



AUDIT OF THE CANADIAN EMBASSY

DAMASCUS

October 2005

**Foreign Affairs Canada and International Trade Canada
Office of the Inspector General
Audit Division (ZIV)**

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EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs (excluding Information Technology) was conducted in Damascus from November 24 to 30, 2004. The Mission was last audited in February 1999, but the audit scope was limited to financial management.

The Mission is well managed and is rising to its challenges aided by a strong management framework, high morale and good communications. The challenges include the difficult Syrian environment, an awkward Chancery layout and preoccupying high profile consular detention cases. There is good cross-program coordination, and a sound committee structure that produces well-accepted, transparent decisions. ***

The GR Program is well-managed, and produces high quality reporting. The Global Security Reporting Program (GSRP) officer's activities are appropriately focused, and well-integrated into the GR Program. Damascus is another mission, encountered recently, that emphasizes the lack of "tools", that is, funding to leverage in advancing GR and Public Diplomacy objectives. The attendant problems were raised in HQ debriefings.

The IBD Program Manager (Senior Trade Commissioner) is responsible for the IBD program in Syria, Jordan and Iraq. For Syria, recommendations are raised to strengthen the strategic thrust and results content of the IBD plan, and to exploit the potential opportunities of the Syrian/Canadian community. For Jordan, the STC should create an IBD accountability agreement with the HOM in Amman covering both Jordan and Iraq. For both Damascus and Amman, accountability agreements including objectives and work plans for all IBD staff should be created (the two Commerce Officers in Amman report directly to the STC).

A long term IBD strategy needs to be created for Iraq. The STC as the senior trade official in the field for Iraq has a key role to play, but he should be supported by interlocutors in other missions, HQ and Canadian regions. A recommendation is raised for the World Markets Branch to ensure that all related interests are brought to bear on creating a strategy for Iraq, a war zone with no Canadian representation, but an area with a promising trade potential in reconstruction contracts. For the region, in a related context, HQ should finalize the discussion on IBD resource distribution among the three countries, and come to a decision. HQ should also consider the examples presented by the Damascus/Amman and Nairobi/Dar es Salaam situations to determine an optimum model for managing small IBD markets with limited potential.

The split reporting situation for the Honorary Consul in Nicosia needs to be resolved. At present Nicosia reports to Damascus for the Consular program, and to

Bucharest for all other programs. Damascus is also responsible for the administration of Nicosia, which causes confusion and hinders coordination with other program activities. Bucharest would assume the consular and administrative responsibility upon transfer of one LES FTE. This request should be set aside, as Nicosia's Consular workload consumes only 15-20% of an FTE in Damascus. The Middle East and North Africa Bureau (RMD), the Central, East and South Europe Bureau (RED), and the Consular Affairs Bureau (CND) should ensure that Nicosia is supervised by only one mission.

The Consular and the Administration Programs are both well managed by the MCO. Recommendations raised are generally of a fine-tuning nature. The Consular clientele is mostly Syrian/Canadian dual nationals, and the Mission also handles Australians. The Warden network needs strengthening, and controls should be improved for the working passport supply and fee reconciliation.

For the Administration Program, the LES salary budget has been chronically underfunded. The Area Management Office (RSR) should review the LES salary reference levels to ensure the Mission is adequately funded. The Mission needs a formal training plan, with an appropriately established budget. ***

The Mission should monitor the local real estate market for opportunities that may arise for replacing the Official Residence. The Chancery may have questionable air quality in the basement offices occupied by the Immigration Program. Depending on the results of a recent air quality analysis, an action plan should be developed to address identified problems. The exterior of the Chancery needs to be refurbished, and negotiations with the landlord to this effect should be initiated. Surplus assets need to be disposed of, and the need for large commercial storage space examined.

For finance, recommendations center mostly on improving financial controls, as Syria has a cash economy and the Mission processes high volumes of cash in immigration fees. The Mission needs to develop a succession plan in anticipation of the retirement of the long-serving Senior Accountant.

A total of 43 audit recommendations are raised in the report; 39 are addressed to the Mission and 4 are addressed to HQ. Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 43 recommendations, management has stated that 25 recommendations have been implemented. For each of the remaining 18 recommendations, management has indicated the initiatives in progress or the intended future action. Recommendation 1.2.6 will be reviewed further by ZIV during a planned January 2006 visit to Bucharest.

SCOPE, OBJECTIVES AND MISSION RESOURCES

Audit Scope and Objectives

The scope of the audit included a review of Mission management and the General Relations, International Business Development, Consular and Administration Programs, with the exception of Information Technology. An Appendix to the Report lists, by Program, the specific areas that were examined during the audit.

The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the programs;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

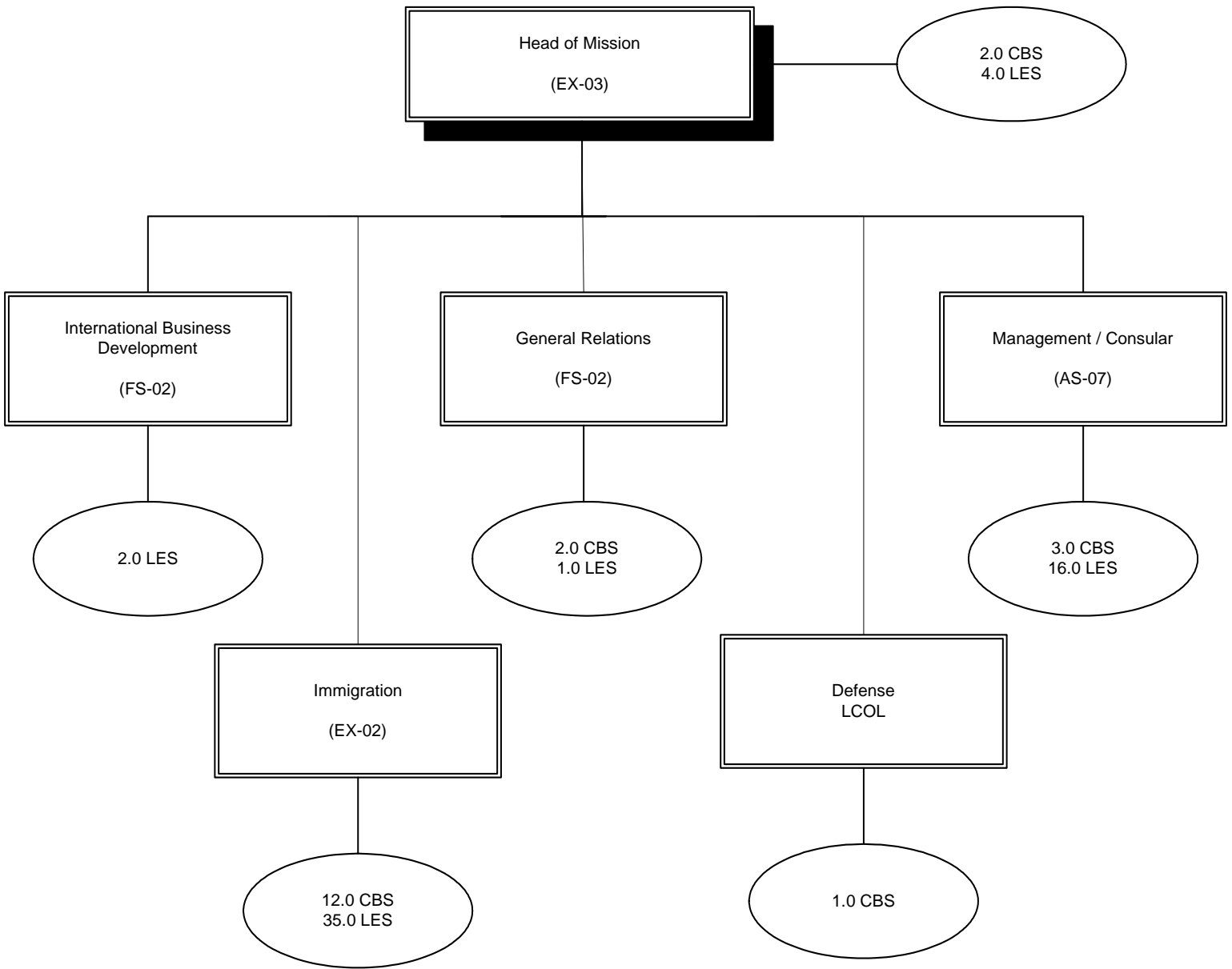
Physical Resources

Assets	Crown Owned	Crown Leased
Chancery		1
Official Residence		1
Staff Quarters	4	20
Recreational Facility	1	
Vehicles	10	

