
**AUDIT
OF
THE CANADIAN EMBASSY**

RIYADH

February 2000

Audit Division

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EXECUTIVE SUMMARY

An internal audit of the International Business Development (IBD), PERPA, Consular and Administration Programs was conducted in Riyadh during the period May 8 to 12, 1999. A previous audit of the Administration and Consular Programs was conducted in 1994. The Mission is accredited to the Kingdom of Saudi Arabia, Yemen, Oman and Bahrain.

MISSION MANAGEMENT

The Mission has been subject to downsizing in the last year with the move of the Immigration Program to Abu Dhabi and the reduction of a Canada-based (CB) SCY position. This has left the Mission with management challenges with the release of LES, significant vacant space in the Chancery and four vacant Staff Quarters (SQ). A decision was also taken in 1998 to close the Trade Office in Jeddah and move the CB position to Riyadh.

Other changes have affected the management of the Mission such as the move of Hub responsibility for the Mission in Abu Dhabi from Riyadh to Dubai. Riyadh must still provide financial input facilities for Abu Dhabi, Dubai and Kuwait and there is a need to formalize the responsibilities of Riyadh as well as the spoke missions and to develop service standards in this regard.

There is a need for more disciplined management practices to ensure the Administration Program provides effective service to Mission programs. To achieve this, it will be necessary for the Head of Mission (HOM) to set objectives for the section in consultation with the Management Consular Officer (MCO) and Program Managers. As there is a new Deputy Management Consular Officer (DMCO) arriving at the Mission in the summer of 1999, the HOM should assure himself that the MCO has set up appropriate objectives and a workplan for the DMCO and is providing the training and assistance required.

The Mission has not exercised due diligence in the granting of Accommodation Deficiency Adjustments (ADA) and more HOM attention must be focussed in this area. There is also a general lack of attention in the area of personnel records, particularly for Locally Engaged Staff (LES) appraisals and leave and attendance records for Official Residence (OR) staff.

The committee structure of the Mission needs to be revised to include a forum for discussion of program objectives, activities and coordination. This can be done within the present Committee on Mission Management (CMM) structure or as a separate committee.

ADMINISTRATION PROGRAM

Despite some shortcomings in the management of the Administration Program, generally effective administrative services are provided to programs and to staff, especially for financial services and residential accommodation. There is a need for more formal and disciplined management practices to ensure that the Program runs effectively and efficiently.

The audit revealed many areas where Administrative systems need to be established or strengthened. Communications between Mission management and the LES could be improved to demonstrate greater transparency and consultation in the decision-making process.

At the time of the audit, the Mission had several outstanding invoices unpaid pending receipt of coding or budget transfers from HQ. One in particular, for Medical and Life Insurance premiums for LES is of significant concern. Subsequent to the audit, SIV received information from the Mission indicating that the company was refusing to reimburse LES for insurance claims pending payment of their invoice.

The Mission's properties are managed effectively. The Mission has effectively managed several very large renovation and construction projects over the last year. The Mission has experienced severe downsizing in the past year when the Immigration Program moved to Abu Dhabi. Consideration needs to be given to long-term plans for the Mission and the rationalization of vacant space.

The Saudi Arabian government committee to coordinate national efforts to address Y2K problems has been in operation for more than a year. However, many issues have yet to be addressed.

CONSULAR PROGRAM

The Consular Program is active because of the strict application of local laws which can lead to protracted interventions with the authorities. There is a need for the Mission to rationalize the use of the DMCO position. The Mission has an active warden network. During the audit, a review of the Consular Emergency Contingency Plan was undertaken and several areas for improvement were noted. To assure the availability of services to Canadians, the Mission should publish service standards and set hours of operation for the Honorary Consuls.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

The social and cultural environment of all the Gulf states presents complexities, in the conduct of business, unknown in most world markets. The IBD section offers critical introductory services to the markets of the four countries of

accreditation. Mission staff have demonstrably bought in to centrally conceived program-delivery models including PMI and WIN and both publish and adhere to the Departmental service standards offered to the Canadian business community.

Significant decline in world oil prices over the past two years has been matched by fewer initiatives by Canadian entrepreneurs and delays in completion of major investment projects. Nevertheless Program staff have been actively involved in a combination of updating both major and minor market sector reports and pro-active outreach visits to cultivate and encourage Canadian participation in the Saudi market.

Templates for standardized approaches to achieve measurable results from the efforts of the six program and three support staff are available and generally in use. However, a more focussed tasking through annual work plans and the appraisal system applicable to all staff would promote the learning process. This would capitalize on both the significant institutional memory of half the program staff and the enthusiasm, youth and strong academic credentials of the other half.

POLITICAL AND ECONOMIC RELATIONS AND PUBLIC AFFAIRS (PERPA) PROGRAM

These Programs are, for the most part, carried out efficiently and effectively. Riyadh has responsibility for most of the Political and Economic reporting on the Gulf. Reporting priorities and the frequency of reports need to be documented in a Memorandum of Understanding (MOU) agreed to by the three Missions (Riyadh, Kuwait and Abu Dhabi) and GMG.

MISSION MANAGEMENT

1.1 The HOM arrived at the Mission in September 1996 and has had his posting extended for a fourth year. The CMM usually meets on a weekly basis. The Committee comprises CB Program Managers and is chaired by the HOM. An agenda and minutes are prepared, with most of the discussion relating to Administrative issues. Other committees are for Housing, the Maple Leaf Club, LES, and Year 2000. The Contract Review Board and Classification Committee are inactive. An Occupational Safety and Health Committee was recently established. The DMCO is reviewing the mandate of the committee and will convene a first meeting in the near future. As the CMM is involved almost exclusively with administrative matters, there is no forum for discussion and coordination of program objectives and activities. This can be accomplished through the establishment of a Program Coordination Committee or through the CMM. Its mandate would be to coordinate program activity where two or more programs have interest and inform members what future program activities are planned. Administrative topics would not be discussed but the MCO should be present to consider Consular activities.

Recommendation for Mission

1.2 A Program Coordination Committee should be established or the CMM's scope expanded to include discussion of program coordination issues.

Mission Response

1.2 CMM agendas and minutes will henceforth explicitly record the program coordination function which it has generally carried out.

Resources

1.3 During 1998/99 the Mission staff complement was reduced by one CB SCY and one Trade Officer (based in Jeddah) and the Immigration Program was transferred to Abu Dhabi, resulting in a downsizing of two CBS and seven LES. An LES position was established to replace a CB SCY position. This employee acts as Social Secretary and provides assistance to the Political and Public Affairs programs. With this considerable downsizing, the effect on the Administration Program was reviewed. Obviously there is a reduced demand for administrative services to be provided but this audit identifies many areas where systems and controls need to be established. A reduction in Administrative staff at this time is not recommended. When there is a change in MCO and the impact of IMS and responsibilities for the "spokes" under IMS, a review should be conducted to determine if savings could be made by reducing staff. After a submission by the Mission, RAM approved the retention of the driver positions. In 1999/2000 there are a large number of major property maintenance

projects to be conducted, mainly funded by SRD. The Mission should monitor closely its ability to manage these projects, especially considering that there will be a new DMCO in place who may not have the same property skill sets as the present incumbent. The Mission should not hesitate to request project managerial assistance from SRD.

1.4 The Audit Team reviewed the need for both the MCO and DMCO positions. For three major reasons the team supports the need for these positions; the high consular workload, the Crown-owned Chancery and SQs to be managed, including the supervision of the property contractors, and the fact that there are inefficiencies in the Property Section due to staff work performance. The DMCO position is also seen as a developmental position, as the experience gained in all facets of Administration and Consular work should serve as a sound basis for future assignments.

1.5 The result of the move of the Immigration Program to Abu Dhabi is two less CBS and seven less LES, two vacant staff quarters and considerable vacant office space in the Chancery. One Immigration LES was retained on staff to answer Immigration enquiries and arrange appointments for visiting Immigration officers.

Hub and Spoke Responsibilities

1.6 Up until March 31, 1999, Riyadh was responsible for the administration of the Mission in Abu Dhabi. The MCO spent a considerable amount of time arranging the set-up of the Embassy and visited that Mission frequently during a three-month period. Effective April 1, 1999, the MCO based in Dubai is responsible for both Dubai and Abu Dhabi. Riyadh still provides FINEX input services for Abu Dhabi, Dubai and Kuwait. The Mission also controls the LES payroll for the three spokes and transfers the monthly salaries and allowances to the bank accounts of the LES employees. Expenditure reports for the spoke Mission budgets and encumbrances are also produced and, in consultation with the spokes, the monthly financial statements including bank reconciliations are prepared for forwarding to HQ. There is no written agreement in place which sets out the roles and responsibilities of Riyadh and the three spoke missions. This document should be prepared to avoid any misunderstandings as to roles between Riyadh and the spokes.

