
AUDIT
OF
THE CANADIAN LIAISON OFFICE

P R I S T I N A

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Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Consular and Administration Programs at the Canadian Liaison Office in Pristina was conducted June 18-19, 2001. The Mission, which is temporary and based on supplemental Cabinet funding, has had its mandate extended to 2004.

This brief visit was intended to examine the Mission after two years of operations and report on general observations and themes affecting it. Meetings were held with the Head of Office, all LES, and the Head of the PSU.

The Mission was found to be well managed. Morale is high, which is attributable to the effective leadership and management style of the Head of Office and the CIDA Representative.

HUB-AND-SPOKE RELATIONSHIP

Pristina is supported by or receives guidance for the Administration and Consular functions from Belgrade, Skopje, and Bucharest. The Hub-and-Spoke relationship is not clear to the Missions involved or to Headquarters. A written Memorandum of Understanding (MOU) between the Hub-and-Spoke Missions is required to define the roles of each Mission.

CONSULAR PROGRAM

The Consular Program is minimal and is managed effectively for the situation with the resources available. The Consul is located in Skopje and visits regularly. The Mission provides basic Consular services such as information, assistance, and has registered resident Canadians in the Registration of Canadians Abroad (ROCA) system. Because Skopje is not a full service Mission, the passport delivery and program support is provided by Belgrade. This too should be clearly defined by a written MOU.

ADMINISTRATION PROGRAM

The Management Consular Officer (MCO) based in Skopje is designated as the MCO for Pristina. The Mission is satisfied with the support it receives from the MCO. The MCO makes weekly visits to the Mission for program activity and has spent a lot of effort coaching the LES. The MCO has had to devote significant time to the Mission in its first year but, in time, the LES will be expected to take on more responsibility.

MISSION MANAGEMENT

1.1 Overview

1.1.1 The Mission is staffed by a DFAIT Head of Office, an FS-02, and a CIDA Representative, a PM-06. Six Locally-Engaged Staff (LES) are supporting the CBS, a Political Assistant, an Immigration Assistant, an Office Manager, a Deputy Office Manager/Accountant, a Receptionist, and a Driver. The Head of Office arrived in 1999, supervised the initial fit-up of the Chancery, acquired staff quarters (SQs), and hired the LES. The Office is responsible for General Relations in Kosovo, supporting CIDA sponsored activities (which include a Project Support Unit (PSU)), and provides Consular services to Canadians living and working in the area.

1.1.2 The Mission was found to be well managed. This report is raising issues requiring only minor administrative clarification or adjustment. Office operations are well coordinated with good communication among all staff. The lack of a clear written Hub-and-Spoke Agreement, however, makes coordination with Skopje, Belgrade, and Bucharest difficult.

1.2 Hub-and-Spoke Relationship

1.2.1 The Head of Office reports directly to the South-East Europe Division (RES), at Headquarters. Belgrade provides Pristina with administrative support only. The Management Consular Officer (MCO) in Skopje has been designated the MCO for Pristina because of the proximity of the Missions. Administrative staff from Belgrade do not visit Pristina. However, the MCO from Skopje visits weekly. Skopje is not a full service Mission, therefore, Belgrade supports the Mission by providing IMS input, financial guidance and Consular support.

1.2.2 The Hub-and-Spoke relationship between Pristina, Skopje, Bucharest and Belgrade has taken shape over the last two years without any clear definition of the roles and responsibilities of each Mission. In Belgrade, staff indicated that they are unsure of their role in supporting Pristina, where their responsibilities ended, where Skopje's started, and what Bucharest's responsibilities are. Skopje is acting as the main Hub for all intents and purpose, without the resources for financial input and Consular support. Passport delivery is provided by Belgrade. The basic flow of work and information is not always easy. Administrative staff from all these Missions have not yet met face to face. All Missions are playing a role; it is just not defined. The potential for confusion is compounded by the fact that the MCOs in Belgrade and Skopje both report to different Heads of Mission, neither of whom has responsibilities for Pristina. In more established missions, Hub-and-Spoke relationships can often be difficult to manage and require clear guidelines for all involved. There is no clear MOU between the Missions to clarify the roles and responsibilities of all involved. The SIX

Intranet page contains a Guide for the Preparation of Hub-and-Spoke MOU's, which should be consulted and used to develop the MOU for Pristina and its Hub (or Hubs). It should be simple, concise, and address where the Missions interact.

