management Committee reviews the Department's financial state on a monthly basis, and a Departmental reserve exists to address in-year issues.

A results-based management strategy is presently being developed, and a suite of structural processes and tools are currently in place to support resource allocation and priority-setting:

- Budgeting process
- Business planning process (note that participants in the workshops identified it as weak)
- RBAF and RMAF processes
- Country Strategy and Market Strategy processes
- HOM mandate letters
- The Performance Management Agreement (PMA) process
- Political Economic Reporting on Public Affairs (PERPA) renewal

Stakeholder consultation and management meetings are in place with respect to managing capital between stakeholders (DFAIT-CIDA, CIDA-DND-DFAIT).



### **Potential Impacts**

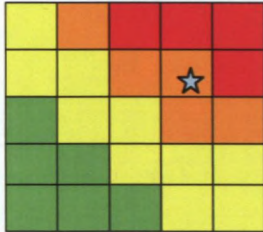
If this risk were to materialize, the potential impacts fall across several categories: people, efficient use of resources and organizational effectiveness.

Where resources are misaligned with priorities, individuals in high-priority areas may experience increased workloads, leading to increased turnover or burnout of employees. As such, this risk has the potential to drive Risk 5: Staff Capacity.

Where resources are misaligned with priorities, potential impacts include infrastructure erosion, inability or reduced capacity to change direction of funding, poor financial efficiency and inability to achieve corporate priorities (especially if resources allocated to address planned DFAIT priorities and activities are re-directed to unplanned events).

From a strategic perspective, the materialization of this risk is associated with a diminished ability to allocate resources to best meet DFAIT's objectives. This challenges the long-term sustainability of the Department. Further, this may result in a loss of public confidence or loss of confidence on the part of Central Agencies if, for example, funds are lapsed or if DFAIT is not in compliance with Central Agency requirements.

**Risk 5: Staff Capacity**



**Risk Definition**

There is a risk that the Department may not be able to acquire and retain adequate levels of staff and management to deliver Departmental activities.

This risk focuses on the capacity (number of appropriate staff) needed by the Department to achieve its objectives. For example, there are currently 48 Foreign Service Officer (FSO) positions waiting to be staffed but that remain unfilled, and 40 FI positions have been available in finance for the past 9 months.

This risk is closely aligned to Risk 6: Staff Capability (skill set).

This risk has the potential to obstruct the organization from achieving all of its strategic outcomes.

**Sources of Risk**

**Increased Competition in Recruiting and Retaining Staff**

The environment for acquiring skilled staff is very competitive (especially in finance, project management and HR). As a result, poaching of DFAIT staff by other Departments as well as other internal units is a common problem.

DFAIT's demand for staff levels is affected by the rotational nature of the Department's assignments. The rotational nature of work causes an accelerated rate of turnover within certain positions. Furthermore, staffing senior positions (such as program management positions) for rotational staff may be an inadvertent disincentive to non-rotational staff who may feel that they will not be rewarded for high-level performance. Also, rigidities in the staffing and reassignment processes make it more attractive for staff to look outside the Department for opportunities.

**Systemic Cultural Change and Erosion of Incentives**

There has been a fundamental shift in how individuals view their careers. The current view is more transient than in earlier generations, thus making talent retention a greater challenge. There has also been a demographic shift where both spouses have

careers which can limit the pool of individuals who are willing to consider relocation.

The current state of the foreign service benefits may no longer be an incentive to attract candidates. For example, requiring spouses to be hired as LES rather than CBS may not be attractive.

### **Insufficient Capability of Supporting HR Processes**

The HR Branch itself has one of the most acute capacity shortages. Turnover in the HR Branch is approximately 45% compared to the general public service rate of about 22%. This shortage of capacity in turn affects the Branch's ability to provide effective support to line managers in staffing activities.

Although the Department has the available open positions, the onerous staffing processes are creating delays in filling them. Litigation over promotions and appointments slows down the promotion and hiring process which further compounds exposure to this risk.

In addition, as the proportion of LES grows, the amount of corporate HR management capacity for administration of pensions, and insurance terms and conditions grows. For example, because the nationality of LES can be different than that of the country they are working in, pension administration efforts increase.

There are integrity problems with HR data that limits ability to provide line managers with information to support management decision-making.

### **Increased Demands on Management and Staff**

Central Agencies are increasing requirements of Departments. For example:

- DFAIT is required to provide annual assurance on the organization's management control framework
- New financial polices require more time to comply with
- HR Public Service Modernization Act (PSMA) implementation requires more work in the areas of reporting, monitoring and evaluation

Responding to growing demands increases the workload of existing staff. There are gaps in terms of people, systems and funding available to deal with the increased workload.

There are increasing service demands. For example, ministerial briefings, ATIP, and correspondence are growing areas and DFAIT has little control over volumes. Further, DFAIT has little control over the demand for support to partner Departments. For example, Trade Law is engaged in Canadian trade-related disputes which often arise out of actions of other Departments.

The official language and foreign language requirements also place training demands on staff requiring time away from daily work.

A high level of effort is required to fill in gaps due to rigidity in the staffing process. There is insufficient support available to managers in HR processes, which are brought about by a lack of capacity within the HR Branch itself.

Labour relations between the Professional Association of Foreign Service Officers (PAFSO), the Public Service Alliance of Canada (PSAC), and other employee associations are very complex in nature. This situation is amplified by the litigious environment and the sense of entitlement prevalent amongst the rotational FS staff.

#### **DFAIT's "Brand" Weaknesses**

Candidates may perceive DFAIT as not to be in full compliance with the government-wide HR policies. Prospective employees may see this as a reflection of the working atmosphere and decide to seek employment with another department that is in full compliance.

There is also a perception amongst some staff of poor managerial integrity. For example, some promises made in previous years have yet to be fulfilled. Also, there is a lack of confidence that the public sector surveys will result in any significant changes.

Gaps in spending on Health and Safety exist. For example, the health support services abroad have not been increased on par with the growth of staff abroad.

#### **Additional Business Conditions**

Additional business conditions expose DFAIT to this risk:

- There is no effective pool system to manage recruitment of non-rotational staff
- An overall management structure for LES is not in place;



rather it is done in an ad hoc manner

- There is less career mobility for LES compared with CBS
- Employee handbooks, which outline the terms and conditions of employment for LES, are out of date, in some cases by 10 years and without clear directions, efforts may be increased unnecessarily

This risk is compounded by Risk 4: Resource Alignment and Risk 6: Staff Capability.

### **Current Risk Mitigation**

A new Director General (DG) has been hired to look after the Human Resources Policy and Operations Bureau (HRD). The Department is also currently engaging “task-forces” to develop solutions to staffing issues. These task forces are comprised of people from different divisions within the Department, temporarily grouped together to work on specific tasks. In addition, an advocate (from the ADM-level ranks) for middle managers exists.

Targeted recruitment and hiring is conducted. For example, the communications community office is used to target candidates. Also, temporary solutions such as the use of overtime, secondments, term hiring, special recruitment processes, and external contracting are applied. DFAIT ensures overseas Foreign Service positions that are critical to service delivery are filled before positions in HQ are, leaving gaps in the HQ.

An action plan in response to the PS Survey has been drawn up. HR management plans are in process for each bureau, which will roll up into a corporate HR picture. Some branches practice succession planning. Efforts to build a conflict-competent organization are being made.

The Foreign Service Institute programs and other internal training programs are offered to help staff and managers learn necessary management skills including staffing skills.

LES issues are being reviewed; “LES of the Future” project is underway. Also dual pension schemes are offered in certain countries.

### **Potential Impacts**

If this risk were to materialize, it could result in a loss of corporate knowledge, time, and money already invested in the training and development of employees who then leave the Department.

To compensate for decreased capacity within the HR Branch, downloading of corporate functions to managers would increase. These managers, unfamiliar with the downloaded functions may make mistakes when performing these new functions and may further compound turnover and recruiting challenges.

In understaffed areas, there will be delays in processing times. The Department may also miss important economic or relationship development opportunities because of insufficient levels of staff available to utilize these opportunities.

