

***AUDIT OF CONTRIBUTIONS  
MADE BY THE  
AMBASSADOR FOR MINE ACTION (ILX)***

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***September 2000***

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# *EXECUTIVE SUMMARY*

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The Audit Division (SIV) undertook, in the fall of 1999, an audit of the Contributions made by the Ambassador for Mine Action (ILX) as part of SIV's review of Departmental Grants and Contributions.

The \$100 million Canadian Landmines Fund was established in 1998 and is administered by DFAIT, Department of National Defence (DND), Industry Canada (IC) and Canadian International Development Agency (CIDA). DFAIT is responsible for administering the expenditure of approximately 30% of these funds over a five-year period (\$6 million/year). As part of this initiative, a policy support unit, known as ILX, was created within DFAIT.

The Audit Team interviewed members currently and previously working in the unit and reviewed administrative procedures and eighteen project files. The Audit Team found that, overall, project direction and priorities are well established and communicated within ILX and that, since June, 1999, project assessments are being consistently and qualitatively carried out.

This formal process is a good mechanism to assess proposals. As a result, the audit found that the quality and content of the project files improved in the Division's second year of operations, particularly with respect to the assessment of projects. However, the content and quality of the project files can still be improved in some key areas. These include documenting the initiation of a project, the contribution agreements themselves and the follow-up on the completion of a project.

There is also scope for improvement in the contribution assessment, approval and evaluation processes. In particular, information needs to be kept on file with respect to the source of projects and with respect to project follow-up and post-project evaluation. There is also a need to ensure that contribution agreements comply fully with TB policy regarding terms and conditions of payment. There is also a need to re-assess the degree of involvement in ongoing projects required by program co-ordinators.

Both ILX groups appear to have an excellent understanding of their respective mandates and possess the knowledge and expertise in their specialized areas of responsibility.

# SCOPE AND OBJECTIVES

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The Audit Division (SIV) has completed an audit of Contributions made by the Ambassador for Mine Action (ILX) as part of a series of audits of Departmental Grants and Contributions. The purpose of this audit was to ascertain how the unit is being managed and, in particular, the contribution processes it follows.

## OVERVIEW

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The Ambassador for Mine Action (ILX) is a relatively new unit created in May 1998. Prior to this, landmines issues were dealt with by the Peacebuilding and Human Security Division (AGP) and the Non-Proliferation, Arms Control and Disarmament Division (IDA). ILX has eleven positions, six of which are term. In addition, there are several contractors.

The mandate to approve disbursements under this fund rests with the respective departments and agencies.

In April 1999 the Management Board confirmed the following allocation of the \$100 million fund to six activities, each with a lead department (s).

	Activity	Lead Department	Allocation
1	Treaty ratification and universalization	DFAIT	\$25.5 million
2	International coordination, global priority-setting and monitoring treaty implementation		
3	Anti Personnel mine stockpile destruction	DFAIT/DND	\$7.0 million
4	Research, development and marketing of Canadian technologies	DND/IC	\$17.5 million
5	Demining	CIDA	\$50 million
6	Victim assistance		

The interdepartmental Management Board approves programs, projects and disbursements submitted by the Ministers for activities in areas in which they have the lead. The Management Board reviews progress reports and offers guidance on course correction as required. Its mandate is to ensure inter-departmental coordination of recommendations and proposals.

The position of Ambassador for Mine Action was created in recognition of the lead role played by the Minister of Foreign Affairs with respect to the landmines initiative. The small policy support unit with the Department (ILX) manages meetings of the States Parties (mine-affected countries); reports on Canadian compliance as per the Ottawa Convention (i.e. the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction); and, liaises with international government and non-governmental partners to develop partnerships, identify opportunities and facilitate complementarity of international activities relating to universalization, entry into force, global priority-setting and international coordination. The unit also develops the governmental communications plan for Mine Action within which implementing departments develop and manage their own communications activities.

## ***THE CONTRIBUTION PROCESS***

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The Canadian Landmine Fund is a dedicated fund and is disbursed in fulfilment of decisions taken by the interdepartmental Management Board. The fund cannot be used for other priorities of the participating Departments. Once the Management Board approves a project, programme or disbursement within an area of activity, the necessary funds are provided to the department/agencies for implementation from the notional allocation set aside for that area of activity. Decisions on disbursements are made each fiscal year through the Main Estimates and Supplementary Estimates, with the annual reference levels of participating Departments increased accordingly for implementation of specific projects and programmes within their mandates.