Financial Information 2004/05

Operating Budget (N001)	\$2,767,495
Capital Budget (N005)	241920
CBS Overtime Budget (N011)	25900
CBS Salaries Budget (N011)	694531
LES Salaries Budget (N012)	879299
Total	\$4,609,145

Organization Chart



MANAGEMENT OF THE MISSION

1.1 Overview

1.1.1 Damascus is a large mission operating in a difficult local environment, with the added impediment of a Chancery layout that hinders communication and efficiency. Management and staff make special effort to overcome the problems of a disjointed building layout, as it seems one is always in a stairway or a corridor. Morale is nevertheless high, communications are good, and there is a strong and well-used management framework in place. The Mission's system of committees is working well, and producing transparent results. A recent series of high profile consular detention cases have been a preoccupation of the MCO, and at times the HOM.

1.1.2 The Mission has a large Immigration Program and a co-located Quebec Immigration Service office. There is no CIDA program, as Syria is not an Official Development Assistance country. This means that there are no Canada Fund nor bilateral funds for possible leveraging purposes with respect to GR program objectives. Perhaps when the Canada Fund (which has recently passed to FAC from CIDA) is rolled out to missions under FAC management, there may be incremental funding available to Damascus from this source.

1.1.3 Set out below are Mission issues that will require action to a greater or lesser extent at HQ, either to resolve or to assist the Mission in their resolution.

1.2 Headquarters Issues

Staffing the MCO Position

1.2.1 ***

QIS Contract Staff

1.2.2 ***

1.2.3 ***

Honorary Consul - Nicosia

1.2.4 Although the Honorary Consul in Nicosia is managed by Bucharest, responsibility for Nicosia's administration and consular activities remains with Damascus. Responsibility for other programs in Nicosia had been transferred when the HOM's predecessor was cross-posted from Damascus to Bucharest. With Cyprus becoming a member of the European Union, it was felt that the Canadian Consulate in Nicosia should be managed from an EU country (Romania).

1.2.5 The split in reporting relationships for Nicosia is illogical, and should be revisited. Supervision, appraisals, priority setting become confused, and the potential for conflict exists among the competing demands of the various programs. Bucharest has stated that it will assume responsibility for the Consular Program in Nicosia if Damascus will transfer one LES FTE to Bucharest. This request should be set aside, as the audit team's estimate of the Nicosia consular workload in Damascus is approximately 15-20% of an FTE. Accordingly, transferring a full FTE to Bucharest is not justified. The two Geographics involved and CND should review this situation with a view to resolving Nicosia's split reporting situation.

Recommendation for RMD, RED, and CND

1.2.6 Review Nicosia's split reporting situation between Bucharest and Damascus, with a view to resolving it so that one mission has complete responsibility for the Consulate.

RMD Action and Time Frame

1.2.6 RMD agrees with the recommendation to transfer consular responsibility for Cyprus from Damascus to Bucharest, along with funding for travel and other incidental expenses.

RED Action and Time Frame

1.2.6 RED agrees with this recommendation in principle but feels it is necessary to take a closer look at the resource implications for Bucharest, and further examine the most logical timing for any transfer of consular responsibilities for Cyprus. RED prefers that this matter be further reviewed as part of a planned visit by ZIV to Bucharest.

CND Action and Time Frame

1.2.6 CND recommends that Nicosia should report to Bucharest for all consular matters.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 The General Relations Program is headed by an experienced Program Manager (FS-02) who is supported by an FSDP Second Secretary (Political) in a Global Security Reporting Program (GSRP) position, a General Relations/Public Affairs Officer (Asst-07), and 20 to 30 percent of the CBS Secretary (Political)'s time. The GR Program manages a \$10,000 PIF fund.

2.2 Management of the Program

2.2.1 The Program is well managed with clearly defined roles and responsibilities tied to Departmental strategic objectives and the HOM's PMA. There is an objectives-based workplan for the Program which is reviewed quarterly by all staff (semi-annually by the HOM), and used by the PM to monitor activities and make adjustments as required. Communications are effective with weekly meetings to update priorities and to assess progress. The Program effectively prioritizes its workload and successfully allocates limited resources to the most productive work. Most reporting is initiated by the Mission within this framework.

2.2.2 Workload is divided between officers with the PM overseeing the work of the Program, and generally handling all GR files not covered by the GSRP portfolio. The Second Secretary/GSRP Officer is responsible for security-oriented reporting in Syria, as well as Lebanon, to which she is also accredited. The GR Public Affairs Officer is responsible for scanning the Arab language media, cultural events, political contacts and reporting, and official translations and interpreting for the HOM.

2.2.3 There is good synergy among the officers, and reporting is of a high calibre. The GSRP position has been well-integrated into the Program, and the PIF is well focussed. This ground-level expertise notwithstanding, the Mission regrets the lack of policy direction and feedback on reporting from HQ, and the lack of policy tools, i.e. funding, to advance its agenda. Syria, not being an ODA country, does not have a CIDA Canada Fund. There is only the small PIF to work with, and at the time of the audit a possibly diminishing Human Security Fund. There has been low success with the Public Diplomacy fund, and the Mission was awaiting an announcement from the Minister on a new governance fund. While being perfectly capable of managing a Canadian foreign policy agenda for Syria, as above, the Mission considers itself hampered by the lack of sufficient funds to implement it effectively. This is a comment that has been repeated in missions that have been audited recently.

2.3 Public Affairs

2.3.1 The PM plans to upgrade Public Affairs activity and profile with respect to promotion of mission-wide, cross-program objectives, and has developed an objective to this effect in his annual plan. Such an initiative would continue to support broad Canadian objectives, but would do so with the added benefit of promoting other Mission program objectives as well, i.e. the Trade Program. Priorities, expected results and actual accomplishments will be included.

Recommendation for the Mission

2.3.2 Implement plans to develop a comprehensive, mission-wide Public Affairs plan that improves the integration of public affairs and other mission programs' objectives .

Mission Action and Time Frame

2.3.2 The CMM discussed and adopted a Public Diplomacy Strategy in March/April 2005, which brings together, to the extent possible, all mission programs. It was subsequently submitted to Ottawa, where it has been praised as a model. It is being implemented.

INTERNATIONAL BUSINESS DEVELOPMENT

3.1 Overview

3.1.1 The IBD Program in Damascus consists of an FS-02 Program Manager, the Senior Trade Commissioner (STC), one Asst-09 LES Commerce Officer (CO), and one Asst-06 LES Commerce Assistant (CA).

3.1.2 At the time of the audit, the STC had only been at the Mission for two months, ***. As a result, the STC was unable to take the necessary pre-posting training. The LES assistant position was vacant and a competition to fill the position had been delayed but was still underway when he arrived. There had also been a gap of four months between the departure of the STC's predecessor and his own arrival.

3.1.3 The STC is also directly responsible for managing the IBD Program in Amman, which consists of two LES Commerce Officers who report directly to him. He spends five working days per month in Amman overseeing their activities and engaging in program delivery in Jordan and Iraq. As Amman's territory includes Iraq, the STC is also responsible for IBD program delivery in that country.

3.1.4 The STC therefore reports to two HOMs for Trade program delivery in three countries, one of which (Iraq) may have the most promising trade potential (e.g. reconstruction contracts). Unfortunately it is a war zone without Canadian representation on the ground. Many companies and organizations that do business in or cover Iraq, however, are based in Jordan.