An opportunity to grow or retain talented LES would be lost. Growing feelings of frustration and deterioration of employee relations may lead LES in some locations to unionize or may lead to increased litigation.

Decreased morale may result in circumvention of controls or misuse of assets (e.g. passport controls, control of secure documents), as such, this risk compounds Risk 8: Process and Control Compliance and Risk 1: Financial Management. The adequacy or accuracy of information provided to the government, minister or deputy minister may be compromised if sufficient attention can not be given to a request.

Diminished ability to conduct long-term planning and focus on long-term objectives due to focus on daily or crisis management requirements will result in decreased performance of the Department.

**Risk 6: Staff Capability**



**Risk Definition**

There is a risk that Staff may not have the skill sets required to carry out their roles and responsibilities.

This risk focuses on the capability (skills sets, qualifications, expertise, etc.) of DFAIT's staff to achieve the Departmental objectives. This risk is closely aligned to Risk 5: Staff Capacity.

This risk has the potential to obstruct the organization from achieving all of its strategic outcomes.

**Sources of Risk**

**Misaligned Management Skills**

Heads of Mission are selected for their expertise in diplomacy but the success or failure of missions is dependent heavily on management effectiveness. In a similar manner, senior managers are selected primarily for their program expertise rather than for their management effectiveness. Corporate functions such as staffing are being "downloaded" to line managers who may not have the required knowledge base to perform the functions properly. Project management capabilities and capacity are not readily available or are not that strong within the Department.

The Department's large number of policies and legislative frameworks require constant skills updates but there is insufficient clarity of which skills-sets are required overall.

**Supporting HR Management Processes**

The performance management system of the Department better encourages project, policy, and program skills than management skills. Performance management evaluations are not reliable in providing adequate feedback. In effect, DFAIT is not rewarding management excellence. A career management process is not in place to assist in the development and growth of resources. Formalized succession planning is not wide-spread in the Department. HR planning has historically been done largely on an informal basis or in silos.

Since adequate classification or compensation incentives are not available to MCOs and others who take on high-risk or

undesirable postings, it is difficult to staff appropriately qualified individuals to these postings. As a result, less qualified staff members often receive such positions.

#### **Pre-Mature Promotions**

Foreign Service staff members tend to get promoted quickly to middle management positions without adequate experience or training due to the need to fill positions quickly.

#### **Gaps in Training**

The demand for training in the Department is very high, and the scope of the training requirements is vast. As a method of coping with the highly demanding workloads, scheduled training is at times put aside in order to address urgent requests.

The standard FSO training provided is not always enough to produce fully-qualified staff. On-the-job experience is very valuable in the Foreign Service.

The official language and foreign language capacity within the Department is low within some of the missions, senior management, and audit. Management and executive (ADM) level training is not readily available. There is a perception amongst some staff that similar attention is not given to non-rotational staff training and development as compared with rotational staff training and development.

#### **Structural Issues**

Canada's proportion of positions abroad compared to those at HQ is low compared with other G8 countries. Also, the proportion of DFAIT employees to the proportion OGD employees abroad is comparatively low.

This risk is compounded by Risk 7: Records and Knowledge Management.

#### **Current Risk Mitigation**

Training, both formal and on-the-job, is a key mitigation for this risk. Training programs are encouraged and supported by training or learning plans. The Department is developing communications on training and the needs assessment process. Programs are offered by the Foreign Service Institute and the Canada School of Public Service (CSPS). Some LES training is



provided for Trade; however, it is not structured sufficiently towards development of individual skills-sets. Travel duties are provided to staff to enhance their knowledge of the Department's operations at missions. Also, Values and Ethics training is provided and the PMA for 2007-08 will measure values and ethics performance.

Competency-based hiring is now practiced at DFAIT. A performance management program is in place along with a peer review process. A performance improvement program to develop underperforming employees is in place.

Centres of expertise are being developed. Responsibility for administration of the Departmental procurement process has recently been recentralized, shifting responsibility to the Centre of Expertise for Contracting Services.

A strategy is being developed for the updating of LES handbooks to provide adequate guidance at missions around policies and procedures.

Costing policies are being developed to allow special bonuses for high-risk postings in order to attract highly-skilled staff to such postings.

### **Potential Impacts**

If this risk were to materialize, it could result in inefficiencies in operations and delivery of services or programs. Delays in processing time in centralized areas such as the Centres of Expertise for Contracting Services may occur.

There may be an increase in incidents of non-compliance with policies including the Official Languages Act and other policies. Lack of experience may lead to inappropriate decisions being made (especially vulnerable to this is legal and senior diplomatic advice), a lack of knowledge transfer or the provision of bad advice.

**Risk 7: Records, Information, and Knowledge Management**



**Risk Definition**

There is a risk that corporate records, information, and knowledge will be lost and/or will not be reabsorbed into the Department.

The Department faces many challenges integrating records and information management systems into daily operations. Within the Department files tend to be stored on the I-drive and in e-mails, which are not records management systems. Without records and information management, managing knowledge may become a challenge.

This risk has the potential to obstruct the organization from achieving all of its strategic outcomes.

**Sources of Risk**

**Technology Implementation Limitations**

The Department does not have the appropriate capacity to manage information adequately. Tools exist, but implementation has not been fully successful because the information management system is seen as cumbersome. As a result, the current systems are being adopted slowly, and in some cases, are being bypassed. Some reasons for the low take-up of the records management system include:

- A single, reliable information system that can be used by all staff is not available
- Not all staff have access to the systems that are in place
- Methods to circumvent InfoBank existed from the beginning
- InfoBank has significant limitations (real or perceived) such as not allowing new team members to see archival information
- There is a prohibitively high expense to expand implementation of the system
- Interoperability gaps exist (e.g. the TRIO system, does not interact with InfoBank)
- There is a three year gap in developing a sound strategy for archiving of information in regional offices, which do not yet have InfoBank or TRIO

Technology requirements constrain the Department's ability to act. For example, server space and retrieval of large volumes of information may be costly and time consuming.

#### **Lack of Redesigned Processes**

The records management system was introduced as a technological tool and was not accompanied by adequate business process redesign to achieve objectives.

The process of e-mail management has not kept up with adequate records management business processes. There have been reductions to the number of desk officers and staff at missions dedicated to filing. An example of a consequence resulting from the current situation is the difficulty in finding detailed information on the history of Canada's involvement in certain international organizations. Another indication of the strain caused by a lack of adequate records and knowledge management processes is the difficulty in complying with ATIP request requirements.

#### **Lack of Information Management Framework**

The organization lacks a collective information management practice that takes into account the broadened definition of documentation (email, letters, files, notebooks). Documented standards for records management are not in place, indicating that records management is not perceived as a Departmental priority.

Managers and individuals are not aware of their obligations and responsibilities with respect to records and knowledge management. There is a greater proliferation of documentation, coupled with less clarity on what to keep on file. Training has not been given in a timely fashion to help staff adapt to the new reality of electronic files. Ownership of older files is unclear, many documents are being destroyed, and some important ones may be destroyed due to the lack of proper management of the documents over time. Staff do not know where or how to archive paper-based information properly.

There is no defined method for sharing or transferring information to the Provinces and to other government departments. As well, information transfer methods to the regions are not uniform.

### **Lack of Knowledge Transfer**

Cultural perceptions exist amongst some individuals that information on computers or in files is a personal rather than a corporate information asset. On-the-job experience is very valuable in the Foreign Service field but hard to capture or share. The rotational nature of job assignments and the turnover of staff further compound this situation. In the period when one rotation is completed and the next is starting, an adequate overlap between incoming and outgoing incumbents is not in place to enable proper knowledge transfer. This creates a gap in the sharing of files when an employee moves from one rotational post to the next.

This condition is compounded by the increasing incidence of employees from OGDs taking on temporary Foreign Service (FS) assignments or exchanges with DFAIT, and then going back to their OGD upon completion of the assignment.

This risk is compounded by Risk 5: Staff Capacity and Risk 6: Staff Capability.

### **Current Risk Mitigation**

Records management technology is operational in some parts of the Department. Committees have been established to review the risk and to develop a solution.

