



**AUDIT
OF
THE CANADIAN EMBASSY**

TRIPOLI

JUNE 2004

**Department of Foreign Affairs and International Trade
Office of the Inspector General
Audit Division (SIV)**

TABLE OF CONTENTS

MANAGEMENT OF THE MISSION	1
1.1 Executive Summary	1
GENERAL RELATIONS PROGRAM	2
2.1 Management of the Program	2
2.2 Public Affairs	2
INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM	4
3.1 Management of the Program	4
CONSULAR PROGRAM	6
4.1 Management of the Program	6
ADMINISTRATION PROGRAM	7
5.1 Management of the Program	7
5.2 Human Resources Management	8
5.3 Physical Resources	10
5.4 Financial Management	11
APPENDIX A	16
MISSION RESOURCES FACT SHEET	16

MANAGEMENT OF THE MISSION

1.1 Executive Summary

1.1.1 An initial audit of the General Relations, International Business Development (IBD), Consular and Administration programs was conducted during the period February 6 to 9, 2003.

1.1.2 The management of this new mission, which opened in April 2001 and has two Canada-based staff and six locally-engaged staff, is generally effective. The Chargé d’Affaires and the Assistant Administrator, supported by our mission in Tunis, have done good work in a difficult environment where everything is in Arabic. Together, they have been quite successful in the areas of trade, political and economic relations, as well as public and consular affairs. Nevertheless, a lack of rigorous management and the low classification level of the Administrative Assistant’s position are adversely affecting the growth of the Administration Program and its ability to build solid foundations. The fact that there is no memorandum of understanding between Tunis and Tripoli has caused confusion with regard to the respective responsibilities of the staff members, who rely on one another. Greater administrative independence would help eliminate arrangements that are difficult to implement and often involve unacceptable risks, ***. This independence would make it possible to establish the controls and procedures necessary to facilitate resolution of the problem relating to issuing visas on site in Tripoli. ***

1.1.3 The offices are large and there is enough space available to allow for growth in the medium term. The morale of the six LES and two CBS at the mission is good. Knowledge of Arabic should be a pre-requisite for the Chargé d’Affaires and would be a big asset for the Assistant Administrator. Holding meetings with locally-engaged staff on a more frequent basis would help them better understand the regulations governing all matters relating to employment conditions.

GENERAL RELATIONS PROGRAM

2.1 Management of the Program

2.1.1 This program is very well managed and is under the full responsibility of the Chargé d’Affaires, who is supported by a local contract employee who serves mainly as translator and assistant. Since he has extremely strong writing skills, coverage of local political events is more than adequate. With regard to the political scene, the Chargé d’Affaires keeps particularly close tabs on developments in the Middle East (especially anything concerning Iraq and Africa, which is at the very centre of Libya’s interests), disarmament, terrorism, the Non-aligned Movement and human rights.

2.2 Public Affairs

2.2.1 With regard to Public Affairs, the Mission makes judicious use of its meagre resources to more effectively promote the different facets of Canada in Libya. The most recent initiative, which took place during our stay, involved a visit by our national soccer team for the Al-‘id al-kabir, one of the most important religious holidays in the Middle East. The spotlight was on Canada as the team played before a crowd of 45,000 people. For a small Mission, this kind of initiative is definitely important for our bilateral relations.

Administrative Support

2.2.2 As was mentioned above, the Chargé d’Affaires is currently supported by an assistant/translator who was hired on contract. She has held this position for more than a year now. All official communications in Libya must be in Arabic. Consequently, her main responsibility is to translate all the Mission’s communications into Arabic and vice versa for communications from Libya’s DFA. Although the current CA has a very good command of written and spoken Arabic, his successor, who will arrive in summer 2003, will need to depend more on the assistant. *** Creating this position is essential to the future of the mission. It will enable the CA to focus more on the substance of his programs.

Recommendation for the Mission

2.2.3 Make the political reporting more concise in order to boost the impact on the various clients at Headquarters.

Mission Action Plan and Time Frame

2.2.3 Done. Given other priorities, the new Chargé has not had the opportunity to do as much political reporting as he would like. As

other urgent demands (e.g., staffing, visits, visa service) are attended to, he hopes to do more political reporting. This reporting will be in keeping with e³ guidelines and will focus on the “big picture” as opposed to day-to-day events.

