
AUDIT
OF
THE CANADIAN EMBASSY

PRAGUE
and
THE OFFICE OF THE CANADIAN EMBASSY

BRATISLAVA

April 2000

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Administration, Consular, Political/Economic Relations and Public Affairs, and International Business Development Programs in Prague and Bratislava was conducted during the period October 4 to 12, 1999. The previous audit of the Administration and Consular Programs in Prague took place in May 1994.

MISSION MANAGEMENT

There are diversified programs at the Mission with three Other Government Departments (OGDs) present, along with DFAIT Programs. Program Managers need to develop work plans for their staff which would tie in with the Head of Mission (HOM) Accountability Agreement. The HOM has weekly Operations Committee meetings with his Program Managers, and generally has a hands on approach to management. Staff morale is mixed, with staff concerned about the Chancery accommodation and support-level Locally-Engaged Staff (LES) concerned about the recent salary adjustments.

The Office of the Canadian Embassy in Bratislava and the staff quarter for the Canada-Based (CB) Program Manager are modest. Bratislava operations need to be set up as a separate cost centre and social benefit payments for LES should be managed out of Prague.

ADMINISTRATION

Staff turnover in Administration has adversely affected the effectiveness and efficiency of operations especially in the financial and systems administration areas. Both accounting staff members are new, as is the Systems Administrator and the Property Assistant. The newly arrived Management Consular Officer (MCO) will have his challenges but with support from the HOM, the Audit Team feels that he has the experience and the abilities to meet these challenges. This report highlights areas where procedures and controls need to be established or strengthened and the MCO should use this audit report as a starting point when preparing his work plan.

The financial management systems in place at the time of the audit were judged to be unacceptable. Systems and controls were not in place and the Audit Team could not give assurance that public monies have been fully accounted for. Therefore arrangements were made for a financial systems expert to visit the Mission in December 1999 to assist in the re-establishment of adequate control mechanisms.

The deficiencies in the present Chancery have been well documented since January, 1997, as the accommodation is unsatisfactory, inefficient and a fire safety and health concern to staff. The Physical Resources Bureau (SRD) should take an early decision on alternative Chancery accommodation.

CONSULAR PROGRAM

The Mission provides timely and effective Consular Services. There is need for the MCO to develop a work plan to address prisoner visits, contacting local authorities and determining the type of services which the Office in Bratislava will provide. The Mission should make full use of the COSMOS package of control and report items. The procedures for accounting for, and control of Consular revenues must be strengthened and passport inventory reports should be accurately prepared and be signed off by the MCO.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD) and the POLITICAL AND ECONOMIC RELATIONS AND PUBLIC AFFAIRS PROGRAM (PERPA)

The overall management of these programs is good. The staff is dedicated and hard-working. Managers are fully committed to their work and to meeting program objectives despite obviously poor working conditions in the overcrowded Chancery.

Objectives are in place that coincide with the HOM accountability document. The Audit Team believes that detailed work plans would be beneficial in identifying planned activities such as projects, missions, seminars/conferences, events, travel, etc., and in facilitating planning and coordination between the two programs. Actual results can then be compared to planned on a quarterly basis. In this way the impact of unscheduled work and demands on planned activities and the ability of individuals to meet performance targets can be assessed.

Staffing levels can achieve program objectives, particularly with the upgrade of a Commercial Assistant position to a Commercial Officer position in Prague and the anticipated hiring of a shared Commercial Officer/Political Officer in Bratislava. Funding problems are evident, however, in the areas of travel, training and support activities.

Some promotional activities taken on by the Mission are impacting program delivery and since 1996 have caused administrative management problems in terms of proper accounting for revenues and expenses.

The PMI concept has been embraced; however, operational consistency needs to be addressed and philosophical differences resolved for Mission management. Technical problems and non-conformity by Team Canada partners to PMI principles are frustrating staff and wasting their efforts.

MISSION MANAGEMENT

1.1 Program Management

1.1.1 The HOM and Program Managers meet each Monday morning as the Operations Committee, to discuss items such as program activities and planned visits. In addition, the Committee on Mission Management (CMM) meets every three to four weeks to discuss general policies and procedures, usually of an Administrative nature. The Technical Cooperation Manager based in Bratislava attends the CMM meetings if he is in Prague. Minutes of these meetings are distributed to all CBS. There are sub-committees for Contract Review, Housing and for the Canada Fund. There are three DFAIT and three OGD managers reporting to the HOM.

1.1.2 The HOM has an Accountability Agreement with the Central, East and South Europe Bureau (RBD) which sets out the objectives for the Mission as a whole and for the various programs. There is a diversification of programs with DND, CIDA and CIC having representatives at the Mission. Program Managers need to establish work plans for their staff which would tie in with the HOM Accountability Agreement. The Technical Assistance Program is managed by the Technical Assistance Counsellor who is based in Bratislava but also has two LES based in Prague. The HOM has a hands-on approach to management either through the Committee processes or with one-on-one meetings with managers.

1.1.3 Morale of staff is mixed. The working conditions at the Chancery are less than ideal and support-level LES were concerned about recent salary increases which they see as discriminatory, even though officers from HQ Human Resources Section have visited the Mission to explain salary and benefit policy changes. The LES do not have a local committee and no members of the LES requested a meeting with the Audit Team to discuss terms and conditions of service.

1.1.4 Two members of the Audit Team visited the Office of the Canadian Embassy in Bratislava, for one day. Discussions on a variety of subjects were held with the Program Manager and the three LES. The office is a modest facility with the staff quarter on two floors and the small Chancery on the top floor. There is room in the Chancery for the additional LES staff member who is currently being recruited. This position will be involved in Political and Trade Program activities and report to two Program Managers based in Prague. Roles and responsibilities of the staff in Bratislava and their counterparts in Prague are understood. There is no formal written Memorandum of Understanding between the two Missions and one is not considered necessary.

1.1.5 The Technical Assistance Program is to wind down first in Prague and then in Bratislava in the next few years. Decisions will need to be taken as to the presence and composition of the staff required to manage the Office in Bratislava.