Current areas of best practice are being developed:

- At SMC, the intranet and InfoBank are used to document all business processes and policies
- Comprehensive pilot programs are running at some missions to conduct an assessment of business processes and needs related to records and knowledge management. In Prague, an information management improvement program is being piloted

Supporting human resource initiatives underway include:

- Mentoring as a knowledge management process is in place in some units such as Common Services Abroad Planning and Coordination Division (SMC)
- The HR Branch is conducting a pilot on succession planning for the next five years



A dedicated group of historians are in place for archiving and chronicling information for the Department.

**Potential Impacts**

If this risk were to materialize, it could result in increased incidents of non-compliance with policies and obligations such as financial accountability, ATIP, and government retention and archival policies. Without accurate records, international obligations (such as paying international organization fees) may be overlooked, leading to embarrassment.

Inconsistent filing and record-keeping can lead to a loss of information or corporate history, which can lead to failures or operational mistakes that could have easily been avoided. Risk 12: Litigation / Treaty / Trade Disputes is compounded by the materialization of this risk, as trade disputes are often litigated based on history, and in the absence of historical records, exposure to Risk 12 increases.

A diminished ability to share information and increased training costs as new managers relearn the correct information management processes can lead to work inefficiencies.

The timeliness, adequacy, or accuracy of information provided to the Ministers or Deputy Ministers may be compromised. Wrongful disclosure of sensitive information may also occur leading to an erosion of DFAIT's and the Government's reputations.

**Risk 8: Process and Control Compliance**



**Risk Definition**

There is a risk that established processes and controls may be circumvented.

Process and control compliance is an important cornerstone of sound, accountable management. DFAIT must continue to ensure that established processes are reasonable (that the organization is not over - or under - controlled) to enable effective service delivery and the organization is in compliance with established guidelines.

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

**Sources of Risk**

**Complex Business and Cultural Conditions**

Given DFAIT's mandate, a culture of "the ends justify the means" exists in some areas, as there is a desire to get work done with a high level of quality, in a timely fashion. Some staff feel it is necessary to bypass certain controls in order to deliver in a timely fashion. This situation is further compounded by the fact that DFAIT is increasingly working in a time-sensitive business environment where fast responses are necessary. For example, during the workshops, participants noted that some HR systems and processes in place are seen as ineffective (e.g. categories of classifications) and may be circumvented to effectively recruit and retain talent.

There is also a challenge in balancing the existing policy culture with the need for service and program delivery in some parts of the Department. This increases the potential for unintentional circumvention of established controls and processes. Also, key controls and processes disappear with rotations and other organizational changes.

**Control Environment Increasing Demands on Staff**

A major driver of this risk is the volume of controls, processes, and policies in place. There is a perception that the Departmental culture is one of over-control where the costs of control are not always consistent with benefits of the control, or that some

controls presently in place are impractical.

Management is expected to be aware of, and responsible for complying with a large volume of controls, processes, and policies.

### **Complex Geographical Operations**

An additional driver of this risk is the geographic dispersion within which DFAIT operates. HOMs and MCOs are expected to be up-to-date with policy requirements as they arise (e.g. Accountability Act). HOMs and MCOs must interpret how a given policy or directive will be implemented within their mission while respecting local laws and customs. HOMs and MCOs do not receive sufficient support (e.g. training, access to best practices, executive summaries) to assist them in interpreting how to implement a given policy or directive in their mission.

The types of projects carried out by DFAIT tend to be high risk in nature, as such, there are many controls in place to account for the capacity and capability of the Department to manage the projects which increases the complexity and level of effort required. This increases the potential for errors and omissions.

When program delivery occurs overseas, some of the standardized processes and controls that are in place at HQ may not be applicable or desirable.

This risk is compounded by Risk 5: Staff Capacity, Risk 6: Staff Capability, and Risk 7: Records and Knowledge Management.

### **Current Risk Mitigation**

DFAIT presently has several mitigating actions in place to increase awareness and accountability with regards to process and control compliance:

- Decision making committees and a governance framework are in place
- DFAIT has revised its delegation matrix and is providing delegation training
- PMAs now reflect accountabilities and business plans
- Supervisory review processes are in place
- A financial statement readiness audit is in process

- Feedback from users and missions is sought
- Quality Management System

Further, several acts and policies that have been introduced serve to increase accountability and awareness:

- Accountability Act
- Public Service Modernization Act
- Procurement Reform
- New Internal Audit Policy and Financial Policy suites

### **Potential Impacts**

If this risk was to materialize and non-compliance was exposed, DFAIT may suffer reputation damage. Such exposure can result in loss of confidence in the Department, and potentially, loss or reduction of DFAIT's authorities. The Department may face scrutiny and increased regulation associated with potential for increased costs, inefficiency, and further non-compliance. In extreme conditions, the Minister's may not be in compliance with their obligations.

Specific potential consequences of circumvention of processes and controls may include:

- Breach of international control commitments
- Possible contravention of Canadian law
- Compromised information provided to Minister, Deputy Ministers, Parliament or Central Agencies
- Values and ethics breaches
- Increased exposure to legal action and liability
- Misuse/mishandling of Export Permits or Passports (both of which are particularly vulnerable to fraud and criminal action)



**Risk 9: Program Delivery / Transformation**



**Risk Definition**

There is a risk that DFAIT may not successfully integrate a program delivery orientation into the Department's culture and processes.

While TBS and the Centre embrace the ideals of modern comptrollership and results- and outcomes-driven management, DFAIT is facing the challenge of balancing the existing policy culture with the need for a service delivery orientation in the Department.

This risk has the potential to impact DFAIT's ability to achieve all of its strategic outcomes.

**Sources of Risk**

**Misalignment Between Required and Current Competencies**

Historically a policy shop, DFAIT has not sufficiently developed the competencies it needs to be able to articulate its mission and mandate in the terms that TBS, the Centre, and other key stakeholders are looking for. As an example, there are instances where the Centre requires an explanation of historic decisions, and these must be articulated in a way that is understood and accepted by the Centre.

The recruitment methods used to hire the current DFAIT staff were not aimed at service delivery or program delivery management. Insufficient tools and training are available to develop current staff towards this goal (e.g. finance skills, Grants and Contributions (G&C) management). Further, the Department has not assigned a specific senior manager to lead and manage the transformation towards a program delivery orientation.

**Lack of an Integrated Approach**

Another major driver of this risk is the lack of integration between all of the systems required to support program delivery. There have been instances of one-off strategies being implemented to support one program rather than a corporate-wide strategy being undertaken to develop enterprise systems to meet multiple program delivery requirements. In some cases,

various support players were not adequately involved in the design of corporate programs and platforms (e.g. HR, Internal Audit considerations). Further, there are gaps in enabling policies (e.g. the Transfer Payment Policy).

### **Complex Business Conditions**

This risk is closely related to Risk 4: Resource Alignment. Two items in particular were identified as risk drivers under the Resource Alignment risk also drive this risk:

- Inadequate mechanisms exist to scope out the impact to the Department in accepting accountability for new programs. This condition drives the Program Delivery / Transformation risk, as such mechanisms are required in order for DFAIT to be able to effectively prioritize programs and services and communicate its needs to the Centre and other stakeholders.
- DFAIT operates in a business environment characterized by change, whereby DFAIT must respond to unanticipated events and requirements. This condition impacts DFAIT's ability to devote resources towards building the competencies the Department requires.

The Program Delivery / Transformation risk is closely related to Risk 10: Partner Alignment. The Program Delivery / Transformation risk is also driven by Risk 13: Internal Cohesion.

### **Current Risk Mitigation**

DFAIT presently has the following mitigating actions in place to address this risk:

- Executive Committee retreats are used as an opportunity for setting strategic policy direction
- Transition planning
- Communications strategies and planning
- Completion of Management Accountability Framework (MAF) assessments
- Reporting to parliament through the Report on Plans and Priorities (RPP) process
- Business planning (identified as weak)
- International Policy website & Communications Bureau

### **Potential Impacts**

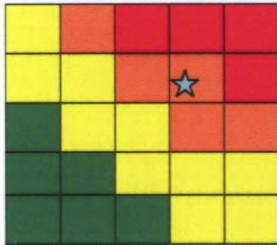
As this risk materializes, DFAIT will continue to experience being challenged by the Centre to explain the Department's decisions and direction, which may erode the relationship and level of understanding between the Department and the Centre. Erosion in the relationship and level of understanding may eventually erode DFAIT's ability to secure additional funds from the Centre, as the Centre may doubt DFAIT's ability to utilize resources effectively.