ILX is divided into two groups: the Operations, Finance and Administrative group; and the Policy, Communication and Outreach group. Both groups work together in semi-annual geographic priority-setting exercises to lay out their direction for the following six month period. These exercises define and prioritize countries in which Canada will consider new mine action interventions and set the direction of projects that could be considered in these countries (eg. victim assistance versus mine clearance). Retreats were held in June, 1998, January, 1999, and June, 1999.

The Operations, Finance and Administrative group manages the Anti Personnel Ban Initiatives Program and the Stockpile Destruction Program. This group also manages the divisional budget and supervises ILX support staff. It coordinates the activities related to the Canadian Landmine Fund and its Management Board, including acting as the primary point of contact for CIDA, DND and IC. This group also maintains the technical expertise for mine clearance, mine action technology development, victim assistance and stockpile destruction. Finally, it coordinates mine action policy development relating to advocacy and field operations specific to the following areas and multilateral organizations:

- Europe, OSCE, NATO and the European Development Bank;
- Africa and the Middle East, the Organization for African Unity and the African Development Bank;
- Asia, the Associate of South East Asian Nations Regional Forum and the Asian Development Bank;
- The Americas (except Canada and the US) and the Inter American Development Bank; and,
- The United Nations pertaining to field operations primarily with the United Nations Children's Emergency Fund and the United Nations Development Program.

The Policy, Communication and Outreach group acts as the program manager for the Mine Action Partnership Program, the Mine Monitoring Program, the Mine Action Research and Training Program and the Outreach and Sustainability Program. It coordinates the policy and planning processes within ILX, including the ongoing development and maintenance of the landmines database and other related policy and planning tools. It coordinates the development and implementation of the domestic as well as international communications and outreach strategy for ILX and the Canadian Landmines Fund. It maintains technical expertise in areas of mine action field research and mine action progress indicators. It coordinates mine action policy development and activities related to advocacy and field operations in the following areas and with multilateral organizations:

- The United States;
- The United Nations pertaining to policy development, the Ottawa Convention and point of first contact with Mine Action Support Group and United Nations Mine Action Service;
- Landmines Protocol of the Convention on Certain Conventional Weapons;
- Mine Action Canada, the International Committee of the Red Cross, the International Campaign to Ban Landmines and the Canadian Red Cross;
- The Canadian Landmines Foundation ; and,
- The Geneva International Centre for Humanitarian Demining.

Both ILX groups work together to define the strategic objectives for each year of the fund and allocations by program to meet these objectives. Once these are approved by the Management Board, they provide the framework for ILX operations. The two groups have separate mandates and as such work fairly independently from one another.

Semi-annual geographic priority-setting exercises are held with respect to field-based mine action. Although minutes are not kept of these retreats, agendas are set out in advance to guide discussions and presentations. The issues outlined on these agendas are discussed, decisions are made by the unit and a document on lessons-learned is produced.

During the June 1999 policy and planning retreat, ILX put in place a new accountability process. This process applies, with minor variations, to both sections of ILX. For projects

that are responsive in nature and deal primarily with field-based programs such as survey work, mine awareness, victim assistance and mine clearance, the following process applies:

1. Each Department, upon receiving a proposal requesting a contribution from the Canadian Landmine Fund, will: (i) register the proposal; (ii) attach an accountability and tracking form to the proposal; and (iii) direct it to the appropriate program officer within that Department.
2. The program officer will prepare a recommendation on the proposal and present it to the program committee at the soonest possible opportunity. If the program officer is making a recommendation to proceed with a contribution, the officer must demonstrate how the program's proposal is consistent with the Canadian government's mine action objectives and priorities.
3. The program committee, comprised of three program co-ordinators from ILX and two from CIDA, will consider program officers' recommendations and propose a course of action. This may include: (i) directing the program officer to proceed with the project, possibly with amendments; (ii) directing the program officer to seek more information; (iii) agreeing to not proceed with a proposal; or, (iv) redirecting a proposal to a different program officer for action or consideration.
4. The program officer ensures that the accountability and tracking form attached to the proposal is completed and maintained after it has gone to committee and that the Department's registry of proposals is maintained.
5. The program officer reports back to the program committee as often as necessary to inform the committee of follow-up that has been taken on the proposal or progress that has been made on the project.

