

**AUDIT
OF
THE CANADIAN EMBASSY**

BELGRADE

MAY 2002

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the General Relations (GR), the International Business Development (IBD), the Consular and the Administration Programs was conducted in Belgrade during the period June 12 to 15, 2001. A previous audit took place in May, 1996.

MANAGEMENT OF THE MISSION

The Mission has focussed on and made considerable progress in re-establishing services in the Federal Republic of Yugoslavia (FRY) since it reopened in August 1999, after the March 1999 evacuation. Greater efforts are underway by Headquarters (HQ) and the Mission to determine future direction and resource requirements for all the Missions in the region.

However, more attention is required by the Mission in developing detailed work plans, at the Program level, to better define and control operational objectives, activities and outputs. Communications can be enhanced through more effective use of formal structures and administrative processes such as CMMs, retreats, staff meetings, an LES Committee, a Health and Safety Committee, appraisals and training plans.

Clarification is required, through consultations with HQ and the Missions in Skopje and Pristina, regarding the provision of Administrative and Consular services and the role of Belgrade as a Hub. An MOU outlining responsibilities and related services would eliminate existing confusion and improve effectiveness and efficiency.

GENERAL RELATIONS (GR) PROGRAM

Since the HOM reopened the Mission, she has been rebuilding the Program. The Program is now very active. However, Program planning could be improved. More effort is required to develop action plans outlining activities/strategies to accomplish Program objectives. In addition, Section meetings with other programs would help improve the communications and synergies within and between the GR and other programs.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

The Commercial Section is small, consisting of a Commercial Officer and a Commercial Assistant. Soon after the Mission reopened, the Commercial Officer completed an extensive out-call program to former clients. The information gained from these meetings provided the basis for a very clear, well-documented IBD Strategy for the Federal Republic of Yugoslavia (FRY), taking into account the many sensitivities resulting from the NATO Campaign. The Program is experiencing an increase in

commercial activity and, should the trend continue, there may be a point when the Section would benefit from the direction of an experienced Trade Commissioner to implement the IBD Strategy.

CONSULAR PROGRAM

The Program is well managed and operating in accordance with Program standards. However, there is no MOU governing the working relationship between Belgrade, Skopje and Pristina. Responsibilities are not clearly understood and practised. The Mission is making every effort to correct the situation. However, little cooperation is being received from the Spoke Missions. ***

ADMINISTRATION PROGRAM

For the most part, the Program is effectively managed. However, closer attention by the MCO and stronger controls, particularly for the Finance function, are required. Work planning needs to be strengthened. Each sub-section is independently planning and managing its own tasks. Greater overall planning is necessary with increased integration of the various Administration functions and improved communication. Staff indicated a desire for more information regarding Mission planning, events, and Program planning.

The development of Administrative Service Standards needs to be completed. This will help all staff by describing service expectations and assist management in measuring the performance of the administrative function.

RECOMMENDATIONS AND MANAGEMENT RESPONSES

A total of 39 audit recommendations are raised in the report, all of which are addressed to the Mission. Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 39 recommendations, management has stated that 32 recommendations have been implemented. For each of the 7 remaining recommendations, management has indicated the initiatives in progress or the intended future action.

MANAGEMENT OF THE MISSION

1.1 Overview

1.1.1 The Mission has been in the process of re-establishing both DFAIT and OGD Programs in the FRY and has made considerable progress towards becoming a full service Mission. With limited resources, the HOM's efforts have raised the profile of the Mission and successfully promoted Canadian interests during a time of political uncertainty and economic collapse.

1.1.2 Efforts are underway on the part of HQ and the Mission to determine its future direction and the commensurate level of resources required both for DFAIT Programs and the potential needs of OGDs, in response to the FRY's democratic transition and the corresponding opportunities for trade and investment.

1.2 Accountability

1.2.1 There is confusion regarding the provision of Administrative and Consular services by Belgrade to Skopje, Macedonia and to Pristina, Kosovo. While Skopje is accredited to the HOM in Bucharest, Administrative support is provided by Belgrade. Pristina is supported administratively by the MCO in Skopje, but the Head of Office reports directly to HQ. In discussions with RBD, it is not entirely clear on what basis these relationships exist. Moreover, there is no documentation in the form of an MOU that can be referred to. The existing situation is frustrating for those involved, contributes to less than optimal support and exposes Administrative and Consular operations in Skopje and Pristina to increased risk. The issue of reporting relationships has been raised in the Pristina Audit Report and the recommendation has been responded to by RBD.

Recommendation for the Mission

1.2.2 Prepare an MOU covering Administration and Consular services for Skopje and Pristina.

Mission Response

1.2.2 The MCO has explored the possibility of establishing an MOU with Pristina and Skopje for Consular and Management services. There are mitigating issues which will have to be addressed/resolved first by the Branch concerning accreditation in the region and the final status of Kosovo. In light of the foregoing, it might make functional sense to maintain the current Hub/Spoke arrangements until

decisions are made at HQ concerning scope of our diplomatic representation in the Balkans over the longer term.

RBD Comment

1.2.2 RBD has responded to the Pristina Audit Report by indicating that Head of Mission accountability and responsibility for financial management, Administrative support and Consular planning will be situated in Bucharest. Belgrade, therefore, no longer requires an MOU for Administration and Consular with Skopje and Pristina as these functions should be passed to Bucharest.

