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**AUDIT
OF
THE CANADIAN EMBASSY**

SANTO DOMINGO

May 2001

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Political, Economic Reporting and Public Affairs (PERPA) Program, the International Business Development (IBD) Program, the Consular and Administration Programs was conducted in Santo Domingo during the period of November 20 to November 24, 2000.

MISSION MANAGEMENT

The Head of Mission (HOM) has been very active in positioning the Mission to carry out its Programs. This has included recruiting and staffing various positions, establishing a Trade Development Program and a new Consulate Office in Puerto Plata and proactively representing Canada in the political and business communities. The addition of a second Canada Based Staff (CBS) in the new Management Consular Officer (MCO) position is relieving the HOM of consular duties and is providing oversight and management to the Administration Program. The position was initially intended to become more involved in Trade Development but this has so far proven difficult considering the overall workload of the MCO.

With 14 staff providing a full range of programs, including Immigration (3000 visa applications) and Development Programs (\$500,000), the Mission is becoming more than a micro-mission. Consideration needs to be given to supporting the Mission in this direction or scaling back resources and Programs to a level reflective of a micro-mission. In order to justify resource needs and better manage Program activities, workplans need to be developed for each Program.

Other issues being raised include establishing an LES Committee as a forum for LES to discuss issues and communicate them to management, enhancing training and development through documenting training plans and questioning the need for the Hub and Spoke arrangement with Caracas given that Santo Domingo now has its own Ambassador and MCO and essentially operates independently of Caracas.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS (PERPA) PROGRAM

The HOM has established an active PERPA Program and has been effective in representing Canada's interests and raising the Mission's profile in the Dominican Republic. To support the HOM in PERPA activities and to provide developmental experience, the MCO has been involved occasionally in the PERPA Program.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

With two new resources in place, a Commercial Assistant (Asst-04) and an Intern, and the hiring of a new incumbent in the existing Commercial Officer (CO) position, the Mission has laid the foundation for the establishment of an IBD Program to maximize opportunities for Canada's export market and increase the investment portfolio. The Mission recognizes the need to develop and document workplans as a means to identify appropriate initiatives and activities, provide direction to staff and evaluate results. Also required is a strategy in terms of training and support from HQs to ensure that the New Approach is fully integrated in Mission operations.

CONSULAR PROGRAM

The Consular Program has a heavy and consistent workload due to 5,000 to 7,000 resident Canadians and 180,000 visitors annually. The Program has benefitted from the recent creation and staffing of an MCO position and the establishment of an office and Consular Assistant in Puerto Plata.

Issues concerning the Honorary Consul have in part been resolved by the new office and staffing arrangements in Puerto Plata. However, a recommendation is being made to reimburse the Honorary Consul regarding past expenditures which were under dispute.

ADMINISTRATION

The Administration Program until recently under the direction of the HOM, is now under the MCO and is operating effectively. The MCO position is new to the Mission as is the incumbent to the foreign service. The MCO has had to adapt to the new position and is now becoming more comfortable in his role and responsibilities. His presence brings added control by allowing for a proper segregation of duties to be exercised over procurement activities and their payment. He has also been actively engaged in resolving long standing issues dealing with our Caracas Mission in inputting financial data into the Department's new financial integrated system and with our Port-au-Prince Mission in the processing of Immigration revenues.

Management of the Human Resources function has been actively and effectively handled by the HOM. A large number of staffing actions in the past year have taken place and the Mission now has a very competent and capable LES staff. Morale at the Mission is good. The Chancery and Staff Quarters (SQs) are of high quality and well maintained. Financial operations, with the exception of the handling of Immigration revenues which requires change, are well managed. The Mission is limited by having only five MM97 workstations available for the eleven office staff. An upgraded version of MM97 has been promised for sometime now.

MISSION MANAGEMENT

1.1 Overview

1.1.1 There is a positive and cohesive atmosphere throughout the Mission which reflects good morale, competent staff and effective management. The HOM has been very proactive in representing Canada for all Programs. Staff are appreciative of management's approach and involvement in Program areas.

1.1.2 The Mission has been evolving since the appointment of a resident Ambassador in 1999. Major changes that have occurred include establishing a MCO position, replacing the Trade Officer, hiring an intern for the Trade Program, and opening a new Consulate with a full time Consular Assistant in Puerto Plata. These changes are recent and, therefore, their full impact will only become evident over time.