Recommendation for Mission (Information: Kuwait, Abu Dhabi, Dubai)

1.7 A written MOU should be established setting out the roles and responsibilities of Riyadh and the spoke missions in Kuwait, Abu Dhabi and Dubai, with input from the spoke missions.

Mission Response

1.7 A written MOU will be drafted and transmitted to the spokes for comment and discussion by mid- September.

ADMINISTRATION PROGRAM

2.1 MANAGEMENT OF THE PROGRAM

2.1.1 The MCO has been at the Mission since August 1997 and is an AS-4 in an AS-5 position. The MCO spends approximately 70 percent of his time on Administration and 30 percent on Consular. There is also a DMCO, an AS-2 in an AS-3 position, who has been at the Mission since July 1997. This Officer is on his first posting and will be cross- posted in the summer of 1999. The DMCO splits his time equally between Administration and Consular. The MCO *** was tasked to train and mentor the DMCO. *** This summer, another new recruit has been appointed to the DMCO position and it is imperative that the MCO prepares a work plan for this employee with objectives, responsibilities and time lines. The HOM will need to monitor that the DMCO is being given the training and help that he will require.

Recommendation for Mission

2.1.2 A work plan with responsibilities, objectives and time lines should be established for the new DMCO.

Mission Response

2.1.2 The work plan is being developed and will be finalized by mid-September.

Administration Program Workplans and Service Standards

2.1.3 The HOM Accountability Agreement for the period August 1, 1998 to March 31, 2000, includes several management services priorities. These are; to provide efficient services to Riyadh and the spokes, to establish the Embassy in Abu Dhabi, to implement staff quarter refurbishment projects, to improve physical security at the Chancery, and to implement UCS, IMS, SIGNET renewal, Year 2000 preparedness and the contingency plan.

2.1.4 On April 3, 1999, the HOM asked all Program Managers to prepare a work plan for 1999/2000. The MCO prepared this for the Administration Program but it just includes a list of activities. The HOM had requested a plan with "objectives, activities, resources, results and constraints." These need to be addressed, and when formalized in the plan, be discussed with the administrative staff. By thinking and planning ahead and involving all administrative staff, the Section should become more pro-active rather than just reacting to the daily administrative requests and issues. At the present time, the MCO does not have meetings with his staff to discuss CMM decisions, work priorities and future plans. Standards for the provision of administrative services have

not been clearly established for all areas of activity. These should be established, in consultation with the administrative staff and the CMM as clients, so that all employees are aware of the time frames within which Administration works.

Recommendations for Mission

- 2.1.5 The 1999/2000 administrative workplan should define who is responsible for the activities and include action time frames.**
- 2.1.6 The MCO should have regular meetings with staff in the Administration Section to discuss CMM decisions, work priorities, future plans and any concerns of staff or management.**
- 2.1.7 Formal service standards should be established for all Administrative activities and such standards should be promulgated to all Mission staff, including spoke Missions.**

Mission Responses

- 2.1.5 The administrative work plan will be revised to include those responsible and action time frames, by end of September.**
- 2.1.6 The MCO will commence weekly meetings with staff by the end of August.**
- 2.1.7 Service standards will be promulgated to staff by the end of November.**

Provision of Administrative Services

2.1.8 Despite some shortcomings in Administration Program management as noted above, generally effective administrative services are provided to Programs and to staff. This is especially so for financial services and staff quarter requirements. There were observations from Program Managers that on occasion, administrative decisions are taken without consultation with staff or the CMM. As it is a very close CB community, with staff living on compounds, there is a need for discussion and communication of decisions affecting the lives of the CBS. There was also the perception that issues are not brought to conclusion in a timely manner. With respect to outstanding issues the MCO should present a report to each CMM regarding the status of these issues.

Recommendations for Mission

- 2.1.9** **Decisions which affect all CBS should be discussed at the CMM before a decision is taken or policy issued.**
- 2.1.10** **For each CMM, the MCO should provide a status report regarding outstanding administrative issues.**

Mission Responses

- 2.1.9** **Will implement immediately.**
- 2.1.10** **Will implement immediately.**

Previous Audit Report

2.1.11 The previous audit report of March 1994 contained nine recommendations for action by the Mission. Two of those recommendations remain outstanding and are repeated in this audit report. These concern the disposal of the vacant lot and the recovery of a share of the SQ gardening costs from CBS, where applicable.

2.2 HUMAN RESOURCES MANAGEMENT

2.2.1 Management of Human Resources is under the direct responsibility of the MCO, with responsibilities for various aspects of record keeping and management in the hands of the DMCO, the Administrative Assistant and the Accountant. Overall, the program is acceptably managed although greater attention needs to be paid to personnel records. The Audit Team met with the LES Committee. Items put forward for discussion by the Committee were related to salary and benefits. The Committee is well organized and communications from the Committee to members appears to be good. The MCO only meets with the Committee when requested or when there is a specific item to be discussed. The HOM holds regular meetings with LES but they are more of a social nature and therefore are not conducive to information exchange.

Recommendation for Mission

- 2.2.2** **Establish a regular schedule of meetings between the LES Committee and Mission Management.**

Mission Response

- 2.2.2** **Meetings will be held on a quarterly basis unless LES Committee seek otherwise, and the HOM will use the monthly "Cake Day" to assess needs for ad hoc sessions, with LES Committee or all staff.**

Spousal Employment

2.2.3 In accordance with the DFAIT policy on spousal employment and also recognizing the extremely difficult conditions for women in Saudi Arabia, the Mission has designated four positions for spousal employment (Assistant Accountant, Passport Clerk, ROCA clerk and Registry Clerk) and, where possible, offers other positions to spouses if they are qualified. The Audit Team notes this as a special challenge to the Mission to avoid perceived conflicts in reporting relationships.

LES Travel Benefit

2.2.4 LES receive an annual travel benefit to fly to their country of origin and return. The country of origin is based on the country of nationality declared by the employee for the medical plan. It covers the employee, the spouse and up to two dependents. It covers a return air fare by the cheapest fare possible, booked through the approved travel agency. The MCO reviews the estimate when presented and discusses routings and costings with the travel agent. When approved, payment is made directly to the travel agency. The Mission also pays for any visas or exit permits required. Upon completion of the trip, the employee must submit the ticket stubs to prove that the trip was taken. The trip must be used within the fiscal year or the benefit is lost. There is no cash value. If an employee uses the benefit and subsequently leaves the Mission before the year is completed, a prorated amount of the benefit must be repaid. The annual estimated cost of this benefit is \$182,000. Canadian spouses employed as LES in the Mission do not receive this benefit.

2.2.5 The employee handbook states "an employee is eligible for travel assistance after completing the 12 month probationary period." There is a disagreement in the Mission on the interpretation of this; one is that the employee neither earns nor can use this benefit in the first year, and the other interpretation is that while LES cannot take the trip in the first year, they earn it and can use it in the second year. This second interpretation conflicts with the 'use it or lose it' policy on this benefit. The Mission has recently completed a full benefit survey where data from markers related to this benefit has been provided. The application of this benefit will have to be clarified by SPSA during the course of the benefit review.

2.2.6 The Mission allows employees to use this benefit to travel other than to their home country as long as the amount does not exceed the cost of a ticket to the home country. The original intent of this benefit is unclear, i.e. was it to allow employees to go home or to give them a trip out of the country. This should be clarified in conjunction with the benefit review by determining what the marker organizations do and clearly defining the intent of the benefit.

2.2.7 The travel benefit year is currently the fiscal year which makes application difficult since benefits begin accruing from the first day of employment. Although close

tracking will have to be instituted, a more logical application would be to tie the travel benefit year to the employee's individual increment year.

2.2.8 The handbook indicates that this benefit will be paid for dependents up to age 18. The Accountant advises that in practice, benefits have been paid including the 18th year, up to age 19.

2.2.9 Female employees must provide written confirmation that they are not receiving a similar benefit from their spouses's employer. The MCO advises however, that although letters provided by local companies for this purpose may state that the female spouse is not receiving a ticket from her spouses' employer, the MCO knows of companies which offer options in that the employee can take cash or a salary increase in lieu of the ticket. Technically in stating the spouse is not getting a ticket, it is true but their spouse may be getting some other benefit in lieu. SPSA and the Mission may wish to explore other methods of ensuring that LES are not receiving a double benefit. This could include determining if there is another system of providing this benefit which would be less costly and easier to administer. The MCO advises that one marker pays one month salary in lieu.