3.2 Management of the Program

Damascus

3.2.1 Syria remains a difficult market for Canadian exporters and investors. Major Canadian exports to Syria are wood, machinery, pulp and paper, aluminum and optical equipment. Canadian exports remain minimal (between \$15 and \$20 million annually). Canadian firms are most active in Syria's oil and gas sector which continues to be the country's top revenue earner. Besides oil and gas, there have been some Canadian successes in the information and communications technology and agricultural sectors.

3.2.2 The IBD Section is focusing on two priority sectors - environmental technology in the oil and gas sector, and agri-food (technology transfer and Canadian investment in Syria). Environmental technology was chosen as it is viewed to be a natural step forward following the successful penetration of the oil and gas sector by Canadian companies. This was also due to the anticipated large demand for environmental technology and equipment that will enable Syrian producers and exporters to meet the strict EU requirements that will follow the European Union-Syria

Association Agreement. The IBD program has chosen education and training, information communications technology and pulp and paper as its secondary sectors.

3.2.3 The New Approach is understood and practiced by all staff, including recognition of the importance of outcalls. An outcall report/listing register is maintained and used to identify targets and to ensure follow-up.

3.2.4 The results of the 2002 TCS Client Survey for Damascus were very positive. Overall client feedback was in the top quartile, and a number of areas were identified where the IBD Program was perceived to be relatively strong, while at the same time recognizing the challenges imposed by this difficult market. Notwithstanding these results, interlocutors within the Canadian business community in Damascus indicated there is an extensive but low-profile Canadian sub-group within the local business community. The Mission may not be making the most effective use of this Syrian-Canadian link to further Canadian commercial interests in Syria. The Mission should assess this situation, develop an outreach strategy to counter local misperceptions of the role of the IBD Program in Syria, and schedule corporate outcalls accordingly. The creation of a Syria-Canada friendship or business association may prove worthwhile, and the Mission was planning a trial of this approach in Aleppo.

3.2.5. The STC drafted a work plan for 2004-05 covering IBD activities in Syria, Jordan and Iraq, which he has discussed with the HOM in Damascus. This plan needs to be reviewed to enhance its strategic thrust and to make it more results-based. The review should also ensure that projects are realistic, priorities are reflected, and that it can serve as a basis for the creation of accountability agreements for all IBD staff. Detailed work plans for all staff should also be developed as a control mechanism to assess performance and report on achievements during the business cycle. Such plans were not in place at the time of the audit. Work plans should include quarterly goals, measures and results to be achieved, and include the expectations and criteria upon which performance will be evaluated. A regular review of the activities, outputs and results of the CO and CA (e.g. through WIN entries, outcalls completed and reports produced) would enable the STC to ensure the IBD Program continues to meet its clients' needs.

Recommendations for the Mission

3.2.6 Ensure that the STC receives all necessary IBD training.

3.2.7 Exploit the business intelligence and business opportunity potential of the Syrian/Canadian community.

3.2.8 Upgrade IBD planning by enhancing strategic thrust and increasing the focus on results.

3.2.9 Create accountability agreements for all IBD staff, including objectives, work plans and measures of performance.

Mission Actions and Time Frames

3.2.6 The STC took part in the full pre-posting training programme in Ottawa during the month of May 2005.

3.2.7 The STC, together with the HOM, has been working to encourage the local business community to form a Canadian-Syrian Business Association modelled on the successful Jordanian-Canadian Business Association. To this end it has been included in the IBD Plan for 2005 - 2006 and the STC and HOM have been actively discussing the issue with key players in the Syrian business community, in order to determine the level of support for the idea. Specifically, meetings were held with Chambers of Commerce and Industry in Aleppo in March 2005, as well as a general reunion with nearly 200 Syrian-Canadians residing in Aleppo to promote this idea. Similar efforts are underway in Damascus.

3.2.8 The STC, in consultation with the HOM, local staff and TBX, has prepared a plan for 2005-06 which focuses more clearly on objectives, strategies, specific goals and measurable results.

3.2.9 Through the current implementation of the new Performance Management Programme throughout the mission, including the Trade Section, these issues are being addressed. PMP agreements for IBD staff were completed by the end of September 2005.

Amman

3.2.9 During the audit of Amman, which took place approximately a month before the audit of Damascus, the following IBD recommendations were raised for Amman's (as well as the Damascus STC's) action. They are paraphrased below for ease of reference:

- develop a regional trade strategy, including coverage of Iraq, in conjunction with HQ and Damascus;
- develop an annual trade plan for all IBD activities in Amman;
- establish an accountability agreement for each CO, linked to that of the STC; and,

- provide administrative oversight of the COs, to compensate for the non-resident program manager (STC).

The basis of the foregoing to a greater or lesser extent will be an accountability agreement between the STC in Damascus and the HOM in Amman. Such an agreement, which did not exist at the time of the audit, would ensure that the IBD program in Amman is aligned with mission priorities and that expectations are clear. The HOM in Damascus stated that he had no basis for assessing the relevance of plans and the validity of results in Jordan and Iraq.

3.2.10 A short term objective of the IBD Program is to gather information and intelligence on opportunities and risks in the Iraqi market. This would include opportunities pertaining to U.S. and foreign government reconstruction contracts, NGO and aid contracts as well as private sector and investment opportunities. Such objectives should form part of the STC's accountability agreement with the HOM.

Recommendation for Damascus and Amman

3.2.11 Develop an accountability agreement between the STC in Damascus and the HOM in Amman covering all IBD activities in Jordan and Iraq.

Damascus and Amman Action and Time Frame

3.2.11 These points have been addressed in the preparation of the 2005 - 2006 IBD Plan as well as through the implementation of the PMP for the Trade Teams in both Damascus and Amman.

3.2.12 The need for a longer term IBD plan for Iraq and the STC's role in developing it were discussed at length. From debriefings in Ottawa there did not appear to be such a plan in place or under development. As the senior trade officer on the ground with direct albeit non-resident IBD responsibility for Iraq, he would have the lead, but not the sole responsibility for Iraq trade planning. It was suggested that he exercise his Iraq responsibility by engaging interlocutors in Jordan, Ottawa, Canadian missions in the USA, and from his previous oil and gas experience in the Calgary regional trade office. He should be well placed to raise the Iraqi trade profile by focusing thinking and coordinating activities on this important file. This role would be strengthened further by obtaining accreditation to Iraq.

Recommendation for the Mission

3.2.13 The STC should work with relevant interlocutors in Jordan, Canada and USA Missions to develop a long term IBD strategy for Iraq.

Mission Action and Time Frame

- 3.2.13** The STC, together with the HOM in Amman, has started the process by agreeing on assigning a portion of the two locally-engaged Trade Commissioners' time to Iraq trade issues. They have also made a formal application to TBX to create a new junior CBS Trade Officer position in Amman focussed solely on Iraqi trade issues. The STC and HOM continue to discuss resource issues with HQ and seek guidance from the geographic division and country experts there, as well as liaising with officers at posts in neighbouring countries and the USA to coordinate activities and serve our clients better.

Recommendation for WMM

- 3.2.14** Ensure that a long term IBD strategy for Iraq is developed and implemented.

WMM Action and Time Frame

- 3.2.14** Country strategies are under development for markets of opportunity that will include Iraq. Discussions are underway to realign resources in the region to recognize geographic synergies as well as opportunities for the Canadian private sector. It is anticipated that changes as appropriate will occur over this fiscal year.

3.3 Regional Issues

3.3.1 The STC planned to hold a regional retreat involving all IBD staff from Damascus, Beirut and Amman for the purposes of regional planning, coordination of activities, skills updating and reinforcement of new IBD tools. On February 22-24, 2005, such a retreat took place in Zahlé, Lebanon.