Further, DFAIT resources may be poorly utilized, which will result in diminished efficiency and effectiveness. Stakeholders that rely on DFAIT's programs may be negatively impacted (e.g. Non-Government Organizations, recipients, etc.). A long-term consequence of this risk can be the materialization of Risk II: Strategy / Policy Relevance.

An additional consequence may be diminished program delivery as a result of poor supporting corporate programs and platforms.



**Risk 10: Partner Alignment**



**Risk Definition**

There is a risk that objectives or activities of partners may not be aligned with DFAIT’s policy and operational objectives.

This risk expresses the fact that differences in policy and operational objectives or in the approaches of various partners can lead partners to work at cross-purposes with DFAIT, thereby obstructing DFAIT from fulfilling its own strategic objectives.

This risk is not intended to express the possibility that partners may have differing policy and operational objectives, as total cohesion is neither desired nor possible. Some fundamental differences of mandate are to be expected between different Departments and Agencies (e.g. CIDA’s mandate to support development in underdeveloped nations versus DFAIT’s objective of promoting and advancing Canada’s commercial interests abroad).

If it were to materialize, this risk has the potential to obstruct DFAIT’s ability to achieve all of its strategic outcomes.

**Sources of Risk**

**Multiple Partner Coordination**

A driver of this risk is the complexity introduced through the large number of stakeholders that DFAIT must work with to direct international initiatives. As coordinator of various Canadian entities in international initiatives, DFAIT has a dependency on these partners. For example, in its relations with the US, Alberta is not dependent on DFAIT, but DFAIT depends on Alberta’s cooperation to properly coordinate the complex Canada-US relationship. Further, as the number of offices located outside of Canadian embassies increases, complexity in coordination increases (e.g. Quebec and Alberta both have offices located outside of the Washington embassy). DFAIT’s policy objectives must be aligned with other policy frameworks (e.g. tax and immigration policies).

**Shifting Global Business Context**

Another driver of this risk is the increasing blurring of the domestic-foreign agenda and, the resulting blurring of the roles



of Federal, Provincial, and Territorial Governments (FPTs). The current global business environment has enabled (and necessitated) a multitude of players to enter the international commerce and trade sphere. Such proliferation of players and interests has implications for DFAIT's ability to coordinate approaches to international trade and to manage Canada's foreign affairs. Furthermore, while Canada negotiates agreements on behalf of all of Canada, it relies on provinces to respect these agreements.

#### **Role as Platform Provider**

Lastly, in DFAIT's role as custodian of the common government services abroad "platform", DFAIT must provide the platform for OGDs and Provinces and Territories, but has little control over partner priorities and platform needs. Constraints in physical assets and financial resources limit DFAIT's ability to accommodate requests from partners. For example, DFAIT may plan to reduce its presence in a country at the same time CIDA plans on increasing their presence.

This driver also relates to Risk 4: Resource Alignment.

#### **Current Risk Mitigation**

DFAIT presently has the following mitigating actions in place to address this risk:

- To manage DFAIT's role as custodian of the platform abroad, regular communication occurs between Departments, MOUs are in place for co-location, and a Committee on Representation Abroad (CORA) exists.
- With regards to DFAIT's role in coordinating partners in international initiatives, formal consultation occurs regularly at many levels, and governance structures to support such initiatives are in place. Further, the DFAIT Act works to establish roles and responsibilities in this realm.

Other strategies and tools that DFAIT has in place include:

- Whole of Government Country Strategies
- HOM mandate letters, PMAs
- The Federal-Provincial Bureau addresses F-P-T dialogue

- Cabinet Committees are in place
- DFAIT has stakeholders at Privy Council Office

**Potential Impacts**

If this risk were to materialize, a potential consequence is a constrained ability to allocate resources or instances of misallocation of resources away from DFAIT priorities. The complex nature of coordination and reliance on partners also means that instances of non-compliance (with treaties, etc.) could grow.

If DFAIT is unable to project a cohesive image abroad, the perception of Canada on the world stage may be negatively impacted. Canada may be perceived as delivering a mixed message with regards to its international priorities. This has downstream effects on DFAIT's (and Canada's) credibility and political relevance.

**Risk 11: Strategy / Policy Relevance**



**Risk Definition**

There is a risk that the Department’s strategies and policies may be misaligned with the broader priorities of the government and Canadians.

DFAIT must continue to stay abreast of what is happening on both the domestic and international stages, and effectively translate happenings into policy changes in order to stay relevant. There is potential for the government’s policies and direction to not align with the needs of specific stakeholders (e.g. industry).

This risk has the potential to obstruct the organization from achieving its four strategic outcomes of *Canada’s Interests are Advanced Internationally, Canada’s Commercial Interests are Advanced Internationally, Government of Canada is Served Abroad, and Canadians are Served Abroad.*

**Sources of Risk**

**Multiple Partner Coordination**

As highlighted under risk 10: *Partner Alignment*, the current global business environment has enabled (and necessitated) a multitude of domestic players to enter the international commerce and trade sphere, blurring the line between domestic and foreign policy. Globalization is demanding that each government Department have, to a certain degree, their own “foreign affairs capability” to deal with their specific issues (e.g. provinces, OGDs, private industry). This change in context has resulted in stakeholders challenging DFAIT’s goals and priorities, and to an extent, DFAIT’s overall role as coordinator.

As the number of domestic players increases, DFAIT’s role in the coordination of responses and activities is required on a continuous basis. DFAIT has to adapt to the reality of having a timely, coherent, and coordinated response. It is a challenge to ensure other players stay abreast of the international agenda and stay aligned with the approach, particularly as government-wide, horizontal mechanisms are not in place to ensure a “whole of government” approach.

Further, with the information revolution, access to information is

increasingly decentralized and as such DFAIT does not have monopoly over information, nor is DFAIT the only leader in foreign affairs and trade.

### **Continual Change**

A further driver of this risk is an inherent structural condition DFAIT faces: as the government's leadership sets new goals and priorities, DFAIT's existing goals and priorities are effected (e.g. Enhanced Representation Initiative, Public Diplomacy). Due to the current environment of minority governments and political uncertainty, DFAIT has experienced (and may continue to experience) shifts in government policies and priorities in relatively short timeframes. In such an environment, there is a need to ensure the relevance of messaging to the current governing body, which has been highlighted in Risk 9: Program Delivery / Transformation.

### **Current Risk Mitigation**

DFAIT presently has the following mitigating actions in place to address this risk:

- DFAIT services are being reoriented to meet the changing needs of the global marketplace (particularly in Trade) and foreign affairs (Functional and Geographic reorientation)
- Incremental resources have been sought for government-wide initiatives, to meet new and emerging challenges
- A policy committee is in place
- Whole of government country strategies
- Business and strategic planning
- Policy planning talks with other foreign ministries
- Implementation of new programs such as START

### **Potential Impacts**

If this risk were to materialize and DFAIT fails to adapt to the changing global environment, the Department's relevance on the national and international stages will be diminished. Another potential consequence is that DFAIT's policies and priorities will not adequately reflect Canadian values and interests.



**Risk 12: Litigation / Treaty / Trade Disputes**



**Risk Definition**

The government of Canada (DFAIT) may lose in significant or high profile litigation or trade/treaty disputes.

Compliance is often required with international legislation and commitments. Further, trade disputes and treaty compliance are both areas that are exposed to potential for litigation.

If it were to materialize, this risk has the potential to obstruct DFAIT's ability to achieve all of its strategic outcomes.

**Sources of Risk**

**Increasingly Litigious Environment**

An environmental factor driving this risk is the increasing tendency towards pursuing litigation as an option for recourse within society. As Canada becomes more litigious, DFAIT's exposure to litigation is increasing proportionally. Some sources of exposure include staffing issues, HR practices, LES wrongful dismissal suits, immigration disputes, Consular cases, and fraud cases. Further, commitments to the international community may expose Canada to litigation as well.