ADMINISTRATION PROGRAM

2.1 Management of the Program

2.1.1 The MCO who arrived at the Mission in August 1999 is responsible for the management of the Administration Program. He is an AS 3 in an AS 4 position and this is his first appointment as a MCO. He spends approximately 95 percent of his time on Administration and the balance on Consular activities. Reporting to the MCO is the CB Office Manager, a LE Accountant and the LE Systems Administrator. The number of staff in Administration total 14. Staff turnover in Administration has adversely affected the effectiveness and efficiency of operations, with the changes occurring in the past six months. Both accounting staff members are new, as is the Systems Administrator and Property Assistant; all key positions in the Section. Also, one administrative support position has been vacant for fifteen months. This position was filled by the spouse of the previous MCO, but the program would be better served if it was staffed with an indeterminate local, as knowledge of the local language and practices is necessary. The Office Manager gives some stability and continuity for the Section but there are urgent training needs, especially in the Accounting Section.

2.1.2 As noted in the audit report section on Finance the current situation of financial management was not acceptable; systems and controls were not in place and the Audit Team could not give assurance that public monies have been fully accounted for. The MCO will have his challenges but the Audit Team feel that he has the experience and abilities to meet these challenges. Most of the concerns regarding financial management originated during the terms of previous MCO Officers and point to an unfounded reliance on institutional memory rather than on documented administrative procedures to ensure the application of adequate financial controls. The rapid changes in staffing of key financial positions during the past year combined with the absence of appropriate hand over procedures between incumbents of key financial management positions resulted in the breakdown of appropriate controls.

Administrative Objectives

2.1.3 The HOM Accountability Agreement for 1998/99 identified the following objectives for the Administration Program: improve teamwork, review personnel needs, and acquire and fit-up a new Chancery. To date the MCO has not had regular meetings with his staff. The desirability of such an approach to assist in determining personnel needs was discussed during the audit. Also the MCO has not had the opportunity to meet with his staff on an individual basis to discuss their responsibilities and processes. The acquiring and fit-up of a new Chancery is a high priority for SRD. There is a need for the MCO to develop Administrative objectives, in consultation with the HOM, with a work plan setting out priorities, staff assigned to complete tasks and time lines for their completion. This report highlights areas where procedures and

controls need to be established or strengthened and the MCO should use the report as a starting point when preparing the work plan.

Recommendations for Mission

- 2.1.4 The HOM should set objectives for the MCO and establish a work plan for outstanding administrative issues.**
- 2.1.5 The MCO should meet with his staff to discuss their responsibilities, processes they follow and any workload concerns.**
- 2.1.6 On a regular basis, the MCO should have formal meetings with his staff to discuss work priorities.**

Mission Responses

- 2.1.4 Agreed and implemented. The top priorities set for the MCO in the next six months are to bring Mission financial procedures up to a sustainably acceptable standard and to ensure administrative monitoring systems provide a higher level of managerial confidence. Other system requirements for both the administrative and the consular programs, in addition to areas where the audit has revealed a need for remedy, are included, but as part of the normal package with the associated priority.**
- 2.1.5 Agreed, but this recommendation and the foregoing commentary are misleading and do not reflect the actions taken by the MCO following his arrival at Mission.**

Upon arrival August 9, 1999, the MCO discussed job packages, local conditions, current standard procedures, priorities and workload. He was informed by HOM about low morale and frustration among LES about pay, classifications and working conditions. As a result, he spent substantial amount of time with each one of his staff, both local and Canada-based, as well as other Mission Canada-based personnel on an individual basis. In this informal atmosphere, he was able to develop an idea of the extent of the problem and of whether there were immediate resolutions available. This personal approach was perceived to be much more efficient than formal group meetings, especially with administration staff. This recommendation has been fulfilled whether or not such meetings were “formal”.
- 2.1.6 Agreed and implemented. The potential benefits of group meetings are understood. Now that administrative activities (especially the**

accounts section) have improved, monthly group meetings have been scheduled to share information and establish priorities.

Service to Programs

2.1.7 Program Managers generally had very complimentary remarks regarding the level of administrative services they received despite the staff turnover in Administration. Concerns were expressed about Chancery conditions, security and evacuation in the event of an emergency. Also a number of staff members are sharing office accommodation which has privacy and efficiency concerns.

2.1.8 The Program Manager based in Bratislava was also very satisfied with the services provided to that Mission. The Program Manager spends approximately 20 percent of his time on administrative matters and his LEP Officer about 10 percent. The Program Manager feels that this is manageable given his other Technical Assistance duties.

2.2 Human Resources

2.2.1 Of the Mission's LES positions, three are assigned to the Office of the Embassy in Bratislava. Of the remaining positions assigned to the programs delivered in Prague, there were a number vacant at the end of September, and two additional departures took place during October 1999. The result has been that approximately one third of the Mission's LES are relatively inexperienced employees.

Employment Records

2.2.2 The Mission had the benefit of a visit of Headquarters LES specialists in July, 1999, to discuss salary issues with LES and to review associated classification complaints. Administrative systems for the management of LES are inconsistent in some instances, although individual files contain most of the normal documentation including oaths of office, enhanced reliability checks, personal history forms and offers of employment. The latter offers were signed by the MCO rather than the HOM. While check lists related to the hiring of LES were regularly prepared, in one case there was no record of references having been checked prior to the commencement of employment and the investment of considerable sums in training the employee. Subsequently this employee was released.

2.2.3 Appraisals of LES were regularly prepared for the period from 1996 to 1998, however, only one of 25 had been prepared since July 1998. Similarly, while statements of duties/job descriptions were current for all but one or two positions, none of those on file indicated that they had been agreed to by the incumbent employees. Staff Pay Certificates (Ext 208) had been prepared for the majority of the LES, however there was no regular filing system in operation or record of the regular transmission of

these documents to Headquarters, each time there was a change in an employee's pay. Documentation of social security contributions and medical insurance premiums as well as leave and overtime records for LES in Prague were well maintained in separate hard copy files held by an Administrative Assistant.