3.3.2 The distribution of IBD resources in the region was raised in Ottawa before the audit, and discussed in Damascus during the audit. The Mission had advanced the proposal that Damascus' area be changed to cover Lebanon, instead of Jordan, citing the close proximity and the commonality of issues and conditions in the two countries. Then the CBS IBD position in Lebanon could be moved to Amman, to cover both Jordan and Iraq. This would have an STC resident in Amman, directly supervising the IBD staff there, and at the same time being much closer to the Iraqi action. Iraqi accreditation would have to be obtained. The discussion on resource rationalization in the Middle East needs to be finalized and a decision taken, in conjunction with regional and Iraq trade strategy development.

3.3.3 During the audits of Nairobi and Dar es Salaam, which immediately preceded the Damascus audit, the audit team had an opportunity to review another regional trade delivery model. The Nairobi/Dar model had significant differences from the Damascus/Amman model, but covered the same type of situation, i.e. a non-resident STC with trade delivery responsibility for neighboring missions (and their regions). In the Nairobi/Dar model, the STC in Nairobi provides functional-only guidance to the trade staff in Dar es Salaam (as well as in Addis Ababa). In these smaller missions, the trade local staff are given day-to-day IBD and administrative supervision by the GR program managers, who devote a portion of their time to the IBD program. The trade staff in the smaller missions are not directly supervised by an IBD program manager, but they do receive an undefined IBD functional guidance. For Nairobi and Dar es Salaam the audit team raised recommendations regarding strengthening the functional guidance provided to the smaller missions (i.e. by means of an MOU that defines roles and responsibilities of all parties).

3.3.4 The foregoing situation raises two questions: Why are there different supervisory arrangements for essentially the same situation, neither of which is ideal? Which arrangement provides for better trade management in the smaller missions' areas? The World Markets Branch in Headquarters, together with the missions concerned, should consider these models with a view to developing consistent arrangements for managing small markets with limited trade potential.

Recommendation for WMM

3.3.5 In conjunction with regional IBD strategy development:

- (a) finalize the rationalization process for IBD resource distribution between Syria, Jordan and Lebanon; and,**
- (b) develop an optimum model for managing small IBD markets with limited trade potential.**

WMM Action and Time Frame

3.3.5 ITCan is currently reviewing IBD resource allocations in the region involving responsibility for the markets of Syria, Jordan, Lebanon, as well as Iraq. As a second issue we are looking at various models for IBD delivery in smaller markets worldwide for implementation as soon as possible.

CONSULAR PROGRAM

4.1.1 The Consular Program is well managed by an experienced Consular Officer (LE-08), who reports to the MCO. The MCO spends approximately twenty percent of his time on consular issues. Support is provided by an LE-05 Consular Assistant ***. The responsibility for final passport inspection and sign-off has been delegated to the DMCO. The MCO meets daily with the Consular Officer and there is good group dynamics between the MCO, the Consular Officer and the Assistant. High profile detention cases are a preoccupation for the Section.

4.1.2 The Consular Officer has received in-Canada training; and the Assistant is scheduled to receive training shortly. Both employees provide service in both official languages to a territory encompassing Syria and Cyprus, with Honorary Consuls in Aleppo and Nicosia. The Consular Assistants in Aleppo and Nicosia have been trained by the Consular Officer and daily contact is maintained between all parties. Both assistants indicated satisfaction with the level of service and support from Damascus, which processes all passport applications received at those locations. With respect to recommendation 1.2.6 concerning Nicosia's split reporting situation, following a workload review the audit team estimates that fifteen to twenty percent of an LES FTE in Damascus is dedicated to supporting consular operations in Nicosia.

4.1.3 The Section does not hold scheduled meetings, but the MCO meets with the Consular staff as described above. This is deemed sufficient by the staff given the open door policy of the MCO and DMCO. Following the Consular Assistant's training, a formal learning plan with goals and time frames for deliverables should be developed.

4.1.4 Recently, the Section has been preoccupied with high profile detention cases that require extensive involvement of the MCO and, at times, the HOM. While two of the detainees have been released, their cases continue to demand ongoing involvement. Another Canadian is still detained and every effort is made to resume consular access to this individual. Currently, the DMCO is copied on CAMANT notes pertaining to these cases, in addition to her final passport inspection work. To assist in the DMCO's development and in consideration of succession planning, the MCO should consider exposing the DMCO to select consular cases in a more "hands-on" fashion.

4.1.5 Canadian citizens in Syria, particularly dual nationals, are hesitant to register with the Mission. While 1,399 Canadian citizens are currently registered in ROCA, the actual number of Canadians in Syria is estimated to be three times higher. There are only six wardens, and more outreach activities need to be undertaken to inform Canadians of the benefits of registering and the importance of a more extensive warden network. Contact with wardens takes place on an ad hoc basis, and a more formalized approach needs to be taken, including streamlining communications and organizing structured meetings. Currently, wardens may have difficulty contacting all their registrants in an emergency, as there is a high number of registrants per warden. Consideration should be given to adding more wardens if suitable and willing persons

can be recruited. The contingency plans and after-hours manual have recently been updated and travel advisory and visa requirements instructions are detailed and current.

4.1.6 The Passport function is well run and staff are knowledgeable in document verification. New directives are immediately implemented. The Section adheres to the five working day standard for passport processing. For applications received in Aleppo or Nicosia, the standard is 10 working days. The Program issued 779 passports in 2003 and has established adequate separation of duties in the issuance process. The Consular Assistant receives and processes the applications before they are forwarded to the Consular Officer for verification, and delivered to the DMCO for final inspection and sign off. At the final inspection stage, all applications need to be reviewed against original citizenship documents, with photocopies accepted only when previously certified by the MCO or DMCO.

4.1.7 Passports are kept in the high secure zone with working stock issued to the Consular Officer as needed. This working stock is kept in the Consular Officer's security shell and both working stock and passport preparation equipment are well protected. Her office is locked when she is absent. The MCO and DMCO need to develop a method to verify that they have signed off on all passports in a working stock batch (issued or spoiled) before issuing another batch. A daily log is recommended to cross reference working stock against passports issued, while original documentation is still held within the Consular Section. This will enable the MCO and DMCO to question missing stock before the monthly inventory is done. In the course of the audit, randomly selected passport applications were reviewed for completeness, accuracy and adherence to policy. All were well-documented with all verifications complete before passports were released.

4.1.8 The monthly passport inventory is undertaken by the Consular Officer accompanied by the MCO or DMCO with the HOM verifying the passport inventory on a quarterly basis. Reports are done on time and an inventory count showed no discrepancies.

4.1.9 The Consular Assistant collects consular fees which are kept in a cash box. Official receipts are issued to clients for all transactions. Fees are currently reconciled semi-monthly but should be done on a weekly basis, at the time when the fees are delivered to the Accounting Section. An official receipt is issued by the Accounting Section to the individual delivering the funds.

Recommendations for the Mission

4.1.10 A formal learning plan with set goals and time frames for deliverables should be developed for the Consular Assistant.

- 4.1.11 New passport working stock batches should only be issued when the previous batch has been completely reconciled.
- 4.1.12 Current passport working stock should be reconciled against usage on a daily basis.
- 4.1.13 Consular revenues should be reconciled and deposited with the Accounting Section on a weekly basis.