1.3 Planning

1.3.1 The Mission developed comprehensive strategic objectives and related operational objectives and supporting activities for inclusion in the Bureau Business Plan. Internal management can be strengthened through the development and use of detailed work plans. Documented goals and objectives are in place for each Program, except Administration. However, detailed work plans outlining related activities and projects, resources required, time frames and expected results would help ensure their achievement. These work plans can also be used as a focus for discussion between the HOM and Program Managers and between Program Managers and their staff, with the intent of reporting on status, defining and agreeing to required alterations and for confirming results.

Recommendation for the Mission

1.3.2 Develop detailed work plans for each Program.

Mission Response

1.3.2 Detailed work plans for each Program have been developed and integrated into short, medium and long term objectives for the Mission. These work plans also consider possible “steady state” scenarios for DFAIT and OGD programming (CIC, CIDA and DND) post Cabinet MOU funding in 2004. We understand that the various scenarios are under review by DFAIT and that decisions will follow OGD consultations scheduled for late February 2002. The Mission has contributed to this process in providing to RBD, RAM and RES cost-effective recommendations for optimum program delivery.

1.4 Communications

1.4.1 In examining the management and administrative structures, it is apparent that more rigour and attention is required to ensure communications at the Mission are effective in enhancing operations and staff productivity.

1.4.2 The CMM could be used more effectively to coordinate activities between Programs and as an accountability mechanism, through documenting decisions and following up on outstanding items. An expanded CMM or appropriate operational meetings which would include lower level staff could be used to better ensure integration between Programs and to deal with operational and administrative issues.

1.4.3 Periodic retreats at the Mission and Program levels would provide a forum for staff to receive information regarding management direction and intentions and to provide input and ideas.

1.4.4 Formal structures such as the LES Committee and the Health and Safety Committee need to be regularized. There is no Health and Safety Committee in the Mission and the LES Committee does not meet regularly with management. These Committees are important communication fora for staff and management to identify and resolve issues.

1.4.5 Other important administrative requirements that are not receiving the attention required are appraisal reporting and training identification. These requirements are linked in that individual training needs derive in large part from the appraisal process. Both processes also serve as communication vehicles in which management and staff link performance and development with operational requirements.

Recommendations for the Mission

1.4.6 Develop a communication strategy incorporating a more structured CMM and staff retreats.

1.4.7 Establish a Health and Safety Committee.

1.4.8 Ensure that the LES Committee meets regularly with management.

1.4.9 Ensure that controls are in place that will provide a systematic approach for yearly appraisal completion and a Mission training plan.

Mission Responses

1.4.6 The CMM meetings have been restructured to reflect recommendations of the Inspector General and the Audit Team. The CMM meets the first Tuesday of each month to set objectives for each section for the month to come and with a view to the mid term. Minutes from the last meeting are reviewed to assess progress. Chaired by the HOM, each member of the CMM sets his/her objectives for the forthcoming month, together with recommended activities to achieve these objectives. The CMM minutes have been revamped to take the form of a “decision sheet” and are available to CBS on the I drive.

The second Tuesday is a “program activity” meeting involving all CBS and LEP Officers. This meeting focuses on topics that impact other sections, or the Mission in general. Discussion between sections are kept to a minimum in order to maintain focus.

The third Tuesday of the month is the second CMM. The HOM uses this venue to verify the state of completion of the objectives established at the first CMM of the month. This meeting is also a forum to improve synergy between programs.

The fourth Tuesday sees a CBS meeting. This is a short meeting where management communicates the different objectives and activities of the Mission to all CBS in order to keep them informed and to help them feel part of the team. All CBS are encouraged to participate and to raise matters of concern to the Mission as a whole.

1.4.7 The CMM has designated a head of the Health and Safety Committee and she is presently forming a Committee of both LES and CBS and plan to meet regularly.

1.4.8 The MCO created an LES Committee prior to the Mission Audit. The LES are not enthusiastic about meetings and, hence, the Committee has not met regularly. That said, the MCO will schedule such meetings as a matter of course, e.g., every 3-4 months. An agenda will be set in advance which will include a request for short briefings from representatives on matters of concern to the LES as a whole. The HOM chairs a meeting of all staff every 2-3 months to raise matters of concern to the Mission as a whole.

1.4.9 Controls for appraisal reports have been established. Supervisors are being sent a message requesting appraisal completion as required.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 Program Management responsibilities are shared between the HOM and the Second Secretary ***. The Second Secretary is responsible for the Cultural and Academic activities, while the HOM is responsible for all other Program activities. The Second Secretary supervises all the LES working in the GR Program.

2.1.2 Since the Mission reopened in 1999, the HOM has been rebuilding the Program under difficult circumstances. The Mission now has a full slate of academic and cultural activities. It is building and developing relations between citizens of the FRY and Canada through public diplomacy initiatives including the promotion of Canadian Studies, participating in key cultural events and outreach activities. In the Political/Economic reporting area, the Mission is planning to increase the amount of economic reporting and is developing a better balance of thematic reporting vis-a-vis responsive crisis-based reporting. Increased Public Affairs/Media Relations activities are evidenced by the reopening of the Canadian Resource Centre at the Mission and the development of proactive relations with the media.

2.2 Management of the Program

2.2.1 Program planning could be improved. All staff have been assigned responsibilities, goals and objectives, although, there is no overall action plan outlining activities/strategies to accomplish the objectives. For instance, the Mission wants to increase the use of Canada Place and enhance economic reporting, however, there are no plans in place that detail the strategy required to do so and no evidence of reporting that will assess efforts and results and suggest corrective action, if required. The LES believe that more integration with the IBD and Development Programs is needed. They are experiencing difficulties building synergy between themselves and these Programs. Regular meetings dealing with Program matters and involving the CBS and the LES would promote better dialogue and communications between the Programs. It would keep the CBS and the LES better informed as the leaders of the country introduce political and economic change.