1.2 Micro-mission

1.2.1 The Mission's status as a micro-mission needs to be assessed in light of the changes noted above, the demand for services from the Mission's Clients and the potential that the HOM considers possible. The Mission has 14 staff excluding the Honorary Consul in Puerto Plata. The Mission is now covering the full range of Canadian programs. In order to be truly effective, the present level of resources would need to be increased both in terms of personnel, informatics capability and communication tools. The Mission is at the point where it needs to be decided whether to add more resources to make the existing situation work (ie. full Mission status) or to cut back to a level that conforms to a micro-mission that does not represent a full range of services and Programs. HQs and the Mission need to establish and agree to the level of service required given resource availability.

Recommendation for LGD

1.2.3 Resources need to be adjusted according to determination of the Mission as a micro or full service Mission.

LGD Response

1.2.3 The Bureau has commenced investigations with SXD on the projected cost to provide SDMGO with a SIGNET 2000 platform. The Bureau is also examining proposals to increase personnel resources in SDMGO either via redeployment from other missions or through purchase of incremental positions. The Bureau will ensure that future approved work plans for SDMGO will be commensurate with their assigned level of resources. The Bureau recognizes the fact that the Mission has evolved from being a single program mission

(i.e. consular) in 1990 into becoming de facto a full service (albeit small) in 2000/2001.

1.3 Hub and Spoke Arrangement

1.3.1 There is currently a Hub and Spoke Memorandum of Understanding (MOU) between the Caracas Mission (the Hub) and Santo Domingo (the Spoke) covering all programs, including Administration. The relevance of such a document today is unclear given that Santo Domingo now has its own Ambassador and MCO and operates relatively independently of Caracas with the exception of inputting financial data into IMS and seeking its advice on LES classifications. This latter advice could be obtained from HRL. There are other missions within the region that have relations with Santo Domingo without any MOU. For example, Mexico's EL services Santo Domingo's VSAT satellite, Miami's RCMP Officer conducts Enhanced Reliability Checks (ERCs) for Santo Domingo's LES and Port-au-Prince approves visas processed through Santo Domingo. For the majority of issues at the Mission, Santo Domingo operates like most other missions and deals directly with the respective HQ responsibility centre.

Recommendation for the Mission

1.3.2 Confer with LGD to review the relevance and need to have a Hub and Spoke arrangement with Caracas.

Mission Response

1.3.2 The Mission will review this situation with LGD by the end of March 2001. The Mission believes that the Hub and Spoke agreement with Caracas is no longer relevant. The Mission will recommend that LGD send a memorandum to neighbouring missions (CRCAS, PRNCE, PSPAN, MIAMI, MXICO) outlining their program responsibilities vis-à-vis the Dominican Republic. The cross accreditations should be reflected in the PCF of the individuals involved. The Mission will also recommend that the responsibility for funding the replacement of CBSs during their absences fall under UAM and/or SDMGO. Under this new arrangement, some of the resources previously allocated to Caracas under the Hub and Spoke agreement should be transferred back to UAM and/or SDMGO.

1.4 Work plans

1.4.1 The HOM has a formal Accountability Agreement which describes the environment in which the Mission operates and outlines the Mission's strategic priorities, on-going issues, activities and related objectives. While operations are

managed through weekly meetings between the HOM and staff for each Program, development of a more structured approach based on the Accountability document would improve operational planning and direction and allow better monitoring and tracking of progress. This would involve translating the priorities and objectives in the HOM's Accountability Agreement into Program workplans that would include specific objectives, responsibilities, operational activities and anticipated results. This type of structure would identify resource utilization given the activities undertaken and would therefore, allow more precise determination of resource requirements for any given level of results desired.

Recommendation for the Mission

1.4.2 Program workplans be prepared based on the HOM's Accountability Agreement.

Mission Response

1.4.2 Instructions from Headquarters for year 2000-2001 indicated that the HOM accountability agreement would constitute the Mission workplan. Such an agreement is in place and it has guided the Mission throughout the current FY. A workplan was derived from it in December 2000. As for FY 2001-2002, instructions from Headquarters are to the effect that HOM accountability agreements are no longer required. The Mission believes that the fundamental issue identified in this report - namely the need to decide whether to add more resources (personnel, informatics capability, communication tools) to make the existing situation work - needs to be addressed on a priority basis before a new workplan is prepared.

1.5 LES Committee

1.5.1 The Mission now has ten LES which is significant enough to warrant establishing an LES Committee. While there were no major issues identified by the LES, providing a forum for the LES to meet as a group to discuss common issues and present concerns to management, will facilitate problem resolution. This responsibility normally falls to the MCO.