Mission Actions and Time Frames

- 4.1.10 Since the Audit Team's visit, the Consular Assistant has successfully completed the In-Canada Consular Specialist Training Program. Follow-up to that training will be carried out as follows:
- Review and organise the learning material the Assistant received during her in-Canada training in order to establish clear objectives in all areas: passport/citizenship/consular . This will be done in conjunction with the LE Consular Officer and completed by the end of October.
 - Discuss with the Assistant her own priorities and where she believes knowledge is lacking. This will be done in conjunction with #1 above and will be a part of objective setting exercise to be completed by the end of October.
 - Use the LE Consular Officer as her principal resource and mentor to learn more and gain more in-depth experience in consular matters. This will be an on-going process.
 - Assign to the Assistant hands-on consular casework, starting with uncomplicated, straightforward cases and following through to closing, in order to maximise her effectiveness and her support of the section. As this will form part of the objective setting exercise, the assigning of casework will commence in November 2005.
- 4.1.11 Passport working stock to be reconciled each time the LE Consular Officer or Assistant requests replenishment of that working stock.
- 4.1.12 Mission procedure is for DMCO to verify all passports issued on a daily basis before authorizing their release. DMCO maintains a control list of all passports which have been issued to the LE Consular Officer as working stock. These are checked off against

control list daily as part of verification process. By doing this, DMCO can ensure that passports are being issued sequentially, which is an adequate daily control mechanism. This process is supplemented by conducting regular monthly reconciliations, and as an added control mechanism DMCO or MCO will conduct random reconciliations of the working passport stock during the month. Also, Passport Office monitors passport issuance daily via COSMOS PMP and issues immediate alerts electronically should passports be issued out of sequence. Alerts are copied to the LE Consular Officer, the Consular Assistant, and the DMCO.

4.1.13 Instructions have been given by the MCO to the LE Consular Officer to reconcile and deposit revenues weekly and this has now been implemented.

ADMINISTRATION PROGRAM

5.1 Management of the Program

Overview

5.1.1 The Management/Consular Officer (MCO) is experienced and hardworking and the Program is effectively meeting the many challenges it faces on a day-to-day basis. These challenges include:

- ensuring effective cash controls are in place (payments in Syria are essentially all in cash);
- dealing with a sizeable Mission staff of 25 CBS and 58 LES;
- managing a large housing portfolio;
- providing administrative support to the Quebec Immigration Office (co-located in a Chancery Annex); and,
- having to work in a Chancery which is multi-annexed and multi-levelled and dysfunctional from a work-flow perspective.

Moreover, the Consular Program, which is consuming approximately 20 percent of the MCO's time, has been highly sensitive in that several cases have received media attention in Canada.

5.1.2 The MCO is supported by a Deputy MCO who, while an experienced employee, is on her first assignment in the Administration and Consular Programs. Since her arrival in August 2003, she has been carefully mentored by the MCO and is being given progressively greater responsibility as her posting progresses. She would benefit from an accountability agreement citing measurable objectives to achieve. Expectations would then be clear and the basis upon which her performance is to be evaluated would be understood. Both employees are scheduled to depart the Mission in the summer of 2005, ***. It is important that there be some continuity in the management of the Program. The timing of the departure of these employees should therefore be staggered.

5.1.3 Staff in Administration are of high quality. The Program is sufficiently resourced to deliver effective service. On the financial side, the forecast at the time of the audit indicated an overall surplus of \$89,807; an operating surplus of \$214,000; a forecasted gain on currency exchanges of \$485,000; but a budget deficit in LES salaries of \$132,000. Program management is concerned that given the restrictions in moving money between budget items, there will not be sufficient funds to pay the local staff. The Mission would like to see the LES Salary Reference Level appropriately funded to avoid recurring deficits each year.

5.1.4 The Program is operating with a set of generic service standards developed by Headquarters. While clients voiced a high degree of satisfaction with the

quality of service offered by Administration, the Program, nevertheless, needs to develop its own standards so that clients will know the precise level of service to expect and the time frame for delivery. Attached to these service standards should be a listing of the personnel responsible for each of the specific functions.

5.1.5 The Program would also benefit from staff meetings to review the work plan and to monitor performance. While the MCO is accessible and well liked by staff, they indicated that they would welcome more active communication from management, and the opportunity to hear from colleagues regarding their involvement in the Program. The work plan is currently a list of activities within the various administrative disciplines. A more results-based plan, which would identify objectives, time frames, required resources and expected outputs, is needed.

Recommendations for the Mission

5.1.6 A results-based work plan should be developed for the Administration Program which would identify objectives, time frames, required resources and measurable outputs.

5.1.7 The MCO should hold regular staff meetings of all office Administration and Consular staff to improve communications, review workload priorities and monitor Program performance.

5.1.8 Service standards, customized to the Mission, should be developed to ensure Administration clients are aware of the level of service to expect and the time frame in which services are to be delivered.

5.1.9 An Accountability Agreement should be developed by the MCO for the Deputy MCO to outline clear performance expectations for the DMCO in both measurable and qualitative terms, and to develop a basis upon which it is to be evaluated.

Mission Actions and Time Frames

5.1.6 The PMP program will provide framework for identifying objectives and priorities, as well as performance indicators to be utilized to measure results. PMP agreement for MCO will be completed by the end of October 2005 and for DMCO, PMP agreement was completed in September 2005. PMP agreements for three LES officer positions in administration/consular section will be completed by the end of October.

- 5.1.7** New MCO implemented monthly staff meetings with administration and consular staff (to be held separately) beginning in September 2005.
- 5.1.8** Generic interdepartmental MOU on Operations and Support Abroad was modified by DMCO and approved by CMM on October 17, 2005. MOU will be forwarded to HQ for posting on the Intranet by October 31, 2005.
- 5.1.9** The PMP system will fulfill this function.

Recommendation for RSR

- 5.1.10** RSR should evaluate the LES Salary Reference Level budget for Damascus to ensure the Mission is appropriately funded in all aspects of its operations.

RSR Action and Time Frame

- 5.1.10** RSR is currently working with the mission to conduct an analysis of reference level changes over the last few years to understand the recent deficit in LES salary funds. RSR will adjust the LES Salary Reference Level amount from fiscal year 2006-2007 to ensure that mission is funded properly following conclusion of that analysis.

5.2 Human Resources

5.2.1 The HR function is delivered by an HR Assistant (LE-05) under the supervision of the DMCO. Both the Assistant and the DMCO draw on the extensive experience of the MCO, who maintains an appropriate supervisory role. The past two years have been active with five staffing actions, six classifications, and a full review of position descriptions. During this period, a high quality level of service to Mission clients has been maintained.

Performance Review and Development

5.2.2 All position descriptions have recently been reviewed and updated. Mission management continues to monitor these descriptions to ensure they remain current.

5.2.3 The Mission has proper controls in place to ensure appraisals are completed on time. There are no outstanding appraisals. Staff are given the opportunity to discuss their performance review with management who generally provide constructive feedback.

5.2.4 A formal Mission training plan needs to be developed. Specific training needs as identified in the performance review process should be coordinated and addressed to the extent possible taking into account budget limitations and operational requirements. As part of the plan, the Mission needs to establish a training budget to offer managers the necessary parameters under which to prioritize training. The Mission has identified funding and developed a foreign language training plan for CBS officers and spouses.

Recommendation for the Mission

5.2.5 A formal training plan should be developed and a training budget established.

Mission Action and Time Frame

5.2.5 Mission training plan approved and circulated in September 2005.

LES Committee

5.2.6 The LES Committee is completely satisfied with the current management's responsiveness to matters raised in Committee meetings. The Committee meets regularly with management but in an ad-hoc manner. To promote communication and encourage open discourse, these meetings should be formalized and should be scheduled either monthly or bi-monthly. The Committee should also meet formally with the HOM quarterly. The current practice of preparing agendas and distributing meeting minutes should be continued.

5.2.7 The LES Committee consists of three members all at a similar substantive level, two of whom work in the Immigration Section. Consideration should be given to ensuring representation from different sections and employee groups (e.g officer level and non-office staff).

5.2.8 The LES Committee would like to be better informed of the basis for management decisions in general, and specifically of those pertaining to staffing and classification actions. The Committee would also welcome more communication on Health and Safety issues. While an Occupational Health and Safety Committee (OHSC) exists and is seen to be active, LES do not feel sufficiently informed of the results or effectiveness of the OHSC's recommendations to management. More formalized communications between Mission Management and the Committee may assist with some of these issues.

5.2.9 HLD visited the Mission in February 2005 to assist with a comprehensive benefits review. The review should be completed by the end of the 2005/06 fiscal year.

Benefits highlighted for review by the LES Committee include pension, severance and medical coverage.

