



AUDIT OF THE CANADIAN EMBASSY

MADRID (including Barcelona)

April 2006

**Foreign Affairs and International Trade
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 was conducted in Madrid, June 13 to 17, 2005. An audit of the Mission was last conducted in October 1997.

The Head of Mission (HOM) has quickly gained the confidence and respect of Mission staff by providing support to Programs and participating in activities and events. He is accessible to Program Managers and staff while delegating an appropriate degree of autonomy to Programs. The Mission has a solid planning process in place and a good committee structure. One of the challenges that has faced the Mission for some time is the need for more communication. More frequent Committee on Mission Management (CMM) meetings to discuss management and administrative issues as well as all-staff meetings and more frequent Locally-engaged Staff (LES) Committee interaction with management would improve the sense of team and morale among staff. It would also convey an attitude of trust on the part of Management.

The GR Program is delivering good results on bilateral, public affairs and cultural activities. A Communications Committee is serving all Mission Programs on communication related initiatives. More structure in the form of regular meetings and documented workplans would provide the Program and staff with clearer direction and would allow for better measurement of outputs and results. More operating money is required for training and travel, both of which will increase the effectiveness of staff.

The IBD Program is well managed with good direction and leadership. Program plans are in place as well as workplans for staff. Program meetings occur regularly and operations and performance are properly monitored. An investment strategy is under development and the science and technology portfolio is well coordinated. Support resources are insufficient and will be further stretched with the planned addition of a Canada-based Staff (CBS) Officer. Classification differences between support positions in Madrid and Barcelona need to be examined.

The Barcelona Trade Office is an effective operation. There is increasing effort being made to enhance co-ordination and co-operation between the two offices, including developing a Memorandum of Understanding (MOU) defining roles and responsibilities.

The Consular Program is providing timely service to clients and operations are properly managed and controlled. Both Honorary Consuls in Malaga and Barcelona are providing good service. Consideration has been given to amalgamating consular operations in Barcelona with the Trade Office. ***

The Administration Program has good controls and systems in place; however, this is combined with an approach that emphasizes control over service.

More direction and guidance are required by Mission Management regarding administration policies and service levels. Staff view Administration as bureaucratic and inflexible. Communications from the Program tend to be one way, with little opportunity for dialogue. A more proactive approach is required to determine client needs and levels of satisfaction in order to adjust service responsiveness.

A total of 43 audit recommendations are raised in the report; 42 addressed to the Mission and one to Headquarters. 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 42 have been implemented. For the remaining recommendation, management has indicated the intended future action.

SCOPE, OBJECTIVES, 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. An Appendix to this 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 program;
- 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.