Recommendation for the Mission

1.5.2 An LES Committee should be established.

Mission Response

1.5.2 An LES Committee will be established by the end of March 2001.

1.6 Training Plan

1.6.1 A formal training plan has not been established for the LES. Training needs, however, are being addressed but on an ad hoc basis. The Office Manager received IMS training in HQ last May, the new CO will be in Ottawa in February 2001 for exposure to the Canadian Trade Commissioner's New Approach and there are plans to place the new Consular Assistant in Puerto Plata on a Consular course as soon as one becomes available. The Consular Assistant has already received COSMOS training through distance learning. The Mission has expressed a need for LES to receive informatics training.

1.6.2 The Mission needs to take an inventory of employee skill sets to establish employee needs to effectively carry out their responsibilities. A plan could then be developed, costed out and sent to CFSL for review.

Recommendation for the Mission

1.6.3 Develop a training plan for all Mission staff to be submitted to CFSL for approval.

Mission Response

1.6.3 The Mission is supportive of training and despite its small staff and heavy workloads, it has given priority to releasing staff for training. The Mission agrees that training plans need to be documented. The Mission will be piloting in March 2001 the new electronic platform developed by CFSI to prepare training plans.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS (PERPA) PROGRAM

2.1.1 The PERPA Program is the responsibility of the HOM with occasional support provided by the MCO. *** Another initiative is building a network through contacts with key political and economic decision makers with a view to promoting Canadian interests and values. Public diplomacy activities include delivering speeches and arranging local TV and press opportunities.

2.1.2 Through these Program activities, awareness of Canada and Mission Programs is being raised. The HOM has been effective in representational events and maximizing promotion of Canada by concentrating on priority issues and opportunities. Reporting to HQ on political developments, multilateral issues, trade policy, and the investment and export situation has been thorough.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

3.1.1. The IBD Program's strategic priority is to increase Canada's investments in and Canada's market share of exports to the Dominican Republic, the largest import market in the Caribbean and Central America region. The Program is managed by the HOM who is assisted by a CO, an Intern and a Trade Assistant. All three are new employees. In effect, the Program is being refocused as a result of the new resource mix.

3.1.2 While general direction in terms of strategies and objectives are identified in the HOM's Accountability Agreement, the Program would benefit from developing workplans that identify precisely the initiatives and activities most likely to produce results. These would include market analysis for various sectors, preparing strategies for identifying and informing Canadian exporters, etc. A very important element of this type of analysis is substantiating the direct benefits derived by the resources employed and any potential benefits of additional resources.

Recommendation for the Mission

3.1.3 Develop a strategy and related workplan for the Trade Program that will provide direction, identify resource requirements and allow evaluation of results.

Mission Response

3.1.3 The Mission recognizes the need to prepare a workplan for the Trade Program. As a first step, a business case was recently prepared and submitted to Headquarters for the provision of a minimum of additional resources to this post so as to enable it to provide the six core services to its numerous clients. This needs to be addressed on a priority basis. Once the Mission knows whether it has the resources needed to support the program, it will be in a better position to prepare a workplan for 2001-2002 which the Mission could complete by the end of April 2001.

3.1.4 The New Approach including WIN tracking, responding to enquiries and other initiatives needs to be more rigorously applied by the Program. The new staff, while aware and supportive of the New Approach, have not had sufficient training and exposure to the methodology, systems and HQ support functions and contacts. Another concern is that being a micro-mission, the technology is not available at the same level as at other Missions. The Mission is well aware of these deficiencies and is striving to obtain training and to up-grade technology. It would be in the best interests of the Mission to itemize and prioritize the training, support and technology required as

part of the workplan referred to previously, in consultation with UAM and the Trade Commissioner Services.

Recommendation for the Mission

- 3.1.5 Develop, in consultation with HQ, a strategy to ensure that the New Approach is fully integrated in Mission operations.**

Mission Response

- 3.1.5 The Mission is supportive of the New Approach. However, it has had no access to WIN and no training. With the upgrade of the MM97 platform, the Mission will identify its training and other technology needs and submit these to headquarters by the end of March 2001.**

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The Consular Program is the responsibility of the MCO who supervises a full-time Consular Officer (LE-08) and a Consular Agent (LE-05) located in Puerto Plata. The HOM's Assistant issues passports and provides back-up to the Consular Officer. The Honorary Consul in Puerto Plata reports to the HOM but for operational purposes reports through the MCO. The Mission has recently opened a new office in Puerto Plata with a full-time Consular Agent. This was in response to increasing workload and to relieve the Honorary Consul of having to provide space and administrative services.