Recommendation for GAM

- 2.2.4 That the new Chargé d’Affaires and Assistant Administrator who will take over in summer 2003 take Arabic lessons so that they can perform their duties with sufficient independence.**

GAM Action Plan and Time Frame

- 2.2.4 Done. Both the Chargé and the MCO did the three-month “survival language training program” prior to coming to Tripoli. While this course provided the requisite survival skills, it was not sufficient (nor was it intended to be) to equip them with a capacity to use Arabic in their day-to-day business affairs. Our sense is that while a working ability in Arabic is certainly desirable in Libya, it is not essential. The locally-engaged staff are able to interact with the public in Arabic and to provide interpretation services to the CBS as required. Our recommendation is that both CBS positions should be identified as “Arabic desirable”.**

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Management of the Program

3.1.1 Libya's economic activity has increased significantly in various sectors in order to offset the damages incurred by the embargo. There are various opportunities for Canadian products and services in the country, especially in sectors such as oil and gas, agriculture, electricity and transportation. The IBD program is of great importance, as evidenced by the increase in Canadian exports since the opening of the Mission in Libya. ***

3.1.2 The Mission believes that the economic context is favourable for broadening trade horizons and taking advantage of current and future opportunities. The country's expected economic growth is a strong argument for continued presence in various economic sectors, not to mention investment opportunities.

3.1.3 The program is managed by the Chargé d'Affaires (CA) who is supported by a locally-engaged commercial agent. The trade team is dedicated to its job and has good knowledge of business opportunities and expertise in providing service to the business community. Although the mission does not have a strategic plan setting out goals and expected outcomes, it has targeted certain priority sectors and developed business plans in keeping with the means at its disposal. The morale and level of satisfaction of the staff are very good.

3.1.4 Benghazi, the other major economic hub in the country, is also covered by the Mission's operations and is of great interest to the Chargé d'Affaires, a fact that is reflected in the number of visits he makes to that city.

3.1.5 The Chargé d'Affaires has received training on the new approach and the commercial agent will soon follow suit. The trade team has a good understanding of the principals underlying the new approach and the tools recommended by Headquarters, such as WIN, CSF, and IBOC, are used appropriately. Nevertheless, given the competitive and logistic context in Libya and the special efforts that must be made to position Canada, the Mission provides more than the six basic services from time to time.

Recommendation for the Mission

3.1.6 The CA should establish an IBD strategic plan for Libya, setting out results targets. Objectives for the commercial officer should be drawn from this plan.

Mission Action Plan and Time Frame

- 3.1.6 Strategic plans for the international business development (IBD) program are included in the annual IBD Business Plan. For 2004-05, IBD objectives and expected results are included in the Mission's business plan and in the CA's Performance Management Agreement, which is based on the business plan. Objectives for the new, locally-engaged Commercial Officer, who took up his position on January 4, 2004, will, likewise, be drawn from the IBD Business Plan and the Mission Business Plan.**

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The Mission provides excellent service to some 1000 Canadians living in Libya and has an excellent contact network for communicating with our nationals in Libya. The administrative assistant and vice-consul is supported by a locally-engaged consular/administrative assistant. They both have several years experience and very good knowledge of the consular program. The Mission is now equipped to issue Canadian passports, which is greatly appreciated by Canadian nationals. It handles only a few consular cases, which are all very well documented and monitored.

Control of Blank Passports

4.1.2 During stock-taking we noted that the Mission had 50 24-page passports and 50 additional passport pages over and above the amounts entered in the monthly report and the Passport Management Program (PMP). The monthly reports were signed without sufficient checks.

Recommendation for the Mission

4.1.3 Ensure the effective control of stock and inventories entered in the PMP.

Mission Action Plan and Time Frame

4.1.3 Done. At the beginning of each month, a complete stock check is carried out by the MCO in accordance with timeframes and procedures.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 Overall, the administration program is relatively well managed. However, the hub and spoke, or principal and satellite relationship between Tunis and Tripoli must be improved by establishing a memorandum of understanding setting out responsibilities and timeframes. This is a key factor for ensuring sound and effective management.

5.1.2 The team noted the administrative shortcomings mentioned below. These shortcomings can be put down to the low classification level of the position of administrative assistant / vice-consul, the heavy workload since the opening of the mission, a lack of knowledge of administrative requirements and the insufficient resources for this new mission.

5.1.3 Should the decision be made to accept visa applications on site, additional positions will be needed, along with an infrastructure to control immigration revenues. The team believes that it is possible to overcome the local administrative difficulties that are currently holding up this decision.

5.1.4 At present, the number of financial transactions does not justify having a full-time accountant. However, having an accountant could help the Mission establish administrative procedures to facilitate the clearance of shipments in Tripoli instead of having them go through Tunis, and then by road from Tunis to Tripoli, which is a few days round-trip.

