
**AUDIT
OF
THE CANADIAN EMBASSY**

SARAJEVO

MARCH, 2002

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit was conducted in Sarajevo during the period June 18 to 19, 2001. The audit of Mission programs was limited to issues identified at HQ and at the Mission and did not include a comprehensive review of all program systems and procedures. The Mission is supported by Budapest for the Trade, Administration and Consular Programs and the Defence operation, and by Vienna for the Immigration and Police Liaison Operations. This was the first audit of the Mission in Sarajevo.

The Mission is well managed. Communications and team work are good and morale is high. The HOM has effectively positioned the Mission towards achieving its goals and objectives as far as promoting international security, supporting our military presence and managing the Immigration, Development and the Trade and Consular Programs. The Mission's role will evolve with the changing political and economic situation in Bosnia and Herzegovina and the Balkans region.

The most pressing challenge for the Mission is to upgrade its Chancery facilities from the sub-standard properties it now leases and to similarly enhance its housing portfolio as local circumstances permit. Minor recommendations are being made regarding Administration activities. These are reflective of a small Mission and the fact that the Mission's Management Consular Officer (MCO) position, resident in Budapest, had been vacant since last fall.

RECOMMENDATIONS AND MANAGEMENT RESPONSES

A total of 15 audit recommendations are raised in the report, of which 13 are for the Mission and two are for Headquarters. Management has responded to each recommendation indicating action already taken or decisions made as well as future action. Of the 15 recommendations, management has stated that 12 recommendations have been implemented. For each of the three remaining recommendations, management has indicated the initiatives in progress or the intended future action. Recommendation 4.4.4 is being addressed and the Department is now developing a more comprehensive approach to dealing with categories of missions.

MISSION MANAGEMENT

1.1 Overview

1.1.1 The Sarajevo Mission is a Category III Micro-Mission. There are ten employees at the Mission, three CBS (another DFAIT officer is on secondment to the Office of the High Representative) and seven LES. For DFAIT operations, the HOM is supported by a Third Secretary and Vice-Consul, a Trade/Consular Assistant, a Senior Administrative Assistant, a Driver and a Receptionist. The Development Program has one CBS and two LES and there is an Immigration Assistant reporting to Vienna (with local supervision provided by the Third Secretary and Vice-Consul).

1.2 Hub and Spoke

1.2.1 Sarajevo (Spoke) is supported by Budapest (Hub) for the Trade, Administration and Consular Programs and the Defence Operation, and by Vienna for the Immigration and Police Liaison Operations. The MCO in Budapest also serves as the MCO for Sarajevo. A Hub and Spoke Agreement has been signed between Budapest and Sarajevo outlining general principles and the specific terms for the three program areas. Regarding common services, Budapest will play the lead role so as to maximize the amount of time Sarajevo CBS can devote to delivery of other programs.

1.3 Mission Activities

1.3.1 There is a positive and cohesive atmosphere throughout the Mission which reflects good communication, effective management, competent staff and good morale. With the assistance of the CIDA Counsellor and the Third secretary and Vice-Consul, the HOM has been very proactive in representing Canada, promoting international security, providing support to our military, police and civilian (total about 1750) presence, and managing the Immigration and Development Programs. With a provisional government in place there is very little bilateral activity. Instead, the Mission's agenda and activities are largely driven by the weekly meetings of the Steering Board Ambassadors with the High Representative of the International Community, to manage the peace implementation process. The Mission is also impacted by many official visits such as those by the Governor General, Ministers, RCMP and CIDA officials. Achievement of results are well documented in the HOM's Performance Agreement and are in line with the agreed to commitments and performance measures.

1.4 Communications

1.4.1 Communications in the Mission are effective. A weekly staff meeting is

held and attended by all staff. This meeting is used to share information, give direction regarding upcoming initiatives and activities and as a forum for staff to raise and discuss issues.

1.4.2 There is a matrix approach to the assignment of tasks and the division of duties that is not reflective of the formal organization chart for the Mission. Management has been able to instill a collaborative environment where staff work as a team to ensure that uneven workloads and demands indicative of a small Mission are handled efficiently.

1.5 Workload

1.5.1 Concern was raised in reference to the heavy workloads taken on by Mission staff. In reviewing job responsibilities and related activities, there is no doubt that staff are fully occupied and are often required to cover more than one function and to provide back-up for colleagues. This is typical of a micro-Mission and the constant and often conflicting demands placed on it. However, there was no indication of overload, either in terms of overtime being worked or personal stress. While extremely busy, staff had a sense of accomplishment and pride in their work.