4.1.2 The Mission provides timely and effective Consular services. Staff are experienced and knowledgeable. Appropriate systems and procedures are in place and the COSMOS is being used effectively.

4.2 Service to Canadians

4.2.1 The Consular Program is responsible for the provision of services to Canadian citizens as well as passport and citizenship services for the Dominican Republic. There are 5,000 to 7,000 Canadian residents in the Dominican Republic, however, many do not register. Efforts are made to update the ROCA and encourage registration. As well, the MCO is revising the Contingency plan. The Consular workload is heavy with 180,000 visitors annually. This is expected to increase due to a rise in the number of flights from Canada this winter. There are frequent difficult cases such as deaths, car accidents, stranded tourists and drug offenses.

4.3 Passport Services

4.3.1 Passport and citizenship services are effectively delivered by the Consular Program. The HOM Assistant issues passports one day per week. The Mission issues between 10 and 20 passports a month. The reconciliation of the passports was conducted and all assets were accounted for and records were in order.

4.4 Honorary Consul

4.4.1 The Mission has had the same Honorary Consul in Puerto Plata for 12 years. During this period, the Honorary Consul has been providing Consular services by using part of his business premises and arranging for administrative help, as required. Costs incurred are reimbursed by the Mission. The workload and, therefore, expenses have risen with the ever increasing number of Canadian tourists visiting the region.

4.4.2 *** In recognition of this and to address increased workload and provide back-up, the Mission with HQ's agreement, decided to establish a Consulate in new premises and to hire a full time Consular Agent. The Consulate is in a good central location in Puerto Plata and is easily accessed. The Consular Agent reports directly to the Consul in Santo Domingo, has received training from the Mission and has established appropriate procedures for the operation in Puerto Plata.

4.4.3 An outstanding issue regarding previous expenses being claimed by the Honorary Consul needs to be resolved. At issue were both unsubstantiated expenses and the percentage of the Honorary Consul's premises devoted to Consular activities. In the past these expenses had been acknowledged and paid by the Mission. The current HOM was withholding payment until appropriate documentation was presented by the Honorary Consul. The HOM asked the Audit Team to review the disputed expenses with the hope of resolving this situation.

4.4.4 The documentation in question was provided to the Mission by the Honorary Consul and it was determined that the percentage utilization of the Honorary Consul's premises was subject to interpretation. Given the past precedent of paying the percentage claimed, the fact that the premises are no longer being used for Consular business and that the percentage can be argued either way, it is suggested that these past expenses be paid as claimed. Any additional expenses should be reviewed by the Mission and UAM to determine their validity.

Recommendation for the Mission

4.4.5. Reimburse the Honorary Consul for past expenditures based on the documentation submitted and the previous percentage calculation.

4.4.6 Refer all other claims to UAM for review.

Mission Response

4.4.5 As instructed, the Mission has reimbursed the Honorary Consul for past expenditures.

4.4.6 In March 2001, the Honorary Consul presented DFAIT with another supplementary claim. It was reviewed jointly by the Mission, UAM and JPD. UAM has agreed to reimburse certain items with a view of obtaining closure on this matter.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The MCO position is new to the Mission as is the incumbent, an AS-02 serving in an AS-03 position, who is on his initial posting. He arrived at the Mission in mid-July and is still on a learning curve. After four months in the position, he is now becoming comfortable with his administrative role and responsibilities. Approximately 35 percent of his time is spent on Administration, with the balance spent primarily on Consular operations. Reporting to the MCO in Administration is the LE-07 Office Manager and the Janitor position.

5.1.2 The MCO has found it challenging settling into his new role as the Administration Program Manager. This, in part, is because the Office Manager is competent and has worked independently with little supervision and direction. His addition to the Program has only marginally impacted on administrative operations. His presence does, however, add an element of control that was previously missing. The MCO's addition allows for segregating the duties of the Office Manager who was formerly engaged in all aspects of procurement from ordering and receiving of goods to their payment. The MCO has also been involved in developing a new reporting system for IMS entries with Caracas and reviewing ways to change the handling of Immigration cost recovery revenues with Port-au-Prince.

5.1.3 The MCO needs to fully understand what is expected of him in his role as the MCO in the Mission. To ensure this, the HOM needs to establish a clear set of goals and objectives for the MCO with specific time frames and desired results. This will not only benefit the MCO in his professional development but also ensure that his presence brings much "value added" to the Mission's operations.

Recommendations for the Mission

5.1.4 A clear set of goals and objectives be established for the MCO spelling out in quantifiable and qualitative terms what is expected of him. These goals and objectives should be closely monitored and reviewed with him every quarter by the HOM.