Recommendations for Mission

- 2.2.4 Offers of employment should be signed by the Head of Mission.**
- 2.2.5 Annual performance appraisals should be conducted for all LES.**
- 2.2.6 EXT 208 forms should be prepared and forwarded to HRL for all changes in LES pay status.**
- 2.2.7 Position descriptions should be updated and signed by both the incumbent employee and supervisor.**

Mission Responses

- 2.2.4 Agreed and implemented before the audit. This was brought to the specific attention of audit team members who reviewed the recent correspondence with HRL. The correct procedure had been implemented prior to the audit visit, as confirmed by the letters of offer to the Accountant and Immigration Assistant.**
- 2.2.5 Agreed and implemented. A number of current year appraisals had been done, but mis-filed. A number were not complete. All are now complete. The Mission also notes that the previous MCO reminded supervisors on a quarterly basis about outstanding appraisals. The Mission will maintain this procedure and implement a monitoring system to ensure that appraisals are completed on time.**
- 2.2.6 Agreed and implemented. All files have been reviewed and 76 EXT 208 forms were sent to Ottawa in early December.**
- 2.2.7 Agreed. Supervisors here have traditionally updated position descriptions with annual appraisals, but the process and results will be more carefully monitored in future.**

Salary Scales for Czech Republic and Slovakia LES

- 2.2.8 A survey of compensation and benefits was completed for Prague effective April 1,1999. The resultant salary scale has been used to compensate LES**

working in the Embassy's Office in Bratislava. The only difference between the two salary scales used has been its adjustment by the rate of exchange between Czech and Slovak currencies at the time of establishing the scale. The employee's share of Social Security and other payroll taxes for LES in Slovakia is paid individually by employees to the Slovak Social Agency along with the employer's share. A result of this system is that there is no consolidated record of the Canadian government's contribution to the eventual social security and medical payments made and benefits received by these employees and therefore no means to value any non contributory pension benefit to which these employees may be entitled. While it was pointed out that the social security systems of the Czech Republic and Slovakia are similar, having their origins in the system in place in Czechoslovakia, the passage in time may see variations in the social security systems, just as there have already been changes in exchange rates.

Recommendation for Mission

2.2.9 For LES based in Bratislava, the employee's share of social benefit payments should be deducted from the gross salary and be transmitted along with the Embassy's share to the Slovak Social Agency.

Mission Response

2.2.9 Agreed and implemented.

Expatriate LES positions

2.2.10 which was unfilled at the time of the audit was identified to be filled by two persons, each on a half time basis and each in possession of . The Canadian dollar salary attached to this arrangement was confirmed by HRL on 23 September 1999 at \$23,000 per annum. This position had been filled in the past by spouses of CBS who were paid in the local currency equivalent of the Canadian dollar salary. The audit team questions the need for an expatriate employee as the Mission's needs are for a knowledge of local languages and practice. There are three CBS administrative support positions on the establishment which can attend to support tasks requiring a security clearance.

Recommendation for Mission

2.2.11 A position description should be prepared for position EXT310388X and be submitted for classification action to HRL for approval prior to LES recruitment.

Mission Response

- 2.2.11** **The Mission takes this recommendation under advisement. There is no question about the need for common-service support positions in the administrative program and for interpretation and appointments. The issue is whether positions identified for potential spousal employment should be used for this purpose only on the basis of being vacant because of the demographic profile of the Mission since last year. A decision will be taken when resource levels for the next fiscal year are known. Meanwhile, a position description has been drafted and submitted to HRL.**

Foreign Service Directives

- 2.2.12 A travel allowance under the provisions of FSD 50 was paid out of the Mission Canadian dollar bank account in US funds to the account of the employee in Canada, with the costs of the transfer of funds and the cost of purchasing the foreign currency being met from the Mission budget rather than being arranged at no cost through Headquarters.

Recommendation for Mission

- 2.2.13** **Payments to CBS in currencies other than Czech Koruna should be processed by Headquarters (SMF).**

Mission Response

- 2.2.13** **This was an isolated instance and not a general practice. It has not happened since and will not happen again.**

FSD 55 Foreign Exchange Declarations and Personal Currency Drawings

- 2.2.14 The Human Resources Manual section 2.17.3 requires employees serving in Prague to complete monthly declarations of their foreign exchange transactions. The Czech currency is freely traded on the local market through banks and foreign currency dealers as well as from ATM machines which accept Canadian bank cards. Only two of the nine CBS serving in Prague have made use of the Mission to purchase local currency at the bank and this was done by the employees providing signed cheques without the name of a payee to the Mission accounts section. The CBS employees were not required to sign a waiver of Mission responsibility for the transactions, and no records were retained of the amount of local currency realised from these transactions. Given that all but two of the CBS have been able to satisfy their needs for the purchase of local currency through normal commercial channels, the continuing need for this assistance is doubtful.

Recommendation for HPD

- 2.2.15** **Statistics Canada should be approached to determine the continuing need for Mission input for local currency exchange rates and if no longer required, revise the HR Manual section 2.17.3 to delete the requirement for employees serving in Prague to complete monthly currency purchase declarations.**

HPD Response

- 2.2.15** **Statistics Canada were contacted and Prague had already been deleted from the list.**

Recommendation for Mission

- 2.2.16** **Assisting CBS with the purchase and sale of local currency with Mission resources should be terminated.**

Mission Response

- 2.2.16** **This was not a general practice. Agreed and implemented.**

Occupational Health and Safety Committee

- 2.2.17** **A Mission Program Manager has been tasked with the launching of a Mission Occupational Health and Safety Committee though an initial meeting of this committee has yet to take place. During the past year, one employee has retired, allegedly on “health” grounds and the Department has invested over \$40,000 in effecting repairs to the basement floor of the Chancery to address health problems arising from moisture passing through the floor of the basement offices. Further studies of the situation were being undertaken during the audit and a determination of the continuing fitness as a work site of this space have yet to be made.**

Recommendation for Mission

- 2.2.18** **The Mission Occupational Health and Safety Committee should be activated in accord with guidance to be found in Part II of the Canada Labour Code.**
(<http://info.load-otea.hrdc-drhc.gc.ca/~legweb/clc2/legislation/l2tocen.htm>)

Mission Response

- 2.2.18** **Agreed. The Committee has been activated and will have its first meeting before the end of February 2000.**

2.3 Physical Resources

2.3.1 Effective maintenance and general property services are provided by those responsible for physical resources activities. The Office Manager handles the day-to-day requirements with the able assistance of the Property Assistant, Administrative Assistant and their staff composed of drivers, maintenance employees and cleaners. Systems have been established for the control and use of official vehicles and property maintenance requests. Distribution Accounts and Occupancy Agreements are up to date.