Mission Comment

1.5.1 Subsequent to the audit and further discussion between the MCO and the Audit Team Leader, it was agreed that there is an increasing demand on the Management/Consular Section at the Mission. In a sense, there is overload. With only the Locally-Engaged MCO at the Mission without any accounting help, the Mission has had to bring in contract support for bookkeeping. In addition, families have now been added to the Mission since the Audit Team's visit, there is an upcoming chancery move and the installation of MITNET and SIGNET which will mean a need to do things differently in terms of accounting. Thus, both parties recommend the addition of an Accountant position to facilitate data entry into IMS in a timely fashion and to act as a back up to the LES MCO who has been prevented from taking vacations for periods of more than one week because of her Mission-critical role.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

2.1 Overview

2.1.1 The Trade Commissioner in Budapest is also the Trade Commissioner for Bosnia and Herzegovina. The Sarajevo LES Trade/Consular Assistant reports functionally to the Trade Commissioner. The Trade/Consular Assistant spends approximately 30 percent of her time on trade related activities, with the balance on Consular activities. She has attended a two day seminar in Budapest on the New Approach.

2.1.2 While the economic environment in Bosnia and Herzegovina is stabilizing, business development and investment opportunities are limited. Statistics and other information are difficult to obtain. The Trade Commissioner believes that there are commercial opportunities in the region. However, the current situation does not allow the Mission to effectively pursue these opportunities. He recognizes that there is little, if any, funding available. As an alternative, he is planning to discuss with the CIDA Officer, arriving in Sarajevo this summer, a joint strategy to increase the effectiveness of the Program in this region.

2.1.3 The Assistant has developed a good network of contacts, responds to enquiries within the five day standard, refers global requests to the Post Support Unit and informs clients of additional service providers. Under the guidance of the Trade Commissioner, the Mission is organizing Canada Trade Days. Canadian companies have been identified and contacted and an event is planned before March 31, 2002.

CONSULAR PROGRAM

3.1 Overview

3.1.1 The Consular Program is well managed. The MCO in Budapest is the Consul for the Program in Sarajevo, as outlined in the Hub and Spoke Agreement. The day-to-day operations are carried out by the Trade/Consular Assistant who spends 60 percent of her time on Consular work and who has delegated signing authority under the Canada Evidence Act. The Third Secretary and Vice Consul in Sarajevo supervises the Assistant's work and is involved in the more complex cases.

3.1.2 The Mission issues the full range of passports and prepares its own monthly passport report for HQ. Activity relating to assisting Canadians is minimal with no prisoners or recent deaths having been reported. The Mission has been provided with a remote access version of COSMOS. There are 130 Canadians registered which represents one-half of the Canadians in Bosnia and Herzegovina, excluding the 1600 peacekeepers. A contingency plan has been developed ***.

3.1.3 During inputting of CAMANT information, the system often disconnects requiring re-entering. For COMIP reporting, the Mission provides its Consular workload statistics to Budapest for input. This has caused some confusion in that the workload for the Mission is being coded primarily to a catchall category labelled 'other'. The MCO in Budapest needs to investigate the cause of the problem and take corrective measures to ensure proper coding and accurate reporting.

Recommendation for the Mission

3.1.4 Ensure that COMIP information from Sarajevo is accurately coded and entered.

Mission Response

3.1.4 Remote access to CAMANT, COSMOS and COMIP should improve once the MITNET/SIGNET upgrade now scheduled has taken place.

3.2 Consular Revenues

ADMINISTRATION PROGRAM

4.1 Management of the Program

4.1.1 The Administration Program is well managed and operates efficiently, despite the absence of an MCO since the fall of 2000. This has not resulted in any serious problems but has put a strain on the Mission and is evidenced by some minor deficiencies and inefficiencies. An MCO was appointed June 11, 2001 and one of his priorities is to review the service being provided by the Hub to the Mission and to address required improvements.

4.1.2 Administration activities are carried out by three staff who each report directly to the HOM. The senior LES is the Administrative Assistant who is responsible for the Finance and Physical Resources Functions. The Receptionist, in addition to her regular duties, provides general administrative support to the Mission. The Driver also serves as a handyman and provides general support as required.

Mission Comment

4.1.2 Subsequent to the audit, a number of systemic problems were identified by the MCO, in terms of conformity with DFAIT standard practices (financial data entry, material management systems, Mission-systems, etc.). These can only be resolved through the addition of one LES resource within the Program. There is significant stress on the system when the Locally-Engaged Officer is away. Mission operations are, as a result, very vulnerable.

4.2 Human Resources

4.2.1 The day-to-day management of the Human Resources Function is handled by the HOM who is assisted by the Third Secretary and Consul. Issues such as a current LES Handbook, salary and benefits survey, and enhanced reliability checks need to be actioned by the Mission.