Mission Response

5.1.4 The HOM agrees that mentorship is a vital component in the development of junior MCOs. This is especially true in this Mission where there is no senior MCO to provide mentorship and guidance. In future, it would be advisable for HRD to ensure that small missions are staffed with MCOs that have previous experience abroad. The smaller the mission, the greater the need for fully operational staff.

Organization

5.1.5 Administration currently consists of three positions, including the MCO's. There is a small secretariat within the HOM's office which includes the Receptionist position. The Receptionist, in addition to operating the switchboard and assisting with Immigration and Consular enquiries, assists the Office Manager in preparing and printing of the cheques. She serves as the back-up to the Accountant and, in fact, filled this position for a ***. The Receptionist duties fall more within the service of the MCO than with the HOM. To bring more cohesion to Administration, it is suggested that the Receptionist position report to the MCO rather than to the HOM. The addition of one more position to the Program will also enhance the managerial experience and responsibilities of the MCO.

Recommendation for the Mission

5.1.6 The Receptionist position move from the HOM's office to the Administration Program.

Mission Response

5.1.6 The Mission has identified the need for an Assistant-04 position (admin/consular asst). Should it be possible to create such a position in the short term, the Mission would then be in a position to extend its hours of business for the public (from 6 hours/day at present to 7.5 hours/day) . Under those circumstances, the receptionist would then perform receptionist duties only and the current reporting relationship (i.e. receptionist is supervised by HOM Assistant) would be maintained. If this is not possible, the recommendation of the audit team will be implemented.

5.2 Human Resources (HR)

5.2.1 The HOM, until recently, has managed the Human Resources function at the Mission. It is expected that the MCO will now assume the day-to-day responsibilities for the function. Human Resources have been effectively managed and the Mission finds itself with a core of highly competent and motivated LES staff.

5.2.2 Since the arrival of the HOM at the Mission in August 1999, a significant amount of HR activity has taken place. Many staffing changes have occurred that have materially altered the complexion of the Mission. They have included the creation and staffing of the MCO position, the HOM Assistant and Trade Assistant positions, the Receptionist position in SDMGO and the Consular Assistant position in PPLAT; the release of a CO and the hiring of a new replacement; the reclassification of the Senior Consular Assistant, Office Manager and HOM Assistant positions; the regularisation of

the Immigration Assistant and the Janitor positions; and, the hiring of an Intern from Capilano College to assist in the Trade Program.

5.2.3 Personnel files for the LES are well maintained. A review of these files indicated EXT 208s are on file and current; appraisals are up-to-date; job descriptions have recently been re-written and reflect a high coincidence with the actual duties of the position; and, oath of office/secretcy statements have been signed by each employee. Enhanced reliability checks (ERCs) have not been carried out for four recently hired LES employees. These ERCs need to be undertaken before the employee is taken on strength. Letters of offer cite passing the ERC as a condition of employment.

Recommendation for the Mission

5.2.4 Enhanced Reliability Checks be conducted for the four new employees recently hired. LES, in future, should not be taken on strength until such time as the ERC is completed.

Mission Response

5.2.4 This has now been done. Security background checks have been obtained * for the four remaining LES personnel. The documentation will be sent to ISR shortly. The process for obtaining the background checks from the DR police is slow (2 months) and the local police report is of limited value since the police does not conduct full background checks. The Mission does however check reputation and references through other sources immediately before hiring. The Mission is satisfied that new hires meet departmental security standards. Since the ERC process takes a minimum of two months, the Mission needs some flexibility in order to be able to hire in a timely manner. It therefore recommends that the current policy and procedures regarding ERCs be reviewed.**

Hiring Practices

5.2.5 The Mission advertises for candidates in the local newspapers, reviews the applications and short lists the candidates to interview. A selection board is held for all competitions consisting of the HOM, the MCO and an LES member. A series of questions are established and answers are recorded by all members of the board.

5.2.6 Files relating to two recent staffing actions were examined. The files indicated that no point rating system was established for the selection process and there was no documented assessment as to why a particular candidate was chosen. To avoid a grievance and to better justify the board's conclusion, points should be assigned for an employee's qualifications, personal suitability and for the manner to

which questions are responded. Documented evidence supporting a particular conclusion needs to be on file.