A key driver increasing Canada's exposure to this risk is Risk 7: Knowledge and Records Management. Trade disputes are litigated based on history and precedence; in the absence of good record-keeping, DFAIT is at higher risk for losing in litigation.

Also, Canadian LES can use either the local justice system or the Canadian legal system for litigation against the Crown, increasing the complexity of legal risk management.

**Changing Global Business Context**

As previously described, in an environment of increasing globalization, several other Departments that have enhanced their internal international trade capabilities are recruiting their own trade legal staff. Also, the existing legal management framework for trade litigation may not always be complied with. This exposes Canada to potential for inconsistent legal advice.

Provinces are domestic partners in ensuring compliance, while

international responsibility for compliance is federal.

As foreign competitors to Canadian companies use Access to Information and Privacy (ATIP) requests to seek competitive intelligence, DFAIT may unintentionally expose commercial secrets and compromise trade / competitive positions of companies. Further, there is a lack of awareness that in such cases, notice must be provided to the companies affected prior to release of information.

### **Current Risk Mitigation**

DFAIT presently has the following mitigating actions in place to address this risk:

- DFAIT's Legal Risk Management Framework
- Government-wide Management Framework for International Trade Litigation
- Bilateral relations, protocols, and agreements with other countries
- Contingency fund exists
- Resolution committees and mediation
- Communications Planning and Strategy
- MC on Treaties in Parliament
- DFAIT has immunity under existing conventions

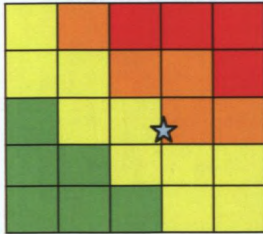
### **Potential Impacts**

If this risk were to materialize, DFAIT and the Government of Canada may suffer erosion to their reputation. Further, there are financial expenses (including losses), and punitive consequences associated with unsuccessful litigation and dispute resolution.

Another potential consequence of this risk is that Canada may not be able to live up to commitments it has made to other countries or may not be able to monitor commitments made by other countries (due to resource constraints).



### Risk 13: Internal Cohesion



#### Risk Definition

There is a risk that internal stakeholders will not respond in an adequate and timely manner to requests needed to meet objectives.

To effectively manage DFAIT's international interests and to meet its core mandate and priorities it is necessary for internal groups of the Department to function efficiently and act in a coordinated manner. It is also necessary for the functional areas and the geographic branches to coordinate their efforts and directions.

This risk has the potential to obstruct the organization from achieving its strategic outcomes of *Government of Canada is Served Abroad*, and *Corporate and Executive Services*.

#### Sources of Risk

##### Structural Management Issues

The lack of an integrated planning process, and the resulting tendency towards independent planning, exposes the Department to the development of priorities that may not be internally congruent.

DFAIT is not maximizing the potential of tracking mechanisms and reporting systems for internal communications, particularly for Executive Services such as ATIP and correspondence.

Some examples of the intra-Departmental dependencies, which, if not successfully met are direct sources of this risk:

- Executive Services relies upon internal stakeholders to provide them with information to support Cabinet and Ministerial Affairs. Due to the nature of the requests, the services must be provided within tight deadlines.
- There is a dependency upon HR to obtain staff on a timely basis (IT, Communications, Audit).
- The process for cost recovery is dependent upon internal stakeholders for timely feedback such as the confirmation of costing and billing for common services.

- Assistance and feedback is required from internal service providers such as HR, Finance, and IT for the establishment of new positions.

Due to structural issues associated with interdependencies, there appears to be an internal trend towards autonomy or bypassing local missions. Stated simply, people find ways to work around dependencies, while they should not because these processes are there for a reason.

There is a lack of service level agreements and expectations are not clearly defined across the Department.

This risk is compounded by Risk 5: Staff Capacity, and Risk 4: Resource Alignment.

### **Organizational Dispersion**

DFAIT is highly dispersed – there are over 200 missions or points of service around the world. This multitude of locations and points of service increases the complexity of internal coordination.

The dispersion of communications resources across the Department weakens the ability to provide cohesive messaging. Cohesive internal communications are a requirement for proper internal coordination.

### **Current Risk Mitigation**

- A tracking system to monitor costs and transfers for cost recovery is in place.
- SMC meets regularly with partners in various forums and has integrated approval systems for most of the costing process to reduce delays and ensure decision makers are aware of concurrent initiatives.
- Internal service standards are being developed.

### **Potential Impacts**

If this risk were to materialize, it could result in ineffectiveness as well as a deterioration of timeliness, adequacy, or accuracy of information provided to Parliament, Central Agencies, the Minister, or Deputy Minister.

Recovery of costs from partners becomes more difficult due to missed deadlines and inefficiencies.



Delays in posting of OGDs, co-locators and other partners abroad can have negative impacts on the programs of partners, damaging the reputation of DFAIT.

## 4 RISK RESPONSE AND MITIGATIONS

The following risk responses and mitigations were identified by workshop participants. They are intended to provide managers with a list of actions that can be considered to future reduce DFAIT's exposure to the top risks.

Risk Name & Event <i>"There is a risk that..."</i>	Risk Mitigations
<p><b>Risk 3: Business Continuity</b> The department's key operations may not recover from an emergency event in an adequate or timely manner.</p>	<ul style="list-style-type: none"> <li>• Investigate leveraging existing government resources to develop robust business continuity plans (PWGSC).</li> <li>• Develop a regime to test business continuity plans.</li> <li>• Identify the key operations in order to ensure that critical areas are identified to better triage response to a disaster or event.</li> <li>• Put into place appropriate back-up mechanisms such as: off-site servers and capability to work remotely</li> <li>• Consider whether key corporate roles (e.g. Departmental Security Officer, CFO) should be non-rotational</li> </ul>
<p><b>Risk 4: Resource Alignment</b> Resources may be misaligned with DFAIT priorities and activities.</p>	<ul style="list-style-type: none"> <li>• Conduct multi-year business planning (continuous transition planning, integrated business planning).</li> <li>• Develop a better understanding of how business plans feed and link to the resource allocation process.</li> <li>• Develop an annual, comprehensive process to ensure that resources are realigned to new priorities to move away from current point-in-time, single realignment activities.</li> <li>• Evaluate priorities and develop mechanisms to rank and fill the gaps in allocating resources towards priorities. Review budgeting process to ensure that it considers priorities.</li> <li>• Develop more regular reporting and monitoring to identify when branches are under/over on their budget by 10%. This will ensure that at mid-year, SMC has a clear picture of gaps and support mid-year adjustments.</li> <li>• Consider replication of RGM structure implemented in Geographics to other areas of the organization.</li> <li>• Develop business cases that articulate outcomes and measures to support resource allocation to increase accountability.</li> <li>• Separate cash management from budget management.</li> <li>• Enhance timeliness of communications (including communication of positions affected each year, in order to prepare/respond)</li> <li>• Improve alignment between planning, MAF, HR exercises</li> </ul>
<p><b>Risk 5: Staff Capacity</b> The department may not be able to acquire and retain adequate levels of staff and management to deliver departmental activity.</p>	<ul style="list-style-type: none"> <li>• Encourage more pool recruitment.</li> <li>• Identify and address bottlenecks in the promotion process to remove some of the incentives to exit the department.</li> <li>• Allocate more resources to HR.</li> <li>• Develop a long-range forecast/HR action plan to determine the level to which DFAIT needs to ramp-up.</li> </ul>