Recommendation for the Mission

2.2.2 Regular meetings between CBS and LES Officers should be implemented to discuss Program matters.

Mission Response

2.2.2 All Program Managers now hold weekly meetings with staff to set objectives and review progress. The HOM also meets daily with the MCO and GR Program Manager to deal with immediate issues.

2.2.3 The Mission has two LES translators that reviewed the independent media and attended meetings prior to the recent changes in the Balkan's political landscape. Their primary role was to provide translation services. Under the new regime, the availability of English media has increased and the need for a translator to attend meetings has decreased to the point that the need for translation services has significantly lessened. As a result of the translators reduced workload, they began providing an analysis of what they read and hear in the local and international media. In addition, they assumed new responsibilities such as web-site maintenance, networking with the media and more actively promoting Canada. The Cultural and Academic Officer was experiencing difficulties being the Canada Place Information Officer, four hours per day, and maintaining her cultural and academic activities. As a result, the two translators now do this task, each doing two hours per day. The Mission does not register the number of visitors to Canada Place.

2.2.4 Because of the changing duties of the translators, the Mission has rewritten the two job descriptions. The position titles were changed to Economic and Public Affairs Officer and Political, Media and Information Officer, respectively. The incumbents told the Audit Team that they had been doing these new duties for some time and were waiting for the results of the reclassification decision. At the time of the audit, the job descriptions had not been submitted to HQ and it was not clear to the Team when the Mission planned to do so. Other than anecdotal, the Team could find no documented Program rationale for this change.

Recommendation for the Mission

2.2.5 The Mission should review and document the staffing requirements for the GR Program and, if warranted, proceed with appropriate classification and staffing action.

Mission Response

2.2.5 The Mission is currently reviewing responsibilities and activities of the GR Program and staffing needs. Demand for depth and breadth of political reporting and analysis will continue to be high. The Mission has recommended a core program with two local Officers (Academic and Cultural Officer, and a Political/Media Relations Officer) and one Public Affairs/support position to deliver the Program. This composition would reflect the GR complement of

other medium sized Missions, such as Budapest, Warsaw and Prague with similar program responsibilities. (See also 5.2.3)

2.2.6 Although, as mentioned before, Program Management responsibilities are shared between the HOM and the Second Secretary, staff are provided the needed direction and tasking for both the short and long term by the Second Secretary. The Mission may want to consider delegating to her the full responsibilities of a Program Manager. Because of her current supervisory responsibilities she is now, to a certain extent, the *de facto* Program Manager. With appropriate coaching and mentoring from the HOM, the transition from partial to full Program Manager could be achieved. This transition is manageable provided staff make an effort to do this in a positive and constructive manner.

Recommendation for the Mission

2.2.7 The HOM should consider delegating full Program Management responsibilities for the GR Program to the Second Secretary.

Mission Response

2.2.7 In June 2001, in conjunction with the Officer's annual performance rating, this was done. The HOM will continue to provide mentoring and advice to the Program Manager.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

3.1 Overview

3.1.1 The IBD Program is responsible for trade promotion and investment activities in the Federal Republic of Yugoslavia (FRY). The HOM is the Trade Commissioner supported by an experienced Commercial Officer (CO) and a Commercial Assistant (CA). The current trade situation between Canada and the FRY is largely influenced by the NATO military campaign that took place from March to June 1999. Soon after the military campaign ended, the Mission contacted most of the former buyers, joint venture partners and agents of Canadian firms to see if they had any reservations continuing business relations with Canada. The Mission found that there was a willingness to maintain business relationships with Canada.

3.1.2 The Mission believes it is in a good position to build on existing relations in both the political and economic sphere to enhance existing cooperation, as well as to take advantage of new and growing opportunities for trade and investment in the FRY.

3.2 Management of the Program

3.2.1 The Mission has an IBD Strategic Plan for the FRY. Its primary objective is to continue to render support to the existing joint venture companies, offer normal trade services and extend the network of contacts with small and medium sized companies. The Commercial Officer and Assistant have objectives and work plans with associated activities and expected results. Objectives are clear and measurable with criteria for success identified. Morale and satisfaction are high among the two staff in the Section.

3.2.2 The Mission is experiencing a changing environment that is presenting new opportunities. All Mission indicators are reporting an increase in commercial activities in the FRY. This is supported by an increase in the visitor and inquiry activities for the Commercial Section. The HOM is the Trade Commissioner and it will become increasingly difficult for her to wear two hats. If the Program continues to expand, the trend will have an impact on the role of the CO and CA support requirements and may also require a Trade Commissioner to head up the Program. The present IBD Strategy is a very ambitious plan and certain activities will need to be prioritized if the current trend continues. This could result in lost opportunities unless the Program is sufficiently resourced.

New Approach

3.2.3 The CO has received the New Approach training and the principles are clearly understood and applied. The Section does provide, from time-to-time, more

than the six core services. Additional service providers have not been identified in the FRY. The Section is aware of the new emphasis on additional service providers and believes it will be in step with other missions in the near future, when that sector of the economy becomes more developed. The CA has not received the New Approach and WIN training.