Recommendation for RBD

- 1.2.3 Define the Administrative and Consular responsibilities among Pristina, Belgrade, Skopje, and Bucharest.**

RBD Response

- 1.2.3 Pristina should not take on greater administrative responsibilities. Nor is there any justification for major changes to what is probably a temporary arrangement for offices that are funded only until March, 2004. Head of Mission accountability and responsibility for financial management, administrative support and consular planning will therefore be situated in Bucharest and delivered through Skopje. Bucharest will continue to have Hub-and-Spoke responsibility for Skopje. This will be reviewed in the context of long term representation plans for the Balkans.**

Recommendation for the Mission

- 1.2.4 Develop an MOU for Administrative and Consular responsibilities, according to RBD's direction, with the appropriate Missions.**

Mission Response

- 1.2.4 We support drafting an MOU once more formal relationships have been established.**

ADMINISTRATION PROGRAM

2.1 Management of the Program

2.1.1 The Program is effectively managed by the MCO in Skopje. The Office was opened in 1999 and all administrative functions had to be developed. The MCO has concentrated on training and developing the staff, as well as trying to implement the administrative objectives from the Mission work plan. This past year, the MCO has begun to visit less and expect more autonomy from the LES. With more time and training, the LES in the Administration Program will become more and more capable of managing the functions themselves.

2.2 Human Resources

2.2.1 The Mission is staffed with six highly qualified LES. The Head of Office has fostered a close working relationship with his team and has actively contributed to their development. He meets weekly with all staff, has held a retreat to develop ideas, promote team building, and formulate a detailed work plan for the Mission to follow. Under his confident leadership and the open atmosphere of this Office, they make a close and highly motivated team.

LES Training

2.2.2 Although the Mission is temporary, it would benefit from more formal training for its LES. Because they have no experienced colleagues to learn from, formal training takes on a greater than normal importance for the Mission. Some training has taken place. The Deputy Office Manager recently attended a Consular meeting in Athens, the Driver attended a safe driving course in Guatemala, and the CIC Immigration Assistant attended training in Vienna. Each time an employee attends a regional conference or meeting, he/she learns more and returns to the office with information that is shared with everyone. Courses for the Property/Materiel Manager and Political Economic Reporting Assistant would be of benefit.

CIDA Assistant

2.2.3 The Mission, until recently, contracted a Canadian as the CIDA Assistant. The contractor no longer works at the Mission as she has accepted employment at the local PSU. There is no longer any CIDA Assistant and the Mission intends to staff a Term LES position at Level 09 as the CIDA Program Officer. The Mission indicated that funding was being requested from CIDA for this position, but there is no record of this decision. The Mission should ensure the Department communicates with CIDA to determine the level of funding and obtain authorization to hire additional staff before filling this position.

Recommendation for the Mission

2.2.4 Prior to hiring a new employee, obtain CIDA authority for the proposed LES Officer position and ensure that an appropriate position number is created and classified.

Mission Response

2.2.4 This has been done. The position has been numbered and classified.

Canadian LES

2.2.5 The Mission employs one Canadian LES, but is not deducting Canadian taxes and pension contributions. At the time of the audit, the employee did not have a waiver from the Canada Customs and Revenue Agency to exempt her from these deductions.

Recommendation for the Mission

2.2.6 Consult Belgrade (the Mission responsible for salary payments) regarding the regulations for Canadian LES and ensure that all appropriate deductions are made accordingly.

Mission Response

2.2.6 Deductions are being made from September onward.

LES Classifications

2.2.7 Two positions have been re-classified since the opening of the Mission and HRL has not received the required classification action records. The Driver position was changed from an Asst-00 to an Asst-04. The second Driver position was not staffed but instead a Political Affairs Assistant Asst-06 was hired. The rationale was that the Driver is doing office work along with driving and the Political Affairs Assistant was required more than a second Driver. RAM had approved these changes. However, the Mission does not have classification authority. Therefore, the required classification changes cannot take place without HRL approval. HRL should be consulted now and the required reclassification action processed.