Risk Name & Event "There is a risk that..."	Risk Mitigations
<p><b>Risk 7: Records &amp; Knowledge Management</b>                      Corporate information and knowledge will be lost and / or will not be re-absorbed into the department.</p>	<ul style="list-style-type: none"> <li>• Introduce formal transition / hand-over procedures (including documents/records).</li> <li>• Consider bringing in rotational positions to Corporate Functions (e.g. CS, FS, HR) in shadow positions rather than having positions with key delivery responsibilities.</li> <li>• Engage DGs and Directors to influence priority of this risk.</li> <li>• Information management                             <ul style="list-style-type: none"> <li>• Better leverage administrative staff to do records/information management.</li> <li>• Create an awareness program of the importance of records management and promulgate the records and knowledge management policy. Communicate that records and knowledge management is every individual's responsibility.</li> <li>• Using results of pilots and other activities, implement system that matches the business processes/information management requirements of different divisions/units of DFAIT.</li> <li>• Train employees to understand obligations and expectations under ATIP</li> </ul> </li> <li>• Knowledge management                             <ul style="list-style-type: none"> <li>• Understand/survey where knowledge resides within the organization, as a starting point to creating a knowledge management strategy.</li> <li>• Investigate capacity/capability/mechanism for DFAIT to become a Centre of Excellence for policy related to foreign affairs and international trade issues.</li> <li>• Establish a continual training program as part of re-orientation/orientation.</li> </ul> </li> </ul>
<p><b>Risk 8: Process and Control Compliance</b>                      Established processes and controls may be circumvented.</p>	<ul style="list-style-type: none"> <li>• Introduction of some level of flexibility in terms of following policies and procedures when it is not possible to comply due to environmental conditions</li> </ul>
<p><b>Risk 9: Program Delivery / Transformation</b>                      DFAIT may not successfully integrate a program delivery orientation into the Department's culture and processes.</p>	<ul style="list-style-type: none"> <li>• Innovation and knowledge transfer:                             <ul style="list-style-type: none"> <li>• Introduce a program committee that meets to share best practices etc. in program delivery.</li> </ul> </li> </ul>
<p><b>Risk 10: Partner Alignment</b>                      Objectives or activities of partners may not be aligned with DFAIT's policy and operational objectives.</p>	<ul style="list-style-type: none"> <li>• Demonstrate DFAIT's policy leadership through quality of policy and value added offered by the department.</li> <li>• Ownership of "aiming point": Demonstrate ownership and leadership over the overall context to try to gain buy-in and a following from partners.</li> <li>• Consultation with partners. Develop the forums for consultation and dialogue (at the sufficient organizational level and with sufficient partners).</li> <li>• Keep informed of what is coming down the pipeline to be able to deal with it as it comes.</li> </ul>

## 5 CONCLUDING REMARKS

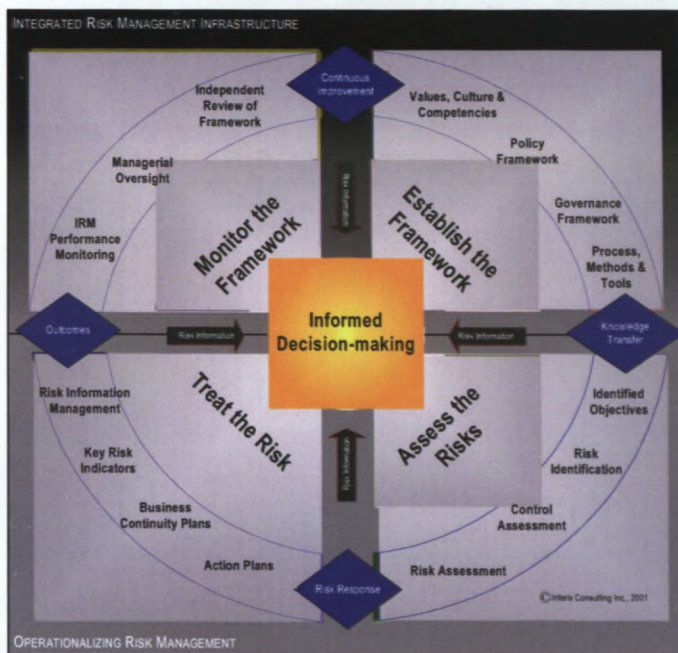
Completion of the corporate risk profile is a significant milestone; but the risk management process should continue. DFAIT should continue to monitor and report on the risk action plans and consider implementing an integrated risk management regime to support continuous risk management.

### Monitoring and Reporting On Risk Action Plans

The Corporate Risk Profile has identified a preliminary list of actions that DFAIT can take to address the residual risk exposure to the top risks. These risk action plans must be further detailed to identify steps that the organization should take to mitigate risk. Furthermore, these action plans must be considered in the context of the benefit to the organization in minimizing the exposure to the risk against the cost of implementation.

Adding an agenda item to senior executive meetings will ensure that managers have a forum to update executives on more detailed action plans to address the risks, make decisions based on the cost-benefit analysis of the action plan, and update on the progress against these detailed action plans. This will also establish a forum to address emerging corporate risks.

### Implementing Integrated Risk Management



Risk management is not a one-time exercise or stand-alone process. It is an on-going effort that should be embedded throughout the operations and functions of the organization. In order to implement an effective and sustainable regime, Interis has developed a model of the key elements of an integrated risk management program.

DFAIT should consider reviewing these critical elements of an effective risk management infrastructure that suits its integrated risk management objectives including a risk management policy and governance framework as well as supporting risk management tools and processes.



## APPENDIX A INTERVIEW & WORKSHOP PARTICIPANTS

### 1. Risk Identification Interview Participants:

Branch	Name
Corporate Services	Doreen Steidle, ADM
Office of the Inspector General	Allan Culham, Inspector General
Strategic Policy and Planning	Drew Fagan, ADM
Office of the Legal Adviser	Alan Kessel, Legal Adviser
Communications Bureau	Neil Reeder, DG
Office of Protocol	Malcolm McKechnie, Chief of Protocol
International Security	Don Sinclair, DG START
Physical Resources Bureau	Blair James, DG
North America	Peter Boehm, ADM
Executive Services Bureau	Lillian Thompson, DG
Global Issues	Michael Small, ADM
Trade Policy and Negotiations	John Gero, ADM
Investment, Innovation and Sectors	Stewart Beck, ADM
Human Resources	Gisèle Samson-Verrault, ADM
Bilateral Relations	James Fox, ADM
Global Operations and Chief Trade Commissioner	Ken Sunquist, ADM
Communications (International Trade)	Danielle Thibault
Trade Legal	Matthew Kronby
Executive Services (International Trade)	Louise Larocque

### 2. DG- and Director-level Risk Assessment Workshop Participants:

Workshop (WS)	Representatives
<b>WSI</b> <b>Date: December 19, 2006</b>	Daniel Mysak Todd Lefebvre Marc Monette Steven McFaul Christine Perry

Workshop (WS)	Representatives
	Rae Raymond Marcel Cloutier Suzanne Gustafsson
<b>WS2</b> <b>Date: January 11, 2007</b>	John Barrett Dana-Mae Grainger Anthony Burger Nancy Smyth Troy Lulashnyk Chris Shapardanov Evelyn Puxley Raul Lopez
<b>WS3</b> <b>Date: January 16, 2007</b>	Terry Haines Christina Brassard Jocelyn Côté Andrew Stirling Tobias Nussbaum Gordon Houlden Ian Ferguson Peter Lundy Mark Fletcher
<b>WS4</b> <b>Date: January 17, 2007</b>	Ian Burchett Kerry Buck David Watt John Langevin John Barrett Sandra Stefanik-Stokoe Warren Braun Jerry Kramer
<b>WS5</b> <b>Date: January 23, 2007</b>	Carmen Sylvain Paul Robertson Louise Leger

Workshop (WS)	Representatives
	Ron Davidson Peter McGovern David Usher Mario Ste-Marie Randle Wilson Nancee Cruickshank Gaston Barban Pierre Belisle Margery Landeryou
<b>WS6</b> <b>Date: January 24, 2007</b>	Pierre Sabourin Bruce Jutzi Robin Strang Maggie Trudel-Maggiore Richard Ballhorn Matthew Kronby Marie Bérubé Danielle Johnston Albert Galpin Robert Fry Steven Gawreletz Paul Roué Sean Roberson

**3. Management Committee Risk Assessment Workshop Participants**

Workshop (WS)	Participants
<b>WS1</b> <b>Date: February 21, 2007</b>	Doreen Steidle Keith Christie Drew Fagan Alan Kessel Louise LaRocque Andrea Lyon

Workshop (WS)	Participants
	James Fox Pam LeBlanc Ian Burney Gisèle Samson-Verreault Colleen Swords Ken Sunquist Danielle Thibault Lillian Thomsen John Barrett
WS2 Date: March 1, 2007	Doreen Steidle Keith Christie Michael Small Louise LaRocque James Fox Pam LeBlanc John Barrett Ken Sunquist Lillian Thomsen



**APPENDIX B RISK ANALYSIS FORMAT**

Risk #Number: Risk Name


**Risk Definition**

Description of the risk.