Recommendation for the Mission

3.2.4 The CA should receive training in the New Approach and WIN.

Mission Response

3.2.4 The CA attended a Regional WIN Training Course in Budapest, Hungary, early in December 2001, as recommended by the Audit Team. The CA has also, previously in March 1999, received the PMI (Performance Measurement Initiative) Training in Athens, Greece.

CONSULAR PROGRAM

4.1 Overview

4.1.1 The Consular Program is managed by the MCO, while day-to-day operations are conducted by an LE Consular Officer and an LE Consular/Passport Clerk. The Consular Program supports the Missions in Skopje and Pristina. The LE Consular Officer is an experienced and dedicated officer. She received two Merit Awards for the work she did for the Canadian Government during the NATO Campaign.

4.2 Management of the Program

4.2.1 As discussed in the Mission Management section of this report, the relationships between Belgrade, Skopje and Pristina are not clear. There is no MOU governing the working relationship between the three Missions. As a result, Consular responsibilities are not clearly articulated and understood between the Hub (Belgrade) and the two Spokes (Skopje and Pristina). Because of political sensitivities in the region, the First Secretary and Consul in Belgrade has been instructed not to visit either Spoke to provide assistance and training. Instead, Bucharest has now indicated that it will provide the assistance. This, however, is proving to be difficult because those in Bucharest who can provide the training do not speak the local language. As a result, the LES in Belgrade visited Skopje twice to provide training, however, the MCO believes more area trips are necessary. Once clarity is obtained regarding reporting relationships, there will be a need to develop a detailed MOU defining roles, responsibilities and services to be provided.

4.2.2 The MCO apprised the Audit Team of administration errors that raise concerns about the adequacies of internal control practices at the Spokes. ***

Recommendation for the Mission

4.2.3 The Hub should review, with the Spokes, the fee collection procedures to ensure that the Spokes fully understand the procedures and that adequate internal controls are in place to safeguard cash against error, theft and/or fraud.

Mission Response

4.2.3 The Spokes are now collecting and depositing the funds on site and providing Belgrade with copies of the official receipts.

Official Receipts

4.2.4 The Mission does not issue official receipts when it receives the passport fee. The Section believed that this was not required because it had been told that the passport was the receipt. The primary control in all cash transactions is the official receipt. The Audit Team suggested that the Section begin issuing receipts when it receives passport fees. SMD will be formally issuing a policy on the requirement of official receipts for passports.

4.2.5 ***

Recommendation for the Mission

4.2.6 ***

Mission Response

4.2.6 ***

Observation Labels

4.2.7 The ID and Observation labels are not adequately secured. ***

Recommendation for the Mission

4.2.8 ***

Mission Response

4.2.8 ***

Client Interviews

4.2.9 The Section does not have a secure and private work area in which it can interview clients. Presently it is using Canada Place which is an open room with a small seating area. This arrangement does not provide privacy for the clients and Mission staff. Many Consular cases are sensitive, yet staff are reluctant to take first time clients to their office for security reasons. Not until they have established a working relationship with the client will they invite them to their office. Clients and staff are uncomfortable with the present arrangement. The Program would be better served if it had a more appropriate interview area that provided clients with privacy for interviews and completion of documents.

Recommendation for the Mission

- 4.2.10** **The Mission should provide the Consular Section with a client interview area that provides a private and secure working area.**

Mission Response

- 4.2.10** **The Mission is considering the installation of a secure Consular interview area. Three possibilities are being examined with a view to economy, safety, efficacy and aesthetics.**

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The MCO is responsible for managing the Administration Program and is supported by two CBS, a Mission Property Management Officer, and a Systems Administrator, and 20 LES staff. The MCO is an experienced Officer whose efforts are appreciated by both his clients in the Mission and the HOM. Overall, management of the Program is effective. The Human Resources, Physical Resources and Information Management functions are managed appropriately and operating efficiently. However, improvements are required regarding supervision (particularly in Finance), planning, and communication.

5.1.2 The MCO and HOM have an open dialogue regarding the management of the Administration and Consular Programs. However, there is a need for greater direction from the HOM in the form of clear goals and objectives for the Program. This issue is addressed in the Mission Management portion of this report. Greater involvement in the Program by the HOM would serve to address many of the observations addressed by this section of the report. The MCO has not yet received detailed written objectives.

5.1.3 The CMM could more effectively serve as a vehicle for communicating administrative objectives and monitoring progress. Many administrative functions affect all programs and regular CMM meetings are one way to ensure coordination and clarity among all staff. Regular meetings with detailed minutes of discussions and decisions would facilitate many administrative issues. One example is the Housing Committee, which is a sub-committee of the CMM. The HOM and MCO can use the meetings of the CMM to establish and document the mandate and tasks of the Housing Committee, to review its progress and to keep all programs informed.

Service Standards

5.1.4 Service Standards have not been formally established. At the time of the audit, the MCO was planning to address this issue based on a previous service standard document in use at the Mission. Service standards are used to clarify services to be provided, their processing time-frames and the procedures concerning exceptions and urgent requirements. Standards inform clients as to expectations and guide the Administration Program's performance. Developing relevant Service Standards, in consultation with other Program Managers and the HOM, needs to be incorporated into the objectives of the Program. It will also serve, in part, to improve issues noted in this section of the report.