Recommendation for the Mission

5.2.10 Meetings between the LES Committee and Mission management should be scheduled on a monthly or bi-monthly basis. The HOM should meet formally with the LES Committee at least quarterly.

Mission Action and Time Frame

5.2.10 MCO will meet formally with LES Committee quarterly and as required on an ad-hoc basis. HOM intends to meet with the Committee twice per year, with the first meeting scheduled for November.

Staffing Actions

5.2.11 Recent staffing actions were reviewed and members of hiring boards interviewed. The staffing process was found to be transparent with sufficient documentation to justify the selection of candidates. Some concern had been raised by staff regarding the extension of eligibility lists in the Immigration Section. Upon review, it was determined that the extension of eligibility lists was undertaken to reduce administrative burden, and the Department's two-year maximum for eligibility lists was observed.

5.2.12 The former Administration team used the term "promotion" when announcing the results of past internal competitions. This led to either expectation on the part of LES that they could be "promoted" following periods of good performance, or confusion as to why some people had been "promoted" and not others. Employees should be informed that a promotion occurs when an internal candidate is successful in a staffing action for a vacant position classified higher than the previous level of the winning candidate.

Classification Actions

5.2.13 Six classification actions reviewed were found to be well documented. A Classification Committee is in place and takes its role seriously, and Mission Administration is supportive and proactive in this regard as well. The audit team, however, has concern over how certain classification actions have been managed. Past practices in relation to classification actions raised some doubt, ***.

5.3 Physical Resources

5.3.1 Headed by the DMCO, the Physical Resources Section consists of seven employees, including three Drivers and an Inventory Clerk/Driver. Staff in the Section are hard working and the quality of service is considered by clients to be extremely good. The DMCO is well respected and staff appreciate the regular meetings held in the Section. Job definitions are clear as are reporting relationships for the most part. The Inventory Clerk/Driver's reporting relationship, however, needs clarification. None of the individuals involved with his duties (the Property/Materiel Assistant and the Materiel Assistant) are aware of who is supposed to be supervising him.

5.3.2 The housing portfolio at this Mission is large and includes the Crown-leased Official Residence (OR) and 24 staff quarters (SQs). Four of the SQs are Crown-owned and the others Crown-leased. All SQs are apartments. While Damascus formerly had several unconventional leases, this is no longer the case. The quality of the SQs compare favourably with those found elsewhere at other missions and those that are Crown-leased are generally better than those which are owned. Most are within a five minute drive of the Chancery. Rents average \$29,500USD and are paid annually in advance. There are indications that some over-housing exists at the Mission. Several singles live in 3+1 housing. Moreover, PRIME shows some SQs as having two bedrooms when, in fact, there are three but the third is not necessarily being used as a bedroom. It is suggested that, over time, when new leases are signed and occupants are assigned particular SQs, the allocation of SQs be better matched to the Departmental guidelines on housing.

5.3.3 The OR is also located close to the Chancery and is a good venue for holding representational events. The OR consists of the two bottom floors of a three storey building. There are some shortcomings with this facility, however. *** The third floor houses another tenant and there is very little space to park vehicles. If opportunities present themselves, SRD may wish to consider moving to another residence.

5.3.4 There are some health and safety issues with the Chancery. Staff employed in the Immigration Section in the lower level of the building complain about the air quality and odour in the building. Some have indicated they have been ill as a result. Air quality tests were taken early in the year and the Health and Safety Committee has commissioned further tests following a recent security upgrade of the Chancery. This issue was brought to the attention of SRD during our debriefing and SRD indicated it will follow this up with the Mission.

5.3.5 SRD work plans were assessed and it seems that some projects identified for early in the fiscal year have been deferred to the last quarter. The cleaning and painting of the exterior walls of the Chancery was originally identified by the Mission but when the list of approved projects from SRD came out, this refurbishment was not included. The Mission did not raise this with SRD despite the fact the Chancery shows

very poorly and is in dire need of an exterior refurbishment. SRD, when debriefed on the subject, indicated that it will discuss this with the Mission but suggested this may be the responsibility of the landlord.

5.3.6 The Mission will be re-doing its Mission Property Management Plan (MPMP) early in the new calendar year. PRIME is up-to-date, distribution accounts are completed for all SQs and Occupancy Agreements are signed except for the OR. This is to be done shortly. The distribution accounts for the Chancery and commercial storage need completion. It is estimated that some \$200,000 worth of materiel is on hand in commercial storage leased by the Mission. The Mission is currently maintaining its inventories on QuattroPro. It is looking at adapting a more-computer friendly method of taking inventory and is considering two systems currently used at other missions, i.e. Beirut and New Delhi. Both missions have electronic bar coding systems. While these systems do not have the endorsement of the Physical Resources Bureau (SRD), it is suggested that the Mission visit Beirut to evaluate the system in place there. This system could be adopted as an interim measure until SRD develops a universal inventory management system for all missions.

5.3.7 The Mission has recently leased new commercial storage from the same landlord as the previous storage site. The Mission was in the process of moving items to the new storage site at the time of audit. The former site could not be accessed due to electricity problems. The new storage which is costing \$18,000 US annually spans two floors and is extremely large. The Mission is planning to dispose of surplus assets shortly, the last sale having taken place in October 2003. The current size of the inventory and the amount of storage space brings into question why so much inventory is being held. The Mission needs to assess its holdings, dispose of assets considered surplus and evaluate the need for having such a large storage capacity. Opportunities may exist to effect savings in this area.

Recommendations for the Mission

- 5.3.8 **The Mission should ensure that the Department's guidelines on housing are respected and that PRIME accurately reflects the proper number of rooms for each staff quarter.**
- 5.3.9 **Distribution accounts for the Chancery, OR and the commercial warehouse should be completed. As a related measure, Beirut's bar coding system could be evaluated to determine its potential as an inventory control system for Damascus.**
- 5.3.10 **The Mission, together with SRD, should review the OR situation with a view to replacing it if opportunities are available.**

- 5.3.11** Projects identified in the SRD work plan should be completed as soon as possible, and the Mission should be pursuing the issue of refurbishing the exterior of the Chancery with the landlord of the building.
- 5.3.12** Surplus assets should be disposed of, and the need to maintain large inventories of assets, as well as the corresponding lease of the large commercial storage space, should be carefully evaluated.
- 5.3.13** The results of the air quality survey in the Immigration office space should be communicated to SRD when received, and a plan of action should be developed to address any indicated air quality problems in the Chancery.
- 5.3.14** The reporting relationship of the Inventory Clerk/Driver should be clarified and made known to all concerned in the Property Section.

Mission Actions and Time Frame

- 5.3.8** The Mission Housing Committee is extremely diligent in applying their procedures and in following housing guidelines. While some employees are over-housed according to the guidelines, none are under-housed. The over-housing is due to chance when in 2003 many newcomers were single persons. Because local practice is to sign leases of a three-year duration, it would be impractical to adjust the property profile annually to perfectly suit all family configurations.

PRIME has been updated to reflect accurately the number of rooms per SQ. There were a couple of cases where 8-room apartments were listed as having 7 rooms, because the “extra” room was not considered by Management to be of adequate standard for a bedroom.
- 5.3.9** Distribution Accounts for Chancery, Warehouse and OR will be completed before end of this FY.
- 5.3.10** SRD has been alerted to the desirability of replacing the OR, the lease for which expires in March 2007. Real estate agents will be alerted and the search for a new OR should actively start early in 2006 to allow time for any needed renovations and fit-up. This project will require ongoing liaison with SRD.