5.1.5 As a result of this change, which will give Tripoli more administrative autonomy, it will be necessary to review the need to maintain the principal and satellite relationship between Tunis and Tripoli. For the time being, this relationship must be maintained and strengthened to ensure the success of this Mission.

Recommendations for the Mission

5.1.6 Establish a memorandum of understanding to clearly define administrative responsibilities and timeframes for Tunis and Tripoli.

5.1.7 The classification of the position of administrative assistant should be Administrative Services (AS) rather than Clerical and Regulatory (CR).

Mission Action Plan and Time Frame

- 5.1.6 Done. The MOU between principal and satellite mission was completed and signed in early April 2003 with the approval of the necessary Headquarters divisions.**
- 5.1.7 In progress. The MCO has been assigned to a term AS-04 position created by freezing the existing CR position. Permanent reclassification of the position cannot take place before ongoing negotiations with PSAC are concluded. The mission has requested written assurances that the MCO's career progression will not be compromised by this unavoidable "overfill" situation.**

5.2 Human Resources Management

5.2.1 There are six locally-engaged staff members, two of whom were hired on contract. They had not received a job description and a few of them were unsure of their responsibilities. They had just been given the employee handbook, which had not been approved by Headquarters, and were asking questions about employee benefits and how to establish them. *** The employees have opted to work from 8:00 a.m. to 3:30 p.m., non-stop. The receptionist complained that she could not take breaks or eat in peace. The request for an additional driver must be examined further by the new team before a decision can be made in that regard. There's no guarantee that hiring an additional driver would reduce the extensive overtime hours that the Mission's sole driver is currently working.

Recommendations for the Mission

- 5.2.2 Obtain permanent positions for the secretary/translator and the person in charge of maintenance, who are currently contract employees.**
- 5.2.3 Have all locally-engaged staff sign the job descriptions.**
- 5.2.4 Wait until the new team is in place to decide if the Mission needs an additional driver.**
- 5.2.5 Carry out a comprehensive study of employee benefits and share the results with LES.**
- 5.2.6 Review the Mission's work hours to allow for breaks.**

Mission Action Plan and Time Frame

5.2.2 In progress. Financial authority to create this position was requested in the 2003-2004 mid-term review but we have not had a definitive answer from GAM.

To be done. With regard to the cleaner, we will try to get the financial authority in FY 2004-2005.

5.2.3 Done. All LES job descriptions were reviewed, redrafted where necessary and discussed with the employees before being signed in April 2003. The new CA and MCO held individual meetings with each LES staff member in September/October 2003 to validate job descriptions. No further changes are required.

5.2.4 Done. The new team is of the opinion that a second full-time driver is not required at the moment. During peak periods (e.g. trade missions and visits, distributing invitations for events, etc), arrangements can readily be made for part-time drivers using their own vehicles. Where necessary, CBS and LES use their own cars and/or taxis for business purposes. Of necessity, this arrangement means that the sole Embassy driver will continue to work extensive overtime. Current arrangements would also need to be reviewed if additional staff are engaged and/or a resident Ambassador is appointed. While perhaps not officially due for replacement based on age/mileage, the Embassy's sole official vehicle (a Peugeot station wagon transferred from Tunis when the Embassy was established) is not to the same standard established by other Missions in Tripoli. Ways should be found for the Embassy to purchase a presentable sedan.

5.2.5 Done. Studies have already been affected on all aspects of benefits and decisions in cooperation with Ottawa taken on what the local staff are entitled to. It had already been determined that a medical plan was not justified based on current regulations and the availability of free medical services in Libya; ***. In April 2003, a sizable salary increase of about 20 percent was concluded based on international calculations derived in Ottawa on comparability which was warmly welcomed. These benefits matters are now discussed more frequently in staff meetings and in one on one sessions and there appears to be reluctant acceptance.

5.2.6 Done. The new team reviewed the current working hours with all staff. The consensus was that no change was required.

5.3 Physical Resources

5.3.1 The Mission rents the chancery and the two residences for CBS. The physical aspect of these resources is well managed. However, there is a need to improve the leases on the residences because these leases do not make any mention of the leasing period or contain any diplomatic or extension clauses.

5.3.2 The owner (Government of Libya) of the building which houses the chancery had just sent us an invoice for the rental of an outdoor space where the parabolic antenna for the Mission's communications is located. Such requests must be negotiated and an addition must be made to the lease to formalize the rental of this space and ensure that the rental period is the same as the lease period for the chancery. Without this guarantee the Mission could find itself with no communications capability.

5.3.3 Currently, all material assets from outside Libya are transported by road convoy from Tunis. This trip takes two to three days and cuts into the resources available in Tunis. The reasons for this way of doing things are the lack of human resources in Tripoli to carry out customs clearance and receiving on site, the lack of knowledge of local procedures, and the requirement to set up a new mission without adequate means. For now, it would be possible to couple the customs clearance and receiving responsibilities with those of the accountant.