Recommendation for the Mission

- 5.1.5 Develop and institute a formal set of Service Standards to govern the provision of administrative services at the Mission.**

Mission Response

- 5.1.5 The service standards are presently in development. The MCO expects to have them completed by the end of the FY 2001-2002.**

5.2 Human Resources

Management of the Function

5.2.1 Human Resources are managed effectively by the MCO who with the assistance of the Accounting staff, provides personnel services for the Mission and the Spoke Missions (Skopje and Pristina). Despite the reduction of 18 staff since reopening, the Mission recognizes that its complement of LES is large given operational requirements. Formulation of plans regarding staff size is pending future developments. Communications are taking place between RBD and the Mission. However, it is not yet clear to the Mission whether OGD Programs will expand, if greater regional responsibilities will be added to various programs, or if further staff reductions will be required.

Work Load Analysis

5.2.2 The Mission is no longer working in a crisis mode and is now in a position to step back and analyse its personnel resources. This would include a detailed work load analysis for each Program. The following are specific examples where analysis would help determine the adequacy of existing resource levels:

- Two LES Translators;
- LES maintenance staff;
- PERPA and IBD Programs future program expansion;
- number of drivers required; and,
- the role and duties of the Administrative Assistant.

In addition, there remains the possibility of the Canadian Forces Attache (CFA) returning and of the Development and Immigration Programs increasing staff. As such, the Mission is concerned about making personnel reductions at this time. Nonetheless, the existing personnel complement and work load can be analysed and plans developed that will provide various options to accommodate future resourcing decisions.

Recommendation for the Mission

- 5.2.3 Complete a work load analysis for each Program to identify the HR capacity and capability of the Mission.**

Mission Response

- 5.2.3 A work load analysis has been completed for the HOM meeting in Zagreb, November 2-4, 2001 and sent to RBD, RAM and RES. This analysis takes into account the resources needed to meet program objectives with a view to the short, middle and long term and the impact of strategic decisions from HQ and other OGDs.**

RBD Comment

- 5.2.3 The analysis is being considered and decisions taken in the course of reviewing Canada's representation in the Balkans. Final decisions regarding staffing are to be made by the Summer 2002.**

Recreation Facilities

5.2.4 The Chancery has good recreation facilities available for the use of staff: a full size gym with exercise equipment; an indoor swimming pool; a Canadian Club; and a recreation vehicle. These facilities are all used regularly and add to the morale of staff at this Mission. Two concerns were raised, one regarding the swimming pool, and one regarding the Canadian Club:

- the swimming pool is occasionally used by children from international schools in Belgrade, which concerns the Mission as a potential liability for the Department; and,
- the Canadian Club is open after every workday and set hours of operation are not observed.

A waiver is used for the school groups that use the swimming pool, but the Mission is still uncertain of the potential liability. Regarding the hours of the Canadian Club, the committee that operates the Club should develop an operating schedule and/or rules that are approved by the CMM.

Recommendations for the Mission

- 5.2.5 Consult SRD and JLA regarding liability issues concerning the use of the swimming pool by groups other than Canadian Government employees and families.**

- 5.2.6 The Canadian Club Committee should develop guidelines for club activities and opening times, for approval by the CMM.**

Mission Responses

- 5.2.5 JLA has been contacted with reference to the use of the pool by international schools in Belgrade and associated liability issues and has provided advice to the Mission. The Mission now requires users to provide a qualified lifeguard for their pool sessions.**
- 5.2.6 The Canadian Club Committee has reiterated and posted guidelines for the club activities and the opening/closing hours. These guidelines have been discussed with the HOM and are being applied vigilantly.**

Spousal Employment

5.2.7 There are presently only three spouses at the Mission, all of whom are employed from time to time by the Mission. There is a need for security cleared employees to supervise contract workers at the Mission, and spouses are often contracted for this. Work is shared among all and this has added greatly to the morale of the CBS spouses. One spouse is also presently contracted as the Community Coordinator.

5.3 Physical Resources

Management of the Function

5.3.1 The MCO is responsible for the Physical Resources function. However, day-to-day management is assigned to the CBS Mission Property Management Officer (MPMO). The MPMO is a Canadian Forces engineer seconded to DFAIT and assigned to the Mission to provide facilities management expertise. The MPMO and MCO work well together, communicate frequently and provide effective management of the function.

5.3.2 The Chancery is a large Canadian built office building, ideally located in Belgrade. Repairs after the 1999 Mission evacuation have mostly been completed and the building is once again fully operational. The Official Residence (OR) is also Crown-Owned and the other fourteen Staff Quarters (SQs) are all Crown-Leased.

5.3.3 The MPMO supervises a large maintenance team consisting of an Assistant (LE-05), three Handymen (LE-05), two Handymen (Non-Office), and three Cleaners (Non-Office). While this is a large maintenance team compared to similar Canadian Missions in the region, the MPMO indicated that he felt all staff were fully

employed. The mechanical requirements of the Chancery, a sophisticated building, necessitates regular maintenance. Maintenance staff are also used to effect regular repairs and basic maintenance to the SQs. Under current conditions, maintenance is difficult to obtain through contracting. Should this change, however, the complement of maintenance staff could be considered for reduction.

Planning

5.3.4 While the MPMO and MCO do work closely together, the MCO has delegated planning of this function to the MPMO. Little guidance is provided unless specifically sought by the MPMO. The MCO has not set broad or specific objectives for the MPMO. The MPMO has been in the Mission for over a year, has benefited from a good hand-over from his predecessor, and has a close working relationship with SRSF. This, together with his job description, provide the MPMO with the basis for his work planning. The MCO, however, should ensure Mission priorities are communicated to the Property Section and incorporated into property plans.