Recommendation for the Mission

2.2.8 Consult HRL and ensure that the reclassification process is completed to confirm the classification changes.

Mission Response

2.2.8 This will be done by November 1, 2001.

LES Benefits

2.2.9 When originally hired, the LES were advised a pension and medical benefit would be provided. They are not receiving these benefits at this time, but are still expecting them. The Mission has not collected salary and benefit data from a range of marker employers. It may be that these types of benefits are not offered by marker employers. They need to provide survey information to HRL for analysis to determine what benefits will be approved.

Recommendation for the Mission

2.2.10 Complete a benefits survey and provide data to HRL.

Mission Response

2.2.10 An LES benefits survey was conducted by the Mission and the data has been forwarded to HRL for their consideration.

2.3 Physical Resources

2.3.1 The Mission has a leased house converted to a Chancery, and two leased staff quarters (SQ). The Chancery is a single house, located in a suitable downtown area. It has been fit-up in 2000 with a renovated interior, the normal secure doors, an open area for offices, a Secure Zone where the Head of Office is located, and a strong room for the Secure Fax. A total of \$300,000 was spent on the initial fit-up, and since then there has been various additions such as installation of a stand-by generator, security access control, lighting, and interior doors. The building includes a small front lawn which is suitable for small gatherings or hospitality events. The Chancery has good lighting, offices which accommodate all staff, is functional, and provides adequate space for visitors or additional staff. The annual rent of \$83,000 is reasonable for the quality available in the city. Given the size of this Mission, the cost of the fit-up and the rent, the Mission is very well equipped for office space.

2.3.2 The Mission has, with the permission of the local authorities, cleared and levelled a piece of land controlled by the municipality in front of the Chancery for its parking. This area is large enough to accommodate the Mission's three vehicles. A perimeter fence has been installed for security. There is no cost to use this space. The Mission does not have a written agreement with the municipality for this space.

2.3.3 Both leased SQs were visited by the Audit team. They provide suitable housing for the CBS staff and their dependents, with one located within walking distance to the Chancery, and the other a short drive away. Both are three-bedroom SQs, one slightly larger than the other. Both have been fit-up at the Mission's expense.

PRIME

2.3.4 PRIME, the Physical Resources Bureau database, contains information for the three Mission properties. However, missing are the net area measurements for the two SQs and rent forecast data for the Chancery or the SQs. The rent forecast information is of particular importance now that the Mission has been extended to 2004.

Recommendation for the Mission

2.3.5 Update the PRIME database information for the Mission, to include net area measurements of all properties and forecast data for rents.

Mission Response

2.3.5 This will be done immediately and the data provided to the MCO in Skopje for input into PRIME database.

Official Vehicles (OV)

2.3.6 The Mission has three vehicles: two Terrano Jeeps, and a Suburban armoured truck. The Mission employs one Driver. The CBS, when not using the Driver for official duties, operate the vehicles themselves. On weekends and holidays, the CBS use the Terrano Jeeps for personal trips and pay the recreational vehicle rental rate. The Head of Office also drives himself to and from his SQ and the office daily. Given the high cost of bringing personal vehicles into KOSOVO and the difficulty of insurance, the Area Management Office (RAM) considers this a reasonable exception to rules pertaining to the personal use of official vehicles.

2.4 Finance

2.4.1 The Mission has been designated a separate funds centre and assigned a reference level budget. The Mission has, based on its first year of operation, made a forecast for the present fiscal year. It is using commitments (CO's) in IMS to control its budget. However, there are now over 40 separate COs which creates unnecessary work for the size of the budget. This number of COs can make budget management unwieldy. Most expenses are assigned a separate GL and can be tracked in that fashion. Individual CO's are useful when budgeting key expenditures separately such as rents, utilities, language training, temporary help, or special projects.