Mission Property Management Plan (MPMP)

2.3.2 The MPMP has been partially completed but requires more work. The narrative section on local property market conditions needs to be completed. Also a number of the staff quarters (SQs) have yet to be measured to determine if they comply with the space guidelines. Once analysis of the local property market is completed it should be determined if there would be value for money in purchasing SQs rather than leasing.

Recommendation for Mission

2.3.3 The MPMP should be finalised and a copy sent to SRD and RAM.

Mission Response

2.3.3 Agreed. A message to that effect was sent to all missions last fall with a deadline of March 31, 2000. A real estate agent has been engaged to assist in collection of market data. SRD has engaged a real estate agent to proceed with a specific market study on the Official Residence.

Staff Quarters

2.3.4 All SQs are Crown-leased. With the exception of one employee, CBS are satisfied with their SQs. Three SQs were inspected by members of the Audit Team and were found to be spacious and well furnished. Generally the SQs exceed Departmental space guidelines by a significant amount. Houses are generally older, built pre-revolution, and have large rooms and basements. As leases come up for renewal, the Mission should carefully examine the local market to determine if acceptable smaller properties are available. One officer and his family live in a SQ which has a small swimming pool in the rear lawn. He was advised that this pool could not be used. The Audit Team see no reason for not using the pool as long as the officer is responsible for all costs associated with its maintenance. The Mission does not have a system to capture property expenditures by SQ. Therefore the cost of utilities for each property is

not known. There has been no planned effort on the part of the Mission to implement energy conservation practices.

Recommendations for Mission

- 2.3.5 Attempts should be made to locate smaller SQs when leases come up for renewal.**
- 2.3.6 Consideration should be given to implementing energy conservation practices.**

Mission Responses

- 2.3.5 Agreed. Efforts will be made to that effect as a standard practice. Consideration must be given to fit-up costs and security requirements. Some current SQs have a very low rent because they have been on the inventory for decades, rendering these more cost effective (even if they are slightly oversized) than acquiring new SQs which meet the size guidelines. All of these factors will be taken into consideration at lease renewals.**
- 2.3.6 Agreed.**

Chancery

2.3.7 The deficiencies in the present Chancery are well documented and known to SRD and RBD. The accommodation is unsatisfactory, inefficient and a fire safety and health concern to staff. The areas outside the secure area are overcrowded with some staff members sharing offices meant for one person. Other than the room above the garage there is no place to hold meetings. Concerns with mould in the basement where Immigration and Administrative staff are located continue, even though extensive renovations were undertaken in the past year. Staff members are concerned for their health. The Chancery is leased from the Czech Government with the lease extended to December 2000. The replacement of the Chancery is a high priority for SRD and officers from that Bureau have visited the Mission on a number of occasions to look at alternatives.

SQ Leases

2.3.8 All residential property leases need to be reviewed to highlight special clauses. For example, break clauses and special payment provisions which will merit attention at the time of renegotiating leases should be noted. The renewal of the Official Residence lease has yet to be finalised. The security deposits for SQ 4720061 and 4720062 should be coded to a suspense account. For SQ 4720059 the lease was

signed by the MCO not the HOM and the diplomatic break clause requires clarification. For SQ 4720061 there is no diplomatic break clause. For SQ 4720018 there is confusion as to who is the landlord so the lease payments are being made to a Trust account.

Official Residence

2.3.9 The OR is located on two acres of land and is classified a heritage building. The current lease expires in December 2001. When the landlord repossessed the property after the 1989 Revolution she committed to spending funds to restore the building and to this end she has invested considerable sums. That being said there are signs that major maintenance of the exterior wall plaster and the roof supports remain to be done. The kitchen is inefficient and requires remodeling and upgrading of equipment. The landlord may be willing to sell but whether DFAIT should take on the maintenance of this old structure is questionable. If it were purchased there might be the possibility of building a Chancery facility on the grounds but this needs to be evaluated. plus extensive grounds which include a tennis court and gardens. The lawn area is very suitable for official entertaining. The inside of the OR has been well maintained with functional representational areas but small private quarters.

Bratislava

2.3.10 The Office and SQ in Bratislava are modest to say the least. Both share space in one building with the SQ on the ground and first floors with an entrance to the lower street from the ground floor. The Office is on the top floor with a separate public entrance from the upper street. There is an internal staircase from the SQ to the Office. The SQ has a poor layout with the entranceway between two bedrooms, and a very small kitchen. The building is leased until August 2000 for approximately \$75,000 a year -- real value for money as the lease costs include utilities. There is an option to renew the lease for a further two years subject to renegotiation of the amount. With the additional LEP position being added to the establishment, office accommodation can be severed but it will be tight.

Official Vehicles

2.3.11 There are seven official vehicles in Prague and one in Bratislava. The Administrative Assistant also acts as the Dispatcher and controls the use of the vehicles except for one which the DND Program Manager utilizes. Effective controls are in place for vehicle servicing and the required monthly reports on usage are maintained.

2.4 Finance

2.4.1 Mission financial services have experienced repeated staff changes in the past year with the departure of the MCO and the incumbent of the Senior

Accountant position as well as the Assistant Accountant. Basic financial management and cash and budgetary control elements of the finance function which may previously have been institutionalized were no longer present in the daily operations of the Mission at the time of the audit.

2.4.7 Employee compensation is paid partially by electronic funds transfer and partially in cash.

2.4.9 The Audit Team was unable to locate budgetary expenditure plans. Expenditure data, with the exception of LES salary payments, does not allow separation of the Mission's operations in Prague from those in Bratislava.

2.4.10 During the audit, the Mission commenced the use of a local ledger to control the issuance and settlement of accountable advances to overcome a deficiency of the current version of the IMS system.

2.4.12 Mission guidelines for the application of the 1999 Foreign Service Official Hospitality Directives were being drafted during the Audit Team visit.