Recommendations for the Mission

5.3.4 With help from Headquarters, establish leases to protect the Mission's future interests.

5.3.5 Create a position to assume responsibility for customs clearance and receiving in Tripoli. For now, this function could be coupled with that of the accountant.

Mission Action Plan and Time Frame

5.3.4 In progress (SQ's). Negotiations have been opened with the owner of the two residences for a more conventional lease of probably five years. This will be at current prices taking into account the rent established at the time of the agreements to complete the houses up front with a cash infusion from the government in return for a certain number of months at no or reduced rent. It is doubtful that a fully conventional lease including a standard diplomatic clause can be obtained. * The MCO is currently in the process of negotiating the lease contract with the executive manager.**

Done (Chancery). The protocol addition to the chancery lease to rent the space for the parabolic antenna has been concluded and signed.

5.3.5 To be done. See response to recommendation 5.4.5. The personal effects of the incoming/outgoing CBS teams were successfully shipped from/to Tripoli and cleared through customs without too much difficulty. The mission is also exploring the possibility of having unclassified diplomatic bags go directly to/from Tripoli.

5.4 Financial Management

5.4.1 The Mission's financial management needs improvement. The administrative officer did not always track the expenditures entered in the IMS accounting system and communications with Tunis and Headquarters are not always clear.

5.4.2 The current process, which consists in using a standing advance from an account in Tunisian dinars (TNDs) and recorded as such in the IMS for expenditures made in Libyan dinars (LYDs), reduces the transparency of transactions recorded in the IMS. The source of the standing advance and the requirements of the IMS system make the reconciliation process difficult, as was mentioned in the SMFF report of December 4, 2002. In addition, it can take up to three weeks for funds transferred from Tunis to be deposited in Tripoli's TND account. Due to this delay, the Mission has to ask for the renewal of its advance before it has had a chance to settle the previous advance, which increases the reconciliation and accounting difficulties.

5.4.3 The team believes it is possible to overcome these difficulties by creating an accountant position to assume responsibility for, among other things, banking business and entering data in the IMS. This position would make it possible to establish regular deposit and withdrawal procedures for the Mission's accounts. There is still some lingering uncertainty as to the procedure to follow for depositing LYDs and its success. Everything revolves around obtaining a funds transfer authorization from the DFA. Hiring a local accountant familiar with the workings of Libyan banks and the DFA would help dissipate this uncertainty. It is interesting to note that the other diplomatic missions in Tripoli are able to obtain this authorization and deposit LYDs. ***

Recommendations for the Mission

5.4.4 Ensure more effective financial management by keeping close track of expenditures entered in the IMS and improving the quality of communications.

5.4.5 Create and staff an accountant position in Tripoli.

5.4.6 Provide IMS training for the new accountant.

Mission Action Plan and Time Frame

5.4.4 The MCO will monitor on a regular (weekly) basis entries made in IMS in order to ensure accuracy and completeness. Any discrepancy will be resolved with Tunis.

5.4.5 To be done. The initiation of a “visitor visa reception service” at the Embassy in December 2003 has added urgency to the need to establish a locally-engaged Office Manager/Accountant position. Citizenship and Immigration Canada (CIC) regulations require rigorous tracking of visa service receipts, *. Local currency receipts need to be reflected in the Embassy’s accounts and arrangements for using these receipts for Embassy expenses and, possibly, externalisation will need to be negotiated with the Libyan banking authorities. Moreover, the same person could handle customs clearance, assist in property management and generally provide the support necessary for the mission to manage its financial affairs more independently of Tunis as recommended by the audit team. The mission will consult with GAM and HRL with a view to establishing and staffing an LES Office Manager/Accountant position by September 1, 2004. See also our response to recommendation 5.3.5.**

5.4.6 To be done, as soon as the accountant position is created.

Revenues and US Bank Account

5.4.7 Currently, consular revenues are collected in Canadian and US dollars only *. The Mission does not accept Libyan dinars (LYDs). This decision is related to the difficulties in obtaining authorization from the DFA before being able to deposit them locally and to the inability of the Mission to spend them locally or convert them into hard currency. The Mission does not have the infrastructure necessary to effectively control revenues. The fact that there is no accountant or person in charge of accepting visa applications and fees makes it impossible to divide duties so as to establish an adequate level of control.**

5.4.8 Without much difficulty or prior approval, the team succeeded in depositing US\$500. The Mission had always thought that this was impossible to do and had been sending consular revenues to Tunis to be converted into Tunisian dinars and deposited in that mission’s account. * by using a local bank for depositing, transferring and withdrawing the US dollars required for the Mission’s operations.**

Recommendations for the Mission

- 5.4.9** Regularly deposit consular revenues collected in US dollars into the Mission's bank account.
- 5.4.10** Transfer the currencies needed for the Mission's operations into this account.
- 5.4.11** Have the Mission's bank accounts activated in the IMS.