- 5.3.11** All SRD Maintenance Projects are complete with the exception of a fire alarm system and stairwell refurbishment in the Habbal Building. The latter project will be completed this fiscal year. Estimates of costs of the project have already been obtained. The feasibility of the former project will be discussed with the RMO during his upcoming visit in October 2005.
- 5.3.12** An auction of surplus assets was held in January 2005 and realized a net revenue of over \$25,000. Furniture ordered and received last FY is being distributed now. One small disposal operation took place July 28/05 and realized a gross revenue of SYP366,000 (all furniture sold was from SQ 3190094) and another major auction is planned for the Autumn. The lease for warehouse storage expires in early 2008, at which time other smaller suitable space may be sought, if practical. The DMCO and Materiel Assistant will work on a simple annual Materiel Plan for Damascus. This would be to establish an annual procedure for the acquisition and disposal of materiel. The goal will be to maintain a minimum amount of items in good condition on hand at all times, and to plan carefully annual needs, while maintaining a good standard of furnishings in all staff quarters.
- 5.3.13** The OH&S/Environment Committee will be undertaking another assessment of the air quality to follow up on the test done in early 2004. The DMCO is now arranging for the same environment agency to conduct further testing in the two lower levels of the Chancery.
- 5.3.14** The Inventory Clerk/Driver reports to the Administrative Assistant, and this has been clarified for all staff.

5.4 Finance

5.4.1 The Senior Accountant is an experienced LE-07, supported by two LE-05 Assistant Accountants. An LE-05 Administrative Assistant reports directly to the MCO (the Senior Financial Officer), who complements the Section by reviewing monthly financial reports and signing payment documents. The DMCO also plays an active role by performing random unannounced cash counts and reconciling all CAD financial instruments sent to HQ.

5.4.2 Accounting operations are significant. Responsibilities include controlling a budget totalling \$4.7 million and accounting for annual immigration fees of approximately \$6 million. The Mission has two bank accounts: a CAD account and a non-convertible Syrian pound (SYP) account. There are also two cash accounts: a USD and a SYP account. The majority of payments are by cash, and only 2-3 cheques are processed monthly through the SYP bank account.

Cash Accounts

5.4.3 Since Syria is a cash society, segregation of duties and controls over cash are particularly important. Access to the two cash accounts is controlled by the LE-05 Cashier, who has “read-only” access in IMS. Cash is located in a fire-proof safe, in a locked room that can only be accessed by the Cashier and the MCO. Reconciliations of the cash accounts are performed daily. Random “surprise” counts are also performed by the DMCO and/or MCO.

5.4.4 The USD cash account is the responsibility of the Senior Accountant who inputs these transactions into IMS and prepares the monthly bank reconciliation which is reviewed by the MCO. The SYP cash account is the responsibility of one of the Assistant Accountants who inputs the transactions and prepares the monthly bank reconciliation.

5.4.5 A cash count was performed on November 24, 2004 and the USD and SYP cash on hand agreed with IMS. The safe, however, contained cash, separated for pick-up by various vendors, that was not recorded in IMS. The payment authorization process was followed for these transactions, but the amounts in IMS were shown as collected. Treasury Board (TB) policy requires that accrual, rather than cash, accounting be followed by government departments. The concept of accrual accounting would require the Mission to record the cash payments as a liability until such time as the vendor collects the funds.

Recommendations for the Mission

5.4.6 Reconciliations of the USD and SYP cash accounts should be performed by an individual not integrally involved in the processing of individual accounts, in order to improve control.

5.4.7 All cash on hand should be appropriately recorded in IMS, including cash ready for pick-up by vendors, which should be recorded as a liability.

Mission Actions and Time Frames

5.4.6 Cash account reconciliations are carried out at end of month by the MCO or DMCO and the Administration Assistant who keeps the cash in a locked safe in her office. Her office door is always locked when she is absent and after hours. Currently the Assistant reconciles and then the MCO/DMCO re-counts the funds with her, comparing to IMS figures. Mission believes this satisfies Audit recommendations.

5.4.7 Given that there are few outstanding payments at the end of any given month, the Mission considers this to be an unnecessary addition to the workload. In order to ensure no outstanding payments remain at month end, the Mission will make an extra effort in the days leading up to the end of the month to have vendors collect payments.

Payment Processes

5.4.8 There are opportunities to improve efficiency in payment processing, particularly with personal phone calls at the Mission. Currently, each employee is required to maintain a personal call log, where personal calls made from the Mission are recorded. Each month this log is submitted to Finance, and one of the Assistants reconciles all employee logs to both the Softel report and the phone bill. This reconciliation process takes up to a week each month to complete. This three way reconciliation for personal calls is excessive. Since the Mission relies on employees' self-assessment for cell phone calls (it asks each phone user to identify personal calls made), it could also rely on self assessment for personal calls at the Mission. Thus, the personal logs could be the basis of billing for all employees, rather than reconciling the Softel report to the telephone bill. In addition, Finance could perform random "spot checks" on a few individuals each month to ensure their logs match the Softel report.

5.4.9 The Senior Accountant is concerned with the accuracy of payment coding of individual transactions in IMS. All three Accountants currently code IMS transactions. To help ensure the integrity of IMS data, it is suggested that the Senior Accountant be responsible for coding all transactions. He could stamp each invoice and manually record the coding for those transactions being inputted by the Assistant Accountants.

5.4.10 During the audit, it was observed that the "one time vendor account" was used for items other than ROLF refunds. SMFF procedures call for the "one time vendor account" to be used for ROLF refunds only. In addition, the MCO should be monitoring this vendor account monthly to ensure its proper use.

Recommendations for the Mission

5.4.11 The Mission should cease the monthly three-way reconciliation for personal telephone calls. Billing should be based on personal call logs. As a mitigating control, random "spot checks" could be performed on a sample of employees to ensure their logs agree to the Softel report.

5.4.12 To ensure integrity of IMS data, the Senior Accountant should be responsible for approving the coding of all transactions in IMS.

5.4.13 The MCO should monitor the one-time vendor account on a monthly basis to ensure that it is only being used to process ROLF refunds.

Mission Actions and Time Frames

5.4.11 Mission will rely on personal call logs and random spot checks of phone bills, as recommended.

5.4.12 The mission is of the view that it is more efficient (and reasonable risk management) to have the two junior accountants continue to enter codings on their own for regular, routine transactions, rather than requiring the senior accountant to approve the coding of all transactions in IMS . The senior account provides codings on all non-routine transactions. He also tracks codings received from HQ and other missions for payments to be made on their behalf. As an additional control, the senior accountant will review coding transactions on an ad hoc basis to ensure that proper and consistent coding is being used. He will also continue to provide coding advice to the junior accountants as required.

5.4.13 MCO will run a monthly report on the one-time vendor account.

Immigration Fees

5.4.14 Controls over Immigration fees appear adequate. Applicants pay fees at the Mission in cash (USD, CAD or SYP) or by another type of CAD financial instrument (cheques, bank drafts, etc.). The Cost Recovery Clerk (CBS) forwards reconciling documentation from the POS+ system, along with the financial instruments, to the Finance Section for input into IMS on a daily basis. USD and SYP cash is given to the Cashier and an official receipt is given to the Cost Recovery Clerk for both currencies. The CAD cash and financial instruments are given to one of the Assistants, who also issues an official receipt.

5.4.15 After inputting the information into IMS, the Assistant stores the financial instruments in her fire-proof safe. Current practice has the same Assistant meeting with the DMCO each time a remittance to HQ is made, usually every 10 days. The DMCO verifies that the amount in IMS agrees to the amount of financial instruments to be sent to HQ.

5.4.16 The fire-proof safe is located in the shared office of the two Assistant Accountants. The safe is opened by a key, which is always kept with the Assistant. The Team observed that while the Assistant was counting the monies received from the Cost Recovery Clerk, a number of people entered and exited the office. In addition, the

door to this office does not lock, so when the Assistants are away, the office and the financial records within are easily accessible.

5.4.17 This fiscal year, new “undertaking” documents were developed by the Immigration Section. These documents outline the responsibilities of each staff member involved in the Immigration cost recovery process, including Finance. These documents were reviewed and found to accurately describe the responsibilities of each person and included appropriate segregation of duties and management oversight of funds.

5.4.18 Immigration advised the Team that it would be supplementing these “undertakings” with a new Quality Assurance (QA) process which would include random sampling of Immigration files to ensure that all necessary documentation, including receipt of funds, is included.