2.4.13 Conclusions

(A) The cash management systems in place at the Mission offered inadequate controls for the administration of public funds.

(B) At the time of the audit; an accountant from Kyiv was visiting the Mission to assist in the set up of financial systems and to train the Prague staff on IMS. The Mission was negotiating for a Financial Officer from Ottawa to visit the Mission to assist in the establishment of appropriate financial management systems.

(C) SIXP is conducting an in-depth audit of the Mission's financial records for the April to June 1999 period.

Recommendations for Mission

2.4.14 The Mission should prepare a work plan for the establishment of sustainable administrative systems sufficient to enable the HOM to confirm adherence to Departmental financial directives.

2.4.18 Signing authority delegations under the Financial Administration Act and the Government Contract Regulations should be documented by the HOM.

Mission Responses

- 2.4.14** **Agreed. The Mission has worked towards this end since the departure of the Audit Team. The new accounts team has been trained to follow the proper procedures. With the assistance of the Kiev Accountant and the Ottawa FI, accounts staff completed their training. These two visitors also assisted with teaching and helped resolve various problems, as well as planned the input of the back-logged transactions.**
- 2.4.18** **Agreed and implemented. These were completed properly during the FI's visit in December. Mission also notes that some earlier inquiries to HQ were never answered.**

Special Purpose accounts

- 2.4.19 The financial records of the Mission did not contain distinct records for the management of these activities such as that recommended in Circular Document 7/95 of 28 August 1995.

Recommendation for Mission

- 2.4.20** **When jointly funded activities are conducted in support of Mission programs, the guidance contained in Circular Document 7/95 of 28 August 1995 should be followed.**

Mission Response

- 2.4.20** **Agreed. As noted elsewhere, these events have not been Mission-delivered or financially-supported activities since last year.**

2.5 Information

- 2.5.2 The non secure network and telephone operations were being operated under the supervision of the MCO by an employee whose services were terminated immediately following the audit visit. Outstanding questions remain to be resolved on the operations and life cycle maintenance of some elements of the telephone and network systems, however resolution can reasonably await the recruitment of a new LES Systems Administrator and the subsequent verification of the Mission's informatics systems by the Regional Systems Administrator responsible for Prague.

CONSULAR PROGRAM

3.1 Management of the Program

3.1.1 The MCO is responsible for the management of the Consular Program and he spends approximately five percent of his time on this activity. Assisting him is the Office Manager and a LE Consular Assistant. Timely and effective Consular services are provided with the Consular Assistant being very experienced. There is a need for making full use of all aspects of COSMOS and for revenue and passport control systems to be strengthened.

3.1.2 The HOM Accountability Agreement notes the following objectives for the Consular Program; ensure timely and effective services in the Czech Republic and Slovak Republic, develop local service standards, increase registration of Canadians in the Czech Republic and review Bratislava services. The MCO has not yet developed a work plan to meet these objectives. The plan should also include prisoner visits, and meetings with contacts like local police authorities and immigration authorities.

Recommendation for Mission

3.1.3 Objectives and work plans should be established for all aspects of the Consular Program.

Mission Response

3.1.3 Agreed and implemented. Priority, however, will be given to those activities noted in the HOM Accountability Agreement.

3.2 Service to Canadian Citizens

3.2.1 The Consular Assistant spends approximately 45 percent of her time on assistance of various types to Canadians, 30 percent on passport services, 20 percent on legalizations and five percent miscellaneous. The Assistant has worked in the position for eight years and is conversant in both official languages. She has been delegated signing authority for notarizations and other Consular functions. The Consular wicket is open from 0830 to 1230 daily with emergency cases being serviced outside these hours. In the afternoons passport activities are conducted and telephone calls from the morning are answered.

3.2.2 The Receptionist is to be given French language training so that she can refer calls in French to the Consular Assistant or MCO, who are both fully bilingual.

3.2.3 The Consular Contingency Plan is out of date and requires review and updating.

Recommendation for Mission

3.2.4 **The Consular Contingency Plan should be updated.**

Mission Response

3.2.4 **Agreed. Consular Contingency Plans for Bratislava and Prague are in the process of being updated for 31 March 2000.**

3.2.5 The Office in Bratislava provides limited Consular services. As noted in the passport section of this report there are concerns regarding lost passports. The MCO should discuss the provision of Consular services with the CB Program Manager based in Bratislava and establish a list of the services which the Office will provide and the time frame in which it will provide those services. The HOM should endorse such an agreement.

Recommendation for Mission

3.2.6 **The Consular services to be provided by the Office in Bratislava should be established.**

Mission Response

3.2.6 **Agreed. They were established before the audit. The Office in Bratislava can only provide emergency passports, under exactly the same circumstances as most other missions which do not have SIGNET access. The only extra service which could possibly be provided is a screening process of passport applications and payment of the applicable fees in Bratislava, before the application is sent to Prague by registered mail. Passports can be prepared on a same day in case of an emergency and returned by registered mail the next business day, assuming that all required documents, passport-quality photos, etc., are initially provided. The service standard for normal issuance can also be established as five working days, which is what it is in Canada.**

The Mission recommends more creative use of Emergency Passports (EPs) which can be used to return to Canada or across the border to Vienna, only 45 minutes away and seek consular assistance from the Embassy there. While the Mission recognizes

that this is not standard practice, it can nonetheless be done and we have done so with JPDO support.

3.3 Passport Services

3.3.1 Passport services are usually provided within two to three days or same day service for people who have travelled from the Slovak Republic or from outside Prague.

3.3.2 The systems of accounting for consular and passport revenues and control of passports were reviewed. There were control deficiencies which need to be addressed. The Consular Assistant was not making use of the PMP (Passport Management Program) of COSMOS. As a result of this the Passport Inventory reports contained a number of inaccuracies. For the September 30, 1999 report these included incorrect diplomatic and official passport numbers and the omission of two diplomatic passports. It was also determined that one box of regular passports contained a different series of numbers to that stated on the outside of the box. One reason for these errors was because the Monthly Inventory Report was being signed off by the Consular Assistant and not by the MCO.