For projects that are more pro-active in nature, such as those initiated on the advice of the Management Board or the Minister, the same assessment/approval documentation is required, with minor variations with respect to who is consulted. For those projects with no field work activity, there are fewer consultations required with OGDs.

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## ***OBSERVATIONS***

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### **Contribution Process**

The cycle for contributions consist of the following steps:

- A) Receive Proposals

- B) Select/Approve Projects
- C) Prepare Contribution Agreements
- D) Follow-up and Closure

#### A) Receive Proposals

Of the 18 files reviewed by the Audit Team, it was not possible to determine who initiated the particular project in three of the cases. In these three cases, there was an extensive exchange of e-mail correspondence between the unit, CIDA and the recipients but there was no indication as to where the project originated. This information, while not required by Treasury Board policy, should be useful for ILX management. It would help them to identify trends in the source of projects such as those that were originated by NGO's versus those originated by DFAIT, OGD's or MINA. Where a project is initiated by the recipient, a formal request could be put on file. In those cases where projects are initiated by the unit or another bureau, a "note-to-file" could be placed on the project file.

#### Recommendation for ILX

1. **Implement a mechanism to indicate the originator of each project in the project file.**

#### ILX Response

1. **Although Treasury Board policy does not require retention of documentation indicating the source of projects, ILX agrees that including such documentation in the unit's files is important for management purposes. Therefore, program coordinators and relevant administrative staff have been instructed to either place a formal request on file or to place a note to file in the project file. A revised checklist of documentation required in each file has been established and the source of projects has been included in this list.**

#### B) Select/Approve Projects

This is an area where the unit has improved in its second year of operations. Since establishing a formal and documented project assessment process, the merits of a particular project are now evident in the files. The correspondence on some of the project files reviewed indicates that there is some disagreement between CIDA and DFAIT Program Coordinators on the question of under whose mandate the particular project proposals fall. During the ongoing phase of the project, there are few meetings held with the two groups at this working level as they use e-mail and the telephone to communicate.



## Recommendation for ILX

- 2. CIDA and DFAIT Program Coordinators should meet on a regular basis to discuss project proposals and record results of these meetings.**

## ILX response

- 2. CIDA and DFAIT hold meetings regularly to discuss project proposals as well as on-going projects. In attendance are two representatives from CIDA and DFAIT Program Coordinators managing the projects to be addressed. ILX agrees that records of these discussions should be kept on file by the Program Coordinators where the result of the discussion is a relevant decision, and they have been advised of the need to implement such a procedure for future reference when necessary.**

While the Policy, Communications and Outreach group follows the same accountability process as the Operations, Finance and Administration group, there are aspects of some of its projects that are unique. For example, a unique consultation section for projects that are cultural and multi-media oriented is still being developed and a committee has been set up with two members from ILX and one member from the Red Cross. Directed projects that are developed in co-operation with other organizations such as NGO's or academic institutions are also treated somewhat differently given the nature of those projects. For example, in the case of the Youth Ambassadors program, the idea for such a program was first approved by Management Board and regular updates on the development of this program were provided through subsequent reports to the Management Board.

For projects managed by the Policy, Communications and Outreach group since June 1999, a note-to-file has been placed on the project file which outlines the development of the program. Each of these projects also has specific evaluation mechanisms built into its project cycle.

## C) Prepare Contribution Agreements

There are problems with some of the contribution agreements being signed in ILX. Both contribution agreements and contracts are prepared by staff within ILX. Although they are vetted through its Area Management Office (IAM) and the Departmental Advisor on Contracting and Contributions (SMFG), additional training on preparing and processing these documents would have assisted the unit. There are examples where the Contribution Agreements do not comply with TB terms and conditions with respect to signing authorities. Of the 18 files reviewed, there were three where the person signing

the agreement on behalf of the Ambassador for Mine Action did not have properly delegated signing authority in accordance with Departmental procedures. While it was clear that the Ambassador had approved of the signature of these documents in her absence, the appropriate delegation had not been made by the Assistant Deputy Minister.

Payment terms for contributions are defined by TB guidelines and are governed by the total amount of each contribution. The underlying principle is that program managers should attempt to reimburse costs incurred by recipients and avoid advance payments. Advance payments however, may be made where they are essential. The Contribution Agreements reviewed did not contain a clause explaining that all funds received must be expended prior to the end of the fiscal year.

Of the 18 files reviewed, two had terms and conditions of payment which did not meet TB guidelines, although in all cases ILX had sought and received approval of the terms of the contribution agreements.