5.3.5 The Mission Property Management Plan and SRSF Work Plan have been updated recently. The MPMP provides sufficient detail for Chancery and OR planning, but is incomplete for the SQs. The Strategy, Location and Security Issues, Design Issues, and Comments sections are blank for all SQs, although the completed MPMP was reviewed by the MCO. It is essential that these sections be completed, not only for planning regarding the SQ profile, but to keep HQ informed of Mission strategies. The MPMO indicated to the Audit Team that he has not been able to load this application on workstations.

Recommendations for the Mission

5.3.6 Review the MPMP and complete all sections for each SQ.

5.3.7 Ensure that the MPMO and his staff have access to the MPMP application on their own workstations.

Mission Responses

5.3.6 The new MPMP has included details on strategy, location, security design and information in comments block.

5.3.7 The MPMP can now be accessed by the MPMO.

Chancery

5.3.8 The Mission Chancery is one of the best buildings that DFAIT has in the region. It was constructed by DFAIT and is large enough to accommodate all staff and

programs with room for any foreseeable expansion. In a city of very few amenities, this facility provides the Mission staff Canadian standard working conditions and provides them and their families recreational facilities such as a full gym, pool, and a Canadian Club.

5.3.9 The Audit Team reviewed the current operating costs with the MPMO and notes that it is an efficient building to run. The Chancery is, however, not being used to its full capacity. It was constructed for a much larger Mission than operates today. Although OGDs may increase their presence, the building will not likely be used to capacity. Mission management and HQ are aware of this and have explored options. Co-location does not seem possible at this time and would be difficult to arrange due to security requirements. The design of the building does not lend itself to closing a portion that is surplus and any savings from such an action would be negligible. There has been a lot of reconstruction completed to the building in the past two years and more costly renovations will be required in the coming years as systems age and require replacement. The Immigration Applicant Booths, as another example, are old and will require complete refitting to accommodate modern computer workstations. The quality of the existing facilities would be hard to match and minimal operating savings would be achieved from any decision to move.

Official Residence

5.3.10 The OR is a reasonably sized property. It is located in a prime real estate area close to other ORs and high level government and business residences. It is a short drive from the downtown core and the Chancery building. The house is well laid out with suitable entertainment space and living quarters. A technical study of the OR was commissioned by SRSF and completed by a local engineer firm detailing suggested renovations and changes to the building. Initial estimates indicated costs of \$1 million or more. The Mission is now awaiting feedback from SRD regarding the study and future works on the OR. SRD should provide the Mission with analysis of the technical study and assist the Mission in determining which works should be acted on. The HOM and the MCO have begun to consider the potential scope of work, however, they have not yet taken the lead by providing SRD with their views on the work priorities. The Mission will need to take a more active role in developing a strategy for the OR and communicating with SRD to determine medium and long term plans. The OR is fully operational at this time and the Mission considers it beneficial to keep this facility.

Rent Savings

5.3.11 The Mission leases its SQs either from the state diplomatic housing organization called the Beogradskog Bataljona or from a modern complex called Gennex Apartments. One exception is an apartment leased from a private owner. The Mission has taken advantage of the favourable market situation by recently negotiating

rent reductions for each of the SQs leased from the state landlord. This resulted in annual estimated savings of \$87,000.

5.3.12 The Mission also recently disposed of three SQs when CBS positions were reduced. Because the rents had been prepaid, the Mission negotiated with the landlord to credit the unused prepaid amounts to the other SQs. Therefore, two SQs (4740085 and 474086) are now pre-paid until June 30, 2004. Although not a savings per se, the Mission has ensured that \$270,000 of pre-paid funds have been retained and credited to the Mission.

Housing Committee

5.3.13 The Mission has instituted a Housing Committee (HC) that is actively assisting with the management of physical resources. The HC takes its role very seriously and meets frequently. The first task the HC undertook was to inspect all SQs and develop a report on their condition. Their report was very detailed and included recommendations for each SQ which the MPMO included in his work plan. This is an excellent initiative on behalf of the HC and will greatly assist the MPMO.

5.3.14 The HC also reviewed the housing profile with a view to replace the expensive GENNEX Apartments with less expensive leases. The HC, MCO, and MPMO visited numerous houses and apartments, however, they were not successful in identifying locations considered suitable by the HOM. It appeared to the Audit Team that the HC did not fully understand its mandate in reviewing the housing profile and therefore was not looking specifically for smaller housing. The HC is a sub-committee of the CMM and it is the CMM that should make the HC's mandate clear. The HC should make recommendations to the CMM, which can then offer considered advice to the HOM.

Recommendations for the Mission

5.3.15 Clarify the mandate of the Housing Committee, in particular regarding changes to the SQ profile.

5.3.16 The Housing Committee should report to the CMM and it, in turn, should make recommendations for action to the HOM.

Mission Responses

5.3.15 The standard mandate of the Housing Committee, as defined by DFAIT, was distributed by the MCO in the Fall 2000 to all members of the Housing Committee. The HOM has instructed that the Housing Committee review/endorse new properties identified by the Administration and Property Section.

5.3.16 The Housing Committee has always reported to the CMM who in turn makes recommendations to the HOM. The Mission is now ensuring that these recommendations and decisions clearly appear in the CMM minutes.