Recommendation for the Mission

- 5.2.7 Personnel selection boards should establish a point rating system to assess candidates and document evidence as to why a particular candidate was selected.**

Mission Response

- 5.2.7 Noted. In future, a point rating system will be used and complete records maintained for competitions.**

LES Meeting

5.2.8 The Audit Team had a meeting with the LES. The recent salary revisions which took effect April 1, 2000 was a source of contention for the LES. Salary increases for levels 4, 8 and 9 were set at 10 percent while all other levels received a 5 percent increase. They emphasized that inflation is running at close to 16 percent albeit the official rate of inflation is reported to be eight percent. The LES also pointed out that life insurance and dental coverage is not included as part of the compensation package although many employers in the Dominican Republic offer these as benefits. Access to technology was also cited as an issue and it was their perception that HQ views technology as a privilege rather than an every day tool needed to effectively function in the work place. It was pointed out that the LES handbook was out-of-date and did not comply with the local labour laws. HRL had suggested holding off any revisions as it is currently working on a generic framework for a handbook which is expected to be released shortly.

Recommendation for the Mission

- 5.2.9 Under the guidance of HRL, the Mission should conduct a benefits survey to assess the degree to which marker organizations include life and dental insurance in their compensation packages to employees. The results of this survey should be submitted to HRL, once completed.**

Mission Response

- 5.2.9 The survey is almost completed and the results with specific recommendations will be sent to HRL by the end of April 2001.**

5.3 Physical Resources

5.3.1 The Office Manager is responsible for carrying out the day-to-day responsibilities associated with the property and materiel function. This function is effectively managed. A Mission Property Management Plan was completed in April 2000. A Maintenance Plan has also been prepared and the distribution accounts, except for the HOM's staff quarter which needs only minor corrections, are all up-to-date. Occupancy agreements need to be signed by the Canada-based Officers.

5.3.2 The current property portfolio includes a Chancery and two SQs. All three properties are Crown-leased. The Chancery is a one-storey building which was formerly a single-unit residence and is located in a central area close to several government ministries and other diplomatic missions. The Chancery contains nine separate offices and an additional three work stations for clerical/reception staff. The size of the Chancery currently meets the Mission's requirements and there is also some room left to expand. The HOM is looking at remodelling the Immigration area to better maximize the use of space in this area. Chancery rent is low at US \$2,000 a month on a 20 year lease with an annual increment of five percent. The lease was signed in 1997.

5.3.3 The HOM's SQ is an excellent facility and is well located. It is a two storey building with a 3 + 1 configuration. It is ideal for representational purposes but at the same time a family can feel very much at home in this property. The Mission entered into a three year renewable lease in 1999 at rent of US \$4,500 per month with an annual increment of five percent. The HOM feels strongly that this SQ should be purchased and has made this recommendation to HQ.

5.3.4 The MCO's SQ occupies the sixth and seventh floors of a new apartment complex and is a block away from the Chancery. The apartment is a 3 +1 format and is also an excellent facility. The complex offers good security with a high wall surrounding the facility and a keyed elevator to gain access to the apartment. A three year lease was signed in 2000 at a cost of US \$3,500 per month. In addition, there are monthly condominium fees of US \$250.

Mission Response

5.3.5 Occupancy agreements will be signed in March 2001

5.4 Finance

5.4.1 Accounting operations are handled by the Office Manager, a Civil Engineer by profession, who has been with the Mission since August 1998. Her financial training has included a five day seminar in HQ, in addition to a visit to our Caracas Mission to review the accounting operations there. The Audit Team found the Office Manager to have a good knowledge of finance and to be well organized. The

Mission's budget is set at \$564,687 and the mid-year report is showing an anticipated deficit of \$31,890. The shortfall is attributed to new staff at the Mission (two LES, one CBS and one Intern), the leasing of an SQ for the new MCO, and the new office space for the Puerto Plata Consulate. The Mission's operational and capital reference levels have not been adjusted to reflect the additional FTEs.

5.4.2 The Mission operates one local peso bank account with the Bank of Nova Scotia. Banking transactions are averaging around 60 per month, including 20 cheques covering the bi-weekly salaries. Monthly revenues average around 15,000 pesos (\$1,500) for Consular and 120,000 pesos (\$12,000) for Immigration visas. US dollars are purchased once a month generally in the range of \$10,000.

5.4.3 Mission accounts for April, May and June 2000 were reviewed. A number of questions concerning required documentation and signing authorities were raised which the Audit Team reviewed with the MCO and the Office Manager. Explanations were received from the Mission and further follow-up is being conducted for some issues.