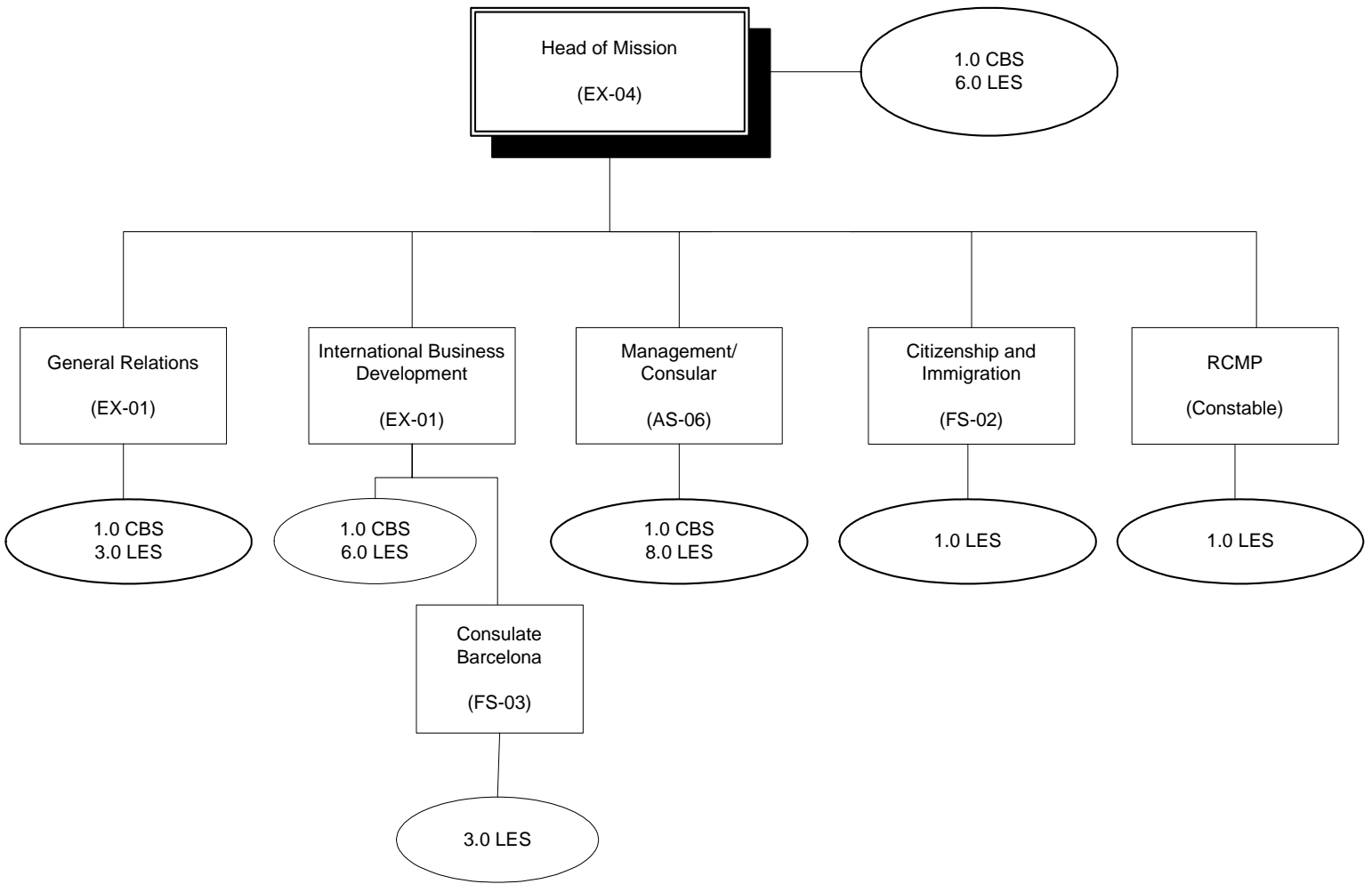
Physical Resources

Assets	Crown Leased	Crown Owned
Chancery	0	1
Barcelona Office	1	0
Official Residence	0	1
Staff Quarters	10	0
Vehicles	0	4

Financial Information 2004/05

Operating Budget (N001)	\$1,649,013
Capital Budget (N005)	78518
CBS Salaries Budget (N011)	708389
LES Salaries Budget (N012)	1749350
Total	\$4,185,270

Organization Chart



MISSION MANAGEMENT

1.1 Overview

1.1.1 Madrid is a classic-sized Mission with 10 CBS and 24 LES. Madrid is a modern city in a country that has developed a dynamic economy under the auspices of European Union membership. Canada has a straight forward relationship with Spain, with certain issues requiring constant monitoring ***. The Mission is in the process of acquiring a new Chancery that will provide more modern accommodation and enhance security.

1.1.2 The HOM is an experienced and senior diplomat who provides support to all programs, is accessible and actively participates in program activities. Performance Measurement Agreements are in place for all managers and these are used to monitor operations and evaluate performance. There is an annual planning process with goals and objectives assessed throughout the year that results in the Mission business plan.

1.1.3 There is a committee structure in place with well documented procedures and fair distribution of responsibilities among staff. There is a weekly Operations Committee attended by the HOM, the two officers in the GR Program, the IBD Program Manager and the Management/Consular Officer (MCO). This Committee shares information, discusses upcoming events and visits and other operational issues. The CMM is a wider committee composed of all Program Managers. The CMM discusses mission-wide issues but meets infrequently. Other committees include a Housing Committee, a Health and Safety Committee, Awards Committee, Official Languages Committee, and a Contract Review Board. The Mission has a Communications Committee that initiates and coordinates all issues involving external communications.

1.1.4 Challenges that the Mission faces include increasing the involvement of management in dealing with administrative issues. The Administrative Program is too often seen by staff as making decisions regarding policies and their implementation in isolation. This is reinforced by the tendency of Administration to emphasise control rather than service by focussing on systems and procedures as opposed to results. CMM meetings that would normally deal with mission-wide issues, including administrative items, have been infrequent. It is suggested that regular CMMs be scheduled and that minutes be shared with staff. As well, staff meetings which can be used to communicate decisions, discuss issues and elicit input and comments are not being held. The LES Committee was recently disbanded in frustration due to infrequent meetings and a lack of dialogue on the part of Management. Management needs to encourage reconstitution of the LES Committee as it provides a useful forum for communication with our local staff and can be used pro-actively to facilitate effective human resource management.