Mission Action Plan and Time Frame

5.4.9 In progress. Theoretically, under Libyan law, in order to deposit consular and/or immigration revenues, a note must be written to the Office of Protocol, for purposes of authorizing deposits, with the exact amount to be deposited. Then the Office of Protocol asks the Central Bank for the deposit authorization and the Central Bank issues the deposit authorization. In terms of delay, even though in theory the deposit authorization only takes a few days, in reality it may take up to three weeks.

In fact, we have already deposited consular revenues directly into the bank without any problem. The next step then is making international transfers to Tunis or Ottawa (which is possible, according to the accounts manager ***).

- 5.4.10** In progress. With the support of SMFF the new team is in the process of implementing a cash account ("compte caisse") in order to use immigration fees. See our response to recommendation 5.4.9 regarding the Libyan banking system.
- 5.4.11** In progress. The MCO is currently dealing with this technical matter with SMFF. Should be performed by the end of January 2004.

Additional Accounting Resources for Tunis

5.4.12 The decision to open a new mission in Tripoli and to transfer the position of administrative assistant and vice-consul to Tripoli to ensure the management of the Administration and Consular Program has cut into available resources in Tunis. In addition, inputting Tripoli's accounting data and carrying out other administrative and financial tasks relating to Tripoli mean extra work, estimated at 40% of the accountant's regular workload. She had fallen behind not only in inputting data, but also in other related areas. However, the recommendation that Tripoli become more autonomous in

the near future (one or two years) leads us to conclude that the assistance required should be temporary rather than permanent.

SMFF Report

5.4.13 In September 2002, SMFF visited Tripoli to review existing procedures for obtaining financial resources, examine local banking options, reconcile Tripoli's standing advance, introduce new business processes and ensure internal financial controls appropriate for Tunis and Tripoli. During our visit in February 2003, the Mission had not yet seen the report issued by SMFF on December 4, 2002. A copy of the report was given to the Mission.

Recommendation for the Mission

5.4.14 Implement SMFF recommendations or present acceptable alternatives.

Mission Action Plan and Time Frame

5.4.14 In progress. All the doable SMFF recommendations have been implemented. These include the provision of a safe, dual signing by the Canadian staff for all expenses under Sections 33 and 34; following bank balances more closely to minimize the costs. Some recommendations do not seem viable and Ottawa has been informed. These include in particular reducing the number of bank accounts (a minimum of three are needed to effect the operations) and sending a Canada based staff member with the accountant to pay simple bills by cheque. The SMFF recommendations will be kept under review and implemented where possible as the situation evolves.

Hospitality Expenses

5.4.15 The hospitality allowance is sufficient to meet the needs of the Chargé d'Affaires' activities for the current year. The CA takes part in various events organized by diplomatic posts in Tripoli and also organizes events at the official residence. Hospitality is of great importance to the further development of a contact and influence network which Canada is seeking to strengthen. A review of the hospitality diaries and supporting documents revealed that the details of the events were not always given as provided for in the regulations, which stipulate that records of all hospitality extended and received must be kept using form EXT 52. Furthermore, the HOM's approval pursuant to section 33 of the *Financial Administration Act* is based on a copy of the quarterly reporting form which the CA completes and sends without attaching the original supporting documents.

Recommendation for the Mission

- 5.4.16** **The HOM should ensure that all financial documents (forms EXT 904 and 52) are properly filled out and sent with the original supporting documents to Tunis for approval and retention.**

Mission Action Plan and Time Frame

- 5.4.16** **Done. Form 52 is now being included with the 904 sent to Tunis CDM quarterly accounting for and reporting on all hospitality expenditures and advances in a complete and transparent manner.**

MISSION RESOURCES FACT SHEET

Human Resources (FTEs)

	CBS	LES	TOTAL
Chargé d'Affaires	1		1
Administrative and program staff	1	4	5
Contract employees		2	2
Total	2	6	8

Physical Resources

PROPERTY	OWNED	LEASED
Chancery		1
OR		1
Vehicles	1	

Financial Information 2002/2003

Operating budget	\$395 392
CBS salaries	\$118 900
LES salaries	\$118 563
Capital	\$10 000
Total	\$642 855