SQ Profile

5.3.17 At present, the Mission staff are primarily single employees or couples without children. The Mission and city conditions are not considered suitable for children at this time. As such many of the staff are over-housed in 3+1 bedroom houses or apartments that were acquired for larger families. The Mission currently has SQs that range in measurements from 153 to 228 square metres. Guidelines, in this case, call for SQ measurements from 90 to 185 square metres. There are mitigating factors, however, that justify this situation. The Mission has been operating in a difficult situation that has only recently normalized. The apartments that it rents have been in the Mission profile for many years. The rents have been decreased even though staff are over-housed. Given that the Mission now has mainly single or couples without children assigned to it, a larger portion of smaller SQs is appropriate. Instructions to the Housing Committee, who are considering changes to the SQ profile, should include rebalancing the SQ profile to include a sufficient number of SQs of various and smaller sizes.

Recommendation for the Mission

5.3.18 As accommodation changes, rebalance the SQ profile to include appropriate accommodation of 2, 2+1, and 3+1 housing.

Mission Response

5.3.18 The SQ profile has been adjusted since the audit and inspection visit. Four moves were realised at a cost saving of \$27,000 USD annually and resulted in a reduction of approximately 371 square metres from our previous inventory.

Warehouse

5.3.19 The Mission leases a separate warehouse at an annual cost of \$10,000. This space has been leased since 1998. It may have been necessary when the Mission was fully occupied or during various evacuations, however, the Audit Team cannot see any requirement for leasing extra space under the current circumstances. There is adequate space available in the Chancery to either temporarily store materiel or, if required, fit-up more permanent storage space. The MPMO's office had compiled a list of materiel stored in the leased warehouse, all of which is considered surplus. Records did not indicate the condition of the materiel.

Recommendations for the Mission

- 5.3.20** **Dispose of the surplus materiel and discontinue the use of the leased storage facility.**
- 5.3.21** **If storage is still required, consider renovating space within the Chancery.**
- 5.3.22** **Keep detailed records of all stored materiel, including condition and planned use.**

Mission Responses

- 5.3.20** **The warehouse being used at the time of the audit has been disposed of and a temporary facility has been leased at a reduced cost. A storage facility will still be required until next Spring to house the surplus furniture from the Chancery due to the refurbishment project. The need for warehouse space can be re-evaluated after the disposal sale.**
- 5.3.21** **The Mission has proceeded with an analysis of our storage needs and possibilities. The only feasible area for storage in the Chancery is the garage and with 17 CBS staff vehicles and a fleet of 8 official vehicles the garage does not have much spare room to store equipment long term. Some storage space is required in the garage to accommodate Diplomatic bag shipments and general deliveries of various nature. Storage space is also required for existing materials on the Mission's inventory.**
- 5.3.22** **A complete inventory was recorded. The Mission proceeded with a Crown asset disposal exercise in December 2001.**

Fuel

5.3.23 **The Chancery has an in-ground gasoline fuel storage tank and a fuel pump to provide refuelling for official vehicles and CBS PMVs. The Administration Clerk maintains a register of its use and invoices CBS accordingly. The Audit Team reviewed this process and while adequate controls are in place, the MCO needs to review refuelling records on a regular basis. This is not a service normally provided to CBS. However, there are very few fuel stations in Belgrade. As the situation normalizes the Mission will not need to provide fuel to CBS.**

Vehicles

5.3.24 The Mission has eight official vehicles (OV): one armoured vehicle; one large truck; a maintenance truck; HOM car; recreation vehicle; and three pool vehicles. For a Mission of this size, given the number of program staff that are travelling, eight vehicles is excessive. The large truck was used primarily during evacuations to Budapest. It is not clear why a HOM vehicle plus three pool vehicles are required.

Recommendation for the Mission

5.3.25 Examine the official vehicle fleet and the requirement for each vehicle.

Mission Response

5.3.25 The Mission fleet requirement analysis is being done in conjunction with recommendation 5.2.3 concerning the work load analysis.

5.4 Finance

5.4.1 The MCO, with the support of two Accountants (LE-06) and a Cashier, is responsible for the financial operations. Cheques are not a mode of payment in Yugoslavia; cash is the normal payment method. The Mission operates a Dinars and a USD bank account, plus a Dinar and a USD cash account.

Bank Reconciliation

5.4.2 The Mission does not comply with the procedures established for the Reconciliation of the Bank and Cash Accounts. The Reconciliation Statements are not sent to HQ within the limit of time permitted (eleven days after month end).

5.4.3 The two Accountants have signing authority under Section 34 of the FAA and have authority to sign banking transactions. This situation developed due to the fact that after the re-opening of the Mission there were too few Canadians to allow for adequate separation of duties.

Recommendations for the Mission

5.4.4 The Mission should ensure Bank Reconciliation Statements are forwarded to HQ within the prescribed time frame.

5.4.5 The Mission should cancel immediately, the Section 34 Signing Authority of the two Accountants and forward, as soon as possible, to HQ, an amended EXT1321.