3.3.3 For the control of revenues a Sharpe cash register is utilized. The Sharpe cash register is not programmed to total Canadian dollars received and this causes extra work to reconcile funds. The Sharpe cash register is in common use at Missions so the MCO should contact a neighbouring Mission to determine how the machine can be programmed to perform this totalling function.

Recommendations for Mission

3.3.4 The PMP subsystem of COSMOS should be utilized to control passport issuance.

3.3.5 Monthly Passport Inventory reports should be prepared accurately and be signed by the MCO, with the HOM signing every three months.

3.3.7 It should be determined if the Sharpe cash register can be programmed to total Canadian dollar revenue.

Mission Responses

3.3.4 Implemented.

3.3.5 Implemented.

3.3.7 Agree. Before June 2000.

3.3.8 The Office in Bratislava has a supply of emergency passports but not regular or other passports. Any Consular revenue received is receipted and accounted for with the Consular Assistant when the Program Manager based in Bratislava visits Prague. The Consular Assistant processes the revenue through the Prague cash register along with the Prague revenue. Of concern to the Office in Bratislava is when a travelling Canadian loses a passport. The nearest Embassy to Bratislava for issuing a new passport is Vienna but for the person to go to Vienna or Prague they must have a passport to cross the Slovak border. Emergency passports are not to be issued to cross borders. If the person who has lost the passport has a travelling companion then that person could go to Vienna and have a passport processed.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) AND POLITICAL/ECONOMIC RELATIONS AND PUBLIC AFFAIRS (PERPA) PROGRAMS

4.1 Management of the Programs

Work Plans

4.1.1 Both the IBD and PERPA program managers have objectives that coincide with the HOM accountability document. These objectives, however, are not translated into formal work plans. Instead work plans consist of an oral understanding between the Commercial/Public Affairs Officers and the Program Managers. Staff have a sense of direction of where they are going in the short term within their own assigned work. Given the recent agreement by Headquarters to upgrade one position in the Trade Program in Prague, and to hire a new program officer to help deliver the Commercial/Public Affairs/Political Program in Slovakia, the Program Managers can offer additional guidance to their new and existing resources by developing work plans for each officer. The plans would enable the Officers to better organize their work and coordinate with other Mission programs. They would also provide a base from which the Program Managers could assess the performance of their staff and program. In addition the work plan would facilitate planning and coordination between the two programs. The work plan would identify the major activities that are to be completed by each program and anticipated results. Activities undertaken that need to be documented include local trade shows and seminars, scheduled visits, incoming/outgoing missions, economic and political reports/sector updates/newsletters and anticipated results. Performance of each staff member could be more easily evaluated and accountability measured at a program and personnel level. It would allow for more integration and enhance cross program activities. This documentation would also put the Program Managers in a better position to negotiate priorities and associated resource allocation with HQ and the Mission.

Recommendation for Mission

4.1.2 **The IBD and PERPA Program Managers should prepare work plans for each of their Officers, including themselves, and submit their own work plans to the HOM for approval.**

Mission Response

4.1.2 **Agreed and implemented by April 1, 2000, with an annual update.**

4.2 Country Action Plan

4.2.1 The Mission does not have a country action plan. Because the Czech Republic and Slovakia are not in the top ten priority markets, HQ does not require such a document. However, the Audit Team believes this would be a good practice in order for the Mission managers to better focus their efforts. It would encourage sharing of information thereby improving coordination and interchange between the two programs. There is little evidence to indicate that the Mission uses economic analysis and market studies to determine where best to devote their resources. Most of the time seems to be facilitating inquiries, establishing contacts at the political and business levels, and supporting missions. While it is recognized that the Central/Eastern Europe market is constantly changing (e.g. political and business contacts), making this kind of reporting a difficult task, it is probably even more important to do so in light of the volatility of the environment. The preparation of economic analysis and market studies in combination with their own experiences, discussion with contacts, etc., would contribute to preparing the country action plan.

Recommendation for Mission

4.2.2 The Mission should prepare a country action plan.

Mission Response

4.2.2 Disagree. We have a Bureau Business Plan and a HOM Accountability Agreement and will be preparing work-plans for each officer. The Mission believes a country action plan would be a repetitive and unnecessary demand upon scarce resources.

SIV Comment

The team has noted this as a best practice at other missions where it was found to be valuable.

4.3 Program Budget

4.3.1 A request was sent from HQs to IBD, Prague for submission of funding proposals regarding new initiatives by February 1999. The Trade Commissioner prepared a detailed report itemizing four areas where extra funding could be utilized and further offered to provide additional details if required. No response was received either approving additional funding or explaining why the submitted proposals were turned down. However this situation appeared to be improving in the latter half of 1999, with responses given to specific proposals within a reasonable time frame, and financial support quickly offered to a priority project.

4.3.2 The travel budget is not sufficient to cover Slovakia as was demonstrated by in-year increases in each of the past two fiscal years. Travel is required within Slovakia as well as to Bratislava. Other resource pressures include translation and interpretation services, which are often being provided by LES who are not professionally qualified in these disciplines, and whose time is not budgeted for this work.

4.3.3 In addition the Audit Team believes that as the PMI concept becomes more entrenched funding shortfalls for travel, attending conferences and trade shows and for training will become more evident. As PMI practices are implemented the Mission will become more involved in pro-active activities that will require increased funding levels.

Recommendation for Mission

4.3.4 IBD and PERPA Program activities should be costed and incorporated into work plans. This would better enable the program managers to negotiate priorities and associated resource allocations. It will also document missed opportunities because of funding shortfalls.

Mission Response

4.3.4 Partially agree. The Mission has delegated hospitality and travel budgets as a first step in this process. However, in the case of IBD funding, project approvals are usually not given until well past the date submitted for consideration, certainly well after the beginning of the current FY (and usually are reconsidered for additional funding during the last quarter of the FY). We assume that the objective of developing work-plans would be to give structure and advance guidance to staff and, for the most part, would have to be completed without the benefit of confirmed budgetary allocations.

In the case of PERPA funding, PIF allocations are made at the beginning of the fiscal year. However, supplementary budget allocations happen throughout the FY, with a concentration around the last quarter. Our final disbursements under PIF were more than doubled in FY 1998-99 compared to the originally budgeted figure.