Recommendations for the Mission

- 1.1.5 The Mission should hold more frequent CMMs.**
- 1.1.6 Minutes of the CMM and Operations Meetings should be distributed, where appropriate, to all staff on a regular basis.**
- 1.1.7 The LES Committee should be encouraged to re-assemble. The HOM should commit to meet quarterly with the LES Committee and periodically with all LES staff.**
- 1.1.8 All-staff meetings should be held several times per year.**

Mission Actions and Time Frames

- 1.1.5 The Mission now holds CMMs monthly (third Monday of every month).**
- 1.1.6 Minutes are circulated to all staff. In addition, to improve communication throughout the Embassy, minutes of the weekly operations meetings are also circulated to all staff.**
- 1.1.7 We have encouraged our LES staff to re-assemble their committee. However, so far it has yet to re-organise itself. Once the committee has been re-established, the Mission will continue its practice of distributing the minutes of meetings to all staff.**
- 1.1.8 A total of two (2) staff meetings have been held since the audit. Meetings will be organized every two months or more frequently if required. Management received positive comments from staff following the last meeting.**
- 1.1.9 There is an Honorary Consul in Barcelona as well as a Trade Office. The Honorary Consul reports to the MCO, as his primary duties relate to the Consular Program. The Honorary Consul is also tasked to provide support to other Programs and the HOM as required. Since the opening of the Trade Office there has been confusion regarding the role and responsibilities of GR and IBD programming and tasking of the Honorary Consul. There is a need for the Mission to develop a formal tasking agreement with the Honorary Consul outlining expectations and differentiating roles and responsibilities of the Trade Office and the Honorary Consul. The Mission has not consistently provided to the Honorary Consuls, in both Barcelona and Malaga, annual tasking letters setting out the goals and objectives for the upcoming year and then conducted a yearly performance review to assess their performance.**

1.1.10 Consideration has also been given to assigning Consular duties to the Trade Office to consolidate operations and avoid confusing clientele. Due to the fact that the Honorary Consul is providing good service at a very reasonable cost ***, the decision to combine operations should be delayed ***.

Recommendations for the Mission

1.1.11 **The Mission needs to provide to the Honorary Consuls an annual tasking letter setting out the goals and objectives for the upcoming year.**

1.1.12 **Performance reviews for the Honorary Consuls should be done on a yearly basis.**

Mission Actions and Time Frames

1.1.11 **A detailed letter of offer was provided to our newly appointed Honorary Consul in Malaga in June 2004 outlining his role and responsibilities for his first year as a representative of the Canadian Government. The annual tasking letter has been completed.**

1.1.12 **Annual performance reviews will be implemented in the 2005-2006 cycle. HQ has recently accepted the Mission's recommendation regarding the extension of Barcelona's Honorary Consul for another 3 years based on his excellent performance. The Mission will prepare his tasking letter for the next period.**

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 The General Relations Program in Madrid is managed by an experienced FS-02 Officer acting in an EX-01 position. The Program is supported by a CBS Foreign Service Development Program (FSDP) Officer, two LES Officers and an LES support position. The Program Manager is primarily responsible for foreign relations, including the fisheries file. The CBS Officer oversees cultural and academic relations and is responsible for coordinating public diplomacy projects and for monitoring and reporting on internal politics as well as bilateral relations for cultural and U.N. issues. The Public Affairs Officer works closely with both CBS and is responsible for public affairs and communications, including media relations. The LE-07 Officer is responsible for culture and academic relations. The Administrative Assistant provides support to all officers. Both CBS Officers will be departing this summer and are preparing hand-over files for their successors.

2.2 Management of the Program

2.2.1 Bilateral relations with Spain are active with on-going involvement particularly on the fisheries file. There is a significant amount of reporting to HQ which is well received and valued. Roles and responsibilities within the Program are well defined and resource levels are adequately matched to the workload. A mission-wide Communications Committee has been established along with a communications strategy. This has been useful in coordinating mission participation and in ensuring effective external communications. The Public Affairs Officer also participates in the IBD Program meetings in order to keep informed and to be able to respond to their needs.