Recommendation for the Mission

2.4.2 Reduce the number of COs to only those planned expenditures required to be tracked separately.

Mission Response

2.4.2 This has already been discussed with the Accountant in Belgrade. We will be providing Belgrade with a much shorter list of key CO's early next week. The current list of CO's will then be reduced accordingly.

CIDA Bank Account

2.4.3 The Mission has one official Deutchmark (DM) bank account that is reconciled in IMS and a second unofficial DM account for CIDA expenditures. Authority has not been given by Headquarters to open this latter account and it is not entered in IMS. This account has created unnecessary transfers between both accounts, increased accounting work and resulted in a situation with less control. CIDA expenditures are coded in IMS to appropriate Internal Order numbers for tracking purposes, therefore, separate accounts are not necessary and are not normally approved. The Mission has, in fact, stopped using this account but it remains open with a small balance.

Recommendation for the Mission

2.4.4 Close the unofficial bank account.

Mission Response

2.4.4 This has already been implemented.

Cash Account

2.4.5 Along with its official bank account, the Mission also maintains an official cash account which is recorded in IMS. This entails the same amount of work as a bank account, with recording transfers, payments, and reconciliations. Cash and receipts kept on hand generally are not more than 2,000 DM. Originally, prior to a bank opening for business in Pristina, the Mission used only a cash account. Now that the Mission uses a bank account, cheques and other payment methods are being used more frequently. The Mission could consider closing this cash account, and instead use only a petty cash advance of 2,000 DM, issued from the official bank account.

Recommendation for the Mission

2.4.6 Consider closing the cash account and replacing it with a petty cash fund issued from the official bank account.

Mission Response

- 2.4.6** Current conditions in Pristina require payment of some expenditures in cash. As confidence in the banking system increases this need will hopefully diminish. A petty cash account will be opened and use of the Cash Account stopped for a period of two months as a test. At that time the Mission will consider closing the cash account if a petty cash account proves to be sufficient.

Accounting Records

2.4.7 The Mission maintains a spread sheet of all transactions and forwards this to Belgrade for input into IMS. Belgrade completes the monthly reconciliations. Reconciliations were, at first, signed by the HOM in Belgrade. Now, however, the Head of Office in Pristina has started signing this which is more appropriate. The Mission also sends to Belgrade all the hard copies of monthly vouchers. As Belgrade receives the monthly spread sheet, the original accounting records are not required and can be filed at the Mission.

Recommendation for the Mission

- 2.4.8** Forward to Belgrade only the spread sheet record of all accounting transactions for entry into IMS.

Mission Response

- 2.4.8** This has already been implemented.

2.5 Information Management

2.5.1 The Mission does not currently have Micro Mission 97 (MM97). Instead it uses workstations purchased locally, connected in a local area network (LAN) and connected to a local Internet Provider Service (ISP). The Mission will receive the new Micro Mission SIGNET platform this fiscal year which will give all staff access to Departmental e-mail and corporate systems. This will greatly assist all staff at this Mission.

2.5.2 Mission staff maintain their own files in each section, and their own electronic records. The Mission is equipped with a strong room for storage of classified records. CATS has not been used for archiving e-mail and electronic records because

the Mission has not had access to a SIGNET system. Once it receives its SIGNET platform, the Mission will be able to archive its records with the Department's CATS system. Given that the Mission will have been operating for two years, an archiving program should be put in place to ensure that essential records are captured. Physical records should be maintained as well, with a plan for future archiving when the Mission's mandate is complete.

Recommendation for the Mission

2.5.3 When the new SIGNET system for Micro-Missions is installed, institute a systematic archiving of essential electronic files.

Mission Response

2.5.3 This will be implemented once the new SIGNET platform is installed.

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

PROGRAM	CBS	LES	TOTAL
Head of Office	1	0	1
CIDA Representative	1	0	1
CIC	0	1	1
PERPA	0	1	1
Administration/Consular	0	4	4
Total	2	6	8

Physical Resources

ASSETS	OWNED	LEASED
Chancery		1
SQs		2
Vehicles		3

Financial Information 2001/2002

LES Salaries	\$130,000
Operational + Capital	\$372,433
Capital	\$17,000
CB Overtime	\$7,500
Total	\$526,933