4.4 Promotional Activities

4.4.1 Promotional initiatives were undertaken by Public Affairs in 1996 to provide a reserve of funds with which to subsidize cultural and sporting exchanges between the Czech Republic and Canada, as well as to support a large Canada Day

event. Another area where the Mission was involved in receiving and distributing locally generated funds was the holding account for the Terry Fox Runs in the Czech Republic.

4.4.2 Since the arrival of the HOM, he began to separate the Mission from these activities and to move them to the private, or NGO sector. He was not comfortable about the promotional activities of the Mission funded by the private sector, not only in terms of the finances, but also conflict of interest and Canada's image. As a result, the HOM was undertaking negotiations for the transfer of financial and legal accountability. At the time of the audit, they were either completed or well under way.

4.4.3 The Audit Team reviewed documentation made available to it for the Tennis Challenge, the Terry Fox Run and the Canada Day reception. This documentation was reviewed and the results discussed with Mission management. The audit team concluded that there was no assurance that money was spent properly, no project summary report was prepared and the appropriate specified purpose accounts were not established. The Audit Team found that the Departmental Circular Document Admin. No. 7/95 (SMD) provides guidance for these initiatives, but the Mission was not aware of its existence.

4.4.4 While debriefing Mission and HQ officials it is apparent that the Department lacks clarity and consistency regarding the types and extent of promotional activities being supported by missions. As a result of the varying views on the subject and the lack of transparency of their operations, there is no assurance that promotional activities are being undertaken and managed in the best interest of Canada.

Recommendation for Mission

4.4.5 The Mission should obtain a copy of the Circular Document and follow the procedures contained within for all privately funded promotional activities that it initiates.

Mission Response

4.4.5 Disagree. The wording of this recommendation is misleading. The Tennis Challenge, Canada Day and Terry Fox events represented less than 10% of the promotional activities for which the Mission manages public funds. Other promotional activities for which there are budget allocations are: PIF, special Francophonie Project allocations, Public Diplomacy funding, Canadian Studies regional fund, TIF, ITBD, etc. In addition, there has been no public funding of the Tennis Challenge or Terry Fox Runs since 1998. The 1999 Canada Day event, an all-program activity not under PERPA, was funded by a combination of corporate sponsorship, tennis fund proceeds (from 1998) and Mission--including OGD--hospitality. The

event, should it be held in 2000, will be funded solely through sponsorship and official hospitality.

SIV Comment

Those promotional activities funded from the private sector, in whole or in part, must comply with the provisions of the Circular Document.

Recommendation for RBD

4.4.6 RBD should provide the Mission(s) clear direction on these activities to ensure that they are appropriately focussed and properly managed.

RBD Response

4.4.6 RBD undertakes to circulate to all its Missions a copy of Circular Document Admin 7/95 “Program Funding Arrangements - Costs Sharing vs Cost Recovery” to ensure all Missions follow the procedures set out in this document.

Recommendation for SMD

4.4.7 SMD should:

- in the short term, either re-issue the circular document or incorporate it into the Departmental Financial manual so that Missions may have clear guidance on the accounting and management of funds raised from private sources for Mission promotional activities; and**
- in the longer term, re-visit and consolidate the numerous published documents on the subject of cost recovery and cost sharing, and prepare a generic guideline on how to administer the revenues and expenditures associated with outside sponsorship for all Departmental programmes.**

SMD Response

4.4.7 We are in the process of re-issuing the Circular Document as part of our web site. Amendments, etc., will be built into the help files and training materiel. SMS is presently engaged in the process of

reviewing all of the Department's financial policies. A comprehensive list will be forwarded under separate cover.

4.5 Performance Measurement Initiative (PMI)

Conflicting Philosophy

4.5.1 The Mission has five programs for which only two have service standards: IBD and Consular. It is contributing to varying levels of expectations between the Program Managers that have service levels, those that do not and the HOM who is responsible for all programs. The IBD program has guidelines for handling client inquiries, while other programs have not. As a result those without service standards generally have less rigorous acceptance and responding criteria. Another situation is when clients request hotel reservations and travel arrangements and these are treated differently because programs have been given specific direction in the one case but not the other. When such situations arise the HOM favours broader service delivery. This contributes to a conflicting philosophy between program managers and the HOM and different approaches to the PMI principals.

4.5.2 Mission management raised this issue with the Audit Team and asked for advice on best practises elsewhere. Unfortunately the Audit Team has limited exposure to this new development and could not provide advice on best practises elsewhere. The Audit Team suspects that this may be a problem at other missions, and will monitor the situation during future mission audits. This may very well be a Departmental problem and Senior Management may need to review its service standards across all programs and resolve questions arising from different levels of service. In the meantime Mission management who are aware of the problem should deal with it from their perspective.

Recommendation for Mission

4.5.3 Mission management, in consultation with RBD and TCD, needs to review its service standards across programs and resolve areas of differences.

Mission Response

4.5.3 The Mission believes that the issue of different service standards across programs needs to be dealt with by Departmental management, in consultation with other departments and agencies providing services abroad. The Mission takes under advisement the recommendation that the Mission itself resolve where feasible these areas of difference, given resource (both human and financial) availability, the public dimension of client service in Canada and

abroad, and the negative implications of adopting standards that are neither approved nor applied nor funded here or at other points of service abroad.

Application

4.5.4 The IBD Program is attempting to utilize the new PMI management system. Staff have received training and are encouraged to apply it to their work. There has, however, been different degrees of acceptance among the staff and inconsistent support by management. A sample review of recent inquiries noted that for some cases:

- a) service given was not a core service;
- b) further clarification could have been sought;
- c) letters of acknowledgement were not sent; and
- d) more detail could have been provided.

Recommendation for the Mission

4.5.5 Mission management should reconfirm its support for PMI and ensure that it is further incorporated into program operations.

Mission Response

4.5.5 Agree. The trade program in Prague understands that PMI standards are set as guidelines, not as rigid rules which must be followed for each enquiry. We are expected to utilize our judgement, which may appear at times to result in some inconsistencies. While there were a few instances where the desired level and depth of service was not delivered within the desired time frame, this was more as a result of staff shortages compounded with an extremely busy period than any misunderstanding of PMI. The staff shortage has now been addressed, and we are confident that PMI standards are well understood and implemented.