Input into IMS

5.4.4 Caracas is responsible for inputting financial data into the Department's IMS system and for undertaking the monthly reconciliation of the Santo Domingo account. Problems with this system are in the process of being resolved. The Mission, however, continues to function without the benefit of IMS reports from Caracas. Staffing issues in the Caracas Accounts Section and forwarding financial data monthly instead of daily, largely accounted for delays in updating IMS and failing to reconcile monthly during fiscal year 1999-2000. A bulk reconciliation for the twelve month period ending March 2000 was only completed in October 2000. Reconciling this period on a multiple monthly basis is not acceptable to SMD and it has asked Washington to assist in reconciling this period retroactively on a individual monthly basis.

5.4.5 The new MCO has recently developed a modified reporting system for IMS entries with Caracas. Instead of forwarding financial data monthly which resulted in long delays in data entry and complicated the reconciliation process, entry forms will now be sent electronically to Caracas as soon as they are signed off. This will reduce the time spent on photocopying the Mission accounts, the costs of using a courier to send the accounts and the delays in entry into the system.

5.4.6 Caracas now is up-to-date in inputting the 2000-2001 financial data into IMS and reconciling the accounts. Notwithstanding, close monitoring of this situation should continue particularly given that Caracas's Assistant Accountant will be departing the Mission in February 2001. Caracas maintains it has procedures and processes in place for the new replacement. The need for IMS reports to be furnished to the Mission is an ongoing problem.

Recommendation for the Mission

- 5.4.7 Monitor the financial relationship with Caracas to ensure IMS data entries and monthly reconciliations are current. The Mission should report any deviations to SMD if Caracas fails to meet its financial responsibilities, including the receipt of IMS reports.**

Mission Response

- 5.4.7 After four months of operations, the new reporting system seems to be working well. Transactions are sent to Caracas by e-mail and are entered into IMS within 24 hours. Bank reconciliations are now done in a timely manner on a monthly basis (i.e. considering that the Scotiabank issues the bank statement two to three weeks into the following month).**

Immigration Revenues

5.4.8 *** and the applications are forwarded for approval to Port-au-Prince ***. The visas are returned within 10 days but the cheques are held in Port-au-Prince for as long as three to four months. These cheques are returned to Santo Domingo (along with the POS + tape) for deposit to the Mission bank account. If the tape and the cheques, however, are not in balance they are returned to Port-au-Prince for reconciliation causing a further delay in the process. Three of the last four times, cheques were received in Santo Domingo and were returned to Port-au-Prince because of discrepancies. This method of processing cheques is not acceptable and requires immediate change.

5.4.9 The new MCO has recognized the inherent weaknesses with the system and has conferred with colleagues in other missions to seek a solution to the problem. He has also held preliminary discussions with the Bank of Nova Scotia regarding the possibility of clients depositing their visa fee into a Mission account and then bringing the deposit slip to the Mission as proof of payment. If this cannot be worked out, the Audit Team sees no reason why these cheques cannot be immediately deposited into the Mission bank account with Port-au-Prince receiving a copy of the deposit slip and/or a copy of the certified cheque as proof of payment. Port-au-Prince needs to be sold on this idea.

Recommendation for the Mission

- 5.4.10 Consult with SMF and CIC with a view to changing the manner in which visa fees are processed. The Mission should deposit the certified cheques immediately upon receipt and provide proof of payment to Port-au-Prince or the Mission should make arrangements**

with its local bank to have clients deposit their visa fees before filing their visa application.

Mission Response

5.4.10 As of April 1, 2001, the SDMGO Mission will deposit the certified cheques the day following their receipt at the Mission. The office manager will issue an official receipt to CIC which will be sent with the applications to PRNCE. Each CVV application will show the amount cashed by the CIC assistant.

Petty Cash, Debit and Credit Cards

5.4.11 There is a petty cash fund of 7,000 pesos (\$700) capped at 1,000 pesos (\$100) per transaction. The fund is used for a variety of minor purchases such as gasoline, tolls, airport fees for the diplomatic bags and transportation allowances for the guards. A review of the bank account for a three month period indicated 25 of the 186 cheques issued were under 2,000 pesos (\$200). The allowable limit for setting up a petty cash fund is \$2,000 and the transaction size is \$200. The Office Manager indicated that as many as 10 to 12 cheques a month could be avoided with a more effective use of the petty cash. Consideration should also be given to using credit and debit cards.

Recommendation for the Mission

5.4.12 Increase the petty cash fund to allowable limits and utilize credit and debit cards, in an effort to increase the efficiency of processing payments.

Mission Response

5.4.12 The petty cash fund will be increased to \$2,000 with a \$200 limit per transaction, effective April 1, 2001 to correspond with the new Fiscal Year. The advisability of using a credit card for specific purposes will also be explored.