Recommendation for Mission

- 2.2.10 In consultation with SPSA, the Mission should gather and analyze detailed information on this benefit from marker organizations with a view to writing a clear statement of the benefit and its application.**
- 2.2.11 In consultation with SPSA, investigate other options to providing this type of benefit which may be less complex to administer.**

Mission Responses

- 2.2.10 The provisions of the LES travel leave benefit will be clarified in the context of the overall LES compensation package, by the end of November.**
- 2.2.11 The exploration of other, less complex options will take place in conjunction with 2.2.10.**

Medical Plan

2.2.12 In December 1998, the Mission proposed changes to the medical plan related to a change of the current 350 SAR annual deductible per insured client to a charge of SAR 50 per doctor's visit. While employees who visit the doctor less may realize a savings, others who visit often may pay more. Employees would also be provided with an insurance card which will negate the need to pay up front at approved

facilities up to prescribed limits. SPSL is reviewing this request and has asked the Mission to provide more information and clarification.

Training

2.2.13 The PERPA Program Manager has been designated as the Mission Training Officer. The role and mandate of the Mission Training Officer has not been made clear to this employee and he has essentially only been ensuring that messages from HQ related to training are circulated to all employees. The Mission does not have a training plan and therefore, there is not a coordinated approach to training. Although funding from HQ has been significantly reduced in recent years, management's obligation to provide training has not. The Mission must find innovative ways to provide appropriate training within the limits of its budget. A training plan should identify training needs for each employee and set realistic goals for achieving them. Caution should be exercised to develop a realistic and attainable plan to avoid raising false expectations which may be worse than giving no training at all.

Recommendation for Mission

2.2.14 Develop a realistic training plan for all staff.

Mission Response

2.2.14 Mission shall develop a training plan by the end of December.

Personnel Records

2.2.15 LES personnel files were not found to be in acceptable condition. Active files were mixed with inactive files. Inactive files were found to be incomplete. For example, the files for Jeddah and CIC employees who were released due to the closure of Jeddah and the move of CIC to Abu Dhabi did not contain all documents related to severance and pension payments. Copies of EXT 208's are not filed on personnel files but are kept in the Accounting Section and filed by employee name. To maintain a full employee and position history, it is advisable to file a copy of the EXT 208 on the employee file and maintain a copy on position files as well.

2.2.16 A sampling of files for current LES revealed that less than half contained signed Oaths of Office and Secrecy. Only one Canadian LES was found to have signed an Oath of Allegiance.

2.2.17 Files on recent staffing actions were found to be incomplete. Although the summary reports and board recommendations contained substantial detail and were well prepared, the supporting documents were not present on the file. In many cases, documentation related to the recruitment was found filed on the employee file.

Correspondence related to a recruitment should be maintained on a separate file and should contain all documents related to the exercise, e.g. statement of qualifications, advertisement, all applications, methodology applied to arrive at a short list, selection tools used and supporting documents, all interview and test notes from board members, letters of offer, letters of rejection, the recommendation to the HOM and the final approval by the HOM.

2.2.18 Letters of offer used for new LES were found to be inadequate and did not cover all items normally included in these letters (e.g. reference to security checks before appointment, position number being appointed to, etc.). A template for standard letters can be obtained from SPSA and adjusted according to local conditions.

2.2.19 A review of appraisals for LES was conducted. Of the files sampled, less than half had up-to-date appraisals. It was noted that an effort has been made to bring appraisals up-to-date for Administration and Consular LES, but there are many years of missing appraisals prior to this. It was also noted that, for the most part, there are no appraisals on file for OR staff. Increments are granted based on confirmation from the manager that it should be granted, not on receipt of a completed and fully satisfactory appraisal. Employees have a right to be properly appraised in a timely fashion and managers have an obligation to do so.

2.2.20 LES leave and attendance records are maintained by the Administrative Assistant. They were found to be in order and carryover balances were reasonable with no employee exceeding more than one years' credits. The Mission maintains records manually, in days rather than hours which is the departmental standard. The Administration Section does not maintain records for OR staff. The HOM verified that neither he, nor his secretary, nor the senior LES in the OR keep records and he is not aware that they have ever been maintained.

2.2.21 The Mission had expended considerable work on updating job descriptions for all LES positions prior to the audit. Once completed, the Mission intends to convene the Classification Committee and review for appropriate classification. There have been no classification actions since the arrival of the present CB administrative team in 1997.

Recommendations for Mission

2.2.22 Review all LES files ensuring they contain all documents necessary to establish a full employment history for each employee. Also ensure that complete position files are maintained and that EXT 208s are maintained on both.

2.2.23 Ensure that Oaths of Office and Secrecy are completed for all LES and that Oaths of Allegiance are completed for Canadian LES.

- 2.2.24** **Ensure that complete files are maintained for all staffing actions.**
- 2.2.25** **Contact SPSA for a template to be used for letters of offer.**
- 2.2.26** **Complete appraisals for all LES and ensure they are completed annually.**
- 2.2.27** **Contact SPSA to obtain the automated system developed for tracking and maintaining LES leave and attendance records.**
- 2.2.28** **Maintain LES leave records in hours instead of days.**
- 2.2.29** **Conduct a review for each LES in the OR to establish current leave balances and ensure that records are maintained in Administration as they are for all other LES.**

Mission Responses

- 2.2.22** **Action has begun and will be completed by end of September.**
- 2.2.23** **To be completed in conjunction with 2.2.22.**
- 2.2.24** **Action has been taken to ensure complete files for staffing actions.**
- 2.2.25** **Action has been taken and the templates are now in use.**
- 2.2.26** **Action has begun and will be completed by end of September.**
- 2.2.27** **The Mission contacted SPSA and they sent the automated system for LES leave and attendance.**
- 2.2.28** **Upon receipt of the above program, all records were converted to hours.**
- 2.2.29** **Action will be completed by end of September.**

2.3 FINANCIAL MANAGEMENT

2.3.1 Financial management is the responsibility of the HOM and MCO, who is the designated Financial Officer. Assisting the MCO are the DMCO, Accountant and Assistant Accountant. Several concerns presented to the Audit Team by SBR in

advance of the audit were followed up in Riyadh. With the exception of one area, which relates to the Saudi Riyal bank account, these issues were resolved during the audit.

2.3.2 One area of concern, identified by HQ, related to delays in the entry of month-end information to Mission FINEX. For the most part, the Mission strives to make its entries to the system by the eleventh working day after the end of the month. On occasion the Mission has had to delay this input due to the different work week followed by the Mission.

Outstanding Invoices

2.3.3 At the time of the audit, the Mission had several unpaid outstanding invoices pending receipt of financial coding or budget transfers from HQ. One particular invoice, is of significant concern as it relates to the Medical and Life Insurance premiums for LES. The invoice was dated March 16, 1999 payable April 16 and covers the period from April 1 to June 30, 1999.

2.3.4 Subsequent to the audit, SIV received information from the Mission indicating that the company was refusing to reimburse LES for insurance claims pending payment of their invoice. In discussions with the Mission, the Audit Team was advised that payment of the invoice was being held back because the Mission had not yet received the current year budget transfer from HQ.

2.3.5 The failure to provide this budget transfer is affecting the timely payment of invoices, but more importantly could have an impact on the provision of health and insurance services to LES, an unacceptable situation.

Recommendation for Mission

2.3.6 Request HQ to provide the Mission with the required budget transfer for the current year.

Mission Response

2.3.6 The insurance company was informed that the Mission had not received coding for the new FY. They understood the situation and continued paying all claims. The Mission has excellent relations with the insurance company who go out of their way to ensure we are well serviced. The insurance company proposal for enhanced coverage, to match markers, has been approved by HQ and the final details are being ironed out with SPS. We hope the new plan will be in place shortly.

Contract Review Board (CRB)

2.3.7 A review of the CRB documentation indicates that the board has not been active since 1995. In addition, the role of the CRB to actively review proposed

contracts in advance of their initiation needs to be communicated to committee members. The absence of this challenge mechanism deprives the HOM of the assurance he requires to adequately deliver on his accountabilities to exercise his delegated contracting authority.

Recommendation for Mission

2.3.8 The CRB should be reconstituted and should undertake its role to review contracts and where necessary to facilitate or participate in vendor selection prior to the awarding of the contract.

Mission Response

2.3.8 The CRB has been reconstituted and has held its first meeting.

Hospitality Expenses

2.3.9 During the audit a review of various files related to Mission hospitality events was undertaken. The following examples illustrate the need for the establishment of additional controls and policies.

2.3.10 A policy on how much staff can claim for community events without a specific program focus (e.g. Canadian Women's Charity Ball) and for babysitting should be included in the Mission hospitality guidelines.

2.3.11 The file review also indicated that CBS have claimed gifts for another CBS having a function as an expense. This is not an acceptable claim against public funds.