Mission Visits

4.5.6 The Audit Team noted areas of non conformance by a Team Canada Partner to the PMI concept and principles. The Industry Canada (IC) sponsored telecommunications mission visiting the Czech Republic, Poland and Hungary was taking place at the same time as the audit visit to Warsaw and Prague. DFAIT's team partner, IC, was not complying with PMI principles. This caused frustration for the Mission staff and confusion as to what services they should and should not provide

resulting in delivery of different services from one mission to the next, contrary to the PMI concept. The following non conformance was noted by the team:

- The most important aspects of a mission agreement were not observed. The Letter of undertaking was signed less than four weeks (as opposed to the recommended minimum of eight weeks) before the arrival of the mission. It omitted the most important aspects of the mission organizer's responsibilities, funding to cover "additional services". The IC organizer insisted that the services should be provided by the IBD Program.
- The organizer's budget arrived only after the event was concluded and the budget amount was not clarified until the day the mission arrived, despite repeated discussion on the need for a budget from the mission organizer and participating companies well before the date of the event.
- A list of hotels was provided to the mission organizer from which delegates could book their rooms. It became obvious four weeks before the mission arrived that neither the mission organizer nor delegates had done anything. Since most business level hotels had already reached the point of no-vacancy, the Mission had no choice but to guarantee a block booking.
- The Minister that initially was to lead the mission was not available and another Minister was named only two weeks before its arrival.
- Last minute demands by the mission organizer put pressure on the Embassy staff that was felt unnecessary.
- A review of the e-mails leading up to the IC Telecommunication mission indicated a high percentage dedicated to visit logistics and few relating to its objective and focus.

Recommendation for TCS/TBX

- 4.5.7 TCS/TBX should re-enforce the PMI concept (i.e. the roles and responsibilities of all parties) with its Team Canada Partners. Perhaps using a case study approach of completed missions, such as the IC Telecommunication mission, to highlight best practices and areas that require improvement for all partners.**

TCS/TBX Response

- 4.5.7 Federal and provincial OGD partners have been briefed on all major new client service policies and practices implicit in TCS renewal. Additionally, we have completed cross-Canada consultations with**

Team Canada Inc partners on the use of a Business Mission Agreement. In February, copies of the best practice kit, including agreement forms, are being sent to all partners in Canada and to all Posts. This tool, which is already downloadable by staff at Missions from the Horizons Intranet site, will permit our Missions to better clarify the expectations with our partners and will help to better manage the trade and investment missions. The Business Mission Agreement will be officially launched on 1 April 2000. In addition, we are finalizing the consultations leading to the publication of a list of services for institutional clients/partners this spring. In both cases, related interpretative guidelines to help our Missions will be made available on Horizons, the TCS Intranet web site.

Technical Difficulties

4.5.8 Because of technical difficulties frustration is high among the staff and not all tracks are made. Tracking can take anywhere from 20 to 40 minutes to input. In addition, printing company profiles can take up to 15 minutes to complete and frequent screen freezes can cause printing to be completed in parts. It is the understanding of the Audit Team that the system can be improved by completing the following actions:

1. Convert computers to 64 mgs - completed.
2. Install open client software - pending fall 1999.
3. Reconfigure the network - pending.
4. Change the Mitnet provider - pending.

Implementation of the above actions would enhance the system's response time encouraging staff to effectively interact with the WIN Exports System.

Recommendation for TCE

4.5.9 TCE, in consultation with Mission, should pursue the resolution of the technical difficulties they are experiencing with the WIN Exports client management system.

TCE Response

4.5.9 The installation of WIN On-line open client was finalized in Prague during November 1999. This WIN On-line is considered adequate for client survey purposes and viewing client profiles within the context of service delivery.

Contact Data Base

4.5.10 The Mission believed it was necessary to have a common contact data base, therefore a contractor was hired and given the requirements to develop it. Once developed the Mission hired a student to input the data.

4.5.11 The data base is not yet functional because two requirements had not been addressed by the contractor: trilingual field text and secure access. This is likely the result of the manner in which the project had been managed since it became active in October 1998. Administration prepared the contract, the SA approved contractor invoices and the Public Affairs Assistant was responsible for user requirements. There was not one individual responsible to oversee the project and to ensure all users requirements were identified.

4.5.12 The Department provides to all SIGNET users a contact data base called "Contact". It is the understanding of the Audit Team that this software was recently upgraded to "Contact Plus" and is being rolled out to users. At the time of the audit it was not available to the Mission. The upgraded version has Word Perfect Macros built into it. The Contact Plus is language challenged (i.e. does not have special Czech characters), however, it is the understanding of the Audit Team that SXID is working on this problem.

Recommendation for Mission

4.5.13 The Mission should abandon further development work on the in-house contact data base and, in consultation with SXID, should pursue a technical resolution at a departmental level.

Mission Response

4.5.13 Partially agree. We are not funded to produce acceptable-quality correspondence except through technological solutions. We would be delighted if a solution to this challenge can be offered at a departmental level, and will encourage our SA to solve this with departmental staff on a priority basis.

Until that time, the Mission needs a solution that allows us to develop a user friendly data base, that can be accessed by all Mission users, that has the ability to incorporate (and print) Czech language characters in frequently used formats (mailing lists, labels, etc.).

MISSION RESOURCES FACT SHEET FY 99/00

Personnel (FTEs) Prague and Bratislava

	CBS	LES	Total
HOM Office	2	4	6
Political/Public/Cultural Affairs	1	2.5	3.5
International Business Development	1	4.5	5.5
Administration/Consular	2	12	14
Immigration	1	2	3
DND	2	1	3
CIDA	1	5	6
Total	10	31	41

Physical Resources

ASSETS	OWNED	LEASED
Chancery		1 Prg + 1 Brat
OR		1
SQs		8 Prg + 1 Brat
Vehicles	7 Prg + 1 Brat	

Financial Information 1999/2000

LES Salaries	\$ 570,260
Operational	1,558,187
CB Overtime	9,100
Capital	111,300
Total	\$ 2,248,847