Mission Responses

- 5.4.4** **The Mission is trying to meet the 11 day time frame.**
- 5.4.5** **Section 34 Signing Authority for the two Accountants has been cancelled.**

Cash Accounts

- 5.4.6** *******
- 5.4.7** *******

Recommendations for the Mission

- 5.4.8** **The MCO should verify the two Cash Accounts on a monthly basis.**
- 5.4.9** **A monthly schedule should be prepared and forwarded to the CBS regarding personal cash drawings and instructions provided in the Manual of Financial Management should be followed by the Cashier.**

Mission Responses

- 5.4.8** **This is now done on a monthly basis.**
- 5.4.9** **Instructions and a schedule have been distributed to all CBS regarding personal cash drawings procedures, ensuring they are in accordance to the Manual of Financial Management.**

Bank Accounts

- 5.4.10** **The USD bank account Reconciliation Statements show large amounts entered in IMS under Unrecorded Transactions. These amounts are CIDA expenditures for which the Mission did not receive the funds from CIDA or the authority from HQ. Also transactions paid from the USD Cash Account but entered in the USD/BC account were listed on the IMS as unrecorded transactions.**

Recommendations for the Mission

- 5.4.11** **Where OGD payments are made without appropriate coding, the Mission should record these payments as an 'unentered IMS transaction'.**

5.4.12 The MCO should review carefully the transactions listed in the IMS Unrecorded Transactions and should request the Accountant to provide proper justification and documentation.

Mission Responses

5.4.11 The Mission is now treating OGD payments without coding as 'unentered transactions'.

5.4.12 The MCO is now reviewing the Unrecorded Transactions and adjustments every month and the accountants include a letter explaining any Unrecorded Transaction.

Immigration Revenues

5.4.13 The Immigration Section has good control over its revenues. *** However, when POS + fails, an un-numbered EXT1203A is completed instead of a numbered form EXT1203. The MCO has already provided a copy of the form to the Immigration Officer. The Immigration Section is not aware of the EXT1203 since only POS+ was utilized.

5.4.14 ***

Recommendation for the Mission

5.4.15 The MCO should ensure that all the EXT1203As and EXT1203s are forwarded to the Accounting Office *.**

Mission Response

5.4.15 The Mission is now using form EXT1203 when POS+ is not functioning. ***

Settlement of Travel Advances

5.4.16 Many travel claims were found on the Accountant's desk unprocessed. *** Official Receipts were not issued at the time of reimbursement, and claims were found to be dated March, 1999 (previous fiscal year). The Senior Accountant could not confirm that the advances associated with these claims were coded as advances since she did not receive any instructions from HQ regarding the status of outstanding advances.

5.4.17 On December 4, 2000, the Senior Accountant received a settlement of a travel advance ***. An Official Receipt was not immediately issued. The claim was

audited one week later. *** and the Official Receipt was only issued on January 12, 2000. No clear answer was received explaining this transaction.

Recommendation for the Mission

5.4.18 Ensure that outstanding travel claims are processed and that related advances are reconciled.

Mission Response

5.4.18 The MCO is now ensuring that all advances are entered in IMS correctly, to provide the Mission with the proper notification of overdue advances.

5.5 Information Management

5.5.1 The Information Management function is well managed by the MCO. A CBS Systems Administrator (SA), a CS-01, assigned to the Mission arrived in the Summer of 2000 when computer systems were being replaced. The SA had to rebuild workstations and order many new units from Canada. This initial activity occupied much of the SA's work in her first six months at the Mission. At the time of the audit, however, the SA had completed this and there was an adequate number of workstations available.

Work Planning

5.5.2 The SA has not received a work plan or objectives from the MCO. Goals would help the SA to focus her energies and prioritize according to overall Mission plans. The SA's goals and objectives could also be shared with other program staff to help explain priorities to her clients. The SA is very client service oriented and addresses requests as they are received. However, clients are not fully satisfied that the SA responds to all requests and that work is completed in a timely manner. This may be because the clients are not aware of other priorities. Work plans and detailed Administrative Service Standards including SA services would guide the SA and clients regarding the provision of service and service expectations.

Recommendations for the Mission

5.5.3 Ensure that Administrative Service Standards include details on SIGNET and SA services.

5.5.4 The MCO should provide objectives and goals to the SA.

Mission Responses

5.5.3 This will be done in conjunction with the general Administrative Service Standards.

5.5.4 Objectives and goals are now being set annually and reviewed quarterly. These are determined in conjunction with the SA and the MCO in order to facilitate the Mission's short-term and forecasted IT concerns.

Spare Workstations

5.5.5 The Mission does not have a sufficient number of spare workstations, although they are ordering new ones to address this issue. At the time of the audit, there were no spare workstations that could be used in the Secure Zone. ***

5.5.6 The Mission does have a number of workstations on loan with staff at home, although there is no accurate inventory.

Recommendation for the Mission

5.5.7 Ensure there is an inventory and appropriate description of all Home Loan workstations.

Mission Response

5.5.7 This task has been completed.

UPS Back-up Power

5.5.8 There are very few Uninterrupted Power Systems (UPS) installed on workstations to provide back-up power when the main power fails. Power failure is a common recurrence at the Mission and, although there is generator supplied power, a UPS is required to ensure that work is saved on computers in use. The SA should assess this situation and provide the MCO with a list of essential workstations requiring protection.

Recommendation for the Mission

5.5.9 Assess which workstations require UPS.

Mission Response

5.5.9 An assessment was carried out and UPS needed were purchased and installed.

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

PROGRAM	CBS	LES	TOTAL
HOM Office	3	4	7
IBD	0	2	2
GR	1	3	4
Development	1	0	1
Immigration	2	9	11
Administration	3	19	22
Consular	0	2	2
Security	5	0	5
Total	15	39	54

Physical Resources

ASSETS	OWNED	LEASED
Chancery	1	
OR	1	
SQs		14
Vehicles	8	

Financial Information 2001/2002

LES Salaries	\$1,119,271
Operations	\$1,360,973
Capital	\$ 136,300
CB Overtime	\$ 8,800
Total	\$2,625,344