Linkage of risk to the strategic outcome(s) it impacts.

**Sources of Risk**

- Factors that influence the organization’s exposure to the risk.

**Current Risk Mitigation**

- Current mitigations (controls) already in place that reduce the organization’s exposure to the risk.

**Potential Impacts**

- The impact, should the risk materialize, on the organization and the organization’s ability to achieve its objectives.

**SCALES**

**Likelihood**

Likelihood	Probability	Observed Frequency (over time)	Observed Frequency (in occurrences)
<b>5. Almost Certain</b>	<ul style="list-style-type: none"> <li>Probability of the risk occurring (&gt;90%).</li> <li>Occurs regularly here.</li> </ul>	<ul style="list-style-type: none"> <li>On average, at least 1 incident per day</li> </ul>	<ul style="list-style-type: none"> <li>On average, incidents occur in &gt;20% of business events</li> </ul>
<b>4. Likely</b>	<ul style="list-style-type: none"> <li>Probability of the risk occurring (70% - 90%).</li> <li>Event has occurred here more than once, can be expected to occur in majority of circumstances, or is occurring to others in similar circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>On average, 1 incident per week</li> </ul>	<ul style="list-style-type: none"> <li>On average, incidents occur in 10%-20 % of business events</li> </ul>
<b>3. Moderate</b>	<ul style="list-style-type: none"> <li>Probability of the risk occurring (30% - 70%).</li> <li>Event has occurred here before, can be expected to occur in some circumstances, or has been observed in similar circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>On average, 1 incident per month</li> </ul>	<ul style="list-style-type: none"> <li>On average, incidents occur in 5%-10 % of business events</li> </ul>
<b>2. Unlikely</b>	<ul style="list-style-type: none"> <li>Probability of the risk occurring (10% - 30%).</li> <li>Event may occur under a few scenarios, has not occurred here thus far, or has occurred infrequently to others in similar circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>On average, 1 incident per year</li> </ul>	<ul style="list-style-type: none"> <li>On average, incidents occur in 1% -5 % of business events</li> </ul>
<b>1. Rare</b>	<ul style="list-style-type: none"> <li>Probability of the risk occurring (&lt;10%).</li> <li>Event is not expected to occur here, may occur in exceptional circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>On average, 1 incident every 3 years or more.</li> </ul>	<ul style="list-style-type: none"> <li>On average, incidents occur in &lt; 1% of business events</li> </ul>

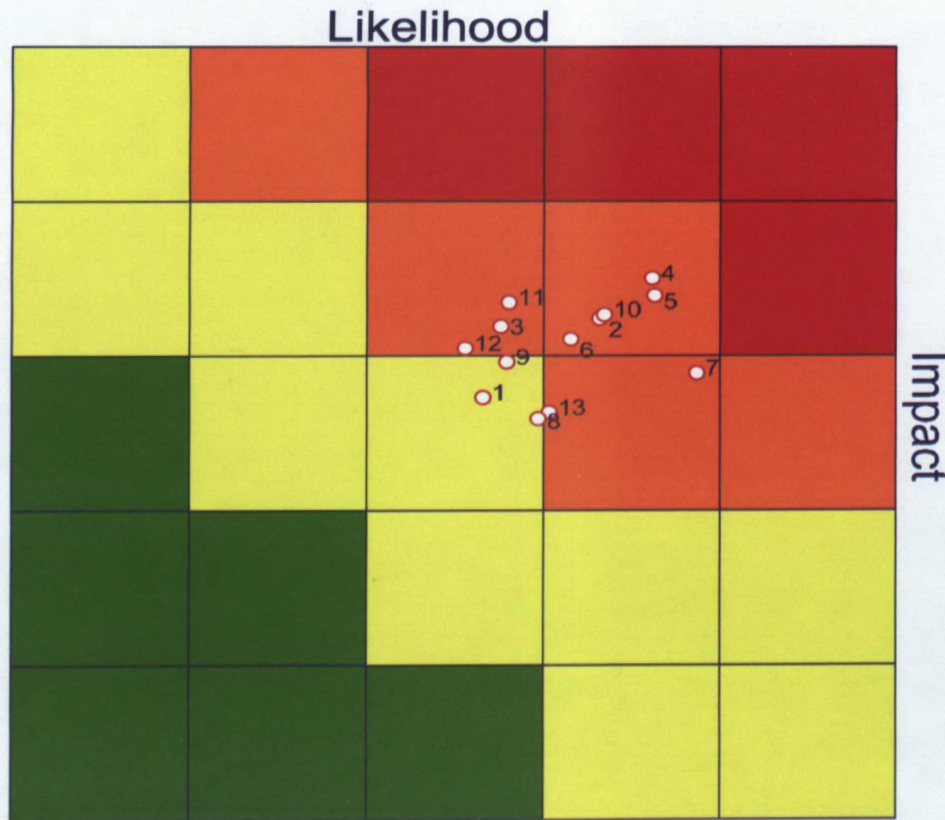
**Impact**

Impact	Damage and Liability	Operational Effects	Loss of Reputation
<p><b>5. Extreme</b> A major event with the potential to lead to long-term damage to the organization's ability to meet its objectives.</p>	<ul style="list-style-type: none"> <li>• Significant unplanned costs of over \$10M</li> <li>• Delays of more than 12 months to initiatives</li> <li>• Objectives not met</li> </ul>	<ul style="list-style-type: none"> <li>• Large scale, long-term realignment of operations, objectives or finances</li> <li>• Extensive reconstruction of premises/data/products</li> <li>• Theft/illegal use of personal data with personal losses</li> <li>• Major external review</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of confidence in Minister</li> <li>• Long-term damage to public trust</li> <li>• Long-term loss of confidence in Canada on the international stage</li> <li>• Impact on organization recruiting capability</li> </ul>
<p><b>4. Very High</b> A critical event that, with proper management, can be endured by the organization.</p>	<ul style="list-style-type: none"> <li>• Unplanned costs of between \$1M and \$10M</li> <li>• Slippage of between 6-12 months on key initiatives</li> <li>• Some corporate objectives partially achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Major realignment of operations, objectives or finances</li> <li>• Significant delays in completion of initiatives, activities or services</li> <li>• Internal review of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Embarrassment to the Minister</li> <li>• Damage to public image</li> <li>• Specific initiatives/activities may be perceived as a failure</li> <li>• Significant loss of trust by stakeholders (employees, clients, public)</li> </ul>
<p><b>3. Medium</b> A significant event that can be managed under normal circumstance.</p>	<ul style="list-style-type: none"> <li>• Unforeseen costs of between \$500,000 and \$1M</li> <li>• Slippage of between 3-6 months on key initiatives</li> <li>• Corporate objectives will have been met</li> </ul>	<ul style="list-style-type: none"> <li>• Review of some operations and possible internal reorganization</li> <li>• Impact on quality and/or timeliness of an activity, service or initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Some loss of trust by stakeholders</li> <li>• Significant negative media attention</li> </ul>
<p><b>2. Low</b> An event where consequences can be absorbed with management effort to minimize the impact.</p>	<ul style="list-style-type: none"> <li>• Additional costs of between \$100,000 and \$500,000</li> <li>• Slippage of less than 1-3 months on key initiatives</li> <li>• Corporate objectives will have been met</li> </ul>	<ul style="list-style-type: none"> <li>• Limited and temporary disruption to operations</li> <li>• Minor reallocation of resources within a specific area</li> </ul>	<ul style="list-style-type: none"> <li>• Minor loss of trust by stakeholders</li> <li>• Some unfavourable media attention</li> </ul>
<p><b>1. Negligible</b> An event where consequences can be absorbed through normal activity.</p>	<ul style="list-style-type: none"> <li>• Unplanned expenditure comprising less than \$100,000</li> <li>• Corporate objectives will have been met</li> </ul>	<ul style="list-style-type: none"> <li>• Minor delays in routine activities or provision of services</li> <li>• Limited or no disruption to internal operations with no resource reallocation</li> </ul>	<ul style="list-style-type: none"> <li>• Individual incidents of loss of trust</li> <li>• Minimal or no unfavourable media attention</li> </ul>