2.3.12 Expenditures for dry cleaning were observed which were not associated in the hospitality diary with any specific event. While there is authority to claim costs associated with a hospitality event, there is no specific authority to claim unrelated dry cleaning costs. These expenditures (which are direct, not indirect hospitality expenditures) require that documentation indicate the nature of the event.

2.3.13 The HOM has signed his own Hospitality expense claims. An alternate signing authority is required under Section 34 of the Financial Administration Act.

Recommendation for Mission

2.3.14 Mission hospitality must be conducted in accordance with delegated signing authorities and with the Foreign Service Official Hospitality Directive.

Mission Response

- 2.3.14 Action initiated with guidelines from HOM to all officers, to be completed by CMM consideration of guidelines for certain expenses, by mid-September.**

Saudi Riyal Bank Account

2.3.15 The Mission is financed by telegraphic transfers of funds sent in USD by Washington, upon request by the Mission. All funds received from Washington are deposited into a USD account, converted to Saudi Riyals, and transferred immediately to the Saudi Riyal bank account as received. After the transfer is completed, the USD account is left with a nil balance. A Letter of Credit has been established by the Canadian Imperial Bank of Commerce in the amount of \$250,000 for use on an emergency basis.

2.3.16 During the audit a review of bank deposits to the local Saudi Riyal bank account was undertaken and traced to the supporting entries in Mission FINEX. The Audit Team noted that the Mission is not entering separate documents into FINEX for each deposit to the bank. In order to establish a clear audit trail, the Mission should be making one entry to the system for each deposit made.

Recommendation for Mission

- 2.3.17 For each deposit to the bank, a separate document should be entered into Mission FINEX.**

Mission Response

- 2.3.17 Issue will be pursued and resolved with Ottawa in early September.**

2.4 PHYSICAL RESOURCES

2.4.1 All properties are design-built and are Crown-owned. Overall, properties were found to be in good condition. The Chancery provides an excellent working environment and since the transfer of the Immigration Program to Abu Dhabi, internal moves have taken place which have further improved working conditions. The Mission has undertaken many major projects over the last year and a half in the Chancery, OR and SQs and several large projects are planned for the coming year. The Mission has handled all of these projects in-house and should be commended. The Audit Team viewed six of 11 SQs and in general found them to be acceptable. They were all built to TB space guidelines, but living space is not generous and there is little storage. The Mission has been working on improving the SQs by expanding living space wherever

possible. One innovative project was the 'basement on the roof' project which has been completed in all but three SQs and which has greatly expanded the living and storage space of the SQs at minimal cost. The DMCO is responsible for daily operations on physical and materiel resource management and has managed many of the projects which have been undertaken since 1997. This has placed considerable pressure on him which he has handled very well.

Vacant Space in Chancery

2.4.2 Following the move of the Immigration Program to Abu Dhabi and the elimination of a CBS SCY position, the Mission has considerable vacant space in the Chancery. Internal moves were made which involved moving much of Administration and Consular to the first floor, closer to their clients. These moves have used up some of the vacant space but there is still considerable space on the first floor of the Chancery where the Immigration Section was previously. There is access from the main lobby to this area. This area could be easily separated from the Consular Section on one side and from the multipurpose room and its kitchen and audio visual unit on the other side, with minimal renovation required. What would be left is an area that could provide a small reception area and office space for 4-5 offices depending on the size.

2.4.3 The Mission is studying the idea of installing a multi-media public information area which would include an education reference area, with a computer capable of handling the *Study in Canada* CD ROM and other educational materials, a Tourism information centre, and a technology information centre. A review of the PERPA and Trade programs has not demonstrated a need or any obvious benefits from this centre. There is also concern as to whether the Mission has the capacity to provide both the administrative and technological support required to install and maintain such a centre.

2.4.4 The Mission must put forward a solid business case for the need for this centre, the start-up costs and on-going down-year costs and also how it will be supported with the present resources available. The business case should also identify the target market and the projected benefits.

2.4.5 If proceeding with this multi-media centre is not indicated, the Mission should explore the possibility of separating the area with a view to possible collocation or leasing of the space. SRD and RAM should be consulted in this regard.

Recommendation for Mission

2.4.6 Investigate possible uses for the vacant space on the first floor of the Chancery.

Mission Response

2.4.6 CMM consideration has been underway and will be completed by end of November. Using existing or easily obtainable resources to enhance our education and tourism and trade promotion functions has merit as the practical possibilities of collocation or rental are so minimal. The Mission has already pursued the question of collocation with another diplomatic mission with SRD and it was concluded that it was not a practical option given that those with whom we would normally collocate were already well installed in their own premises. There were no other logical candidates and the self-contained nature of the Chancery and the limited space available further prevents use of the space for this purpose. As for commercial rental, the financial gains would hardly seem worth its pursuit in terms of the security and access issues involved. It seemed logical to try to exploit the space in an informational/promotional way, rather than let it go to waste. The Mission, of course, would have to justify to HQ any requests for additional resources but we do not think that they will be substantial.

Vacant SQs

2.4.7 Also as a result of downsizing, the Mission has four vacant SQs. Following the relocation season this summer, Villas 2A and B (PR347009 and 010) and Villas 3A and B (PR 3470012 and 013) will be vacant. These four SQs are the smallest in the portfolio and are pairs of semi-detached town-house style SQs. PR 3470013 has been leased to the New Zealand Embassy with a resulting revenue of \$25,000 per annum which is returned to SRD who reimburse the Mission for minor fit-up, maintenance and utilities. During the audit, the Mission was delighted to inform the Audit Team that the NZ Embassy had decided to rent PR3470012 effective July 1, 1999. There may be a slight increase in the rent on the second unit due to utility cost increases.

2.4.8 The Mission has been using these SQs, where possible, as transit flats. They are frequently used by visiting Immigration officers who are charged SAR 150 administrative fee (approximately \$60) plus \$5 per day, which is credited to the Mission budget. The Mission has not been keeping a log of this use and therefore could not say how many nights the SQs had been utilized. It was suggested that they begin maintaining a log of usage.

2.4.9 The Mission has made good use of these four vacant SQs through leasing and transit usage. There is, however, considerable administration in maintaining these SQs and it may be advisable to investigate the sale of at least three (RAM has approved maintaining one for a transit SQ and temporary housing for relocation

seasons). It will be difficult to establish a value on these properties since only Saudis or Diplomatic Missions can own property so there is very little real estate activity on which to base an assessment. The Mission believes that the SQs will be difficult if not impossible to sell given the high level of housing in the Diplomatic Quarter (DQ) and that these houses are smaller and of lesser quality than housing normally provided by other diplomatic missions in the DQ and might not meet the standards that Saudis would be seeking. As these are duplexes, there is always the possibility that they could be joined to make two larger houses rather than four small ones. This may make them more attractive to local buyers. In any case, since this is a recent occurrence, selling these properties has never been explored.

Recommendation for Mission

2.4.10 Investigate the possibility of disposing of surplus SQs after consultation with SRD and RAM.

Mission Response

2.4.10 The Mission met with the Saudi Development Authority and, in keeping with the terms of the lease, offered the vacant SQs to them for rent. They declined the offer which then allows the Mission to rent to whomever they wish. Given the cost of construction of the units (\$250k), the size (very small by Saudi standards), the age (15 years), and the present market saturation in the DQ, the Mission believes we are better off renting the units. Until market conditions change, and it is not forecasted to do so in the near future, retaining the units and renting them makes better fiscal sense and would recover some of the high cost involved in the construction of the units. SPSR agrees with this.

Vacant Land

2.4.11 The Mission has a piece of vacant land which it has held for several years but has never been developed. The 1994 audit recommended that the Mission look into disposing of the lot by turning it back to the government for a reduction on the land lease costs. The land where the SQs and the Chancery and OR compound are built are held on a 99-year lease with the Saudi Government. Rental on all of this land is paid every five years and amounts to approximately \$127,000. In the last billing notice of September 1997, the Saudi Development Authority (SDA) noted "As the Embassy has developed only 10 lots and since the lot number 96 with area equal to 485 square metres has not been developed as yet, please advise if the Embassy has the desire to develop it or return it to the SDA."

Recommendation for Mission

- 2.4.12 Determine the advisability of returning this land to the Saudi Development Authority in return for land rental concessions or for cash value.**

Mission Response

- 2.4.12 During a recent meeting with the Saudi Development Authority, the Mission discussed the return of the vacant plot, which will gladly accept it. They are not however sure whether the Mission would be refunded the rental payment if the land was returned before the next payment due 2002. In such circumstances we should only return it after the rental period has expired. The Mission has asked for a written response to the repayment of rental fees and will advise SRSK of the response and proceed from there.**

Accommodation Deficiency Adjustments (ADA)

2.4.13 At the time of the audit, there were five approved ADAs which had been active since August 1997 based on construction and noise in the proximity of the SQs. The construction was terminated in March 1999 and the Housing Committee has yet to meet to review these ADAs. The MCO assured the Audit Team that the ADAs will be cancelled effective April 1, 1999 but in mid May, this had not yet been actioned and HQ had not yet been notified.