### **Recommendations for ILX**

- 3. Institute procedures that ensure that Contribution Agreements are signed by an officer with proper delegated authority.**
- 4. For all future projects, ensure that it is stipulated in the Contribution Agreement that contribution funds received for a project must be expended prior to the end of the fiscal year.**
- 5. Institute procedures that ensure that all Contribution Agreements comply with TB guidelines with respect to terms of payment.**

### **ILX response**

- 3. All ILX personnel are following Treasury Board Policy in the signing of Contribution Agreements by obtaining the signature and approval from the proper authority. All ILX members have been instructed that all Contribution Agreements are to be signed by the Ambassador for Mine Action, or in the Ambassador's absence, the designated signing authority approved by the Assistant Deputy Minister of Global and Security Policy. A final verification is done by the Financial Management Coordinator and Assistant before the Agreement is forwarded to DFAIT's finance division.**
- 4. All ILX program personnel have been instructed to both stipulate in Contribution Agreements that funds received for a project must be**

**expended prior to the end of the fiscal year, and to follow up with recipient organizations to ensure recipients are aware of and understand this stipulation.**

- 5. All ILX program personnel are cognizant that Contribution Agreement payment procedures must comply with Treasury Board guidelines, and they have been instructed to adhere strictly to these guidelines and to seek approval for Contribution Agreements from the Contract Review Board for ILX. Any exceptions have been approved by the Contract Review Board and subsequently by the required departmental financial authority.**

#### D) Follow-up and Closure

A database has been developed by ILX which collects information on the status of projects in the unit. It outlines the recipient organization; the title of the project; the amount of the contribution; the program responsible; whether a proposal has been received; whether signed contribution agreements are on file and SBRP approval received; rationale for funding; proof funds were spent/reports received; and, the responsible officer. This tool, however, requires regular monitoring and updating. In addition, some additional columns could be added to the form to assist the unit's finance officer to better track payments. For example, capturing information such as the date that the interim report is due, the date that the interim payment was made, the date that the final report is due and the date that the final payment was made would all be useful. Of the 18 files reviewed, the results were as follows:

- Three recipients did not submit interim reports in six cases where they were required;
- Ten of sixteen, where final financial reports were required, were overdue; and
- None of the project files included post-analysis as to whether or not the project was successful. Although these discussions do take place during ILX retreats, a note-to-file would complete the follow-up process to document that funds allocated to a project were indeed spent as stipulated in the contribution agreement.

Although not formally part of TB guidelines, it was suggested to ILX that as part of their new administrative procedures, they have on file better, more analytical information on project results. With this in mind, it was observed that it was desirable to have in the file a post-project analysis, prepared either by ILX staff, or in the case of larger projects, by a consultant hired expressly for the purpose, which examines the effectiveness of the project and its success against initial objectives.

## Recommendations for ILX

6. **An ILX staff member should be responsible to track all current projects, report exceptions to ILX management and update the database.**
7. **Add new fields to the ILX project database to track payment information.**

## ILX responses

- 6&7. **The position of Assistant Financial Management Coordinator has been regularized within ILX and filled by a fully trained rotational AS. This individual has been assigned the responsibility to track all current projects, report exceptions to ILX's Coordinator and the Ambassador for Mine Action. All projects are registered with a file number in the project database, entries for which are updated as the project advances. In addition, the Assistant Financial Management Coordinator has added new fields to track payment information including: contribution amount, program budget, and the reception of the final financial report and narrative. Finally, an IMS report is printed when a payment is made to a Contribution Agreement and is filed in the project file.**

## Resources

ILX is a unit headed by the Ambassador for Mine Action and staffed with 12 employees, six of whom are in term positions which are to sunset in 2003. The first year of operations was extremely trying for the group. A great deal of time and energy was spent getting the unit up and running. Staff had to be hired, space acquired, allocation of funding determined and project criteria established.

As a result, during this first year a great deal of overtime was claimed by ILX staff. The Audit Team reviewed overtime hours claimed for the period from June 1998 to December 1999. Examples of some of the overtime claimed included one individual who claimed 243 hours for the period from January to March 1999 and an additional 175.5 hours from April to June. The dedication of the staff in the unit is admirable and the additional hours worked are defensible in this first year of operations when a major international landmines conference took place. However, the ongoing requirement for significant overtime is questionable. The Ambassador indicated that overtime is now being severely restricted.