2.3 Planning and Communications

2.3.1 While the Program Manager maintains open access to staff, more support and guidance to staff are required. Planning and objective setting are informally based on the Performance Management Agreements (PMAs) in place for the HOM and the Program Manager. Objectives for staff tend to be high level and general and not tied to specific workplans. Due to timing conflicts, program meetings take place infrequently. More effort is required to establish a Program workplan and related objectives that then cascade into individual workplans and objectives. There is also a need to hold more structured Program meetings to discuss plans, their implementation and on-going operations.

Recommendations for the Mission

- 2.3.2** The Mission should ensure that formal workplans are developed for the GR Program and for staff.
- 2.3.3** Regular operational meetings should be scheduled to share information and to monitor and adjust plans.

Mission Actions and Time Frames

- 2.3.2** The GR Program Manager has shared his PMA with all section staff to help provide clarity on program priorities. The PMA was used as the centrepiece of a work planning session in October 2005 to establish specific priorities/outcomes. After the planning session each GR staff elaborated individual PMAs (under the new PMP application format) with their supervisor, to layout their specific work objectives and expected outcomes for the current evaluation period. Similar group and individual work planning exercises have taken place each year in line with the financial year.
- 2.3.3** The GR Section has established the practice of holding a weekly meeting (Monday afternoon), chaired by the Program Manager, or in his absence the Third Secretary (FSDP officer), to discuss upcoming work, adjust work loads and bring each other up to date on information of common interest. Informal gatherings have also been encouraged to permit less structured exchanges.
- 2.3.4** There is no reporting contract between the Geographic Bureau (RRD) and the Mission which outlines reporting priorities, including subject matter, and the nature and frequency of reporting. The Mission and the Geographic should hold discussions to establish a reporting contract.

Recommendation for RRD

- 2.3.5** The Geographic should develop a reporting contract that sets out the priorities and reporting expectations.

RRD Action and Time Frame

- 2.3.5** The Mission's reporting contract has been completed.

2.4 Resources

2.4.1 More resources are required to provide staff with job related training and to ensure that staff are able to attend regional meetings with counterparts and colleagues from other missions. Both training and networking are important so that staff are aware of HQ and regional initiatives that can be applied to the GR Program in Madrid.

2.4.2 Currently LES Officers use the Program Manager's hospitality allocation for events. The Program may wish to look at allocating a portion of the hospitality fund to each Officer to provide them with a firm budget to plan from.

Recommendations for the Mission

2.4.3 In conjunction with more proactive programming, appropriate travel and training resources should be allocated.

2.4.4 The Mission should prepare a business case to justify additional program operating funds.

Mission Actions and Time Frames

2.4.3 The GR Program Manager has encouraged all staff to consider training, networking and travel that would help them improve in their jobs. He followed up with individual meetings to discuss and propose options with all staff. All PMPs will include a training component with appropriate resources identified and allocated to support their execution.

2.4.4 With the support of Mission Administration, an overview of recent GR Section spending has been compiled. A business case has been prepared for more GR Section resources and discussions have begun with HQ.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Management of the Program

3.1.1 The IBD Program in Spain is managed by an experienced Officer acting in an EX-01 position. He is supported by a team of four LES Trade Commissioners (TCs) and two support staff in Madrid and by a Trade Commissioner, an LES Trade Commissioner and two support staff in Barcelona. In the summer of 2005 the Program will add a CBS Officer in Madrid.

3.1.2 The IBD Program is well managed with good direction and leadership from the Program Manager. There is a good planning process in place that identifies and assigns priority sectors and workplans for staff. Section meetings are held every two weeks to share information, coordinate activities and to look ahead at upcoming events. The Program Manager has weekly meetings with each Officer to review activities for the week, provide advice and guidance and to participate in their plans where appropriate.

3.1.3 There is a solid approach to investment with a formal strategy under development. All Officers provide input to the strategy and participate in identifying leads and making corporate liaison outcalls. There is a good understanding of the approach in place and of the roles expected of the TCs, the Program Manager and the HOM.

3.1.4 The Science and Technology portfolio is assigned to one Officer who is very knowledgeable and experienced. Collective initiatives and efforts are coordinated through this position. An InfoCentre is in place providing good support and coordination to both offices.

3.2 Resources

3.2.1 With the arrival of the new CBS position, support resources, which are already stretched, will be inadequate to properly support the Program. *** These pressures will necessitate adding at least one half an FTE (full-time equivalent position) to the Program.

3.2.2 Classification differences between the Commercial Assistants in Madrid and Barcelona need to be analyzed to ensure fairness. The Assistant in Barcelona is classified at the LE-06 level while the two Assistants in Madrid are at the LE-05 level. All three positions have similar job packages.