2.4.14 The Audit Team visited the site of these five SQs. While the Audit Team could see that three of the SQs would have been affected by the construction (PR3470007, 012, 019), ADAs on the remaining two SQs were not defensible (PR3470015, 016) given that they are farther removed from the offending construction sites.

2.4.15 All five ADAs were approved to the maximum HOM authority of 30 percent. A review of the housing committee file indicated a propensity to approve ADAs at 30 percent and few examples were seen where ADAs were approved at lower rates, no matter what the basis for the ADA was.

Recommendation for Mission

- 2.4.16 Greater diligence must be shown in ensuring ADAs are reduced to a minimum or eliminated and that amounts, when approved are reasonable.**

Mission Response

- 2.4.16 The Housing Committee, CMM, and HOM note the comments, and will ensure that a more critical examination be undertaken to arrive at appropriate ADAs.**

Reporting Relationships and Distribution of Duties

2.4.17 The current Organizational Chart does not correctly reflect the reporting relationships in the Property Section. The distribution of duties amongst the four employees involved in the program (MCO, DMCO, LE Property/Consular Officer, LE Property/Materiel Assistant) was unclear to the Audit Team as well.

2.4.18 The LES Property/Consular position is classified as ASST 08 with duties divided evenly between the two programs. A position shared between Consular and Property is difficult to support as there is little program similarity. In addition, much of the work on each program is reactive and may frequently be in conflict. The Audit Team found conflicting information on the time the employee spends on each program. It would appear that the employee is spending much less time in Property than mentioned in the position description. The Mission must conduct a full review of its Property and Consular resources to determine the needs of each Section and to determine an appropriate allocation of duties.

Recommendation for Mission

- 2.4.19 Conduct a full review of the resources in the Property and Consular Sections to determine the resources and organization required.**

Mission Response

- 2.4.19 This review is underway, with a view to complete it by mid-October.**

Planning

2.4.20 Although the Mission does conduct planning for maintenance and capital purchases, it is not done in a formal fashion. Structured property inspections are not conducted. At the beginning of each fiscal year, visits should be made to all properties and reports on condition and works required should be completed for each. From these reports, major and minor maintenance and capital spending plans can be developed which can then be vetted by the Housing Committee and presented to the CMM for approval.

Recommendation for Mission

2.4.21 Complete annual inspections of all properties.

Mission Response

2.4.21 The Mission proposes to conduct formal inspections each fall when new arrivals are in and when the Mission has a better sense of resources available. The Mission has a monthly routine preventative maintenance schedule on SQs which identifies potential problems before they arise. Riyadh is not a normal post, and much more time is spent in SQs here than at any other mission because of an absence of normal outside activities, including driving, for women. We feel that carrying out the inspections after new staff arrive allows them to be involved in their living space and helps keep up morale. We have plenty of time to action requests if inspections take place in September. As for planning, the Mission has a five-year property management plan. A recent report of the visit of the Regional Maintenance Officer was highly complementary of program and its results.

SIV Comment

Two reasons for doing property inspections are to verify the condition of the property and to provide a basis for planning and budgeting for major and minor maintenance, furniture and equipment repair and replacement and to develop capital spending plans. Since the fiscal year begins in April, the planning for spending for that year should begin in advance of the start of the FY and the receipt of the budget. Waiting until the fall to do planning may not provide the best management structure. Also Property Inspections are an annual requirement and are not linked to arriving and departing CBS. In fact, Property Inspections should not only be done on SQs but on all properties in the Mission portfolio. While we agree with the Mission that CBS should be involved in decisions involving their living space, this does not preclude the Mission from formulating plans prior to their arrival.

Major Maintenance and Construction Projects

2.4.22 From October 1997 to February 1999, the Mission completed 12 major renovation projects with a value of over \$800,000, funded mainly from HQ sources. The Mission managed all of these projects in-house with good results. In the five-year major maintenance workplan (1999/2004) submitted to SRSF for approval, the Mission

is proposing three major projects in the Chancery with a value of \$267,800; six major projects in SQs with a value of \$484,000 and two projects in the recreational facility with a value of \$35,000. All but three of these projects are priority one. SRD informed the team prior to the audit that several of these projects would be undertaken in FY 1999/2000 and would be managed as one large project.

2.4.23 Although the Mission has performed admirably on the previous projects, the team questions whether they can continue at this pace. Given the complicated nature of some of the upcoming projects, which include a complete replacement of the Mission mechanical and HVAC systems and renovations of all bathrooms in all SQS (two to three per SQ), it may be advisable for SRD to have a local consultant manage these projects with the Mission acting in concert with the project manager in HQ. It should be noted that the new DMCO, on his first posting, will probably not have the background skills which the current DMCO has and which he used extensively to manage the projects.

2.4.24 Keeping the OR cool has posed significant problems given the climate and the fact that it is comprised mainly of glass walls. As a result, over the past few years, the Mission has installed several split units throughout the OR to compensate. The results are still not satisfactory. In undertaking the replacement of the Mission HVAC systems, a review should be done of the OR to determine if a more effective and efficient unit could be installed, which may negate the need for the split units.

Recommendations for SRD

2.4.25 Consider engaging a local consultant to manage the upcoming major maintenance and refurbishing projects in the Chancery and SQs.

2.4.26 Ensure that the cooling systems in the OR are reviewed in conjunction with the refurbishment of the Chancery HVAC systems with a view to identifying a more effective and efficient cooling system for the OR.

SRD Responses

2.4.25 SRSF usually includes project management costs in the larger projects and concurs that this item should be included when the Chancery projects are to proceed. Although these projects are programmed, it does not necessarily mean that they will be funded.

The washroom renovation work in the SQs will be completed over a three year period based on the SQs being vacant during turnover. This scope of work would not usually require outside supervision

but depending on the circumstances, SRSF would review supervision requirements during the development of the project.

2.4.26 The OR will be included in the project for redesigning the HVAC system since the two buildings are connected. As an interim measure SRSF and the Mission are considering installing reflectors over the skylights on the second floor to reduce heat load in the family room area. This type of reflector was installed in the Chancery and reduced the heat load significantly.

Gardening

2.4.27 The Mission has a contract for gardening services at the Chancery, OR and SQs. The contract includes two full-time gardeners and provides for landscape maintenance, maintenance of irrigation systems, watering of plants and trees, mowing, cultivation and weeding, application of fertilizers and pesticides, cleaning of gutters, cleaning rubbish, leaves, branches and semi-annual pruning of trees and vines. The contract provides for a visit to each SQ once per week to undertake these tasks.

2.4.28 Departmental guidelines provide for gardening assistance only where the garden area exceeds 660 sq metres and also for tree pruning and provision of earth and some plant materials. None of the garden areas exceed this amount and therefore maintenance of the gardens should be the responsibility of the tenant. However, the Audit Team would support the maintenance of the Mission-installed irrigation systems.

Recommendation for Mission

2.4.29 Cease providing gardening services to SQs except for those approved under the Departmental regulations. Renegotiate the contract with the gardening company to reflect this change.

Mission Response

2.4.29 Procedures will be brought into conformity with Departmental regulations.

Housing Allocations 1999

2.4.30 At the time of the audit visit, the Mission Housing Committee had not yet met to decide on housing allocations for summer 1999. In fairness to incoming staff, who have been known to the Mission for some time, these allocations should be made immediately taking all factors into consideration. If the Housing Committee cannot meet forthwith, the HOM should make the necessary decisions and communicate them to the employees involved.

Recommendation to Mission

- 2.4.31 Ensure that SQ allocation decisions are taken and are communicated to the employees in a timely fashion.**

Mission Response

- 2.4.31 Action was taken.**

Electrical Costs

2.4.32 The Mission has notified RAM that the supply of gas and electricity has risen dramatically in order to bring costs in line with the actual cost of providing the service. For electricity, the new tariffs have been distributed but have not yet been implemented. The Mission estimates that their costs will double at an additional cost of approximately \$150,000 per year. To date, it is not known when this will be implemented. It is expected that similar action will take place in other sectors. The Mission will monitor this carefully and notify HQ as required.