Recommendation for the Mission

4.2.2 Ensure that ERCs are completed, the LES Handbook is updated and that a salary and benefits survey is conducted.

Mission Response

4.2.2 ERCs are being processed. The drafting of an LES Handbook has begun, modelled on the Budapest Handbook. The last salary and

benefits survey was carried out in the Spring of 2001. Before another is undertaken, it should be verified whether UNDP data are now available for Sarajevo.

4.2.3 Two staff are employed through personal service contracts by the Mission to clean the Chancery and the Annex on a part time basis. In order to reflect the actual basis of this employment relationship, and to avoid potential liabilities, the Mission needs to determine the continued requirement for these individuals and, if warranted, regularize these positions.

Recommendation for the Mission

4.2.4 Review the cleaning service contracts and consider resourcing this activity through staffing.

Mission Response

4.2.4 Separate cleaning services will be required at the two existing properties until the Chancery has been relocated. We would then propose to staff a single cleaner position.

4.3 Physical Resources

4.3.1 The Chancery and the Staff Quarters (SQ) have posed a challenge to the Mission in the post-conflict era in Sarajevo. Present arrangements are less than optimal which has been recognized by the Mission, RBD and SRD.

4.3.2 The Chancery comprises two buildings: the main Chancery which houses the HOM, IBD, Administration and Consular operations and an Annex which houses the Immigration and Development Programs. Neither building is acceptable for Mission operations. The buildings are old and do not possess the normal office amenities such as reception areas and meeting rooms. Space is inadequate and security is a concern. At the time of the audit, a Project Manager from SRPA was visiting the Mission to explore available options for a new Chancery. A suitable property has been identified and the approval process has been initiated. Consensus regarding the pressing need for suitable facilities supports this SRD project.

Recommendation to SRD

4.3.3 Ensure that acquisition of a new Chancery for Sarajevo remains a priority.

SRD Response

4.3.3 A site for the new Chancery has been leased with an anticipated occupancy date of November 2002.

4.3.4 The Mission has four SQs, three for the CBS employed at the Mission and one for a seconded employee with the Office of the High Representative. Three of these SQs were visited by the Audit Team as was a new replacement SQ for the Third Secretary. Two of the properties visited were noticeably sub-standard. One property has a 30 percent Accommodation Deficiency Adjustment (ADA) and the other has one pending. This second ADA has been unduly delayed in processing. This is an issue that the Mission needs to pursue with the Housing Committee and HQ.

4.3.5 The HOM's SQ, while large, does not have adequate representational capacity. Although further from the Chancery, the new leased property is an improvement both in size and amenities. The Mission, with the assistance of the MCO in Budapest, intends to continue to upgrade its SQ portfolio as the environment in Sarajevo stabilizes and the housing market improves.

Recommendation for the Mission

4.3.6 Ensure that the outstanding ADA is processed.

Mission Response

4.3.6 Done.

Mission Comment

4.3.6 The assignment of families to Sarajevo in the summer of 2001 caused serious problems as the SQ inventory was only maintained for single employees. Thus, two SQ's had to be changed and fitted-up, resulting in severe budget pressures which required an increase from RAM. Providing services to families instead of single employees will now be a continued pressure on the Management/ Consular Program.

4.4 Category III Missions

4.4.1 The issue of Mission category and the entitlement of certain amenities has been raised for every small Mission that is audited by SIV. These Missions consider themselves full service Missions although categorized inappropriately as a Level III Micro-Mission.

4.4.2 According to the Departmental Property Manual, Category I, II and III missions are defined as follows:

- Category I: Large mission which may also be an administrative hub for one or more small missions which would be regarded as their spokes;
- Category II: Medium-sized missions with a resident HOM. May serve as an administrative hub for smaller locations, or be designated as a small mission or spoke; and,
- Category III: Micro-mission or office; normally a satellite office. In many cases there is no resident HOM.

4.4.3 The level of category determines the level of administrative support provided to the Mission. It determines the size of the OR, formal, family and ancillary space. In the case of a Category III Mission there is no entitlement for an OR. The Audit Team believes that the policy needs to be reviewed as it applies to Sarajevo given that the Mission is more than a satellite office and that not only is the HOM resident in Sarajevo but is accredited as Ambassador.

Recommendation for RBD

4.4.4 RBD, in consultation with other Departmental stakeholders, should review the current operational requirements of Sarajevo and, if warranted, seek approval for a Category II rating.

RBD Response

4.4.4 The classification of Sarajevo as a Category III Mission does not provide the Head of Mission with the necessary tools to achieve his goals and to carry out his mandate. Moreover, the distinction between Category III and Category II Missions is not transparent to any clients of the Mission nor to the receiving country. The designation of micro-Missions with resident Ambassadors as Category III Missions is therefore a systemic problem.

