

**AUDIT
OF
THE OFFICE OF THE CANADIAN EMBASSY**

SKOPJE

JUNE 2003

Audit Division (SIV)

TABLE OF CONTENTS

| | |
|----------------------------------------------|----|
| EXECUTIVE SUMMARY | 1 |
| MANAGEMENT OF THE MISSION | 2 |
| 1.1 Overview | 2 |
| 1.2 Hub and Spoke | 3 |
| CONSULAR PROGRAM | 5 |
| 2.1 Management of the Program | 5 |
| 2.2 Service to Canadians | 5 |
| 2.3 Passports and Citizenship Services | 5 |
| 2.4 Honorary Consul | 6 |
| 2.5 Admission to Canada | 6 |
| ADMINISTRATION PROGRAM | 7 |
| 3.1 Management of the Program | 7 |
| 3.2 Human Resources | 7 |
| 3.3 Physical Resources | 8 |
| 3.4 Finance | 9 |
| 3.5 Information Technology | 10 |
| APPENDIX A | 11 |
| MISSION RESOURCE FACT SHEET | 11 |

EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs was conducted in Skopje during the period October 4-5 and October 7-9, 2002. This was the first time this Mission had been audited.

This is a well managed micro-Mission. The Head of Office (HOO) who recently arrived at the Mission, has an effective management style, appreciated both within and outside the Mission. The over-arching issue is the projected closing date of 2004 due to finite funding, and whether the Mission's existence might be extended.

A Hub and Spoke arrangement exists with Bucharest, with the HOO reporting directly to the Bucharest HOM. Consideration should be given to having the Mission revert to using Belgrade as a Hub in the event the Mission remains beyond 2004.

Political and economic reporting is being effectively carried out by the HOO with the assistance of the GR Officer. Although trade activities are minimal the Mission is able to address potential opportunities and enquiries with the assistance of the Honorary Consul and the Bucharest HOM. The Mission directly manages a sizable CIDA operation and provides functional support to Immigration activities.

The Mission is providing effective Consular services thanks to a very experienced MCO. An ongoing issue concerns the continued existence of an Honorary Consulate in the city, which pre-dates the opening of the Mission. This has caused some confusion for clients, but will be resolved once the longer term plan is decided.

The Administration Program is well managed. Given the temporary nature of the Mission's existence, many elements are in place that will permit the Mission to cease operations in 2004 with a minimum of problems. The provision of administrative assistance to the office in Pristina is not well defined within a written document.

RECOMMENDATION STATUS

A total of 12 audit recommendations are raised in the report; 11 are addressed to the Mission and one is addressed to Headquarters. Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 12 recommendations, management has stated that 10 recommendations have been implemented. For each of the remaining two recommendations, management has indicated the initiatives in progress or the intended future action.

MANAGEMENT OF THE MISSION

1.1 Overview

1.1.1 This is a very well managed micro-Mission. An experienced Head of Office (FS-02) oversees one MCO (a CR-04 acting in an AS-04 position) and seven LES. The Head of Office (HOO) is newly arrived, but was cross-posted from another Mission in the Balkan region. He thus brings much regional knowledge and experience to the post. He has made an impact already by holding regular meetings with all staff, and by promoting a more relaxed atmosphere in the working environment.

1.1.2 The HOO is supported by a GR Program Officer (LE-09) who is primarily involved in drafting political and economic reports, assisting in meetings, liaising with colleagues in other Missions and with making contacts in the community. Minimal time is spent on Public Affairs, supporting the military attache in Budapest and occasional trade issues. The Mission does not have any Trade Program resources nor is any other Mission Trade Program accredited to Macedonia. Trade issues are handled often jointly by the HOO and the Honorary Consul. Also reporting to the HOO is the CIDA Officer (LE-09). This Program administers close to \$700,000 in Local Initiative Program (LIP) and Canada funds. Most projects are in the \$50,000 to \$75,000 range and are signed off and monitored by CIDA. An Immigration Program Assistant reports directly to the CIC Program in Bucharest as well as functionally to the HOO.

1.1.3 The Geographic Bureau is currently reviewing its representation abroad as part of a departmental review, and the decision to maintain an office in Macedonia beyond 2004 should be taken soon. If the decision is taken to terminate the Mission, an action plan should be drawn up, lead by the Area Management Office, for the process relating to the closure of the Mission.

1.1.4 Plans for the Mission are viewed as important for both CBS and the LES. Given the termination date, some longer term planning cannot be done. The Mission has factored the termination date of early 2004 into its current operations and planning by avoiding multi-year leases, by creating determinate positions, and by not maintaining a large asset base.