Recommendation for the Mission

5.4.19 As an added control, for each CAD remittance to HQ, the Assistant (other than the Assistant who inputs the data into IMS) should meet with the DMCO to reconcile funds on hand. This could be done by reconciling the official receipts to information entered into IMS to the actual funds on hand.

5.4.20 A lock should be installed on the Assistant Accountants’ door to prevent access during their absence. The door should be locked when the safe is open.

5.4.21 The Immigration Section should begin its QA process as soon as possible, particularly the matching of visas issued to funds received, as this reconciliation is key to ensuring all funds received by Immigration have been recorded in POS+.

Mission Actions and Time Frames

5.4.19 One assistant accountant will enter the CAD remittance data into IMS; the second assistant accountant will reconcile the remittance with the DMCO. This has been implemented.

5.4.20 The door already has a lock. A key has now been provided to the Assistant Accountants, who now keep the office locked when it is unoccupied and after hours. The key will be retained in the DMCO’s office.

5.4.21 This item has been referred to the Immigration Officer responsible for cost recovery operations.

Asset and Liability Accounts

5.4.22 Prior to March 2004, the Mission was monitoring its asset and liability accounts on a monthly basis. The Senior Accountant would prepare a summary outlining the balances in various G/L accounts and the MCO would review the listing and follow up where appropriate. In March 2004, this practice stopped, apparently as a result of an SMFF request. It was confirmed, however, that monthly monitoring of asset and liability balances is still required under SMFF procedures.

Recommendation for the Mission

5.4.23 The Mission should monitor asset and liability balances on a monthly basis to ensure that recoverable amounts are collected and payable amounts are paid on a timely basis.

Mission Action and Time Frame

5.4.23 Monthly monitoring of assets and liabilities will be resumed immediately.

Materiel Management Module

5.4.24 Currently, the Mission does not use the Materiel Management (MM) module in IMS. A new policy was introduced by HQ, effective December 2004, which requires all contracts approved by the Contract Review Board to be entered into the MM Module.

Recommendation for the Mission

5.4.25 The Mission should begin using the Materiel Management module in IMS to comply with HQ policy on Contracting. Staff using this module should receive appropriate CSFI training.

Mission Action and Time Frame

5.4.25 Done. All staff involved in accounting and the DMCO have received on-line training and the Accounts staff have been granted the necessary access to IMS Materiel Management module to complete the function. All contracts will be entered as well as all lease agreements.

General

5.4.26 A sample of hospitality claims was reviewed and found to be within the Mission's internal guidelines on Hospitality. The Mission's guidelines were found to be in accordance with the TB policy on Hospitality.

5.4.27 Recently, a consumption tax was introduced in Syria. At the time of the audit, the Mission was unsure how this tax would be treated, i.e. whether the Mission would be exempt, or whether amounts paid would be recoverable.

5.4.28 ***

Recommendations for the Mission

5.4.29 The Mission should monitor developments surrounding the new Syrian consumption tax. If this tax is paid by diplomatic missions, the Mission should contact the Syrian tax authorities to determine if these amounts are recoverable.

5.4.30 ***

Mission Actions and Time Frames

5.4.29 Recently, the German Embassy was advised that their diplomatic employees could receive TVA rebates on a reciprocal basis for purchases over about €200 or the equivalent in Syrian Pounds. Mission will contact FAC Protocol to learn what tax-exempt privileges are granted to Syrian diplomats in Canada before approaching the MFA on the matter.

5.4.30 ***

Canada Club

5.4.31 The Chimo Club operates on the property of a Crown-owned four unit apartment building. The Club includes an indoor entertainment and lounge area, a pool and a gymnasium. The Club's purpose is to provide recreational and social facilities to the 25 Canada-based staff and their families posted to Damascus. A five member elected executive essentially run the Club and there is a Constitution which sets out the Club's policies and procedures. The Constitution was developed some years ago and changes have taken place in the Club which have not been reflected in the Constitution. This Club is very active and great use is made of the facilities, e.g. holding training sessions, farewell dinners and private functions. At least one major function is held

each month. Formerly, associated and sponsored members were allowed into the Club but this is no longer the case.

5.4.32 Financial statements are prepared by the Treasurer and provided to the HOM. When there is a manager/bar tender on duty, bar cards are used; otherwise, an honour chit system is used. There is no cash handled in the lounge. Financial statements are not audited, and given the low number of users of these statements and the small dollar amounts involved, this would seem appropriate. Inventories, however, are not taken, but should be. There appears to be appropriate internal control of the operations and access to the inventory is limited. Signing authority for the bank account is restricted to the executive.

Recommendations for the Mission

5.4.33 A review of the Chimo Club's Constitution should be undertaken and the document revised, where required.

5.4.34 Inventories of liquor and beverages should be taken and shown in the Statement of Income and Expenses under the category of "cost of goods sold".

Mission Actions and Time Frames

5.4.33 The executive committee of the Chimo Club has reviewed the auditors' recommendations. Draft revisions are with Club executive and will be presented to membership at next general meeting which will be held in January 2006.

5.4.34 The treasurer and bar manager are in the process of completing an inventory (and setting up a formal procedure for same). The inventory will appear on the formal Income Statement, as "cost of goods sold", which will be presented at the AGM and to the HOM. Inventory will be finalized by October 31, 2005. This is date that new bar manager will take over from outgoing bar manager.

APPENDIX

The following tables indicate the areas of each Program that were reviewed to determine compliance to policies and procedures and to assess efficiency and effectiveness. For each Program listed, reference can be made to the specific audit guides on the site Office of the Inspector General (ZID) Intranet site containing the detailed audit criteria and audit procedures applied during the audit.

The focus and extent of on-site work is based on an assessment of materiality and related risk. This is done through communication with HQ bureaux, including briefings by line management and the functional bureaux responsible for each of the areas listed below, review of relevant HQ and mission documentation and past audit findings and an analysis of recurring trends and systemic issues.

During the audit, audit issues and lines of enquiry are further refined from information gathered through interviews with the HOM and Program Managers, a confidential survey questionnaire of all staff, a meeting with the LES Committee, individual interviews with staff, and results of other documentation reviewed.

The level of audit work for a given area is therefor based on issues and information identified and gathered at all levels, HQ, mission management, and mission operations. Accordingly, not all areas received equal attention. More work and time are devoted to material and high risk issues, particularly those of interest to management. Occasionally, due to time limitations or other factors, it is not possible to provide audit coverage for all areas. Areas not covered are noted in the Scope and Objectives Section of the report.

Mission Management

Accountability Agreements	Communications
Strategic and Operational Plans	Hub and Spoke Relations
Program Integration and Coordination	Other Government Departments
Committee Structure	Performance Measurement

General Relations Program

Management of the Program	Media Relations
Program Planning	Cultural Affairs
Political Reporting	Performance Measurement
Economic Reporting	

International Business Development Program

Management of the Program	Investment
Program Planning	Science and Technology
New Approach Framework	Trade Policy and Market Access
Trade Development	Performance Measurement

Consular Program

Management of the Program	Citizenship Services
Service to Canadian Citizens	Honorary Consuls
Passport Processing	Admission to Canada

Administration Program Management

Management of the Program	Services Standards
Program Planning	Communications
Policies, Systems and Procedures	Performance Measurement

Human Resources

Management of the HR Function	Classification
Staffing	Pay and Benefits
Staff Relations	Training and Development
Official Languages	Health and Safety
Community Program Activities	Import of Goods

Physical Resources

Mission Property Management Plan	Official Vehicles
Chancery	Inventories
Official Residence	Materiel Management
Staff Quarters	Recreational Property
Maintenance	Disposals

Finance

Budget Process	Reconciliations
Control Framework	Banking
Expenditure Authority and Payment	Cash Accounts
Receipt and Deposit of Money	Advances
Transfers (COs, IOs and SOs)	Petty Cash
Cost Recovery	Currency Conversion
Contracting	Hospitality