**APPENDIX C LARGE RISK MAPS**

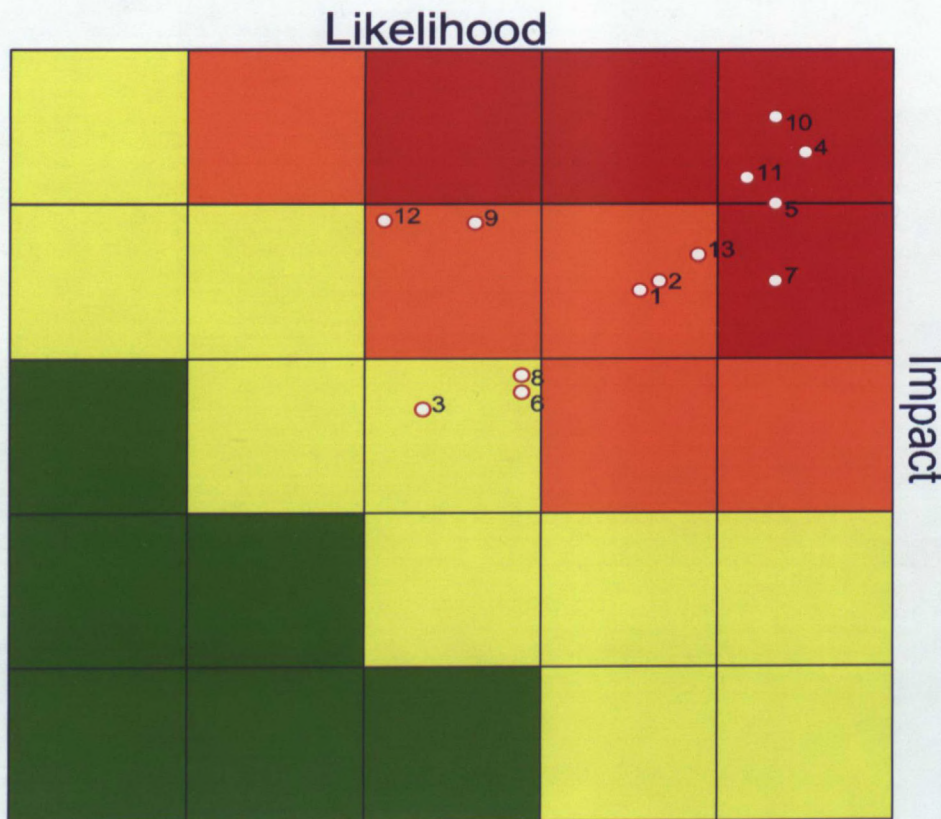
**CONSOLIDATED RESULTS (ALL WORKSHOPS)**



Risk Name
1. Financial Management
2. Safety and Security
3. Business Continuity
4. Resource Alignment
5. Staff Capacity
6. Staff Capability
7. Records & Knowledge Management
8. Process and Control Compliance
9. Program Delivery / Transformation
10. Partner Alignment
11. Strategy / Policy Relevance
12. Litigation / Treaty / Trade Disputes
13. Internal Cohesion



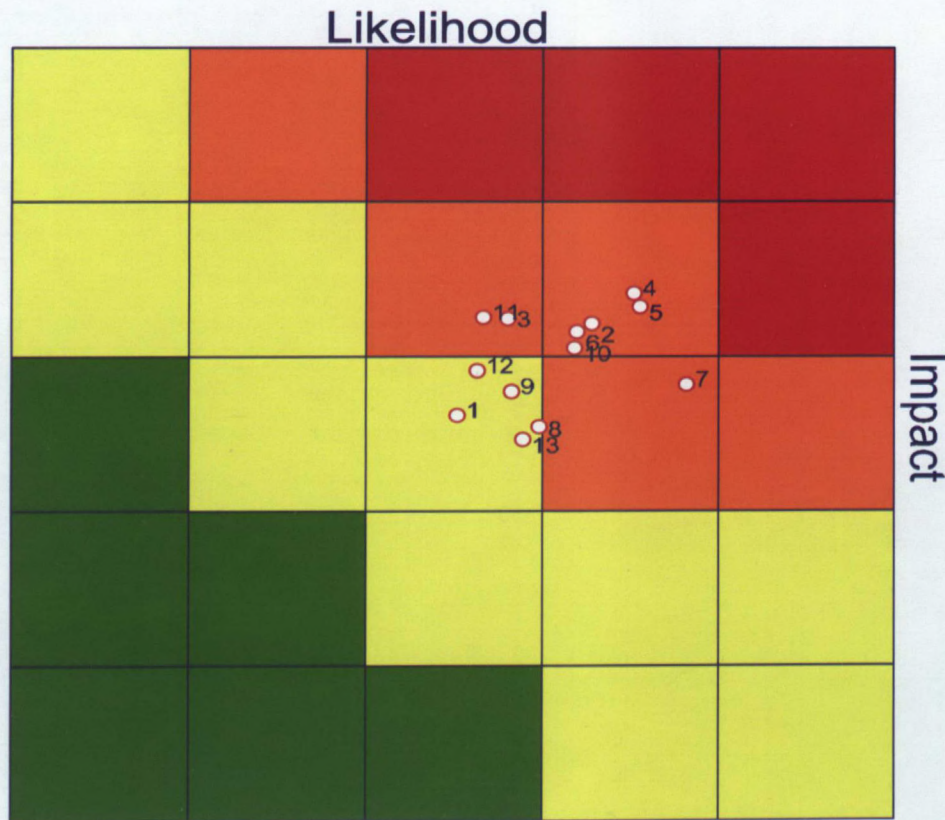
**MANAGEMENT COMMITTEE RESULTS**



Risk Name
1. Financial Management
2. Safety and Security
3. Business Continuity
4. Resource Alignment
5. Staff Capacity
6. Staff Capability
7. Records & Knowledge Management
8. Process and Control Compliance
9. Program Delivery / Transformation
10. Partner Alignment
11. Strategy / Policy Relevance
12. Litigation / Treaty / Trade Disputes
13. Internal Cohesion



**DG- AND DIRECTOR-LEVEL WORKSHOP RESULTS**



Risk Name	
1.	Financial Management
2.	Safety and Security
3.	Business Continuity
4.	Resource Alignment
5.	Staff Capacity
6.	Staff Capability
7.	Records & Knowledge Management
8.	Process and Control Compliance
9.	Program Delivery / Transformation
10.	Partner Alignment
11.	Strategy / Policy Relevance
12.	Litigation / Treaty / Trade Disputes
13.	Internal Cohesion

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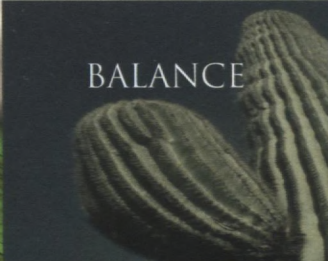


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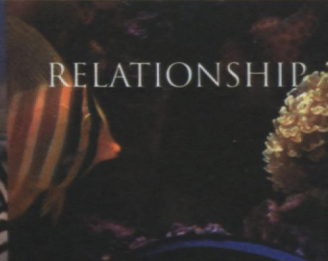
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BALANCE



CHARACTER



RELATIONSHIP



TRANSFORMATION

## Interis Consulting Inc.

Ottawa | Toronto | Montréal

### Head Office

275 Slater Street, 20th Floor

Ottawa, Ontario K1P 5H9

T: (613) 237-9331

F: (613) 237-9779

[www.interis.ca](http://www.interis.ca)