Maintenance

2.4.33 All building maintenance work is undertaken by a local company under contract. The Mission has no LES maintenance staff. This has been found to be effective given the requirement to provide salaries and extensive benefits such as travel benefits and housing allowances. In the 1994 audit report the Mission was asked to do a cost-benefit analysis for the establishment of LES positions over contract staff and concluded that there were no savings and in fact, less administration to having a contract. The Mission tendered a new maintenance contract in 1998 for all maintenance of the Chancery, OR and SQs. The contract costs approximately \$79,000 per year and full-time maintenance staff from the contracted company are on-site at all times. To date, the Mission is satisfied with the services provided by the company. The company, as one of their resources, follows a detailed maintenance manual which was drafted by a local company in 1997 and which covers all systems.

2.4.34 This company has been in place since late 1998. The Audit Team suggests that a visit by the Regional Maintenance Officer (RMO) may be warranted at this time to review the work of the company over the first months of the contract and to ensure that proper maintenance is being carried out. Although commissioned by SRSF, they have not yet had the opportunity to review the maintenance manual which was sent to them in May 1999. This manual could be reviewed in conjunction with the visit. This visit would be a good time for SRSF to review past renovation projects and begin the planning for the upcoming projects.

Recommendation for SRD

- 2.4.35** A visit by the RMO to review the maintenance manual, the performance of the contracted maintenance company, to review the results of past renovation projects and to begin planning for the upcoming projects, should be considered.

SRD Response

- 2.4.35** The RMO visited the site in August, reviewed the performance of the contracted maintenance company, reviewed the maintenance manual and specifications, inspected the results of the past renovation projects and is putting in place a workplan for upgrading the design of the HVAC systems. The inspection report from this visit was sent to the Mission August 30, 1999.

Sale of Crown Assets

2.4.36 The Mission undertook a sale of crown assets in April 1999 realizing approximately \$15,000 in proceeds. They also recently sold a vehicle for approximately \$15,000. A second vehicle is for sale but bids received to date have been refused as they were considered too low. Sale procedures were reviewed and found to be in order. The Mission has started a practice of collecting a deposit from all bidders prior to accepting their bids. The amount collected is 500 Riyal, approximately \$200. If the bid is accepted, the amount is applied to their purchase. If they do not have a successful bid, the money is refunded to them. The Audit Team viewed this as a best practice as it reduces the administrative burden by having only serious bidders participating in sales.

2.4.37 Sale files were found to be incomplete. Disposal files should contain everything related to a sale, i.e. contracts, advertisements, inventories, offers, analysis, final disposition, copies of all official receipts, disposal forms, list of remaining items and their disposition, list of persons involved in the sale and their role, etc.

Recommendation for Mission

- 2.4.38** A file outlining the complete history and administration of a disposal exercise should be maintained.

Mission Response

- 2.4.38** This will commence with next sale.

Distribution Accounts

2.4.39 Distribution Accounts are up-to-date for the SQs but not for the Chancery, storage facilities or the OR. The LE Property/Maintenance Assistant is investigating software which could be used for inventory management prior to proceeding with the preparation of these inventories.

Recommendation for Mission

2.4.40 Distribution Accounts for the Chancery, storage facilities and the OR should be completed.

Mission Response

2.4.40 Action has been initiated and will be completed by end of September.

Prime Data

2.4.41 Data contained in Prime includes properties in Jeddah, Dubai and Abu Dhabi. Since Jeddah is closed and Riyadh no longer has responsibility for Dubai and Abu Dhabi, Prime should be revised and Dubai should be informed to ensure data for Abu Dhabi and Dubai is input separately.

Recommendation for Mission

2.4.42 Revise Prime input to reflect the closure of the Jeddah office and the transfer of responsibility for Prime input for Dubai and Abu Dhabi from Riyadh to Dubai.

Mission Response

2.4.42 Prime was updated. Dubai was informed when the responsibility for Abu Dhabi was moved to them. Dubai now has control of Prime for Dubai and Abu Dhabi.

Recreational Vehicle

2.4.43 The Mission has a designated recreational vehicle. The vehicle is rented approximately 50 days per year. The Mission charges the old Recreational Hardship Support Program (RHSP) rate of \$24 per day and credits the proceeds to the Mission budget.

2.4.44 As the RHSP was cancelled in 1996, the vehicle should be incorporated into the Mission fleet and the fleet (10 vehicles) should be reviewed to ensure that it is

appropriate to Mission needs. Since the RHSP rate no longer exists, SBD has advised that Missions should use the FSD 30 rate pending ongoing discussions in HQ on the remnants of the RHSP. The Mission must credit proceeds from rentals to the appropriate HQ coding and not to the Mission budget.

Recommendations for Mission

- 2.4.45** **The designated recreational vehicle should be incorporated into the fleet and a review of the fleet to ensure it is appropriate to the needs of the Mission should be conducted.**
- 2.4.46** **The established FSD 30 rate should be charged for any recreational vehicle rentals pending instructions from HQ. Proceeds from rentals should be coded to the appropriate coding and not to the Mission budget.**

Mission Responses

- 2.4.45** **The recreational vehicle has been incorporated into the fleet and a further review will be undertaken in light of current circumstances.**
- 2.4.46** **Action has been taken.**

Vehicle Operating Reports

2.4.47 The Mission does not complete Vehicle Operating Reports. They do maintain good records of vehicle maintenance but do not calculate or monitor gas consumption.

Recommendation for Mission

- 2.4.48** **Ensure that Vehicle Operating Reports are completed monthly and that gas consumption is calculated and monitored for any discrepancies.**

Mission Response

- 2.4.48** **Action has been taken. The Mission will monitor the Vehicle Operating Reports monthly to ensure there are no anomalies.**

Environmental Committee

2.4.49 The Mission recently had a contract with a local paper recycling company which paid the Mission for recyclable papers collected. This contract is no longer in force and as such, paper is not being recycled. There are no other recycling

opportunities currently available in the country but there is talk of future recycling of aluminum products.

2.4.50 It was suggested to the Mission that an environmental committee be established consisting of CBS and LES from all sections of the Embassy, including Administration. This committee could be tasked with identifying and researching opportunities for energy conservation, recycling and other environmental initiatives taking some of the onus off the Administration Section which would ultimately be tasked with implementing any approved plans.

Recommendation for Mission

2.4.51 The establishment of an environmental committee to identify opportunities for energy conservation and recycling should be considered.

Mission Response

2.4.51 CMM will establish a committee of CBS and LES to examine the issue, including how we might encourage wider community awareness of environmental issues and exploit commercial opportunities for Canadian firms.

2.5 INFORMATICS

Technical Support

2.5.1 The CBS Systems Administrator (SA) currently handles first level technical support for *** MITNET, IDACs, the Mission network and general troubleshooting with users. The Regional Systems Manager is based in Paris.

2.5.2 Support for *** and MITNET officially is provided by the EL from Islamabad, however this support on site during the past year has been limited to approximately six weeks. Telephone problems at the Mission relate to the link between the Mission system and the outside TELCOs and were ongoing at the time of the audit. Also of concern was the fact that the "HOLD" feature has not been active for eight months, which results in client (and Receptionist) frustration, as the telephone keeps ringing if the Receptionist is on another line.

2.5.3 The SA has never been trained on IDACs ***.

2.5.4 The wide range of systems supported mitigate against providing support on general usage software packages (e.g. Quattro Pro, WordPerfect) and if there is a

demand by staff for this type of internal support, it is best provided to the user by the back-up SAs, both of whom are trained well beyond basic software skills. Both back-ups indicated willingness to do software training and support in a more structured format.

2.5.5 The SA has no formal work plans, no written objectives and no means of measuring productivity. However, the increased workload due to the implementation of SIGNET 2000, IMS Mission roll-out and PeopleSoft will require additional support from the SA. This workload should be considered in any work plans established for the SA.

Recommendations for Mission

2.5.6 Establish training refresher sessions on general use software packages for Mission staff of approximately 1-2 hours duration using the back-up SAs as facilitators.

2.5.7 Request additional EL visits to address telephone problems and * (either more frequent or longer duration).**

2.5.8 The MCO should establish a work plan and objectives for the SA.

Mission Responses

2.5.6 Will be established this fall after initial Signet Renewal installation and training.

2.5.7 Considerable EL and Ottawa effort went into addressing our telephone problems after a major outage in June. Some problems have been resolved; will follow up with EL and Ottawa this fall for remainder.

2.5.8 Draft objectives and work program for SA complete; to be finalized after Signet Renewal and CMM review this fall.

Year 2000

2.5.9 The Mission has initiated its Y2K Contingency Planning Committee and is actively completing the departmental initiatives and requirements related to the Year 2000.

2.5.10 A critical activity prior to the implementation of SIGNET 2000 is the implementation of various hardware and software inventories for the Mission. The SA has updated both the TECHSERVE and NORTON inventories used by HQ to plan the system upgrade and procure specific components.