Recommendations for the Mission

- 3.2.3 A business case should be developed and submitted to HQ for additional support resources.**
- 3.2.4 A classification review of the Commercial Assistants should be undertaken.**

Mission Actions and Time Frames

- 3.2.3 Consultations are underway with TBX and other parties to identify a resource center that would entertain such a business case.**
- 3.2.4 The Program Manager has redrafted the job description of position EXT305477 to reflect changes (introduction of TRIO, Infoexport). A classification review of all three Commercial Assistants occurred in March 2006.**

3.3 Barcelona

3.3.1 The Barcelona Office is a small but effective operation. The Trade Commissioner in Barcelona reports to the Program Manager in Madrid. Administratively the Office is supported by Madrid. A very successful all-Program retreat was held in Valencia in the spring. This retreat brought both offices together and decisions were made in terms of assignment of priority sectors and establishing procedures to enhance coordination between the offices. Commitments were also made to identify and develop further areas and means of cooperation. Part of this commitment was to establish an MOU between Madrid and Barcelona that would clearly define roles, responsibilities and modus operandi in achieving better integration of operations and therefore program effectiveness.

3.3.2 The Crown-leased Staff Quarter (SQ) in Barcelona has proven to have some deficiencies: too small for the family configuration, air conditioning problems and safety concerns. Since the audit, the Mission has indicated that the air conditioning and safety issues have been rectified. A newly renovated SQ was selected by the Housing Committee and the family successfully moved to this SQ in early December 2005.

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The Consular Program is managed by the AS-06 Management/Consular Officer (MCO), and supported by an LE-09 Consular Officer and two Assistants (LE-06 and 05). Consular services are provided in a timely fashion to clients. Passport blanks, consular revenues and other assets are adequately protected. The Mission held a Consular retreat for Mission and Consulate staff in May 2005.

4.1.2 In 2004, the Mission provided 1100 passports services and handled 120 citizenship applications and 630 notarial requests. Consular Contingency Plans for Spain and Andorra are up to date. The Registration of Canadians Abroad (ROCA) system indicates there are 2300 registered Canadians. The United Kingdom delivers emergency passports (and can sign statutory declarations) both in the Canary and Balearic Islands.

4.1.3 While there is generally good communication within the Consular team regarding casework, there are no Program meetings held to discuss more administrative matters such as workload or procedures. A monthly meeting would provide a regular forum to raise these issues.

4.1.4 While controls within the Program are considered good, in the absence of the MCO, the Consular Officer, with designated signing authority, does the final verification of completed passports. Given that the Mission has a Deputy MCO (DMCO), a best practice would be to change this process so that the DMCO assumes this responsibility when the MCO is unavailable.

Recommendations for the Mission

4.1.5 Monthly meetings need to be held to provide a regular forum to raise application processing and other operational issues.

4.1.6 In the absence of the MCO, the DMCO should assume responsibility for verifying completed passports.

Mission Actions and Time Frames

4.1.5 The team is small and communication is good and fluent between team members. The team virtually meets daily. However, especially with the upcoming changes in passport procedures, a monthly meeting of consular staff will be a good occasion to monitor effects on workloads and on customer services and discuss other

organizational matters. This should prove very effective and is now organized every third Wednesday of every month.

- 4.1.6 In the absence of the MCO, the D/MCO has been verifying/approving (with the recent implementation of MPPS in Madrid) completed passports since mission was instructed to do so by the Audit Team.**

4.2 Honorary Consuls

4.2.1 There is an Honorary Consul in both Barcelona and Malaga, each with an Assistant. The Mission indicated that both offices are providing good service to clients. A third Honorary Consul will be added in Galicia, though this office will be used for Trade rather than for Consular purposes. As discussed in paragraph 1.1.10, any proposals regarding the Honorary Consuls, particularly in Barcelona, need to include input from the MCO given the potential impact on the functioning of the Program.

4.2.2 As noted in paragraph 1.1.9, the Mission needs to provide to the Honorary Consuls annual tasking letters and conduct a yearly assessment of their performance.

4.2.3 Currently the Mission indicates proof of payment on passport applications received from the Honorary Consuls by running each sheet through the cash machine, following the verification with the payment list. In order to streamline the process the Mission should look at other means, for example, using a stamp to mark "Paid", which would speed up the process.

4.2.4 The Mission should also review the passport procedures in place at the Consulates during the absences of the Honorary Consuls to ensure that blank documents are not being signed prior to their departures.