During the audit it became evident that the unit has not consistently defined how far its involvement in projects should go. Some, but not all ILX Program Coordinators spend significant time working with the recipient organizations to implement the projects. This results in them having insufficient time during regular working hours to perform other tasks. A re-assessment of the involvement required by each of the co-ordinators would be beneficial and an important step toward reducing the number of overtime hours being worked.

### **Recommendation for ILX**

- 8. Clarify the role of Program Coordinators in working with recipients to deliver projects.**

### **ILX response**

- 8. Communication between ILX and the recipient has been streamlined to the managing Program Coordinator and the Financial Coordinator. The Program Coordinator receiving the project proposal will: acknowledge receipt of the proposal; perform a project analysis; draft the contribution agreement in coordination with the Financial Management Coordinator; and ensure the Agreement is signed by the recipient with the Agreement being fully understood by both signing parties. The Program Coordinator will forward the recipient's requests for payment to the Financial Management Coordinator, ensuring that relevant conditions of the Agreement have been met before the next payment is issued. Finally, project tracking is imperative to verify that the project is progressing as planned and the funds are being used as stipulated in the agreement. Such is achieved through continual communication with the recipient and obtaining required interim and final reports in a timely manner. The Program Coordinator is to keep a file complete with all documents and correspondence in addition to that kept by the Financial Management Coordinator.**

### **Ambassador's Role**

The position of Ambassador for Mine Action was created in recognition of the special role of the Minister of Foreign Affairs in the landmines initiative. Interviews with the Ambassador and staff in ILX indicate that his role is to bring balance between the politics of mine action and the delivery of the program. He is involved in the bi-annual geographic priority setting exercise. Subsequent to the completion of our audit fieldwork, a Performance Management Agreement between the Ambassador and the Assistant Deputy Minister for Global and Security Policy was signed.

## Contracts

There are a number of contracts being let by the unit which are paid from the unit's operating budget rather than from Vote 10 contribution funds. Concerns were raised by ILX staff that the constraints imposed by the departmental and government contracting policies impacted on their ability to meet its mandate. Staff claim that they were losing good, reliable contractors because they could not extend the service contracts beyond the 20-week period. This caused the unit difficulties because it was unable to find a contractor on short notice and deadlines became difficult to meet.

The possibility of using Standing Offers was also raised by ILX staff. Standing Offers are not being used in the unit and this is a vehicle which allows pre-qualified contractors to be called-up on short notice. The bulk of ILX's contracts are being let on a sole-source basis in place of using in-house services who are in high demand and are, therefore, unable to meet some of the tight deadlines facing the unit. Examples of the types of services being contracted for include translation and communications.

### Recommendation for ILX

- 9. Explore with the Area Management Advisor and the Finance Division the possibility of establishing Standing Offers for some of ILX's on-going contract requirements.**

### ILX response

- 9. ILX has utilized Standing Offers in the past when it has proven to be in the best interests of the department and within Treasury Board Guidelines, particularly in the B Branch. ILX would look favourably upon the use of Standing Offers in the future if the opportunity arises, and the option will be discussed with the Area Management Advisor and the Finance Division.**

## Audit of selected recipients

All ILX contribution agreements contain a clause relating to the audit of recipients. However, ILX had not availed itself of this clause. Ongoing use of this clause would minimize the risk of misuse of Departmental funds, keep ILX current with the recipient's financial practices and enable it to assess areas for improvement in the recipients' systems.

## Recommendation for ILX:

10. Institute a risk-based program of periodic audits of recipients. This could be accomplished by ILX conducting audits itself, by requiring the submission of audited financial reports by the recipient or by contracting the audits to an agent.

## ILX response

10. ILX agrees that it is important to conduct periodic audits of recipients. The Ambassador for Mine Action and ILX team have agreed upon the performance of audits of selected recipients and/or projects through contracted agencies. The right for ILX to perform an audit is included in every Contribution Agreement. The first audit is projected for the third quarter of the fiscal year 2000-2001. Recipients and/or projects to be audited will be selected after discussion and consultation with ILX personnel to ensure an informed decision.

The Audit Team conducted financial audits of two recipients to provide assurance that the financial reports being submitted are accurate. As a result, the Audit Team made specific recommendations relating to the two selected recipients. These are contained in separate reports ([Audit of Departmental Contributions to the International Campaign to Ban Land Mines](#), [Audit of Departmental Contributions to Mines Action Canada](#)).