2.5.11 As of March 11, 1999 the Mission had sent out over 100 letters to a wide range of vendors and government departments. The Mission received conflicting projections ranging from complete failure to no failure; or that the problem was not the responsibility of the recipient of the letter.

2.5.12 Saudi Arabia has had a government committee in operation for more than a year to coordinate government efforts in dealing with the Year 2000 and to attempt to ensure that critical services will be maintained. This committee is overseeing a publicity campaign to alert people to the Year 2000 problem. However, many issues have yet to be addressed by the local government, and if not resolved, could have a negative impact on Mission operations.

Business Activities

2.5.13 With respect to the three primary audit objectives the Audit Team noted two current weaknesses within the Mission:

- The Mission currently has two non-compliant PCs used in Immigration processing. These microcomputers will not run on SIGNET after September 1999. Immigration (CIC-IMTB) has been contacted by the (March 15, 1999) with a request for action on the replacement of the PCs.
- The Mission currently has no operational back-up server. In the event that the current server fails either between May to September or during the roll-out of SIGNET 2000 (September 1999) to the Mission, the Mission will not have network capabilities.

Facilities

2.5.14 In the event of major systems failures as presented above, the Mission has an emergency generator with an estimated capability to run emergency systems for 150 hours (using a 10,000 litre storage tank for diesel fuel). However, these systems, at the time of the audit, had not yet been defined.

Telecommunications

2.5.15 The PSAT phone link is directly out to satellite and the Mission will be able to communicate with Ottawa provided these systems are operational.

2.5.16 The Mission anticipates major problems in communicating with resident Canadians, and making transactions across the full range of business lines, in Saudi Arabia and the region.

Recommendations for Mission

- 2.5.17** Firm commitment should be sought from Immigration on replacement of the PCs. (In order to ensure continuity of service, consider obtaining the PCs on behalf of Immigration and establish an accompanying charge-back).
- 2.5.18** In consultation with SxD a determination should be made on how to best back-up the network. In the opinion of SIV a period of five months is considered too long to run at risk of critical failure by the primary server without an operational backup resource.
- 2.5.19** Until such time as a back-up server is obtained, a Mission contingency plan should be established. Minimally, this addresses internal processes for printing and communication with OGD's and HQ.
- 2.5.20** Advise all Program Managers in order that they may take additional measures to secure critical projects they may be working on in the interim.

Mission Responses

- 2.5.17** Action has been initiated; awaiting word from C&I.
- 2.5.18** SA has actioned and a temporary back-up now in place until system upgrade by end of September.
- 2.5.19** The Mission is now on SIGNET 2000 and has two fully operational servers with significant redundancies and back-ups built in, and the capacity to switch from one server to the other in the case of a crash. In the event of problems, our SA will have to respond as needed, with help from the regional SA in Paris as required.
- 2.5.20** Our plan is to stress the message of constant saving to 'H' drive, which, we are told is the safest way to insure material is not lost as it will be kept on back-up tapes.

CONSULAR PROGRAM

3.1 MANAGEMENT OF THE PROGRAM

3.1.1 The Program is managed by the MCO, with the assistance of the DMCO, a Secretary, one Property Manager/Consular Officer, a Consular Assistant and a Consular Clerk. The Consular Program is active due to strict local laws which can lead to problems with the authorities. The HOM is supportive of the Program and is active in keeping informed on the progress of all significant cases. As noted in the Physical Resource section of this report, there is a need for the Mission to rationalize the use of the Property/Consular Officer position (See 2.4.18).

3.2 SERVICE TO CANADIAN CITIZENS

3.2.1 The Mission is accredited to the Kingdom of Saudi Arabia, Yemen, Oman and Bahrain. Approximately 8,000 Canadian citizens are listed in the COSMOS Registry of Canadians Abroad (ROCA). At the time of the audit, there were no Canadians in prison in the Mission's territory. The Mission has an active warden network and because of local laws restricting the assembly of individuals for meetings, the Mission uses private firms operating in the area for the dissemination of information to Canadians. This also includes extensive usage of e-mail where possible.

3.2.2 The Audit Team was advised that the PSATCOM facility was tested the week of May 2 - 8 by calling the Ottawa Watch Office as well as having the Watch Office make a return call to the Mission. All services were operating effectively.

Consular Emergency Contingency Plan

3.2.3 During the audit a review of the Consular Emergency Contingency Plan was undertaken and several areas for improvement in the plan were noted.

Recommendations for Mission

3.2.4 The High Frequency (HF) Radio currently listed in the plan has not been tested in several years. It should be tested and the ability of the staff to use the radio should be confirmed. (Reference: Communications, Chapter 6).

3.2.5 The plan should be updated to indicate the current number of wardens as 150. The plan lists 97, which was the number as of 1998. (Reference: Support Facilities, Chapter 4).

- 3.2.6** The plan refers to Helicopter Landing sites as described in the September 1998 update of the plan. It should be reviewed and updated where necessary to confirm the mode of evacuation and provide specific coordinates (and an alternate location) for the landing site. (Reference: Transportation, Chapter 5)
- 3.2.7** The assembly points for Canadians should be established and communicated to all Wardens.

Mission Responses

- 3.2.4** HF radio in old line room is a left over piece of equipment from Gulf War. It was originally used to contact our vehicles and in 1996 was to be used as a back-up system to contact Kuwait but the Government of Kuwait refused to allow its operation. Set was kept in case of emergency to listen to BBC if other systems failed. Consular Contingency Plan amended to reflect this information.
- 3.2.5** Action will be completed by mid-September.
- 3.2.6** Question merits of identifying landing sites at this time. ***
- 3.2.7** See above.

3.3 PASSPORT AND CITIZENSHIP SERVICES

Passport Control and Inventory

- 3.3.1** Passport control, inventory and issuance is adequately administered by the MCO, DMCO and the Consular Assistant. ***

Consular Revenues

- 3.3.2** During the previous audit an observation was raised with respect to the handling of consular revenues. Present practices at the Mission address those concerns. Receipts are now being issued for consular fees received and are reconciled to the cash received. For all Canadian dollars received, a separate receipt is issued. The Accountant also verifies the total cash received against the cash register tape. Although not intended as a financial control, the DMCO also reviews the tape to monitor the volume of activity.

3.4 HONORARY CONSULS

3.4.1 Honorary Consuls are located in Jeddah, Yemen and Oman. The HOM provided all Honorary Consuls with expected standards of service when they were first established. In general, there were no concerns raised with services available at the Honorary Consuls ***

3.4.2 The Mission did not have a readily available list of hours of operation for the Honorary Consuls. In order to ensure the availability of services to Canadians in the region the Mission should establish these hours of operation and the services to be provided.

Recommendation for Mission

3.4.3 A list of hours of operation for the Honorary Consuls should be established and the Mission should verify the availability of answering machine services during the off hours.

Mission Response

3.4.3 Action has been completed.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

4.1 OVERVIEW

4.1.1 The social and cultural environment of all the Gulf states presents complexities in the conduct of business unknown in most world markets. The IBD section offers to the Canadian business community critical introductory services to the markets of the four countries of accreditation, Saudi Arabia, Bahrain, Oman and Yemen. The Mission staff have demonstrably bought in to centrally conceived program delivery models including PMI and WIN and both publish and adhere to the Departmental service standards offered to the Canadian business community.

4.1.2 Significant decline in world oil prices over the past two years has been matched by fewer initiatives by Canadian entrepreneurs and delays in completion of major investment projects. Nevertheless Program staff have been actively involved in a combination of updating both major and minor market sector reports and pro-active outreach visits to cultivate and encourage Canadian participation in the Saudi market.

4.2 MANAGEMENT OF THE PROGRAM

4.2.1 Work plans for the IBD section of the Mission are well stated and easily followed from the HOM Accountability agreement to the Program Manager. While his subordinate staff have been assigned market sectors of responsibility, their work objectives are not easily identifiable with the main elements of the accountability agreement. The IBD section is staffed with three CBS and three LE Commercial Officers (CO), all supported by three LE support staff. However, one of the three LES CO positions remains vacant following the move to centralize IBD program staff in Riyadh to service the four countries of accreditation. The Consulate in Jeddah, which included an IBD Program presence of a CBS and LES Commercial officer plus support staff, was closed in the summer of 1998. The CBS position was moved to Abu Dhabi and the LE CO position to Riyadh. The available FTE funding has been used for temporary support services within the Program on the assumption that the former incumbent of the position when it was located in Jeddah might have an entitlement to priority consideration for appointment if the position were filled with an indeterminate employee within a year of the closure of the Jeddah office.