1.1.5 Mission committees are effective. A Contract Review Board reviews all contracts, and also reviews all disposals. This is a practice that management has adopted to ensure full transparency, both inside and outside the Mission. Given the size of the Mission, there is no LES Committee. The Audit Team met with all the LES, and noted that the group's primary concern is with the future existence of the Mission. The LES complimented Mission management on effective communication.

1.1.6 The Employee Assistance Program had planned a visit last year that was cancelled for security reasons. This visit should take place, as the Mission feels that there are issues from the time of the military and civil disturbances that require attention. There was tension in the office for staff and between some staff.

1.1.7 Mission training is managed by the MCO. There is a need for a training plan which could incorporate recommended training contained in the annual LES appraisals. If approximate costs can be included, this document will be a valuable tool for management for planning purposes. The Mission has been taking advantage of the SIGNET system upgrade that has permitted staff to have access to on-line training courses offered on the virtual campus of CFSI.

Recommendations for the Mission

1.1.8 Consult with the Employee Assistance Program with the goal of having an HPDA counsellor visit the Mission.

1.1.9 Complete a training plan that includes costs where possible.

Mission Responses

1.1.8 Once the future status of the Mission is known, we will consult with the Employee Assistance Program on the advisability of having an HPDA counsellor visit the Mission.

1.1.9 A training plan was prepared in January 2003 with costs submitted for the Fiscal Year 2002-2003.

1.2 Hub and Spoke

1.2.1 The Mission is a Spoke of Bucharest. The HOO reports to the HOM in Bucharest and is receiving direction and guidance from him. The Ambassador is accredited to Macedonia. The HOM also reviews and signs off the financial accounts each month. The Mission's previous Hub was Belgrade. Belgrade has remained the Hub for the issuance of passports and for the filing of the Consular statistics, although the Mission will soon have the capability to issue its own passports. A "sub-Hub" also exists with the Skopje Mission providing administrative support for Pristina, another micro-Mission that reports to HQ. These relationships should be more formalized so that each understands what to expect in terms of support. Having the Mission revert to using Belgrade as a Hub should be given some consideration, given the geographic, historical and linguistic links that exist between these offices.

Recommendation for RBD

- 1.2.2 RBD should consider, in consultation with the Missions involved, reverting to using Belgrade as the Hub for Skopje.**

RBD Response

- 1.2.2 RBD is currently examining options for Canadian representation in the FYR of Macedonia beyond 2004, when one-time funding for the current temporary Mission in Skopje is due to sunset. Identification of the most appropriate and efficient hub arrangement for the Mission will be included in that examination, in the event that the office is to remain open. No change in reporting and support relationships is expected to be made until that time. The suggestion to switch the hub to Belgrade is known to us, but any decision on hub and spoke arrangements will incorporate a wide range of political and logistical considerations, some of which may or may not be directly related to geographic, historical or linguistic linkages.**

CONSULAR PROGRAM

2.1 Management of the Program

2.1.1 The MCO, who is responsible for the management of the Consular Program, has extensive experience in the management of Consular operations, and is also very comfortable in a difficult operating environment. The MCO is also a Consul for the office in Pristina, and assists this office as needed.

2.2 Service to Canadians

2.2.1 Currently, services to Canadians are being provided from two offices, the Mission and the Honorary Consulate located nearby. The Honorary Consulate provides case management, and the Mission provides program management. The Consular revenues and the log sheet statistics for cases are kept by the Honorary Consul's Consular Assistant, but these are not always forwarded to the Mission for processing in a timely manner.

Recommendation for the Mission

2.2.2 Impress upon the Honorary Consulate to send over the Consular revenues and the statistics in a timely manner.

Mission Response

2.2.2 Revenues are currently reconciled every week. The Honorary Consul will be reminded of the importance of providing revenues and statistics in a timely manner.

2.3 Passports and Citizenship Services

2.3.1 The Mission has received the equipment for issuing passports, but it is not yet connected. Belgrade continues to issue the Mission's passports. Some extra training is required before the Mission can begin issuing the relatively small number of passports (60+ per year). The Mission has full access to COSMOS and the passport inventory has been entered in the PMP. The passport blanks and related labels are appropriately stored and were reconciled. Statistics logs for COMIP were recently filed and are now up to date. The Mission Consular Contingency Plan is up to date. The Mission has an emergency cash parcel which was counted and reconciled.