Unfortunately, there are currently no Departmental criteria by which Sarajevo's Category could be raised to Category II and funded accordingly. Therefore, the Category III designation is retained for Sarajevo until such time as systemic changes are made or until cumulative incremental improvements to the Mission's capacity by the Bureau or by the Department mean that Sarajevo *de facto* becomes a Category II Mission. This means that the Bureau, in

consultation with the Mission, will assist the Mission in providing the highest priority tools to improve operational effectiveness.

SRD Comment

4.4.4 The process for modifying Mission Categories is under review with the Management Committee.

Mission Comment

4.4.4 Sarajevo clearly fits the definition of Category II. It is a small Mission spoke, with a resident Ambassador. The Mission reference level has never been set within an environment of sustainability. Thus, RAM has agreed to have the Mission undertake a comprehensive review of Mission reference levels so that a sustainable level for Category III can be established.

4.5 Finance

Accounts Processing

4.5.1 The Mission sends its accounts documents to the Hub for input and processing. This is a time consuming activity and is subject to delays. As well, the Mission does not have ready access to its budget information since it must rely on the Hub to provide reports. An alternative is to have the Mission record all invoices on a spread sheet assigning the financial coding, payee name, amount and description. The spread sheet can be electronically forwarded to Budapest for IMS input. The spread sheet will enable the Mission to monitor its budget and allow a comparison to the inputted information on IMS.

Recommendation for the Mission

4.5.2 The Mission should record all expenditures on a spread sheet and forward it to Budapest for processing.

Mission Response

4.5.2 This recommendation was implemented. However, it was found that the task of entering the data in the spreadsheet was more time-consuming than the older method of sending the accounts to Budapest by fax, particularly since the Mission does not have access to the on-line database of financial codes. Accounts will therefore continue to be sent to Budapest by fax pending the installation of read-only IMS, at which time the matter will again be reviewed.

Signing Authorities

4.5.3 The LES Management Officer has delegated signing authority according to EXT 53 for spending authority and EXT 1321 for cheque signing. Per the Financial Management Manual, proper segregation of duties precludes Accountants from exercising these authorities. The Development Officer signs for disbursements under Section 34 but does not have delegated authority per EXT 53.

4.5.4 The HOM is not approving payments under Section 33 Payment Authority; rather, these are being authorized by the Hub. As the officer responsible for the Mission and the Mission budget, the HOM should be exercising this authority.

Recommendations for the Mission

4.5.5 Review and ensure that all signing authorities for Mission personnel are properly delegated.

4.5.6 Have the HOM exercise Payment Authority for Mission expenditures.

Mission Responses

4.5.5 There is no Accountant at the Mission. Forms EXT 53 and EXT 1321 are being updated.

4.5.6 A Section 33 stamp has been made up, and the HOM is now signing under Section 33.

Official Receipts

4.5.7 Official receipts are not being routinely issued by the Mission for personal drawings and reimbursement of advances, or controlled and accounted for by management. This increases the risk of revenues or expenses being unrecorded and therefore unaccounted for. Receipts are required whenever money is received from clients and staff.

Recommendations for the Mission

4.5.8 Ensure that official receipts are issued for all transactions.

4.5.9 Official receipts should be properly controlled and safeguarded.

Mission Responses

4.5.8 Implemented.

4.5.9 Implemented.

Bank Reconciliation

4.5.10 In reviewing the Mission accounts, it was noted that these were not being signed-off by the HOM. Although the accounts are processed and the reconciliation is performed at the Hub, responsibility for the budget and related expenditures lies with the Spoke Mission.

Recommendation for the Mission

4.5.11 Ensure bank reconciliations are signed and approved by the HOM.

Mission Response

4.5.11 Implemented.

Petty Cash

4.5.12 Since the opening of the Mission in 1995, there has been no verification of the petty cash balance. All petty cash advances are required to be accounted for on a monthly basis as part of the bank reconciliation process.

Recommendation for the Mission

4.5.13 Verify petty cash accounts on a monthly basis.

Mission Response

4.5.13 Implemented.

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

	CBS	LES	TOTAL
HOM Office	1		1
Political Affairs	1		1
IBD		0.4	.4
Immigration		1	1
CIDA	1	1	2
Administration/Consular		3.6	3.6
Total	3	6	9

Physical Resources

ASSETS	OWNED	LEASED
Chancery and Annex		2
SQs		4*
Vehicles	2	

* One SQ is allocated to an officer seconded to the World Health Organization

Financial Information

LES Salaries	\$108,822
Operational	560,596
Capital	17,600
CB Overtime	6,000
Total	\$693,018