4.2.2 As noted in the Mission Management section of this report, there is a need for closer coordination of Program activity, where two or more Programs have interests. The establishment of a Mission Program Coordination Committee would be advantageous.

Recommendation for Mission

- 4.2.3 The available FTE should be used for targeted program projects, even on a short term contract basis rather than being consumed for support service needs arising from a combination of health and maternity absences within the section.**

Mission Response

- 4.2.3 Staffing action to use the available LES Commercial Officer FTE has commenced, and will be used for targeted program projects.**

4.3 VISITS MANAGEMENT

4.3.1 The work plan and calendar of events demonstrates a regular flow of visitors to the Mission during the seasons when business visitors normally travel to the gulf region. The preparation and distribution of the calendar of events is well managed, with program staff being involved in outreach program travel and vacations being scheduled during the hot summer season and the Muslim holy month of Ramadan. As visitors to the Kingdom must have a sponsor and specific invitation for each visit, the IBD staff are able to ensure that visits of businessmen are targeted. Preparation for visits is aided by a well structured and hot linked Web Site available to potential business visitors through the Departmental internet site. Not only are there sector reports available to clients but, also, useful tools including checklists for business visitors are available to facilitate the service needed by clients.

4.4 WORK PLANS

4.4.1 Each Program officer in the Section has an up-to-date job description, though the linkage between the section's annual work plan and the HOM's Accountability Agreement is explicit only at the level of the Program Manager. At the Program Manager level, the major objectives and activities are qualitatively stated. For subordinate levels, market sector reports are regularly updated, and office work flows are well traceable through both client and project files. The lack of quantified production targets, contained in individual work plans of Program Officers, tends to limit meaningful feedback in performance assessments. Appraisals were up-to-date for CBS Workloads and performance targets, while periodically discussed with the LE COs, had not been the subject of a formal written undertaking. The enunciation of quantified program objectives and linkages to OGD, HQ and other Mission Programs, would facilitate both the task of documenting the value added of the IBD Program in the Mission and the reinforcement of individual employee excellence through the performance appraisal process.

Recommendations for Mission

- 4.4.2 Annual work plans including, to the extent possible, quantified deliverables, should be established for all Program Officers, LES and CBS.**
- 4.4.3 Formal written performance appraisals of all staff of the IBD section should be completed on an annual basis.**

Mission Responses

- 4.4.2 Existing workplans will be modified to include, where possible, quantifiable deliverables.**
- 4.4.3 Performance appraisals for all staff have been completed for the current year and institution of an annual "check-off" system by Administration should prevent future lapses.**

4.5 SERVICE LEVELS

4.5.1 The Mission Web Site for the IBD Program uses the Departmentally published service standard for trade enquiries. Testing of five different client enquiries was conducted. These cases were found compliant in terms of time as well as substance in helping clients. Discussions with both program and support staff elicited positive comment on the value of recent PMI training in helping them accomplish their duties.

POLITICAL AND ECONOMIC RELATIONS AND PUBLIC AFFAIRS (PERPA) PROGRAM

5.1 MANAGEMENT OF THE PROGRAM

5.1.1 Riyadh is responsible for political and economic reporting for its countries of accreditation (Saudi Arabia, Yemen, Oman and Bahrain), as well as for the UAE, Kuwait and the countries of non-resident accreditation of those two Missions. Riyadh has written a "Hub and Spoke" paper for its regional reporting responsibilities which lists some of the problems with, and suggestions to improve, these activities. Riyadh should use this paper as the basis for discussions with GMG and the two "spoke" Missions and to prepare a formal MOU for political and economic reporting. *Inter Alia*, the MOU should cover "who is responsible for what", reporting priorities and the consultation process which would take place with Abu Dhabi and Kuwait before reports are sent to HQ. For its part, GMG needs to be more specific in defining the reporting priorities for each of the Gulf countries so the Mission can determine what resources are required to fulfil its mandate.

5.1.2 The HOM's Accountability Document has sections on "Strategic Priorities" and on "Operational Priorities" that include International Security and Cooperation, and Public Diplomacy activities. There are written objectives for the PERPA Program that complement the HOM's accountability document and there is a written description of the nature and current scope of activities of the PERPA Program. While the PERPA Officer has written objectives for 1998/99, agreed to by the Program Manager, the Program Manager does not have a similar document, agreed to by the HOM. This type of an accountability document is needed to ensure that the objectives to be attained by the Program Manager are clear to both parties.

5.1.3 Program resources for the PERPA Program as indicated in the latest PUPs are: HOM, 0.4 FTE; PERPA Program Manager, 0.9 FTE; IBD Program Manager, 0.1 FTE; CFA, 0.4 FTE; and the second PERPA Officer, 0.9 FTE. Support is shown as 1.0 FTE by the LES SCY in the PERPA Section and 0.9 FTE by the HOM SCY. The translator's time is shown (incorrectly) in support of Common Services. These figures should be examined to ensure they reflect current resource allocations and they should be amended if required.

5.1.4 As part of pre-audit procedures, GMG was consulted for their views on the performance of the Mission for its PERPA Programs. They were complimentary on the political reporting by the Mission but wanted the number of economic reports to be increased. While most reporting reflected the HOM's Accountability Document, an examination of the report diaries of Mission Program staff indicated that there are some reports (e.g. on Kuwaiti Parliamentary debates) whose frequency might be reduced, giving some scope for other reporting. This should become clear with an agreement on

reporting priorities. The examination of the HOM's Diaries showed that he was active in the Program but at the level expected of a HOM by the Department. He was not involved at a "micro" reporting level.

5.1.5 ***

5.1.6 The Public Affairs Program operates in an environment that is highly constrained. *** Nevertheless, the Embassy has had some successes, despite its limited resources, such as its Francophone festival and the publicity surrounding the desert trek through the "Empty Quarter" by a group of Canadians.

5.1.7 The Mission publishes a monthly Arabic Newsletter, "Akbar Canada" on developments and opportunities in Canada. An evaluation has not been carried out on this publication to see if the resources expended in its publication are used effectively. This evaluation should be carried out as soon as possible.

Recommendations for Mission

5.1.8 In consultation with GMG, and the Missions in Kuwait and Abu Dhabi, Riyadh should complete an MOU for Political and Economic reporting on Kuwait and the UAE. *Inter Alia*, the MOU should cover "who is responsible for what", reporting priorities and the consultation process which would take place before reports are sent to HQ.

5.1.9 The Mission should review the allocations to the Political, Economic and Public Diplomacy Programs in the PUPs to ensure they correctly reflect current utilization. Changes to the PUPs should be made where required.

5.1.10 There should be an Accountability Document for the PERPA Program Manager, signed by the HOM.

5.1.11 ***

5.1.12 The Mission should carry out an evaluation of "Akbar Canada".

Mission Responses

5.1.8 A draft MOU has been completed, and will be finalized with GMG after the new HOMs have arrived in Kuwait and Abu Dhabi, by end of October.

5.1.9 The CMM will review PERPA PUPS by mid-October, after new staff is well installed.

5.1.10 Action will be completed by mid-September.

5.1.11 ***

5.1.12 The CMM will conduct an evaluation of Akbar Canada by the end of October.

Recommendation for GMG

5.1.13 GMG should be more specific in defining priorities for political and economic reporting to ensure scarce Mission resources are used effectively.

GMG Response

5.1.13 The Minister of Foreign Affairs' letter of instructions to the Head of Mission and the Mission's successive accountability documents provide the general framework that defines political and economic reporting priorities for the Canadian Embassy in Riyadh. The Division agrees that it has a special role to play in making these priorities more specific.

Therefore, GMG intends to consult in the near future with various stakeholders in the Federal Government to more precisely define what should be the Embassy's political and economic reporting priorities, bearing in mind the general framework outlined by the Minister's letter of instructions. The Division hopes that the results of this consultation exercise will be conveyed to the Embassy before or at the latest at the time of the conclusion of the performance contract between the Department and the Head of Mission. We would hope that this process would take place at the beginning of every appraisal/planning period.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
HOM	2	5	7
International Business Development	3	6	9
PERPA	2	1	3
Consular	0	4*	4
Administration	3**	13.5***	16.5
DND	2	0	2
Total	12	29.5	41.5

*.5 of one LES position devoted to Property; one position devoted to CIC

** Both CB officers in Administration Program devote time to Consular Program

*** LES Registry position half-time

Physical Resources

ASSETS	OWNED	LEASED
Chancery	1*	
OR	1*	
SQs	11*	
Vehicles	10	

* there is a 99-year lease on the land where the buildings are located

Financial Information FY 1999/2000

LES Salaries (CV 017)	\$1,432,882
Operational (CV 014)	1,168,061
CB Overtime (CV 015)	17,500
Capital (CV 050)	175,200
Total	\$2,793,643