Recommendation for the Mission

- 2.3.2 Obtain the necessary training for the production of passports, have the equipment connected, and begin issuance.**

Mission Response

- 2.3.2 The equipment was connected and training provided. Issuance of passports began in February 2003.**

2.4 Honorary Consul

2.4.1 There is an Honorary Consul located in an Honorary Consulate within one kilometre from the Mission. This other office pre-dates the existence of the Mission, and given the Mission's temporary status, the Honorary Consulate has remained in operation as a contingency and for commercial expertise and contacts. This arrangement has reportedly caused some confusion for clients, where they are not sure which office to call for assistance. The amalgamation of these two functions should be considered as essential in the longer term.

2.5 Admission to Canada

2.5.1 The Mission has a small supply of visa blanks and seals, which are securely stored. The Mission issues visas only rarely. The supply was reconciled.

ADMINISTRATION PROGRAM

3.1 Management of the Program

3.1.1 The MCO is managing Administration very effectively, with the assistance of a small team of capable and motivated staff. The MCO has an open-door policy very much appreciated by the LES. The MCO has a lengthy “to do” list that is the basis of a planning document that should be further developed, with input from staff. This input is important so that the LES understand what the Program priorities are, and for them to have the opportunity to participate in the development of such a plan. This process is connected to the LES appraisal process by having staff clearly understand what they are being assessed against.

3.2 Human Resources

Management of the Function

3.2.1 The Human Resource function is well managed. Tracking systems for annual increments and leave have been instituted and most job descriptions are current. LES appraisals are up to date.

3.2.2 LES position classification was reviewed and the internal relativity was found to be inconsistent. One example is the Receptionist, who is classified at the same level as a fully trained Accountant who uses IMS and performs the bank reconciliations. Part of the reason for the latter position level is that the Accountant is staffed against a vacant Driver position. As well, the Office Manager’s job description requires updating to reflect all the work being done to prepare and maintain the Mission’s upcoming web-site. These positions should be considered by the Classification Committee in the Hub Mission.

3.2.3 The LES salaries are in USD, which was adopted due to local currency devaluation. Currently, the Macedonian Dinar is quite stable. Some of the Mission’s markers have switched to paying their local staff in Dinars. The Mission should consider switching as well, unless justification can be made for maintaining USD payments. Benefits information was provided to HRL, and after much communication it is now clearer what makes up the benefits calculations.

Recommendations for the Mission

3.2.4 Update and review the Accountant and Office Manager positions to ensure the correct classification level is determined.

3.2.5 Review the practice of paying LES salaries in US dollars.

Mission Responses

3.2.4 The MCO will draft new job descriptions and prepare requests for reclassification for the HOM's signature to be submitted to HRL and RAM.

3.2.5 In consultation with HRL, the revision will be carried out once the future status of the Mission is resolved. Nonetheless, given that the Macedonian Denar is linked to the EURO, the Mission will consider the feasibility of basing the salaries on the EURO.

3.3 Physical Resources

3.3.1 Property and Materiel are managed by the Office Manager (OM) reporting to the MCO. The function is well managed. The OM has had no formal training, but has consulted the various manuals and guidelines as needed. A work plan and schedule exist, and the OM updates these as the year progresses.

3.3.2 The Mission has had a particularly busy year. The relocation of the previous Head of Office was well planned and went very smoothly. This CBS had been residing in a deficient apartment that had been granted an ADA of 20 percent. The Mission needed therefore to replace this property during the turnover. The search for a replacement SQ was very time-consuming for the Mission because the Hub Mission had strongly encouraged the leasing of a house. The new leased house is quite modern, is within a walled compound with good security and good landscaping, and needed practically no fit-up. However, it is over five kilometres from the office along a congested roadway, adjacent to a shanty-town. Given its location as well as a size and layout more suited to that of a family, the idea of an alternative SQ located closer to the office should be explored if the decision is taken to extend the Mission beyond 2004.

3.3.3 The Mission Management Property Plan was updated in January 2002, however it does not contain information on market costs, as required in Section VI. This information would be helpful for SRSK, if a longer term strategy is needed beyond 2004. Property files are well organized, occupancy agreements are signed and the distribution accounts are up-to-date. The planned projects funded by SRSF will be worthwhile expenditures, especially as the air quality in the city is not good, and the office environment will improve greatly with the proposed new ventilation system.