Hospitality/Cleaning Services

5.4.13 A review of the HOM's hospitality diary indicated a very active representation schedule and a well documented file providing notes showing the purpose and results of each event. Good use is being made of the HOM's SQ for hospitality purposes. The Mission has not been complying with the provisions of the new Official Hospitality Policy in that Administration has not been provided with the diary for audit purposes. The HOM offered that all diaries will now be vetted through the Accounting Section in accordance with Section 9.11.4 of the Hospitality Policy.

5.4.14 This Mission is designated as Category III for housing purposes and, therefore, the HOM's SQ is not considered to be an Official Residence (OR). As such, the SQ does not come equipped with the amenities normally found in an OR, eg. domestic and cleaning staff. Notwithstanding, the Category III status, the Mission entered into a personal services contract with an individual to provide full-time cleaning services for this SQ. The cost is 4,856 pesos (\$485) per month in addition to benefits including a 13th month salary and a bonus representing 15 percent of the annual salary.

5.4.15 While the HOM is not officially entitled to having cleaning services provided at this SQ, he has made his case known to HQ. The HOM is, however, allowed to expense maid services for official functions at his SQ through hospitality. An issue of equal importance is that the maid by being paid through the Mission could be considered an employee. The Mission should discontinue providing cleaning services for the HOM's SQ and LGD should decide if there is an amount owing by the HOM to the Crown for the personal share of the cleaning services provided to date.

Recommendation for LGD

5.4.16 Determine if there is a liability for the HOM's personal share of cleaning services provided to date.

LGD Response

5.4.16 In view of the heavy use being made of the HOM's SQ for hospitality (as documented by the Audit Team) and considering that the HOM is allowed to expense maid services for official functions at his SQ through hospitality, it is the Bureau's determination that the HOM not be assessed a personal share of cleaning services provided at his SQ to date. The Bureau, however, would support a recommendation that the current personal services contract with an individual to provide full time cleaning at the HOM SQ in SDMGO be terminated immediately. Maid services for any official function hosted by the HOM should in future be claimed by the HOM through hospitality.

Recommendation for the Mission

5.4.17 The Mission should rescind the contract for cleaning services.

Mission Response

5.4.17 SDMGO is de facto a full service Mission which no longer meets the definition of a micro-mission. It is the view of the Mission that rather than rescinding the contract, the position should be regularized. However, the contract was indeed rescinded effective April 1, 2001.

5.4.18 SIX is currently raising the general issue of small mission management with senior management in HQs. Among these issues is the categorization of missions and related services.

5.5 Information Management

5.5.1 The MCO is responsible for the VSAT computer which includes trouble shooting. As well, he is responsible for opening new accounts, solving printer problems, taking an inventory of the informatics equipment and liaising with HQ, when required.

5.5.2 The biggest informatics issue facing the Mission is the five MM-97 workstations for eleven office workers. Seven employees are required to share one workstation limiting access to e-mail and specialized applications. The Mission currently has eight Vectra computers and two new IBM PCs which can take the MM-97 install.

5.5.3 Santo Domingo is considered a micro-mission and, given the bandwidth it has been provided would suggest that it can operate only two communicating workstations. Bandwidth will generally dictate the number of workstations that can be assigned to any one mission. In the case of Santo Domingo, it moved to five workstations without any incremental bandwidth. The bandwidth congestion and delays that would normally be experienced as a result did not materialize. The Mission circumvented the problem by imposing discipline for use of its on-line system, i.e. the Internet is not used from an MM-97 workstation and the Mission goes on-line only when necessary using only key MM-97 applications. A stand-alone PC is used to access the Internet through a local subscription. The Mission is anxiously awaiting the new version of MM-97 which will provide most of the tools currently offered on the SIGNET 2000 + desktop. The Mission has been told on several occasions this updated version is imminent.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	TOTAL
HOM/Central Support Services	1	4	5
International Business Development		2*	2
CONSULAR		2	2
ADMINISTRATION	1	2	3
IMMIGRATION		1	1
OFFICIAL DEVELOPMENT ASSISTANCE		1*	1
TOTAL	2	12	14

*One LES is an Intern on contract and the CFLI Coordinator is also on contract.

Physical Resources

ASSETS	PRIVATE LEASE	CROWN LEASED	CROWN OWNED
Chancery + Consulate		2	
SQs		2	
Vehicles			1

Financial Information 2000/2001

Operations(N001)	\$344,000
Canada-based Overtime(N011-0104)	4,500
LES Salaries(N012)	198,387
Capital(N005)	17,800
Total	\$564,687