3.3.4 The Mission has two vehicles, one of which is armoured and is used exclusively for trips to and from Pristina. Vehicle usage is well controlled with the use of logs, and gas consumption is tracked by entering information from the gas purchase print-out (system uses a debit card) that shows litres purchased, amount per litre and the mileage. An average mileage per litre is computed automatically by the spreadsheet, and is reviewed by the Office Manager and the MCO on a regular basis.

Recommendation for the Mission

- 3.3.5 If the term for the Mission is extended beyond 2004, Mission management should consider replacing the HOO SQ with a unit located closer to the office.**
- 3.3.6 Include information on market costs when it next updates the MPMP.**

Mission Responses

- 3.3.5 Once the future status of the Mission is resolved, the lease on the HOO's SQ will be terminated and the HOO moved to housing closer to the office.**
- 3.3.6 The MPMP for 2003-2004 was completed in January 2003 and includes up-to-date market costs.**

3.4 Finance

3.4.1 Finances are well managed by the MCO, who oversees one Accountant (LE-05). The Mission has input access to IMS and does its own bank reconciliations, which are then sent to the Hub for review and final sign off. The Accountant has received full in-Canada training, and is very capably managing the Mission's accounts. All petty cashes and the emergency cash parcel were counted and reconciled. At the moment, the Mission makes no payments by cheque, but instead uses cash. The Mission performs about 100 transactions per month, and keeps bank balances to a minimum. There are four accounts - USD bank and cash, and Macedonian Dinar bank and cash accounts. The Mission expects to be in a position to issue cheques within the next year, which may see the elimination of one or both cash accounts. Electronic funds transfers are not being used, although this facility is available.

3.4.2 It will be important for the Mission to prepare a services agreement with the Mission bank, whereas currently the agreement is verbal. There are no bank charges, but no interest is paid on balances.

3.4.3 A review of the hospitality claims for the previous HOO and the MCO was undertaken. The current HOO has not had any hospitality activity yet. Generally, claims were found to be well documented. In the case of the previous HOO, the allocation percentage rules for departing staff were not followed. The limit of 40 percent of the annual allocation was exceeded prior to the HOO's departure from the Mission in August.

3.4.4 Exercising signing authority is difficult due to there being only two CBS officers. For travel and hospitality claims, it was noted that occasionally the officer to

whom the payment was to be made had signed under either Sections 34 or 33. To resolve this situation, one option would be to delegate Section 34 to one of the LES.

Recommendations for the Mission

- 3.4.5 Review the need for the cash accounts when cheque issuance capability is obtained later this year. The option of paying regular suppliers using electronic funds transfer should be explored with the bank.**
- 3.4.6 Consider the need for a banking services agreement.**
- 3.4.7 Consider granting Section 34 signing authority to one of the senior LES.**

Mission Responses

- 3.4.5 Mission Administration will explore and report back on cheque issuance. Electronic transfer to regular clients is in place.**
- 3.4.6 A banking service agreement has been considered. The present informal arrangement through the Honorary Consul is cost free.**
- 3.4.7 This option was considered, and it is felt that this responsibility should rest with the CBS until the future of the Mission is decided.**

3.5 Information Technology

3.5.1 The SIGNET Support Assistant (SSA) is the Office Manager. The SIGNET system upgrade that took place earlier this year was a tremendous boost for Mission productivity. Although still occasionally slow, the access to the Department's major applications has allowed the Mission to operate much more effectively. A web-site is nearly ready for launch. The Mission has managed to do a lot of the basic work for this site using a local contractor overseen by the OM. This investment is worthwhile, even if the Mission were to close, since the need for a website will continue. The technical information summary for the Mission contained on the TechServe site needs updating.

Recommendation for the Mission

- 3.5.2 Update the TechServe information database.**

Mission Response

- 3.5.2 We will seek to implement prior to the end of the Fiscal Year.**

MISSION RESOURCE FACT SHEET

Human Resources

| | CBS | LES | Total |
|-------------------------|------------|------------|--------------|
| Head of Office | 1 | 0 | 1 |
| Consular/Administration | 1 | 7 | 8 |
| Total | 2 | 7 | 9 |

Physical Resources

| ASSETS | CROWN LEASED | CROWN OWNED |
|---------------|---------------------|--------------------|
| Chancery | 1 | 0 |
| SQs | 2 | 0 |
| Vehicles | 0 | 2 |

Financial Information 2002-2003

| | |
|---------------------|------------------|
| Operational (N001) | \$347,991 |
| LES Salaries (N012) | 187,560 |
| CBS Overtime (N011) | 13,000 |
| Capital (N005) | 15,800 |
| Total | \$564,351 |