Recommendations for the Mission

- 4.2.5 Examine ways to streamline the process for indicating proof of payment on passport applications received from the Honorary Consuls.**
- 4.2.6 Review the passport procedures used at the Consulates during the absences of the Honorary Consuls.**

Mission Actions and Time Frames

- 4.2.5 The monthly processing of every passport "work sheet" when registering passport fees received from Honorary Consuls in Barcelona and Malaga is indeed quite time-consuming. The mission proposes to use a stamp indicating "paid- Canadian Embassy- date"**

validating the work sheet instead of validating the work sheets individually through the cash register.

4.2.6

As per our country strategy, our objective is to consolidate the operations of our Consulates in Barcelona. When completed, this will optimize service and alleviate the need for such contingencies. In the meantime and following consultations with ZIV and the Passport Office, Madrid will provide training to the CBS Trade Commissioner in May or early June of 2006 on how to properly entitle and produce EPs in order to have him/her issue EPs from the Honorary Consul's office on an urgent basis during longer absences by the Honorary Consul.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 Since his arrival at the Mission, the MCO has worked hard to improve and maintain controls throughout the Administration Program. There are generally good systems in place, with no major deficiencies found on the operational side of the Program. However, the Program tends to rely too heavily on policies and procedures, instead of dealing with issues and using management discretion when and where appropriate. Without sacrificing proper controls, the Program needs to look at ways to be more flexible in order to improve its client service within the Mission. For example, the Program could conduct a survey to assess client needs.

5.1.2 The perception among staff at the Mission is that communication from the Program is sometimes weak, and one-sided on many issues. As an example, the LES Committee recently disbanded in frustration because LES felt their issues were not being dealt with at the Mission or relayed to HQ. The Program was attempting to address, with HQ, some of the issues they raised but, based on reactions from LES, had not adequately communicated this fact to the Committee.

Mission Comment:

The mission takes note of the perception expressed by its clients. As for 5.1.2, the fact remains that we provided the LES committee with a full, complete and adequate response to their request. Minutes of the meetings were sent to all LES employees.

5.1.3 Discussions with staff revealed that the Administration Program is often considered to be “management”. All supervisors, and Program Managers in particular, should be careful to indicate to their staff that management issues are tabled in the CMM, and that all managers and employees share responsibility for supporting and implementing policies set by the CMM. Once a regular CMM is in place, it needs to take more responsibility in communicating decisions/policies so that these messages are not solely attributed to the MCO. The Mission has indicated that since the audit, decisions taken by the CMM are now communicated as such by administration.

Recommendation to the Mission

5.1.4 The Administration Program should meet with each section/program within the Mission to determine the needs of each group.

Mission Action and Time Frame

5.1.4 The administration program conducted a survey in November 2005. Nevertheless many actions had already been undertaken to respond to client needs addressed by the auditors.

5.2 Human Resources

5.2.1 The Human Resources (HR) function is well managed by the MCO. The Accountant acts as the HR Assistant and assists the MCO with the administrative aspects of the HR function. The Mission has recently reorganized the personnel records to ensure files contain up-to-date job descriptions, appraisal reports and leave and attendance records. Personnel files were found to be complete and well organized. When applicable, there has been good use of spousal employment in the Mission.

5.2.2 A Mission Training Coordinator has not been appointed. Mission programs make use of training opportunities found locally and through HQ, but there is no formal, overall Mission training plan linked to Mission objectives.

Recommendation for the Mission

5.2.3 Appoint a Mission Training Coordinator who will be responsible to develop a formal Mission-wide annual training plan that prioritizes the Mission's training requirements and co-ordinates training efforts.

Mission Action and Time Frame

5.2.3 The MCO has been tasked to be the Mission's training coordinator with the mandate of elaborating a formal annual training plan for the entire mission (Madrid and Barcelona).

5.2.4 As discussed in paragraph 1.1.4, the LES Committee has disbanded. The LES Committee explained that their disbanding was due to the fact that there was a lack of communication between the Mission/Headquarters and the LES Committee on several issues, such as review and approval of the LES Handbook, benefits review, a Mission funded private pension fund, the inability to choose between compensatory leave or a cash payment on overtime worked and the need for a standardized interpretation of the overtime policy as it relates to travel for work purposes so that the policy is applied consistently.

5.2.5 The LES Handbook was updated in 2003 and the Locally-Engaged Staff Services Bureau (HLD) is planning to review the LES Handbook in 2005/2006. Furthermore, a benefits survey per HLD is planned for 2005/2006 which will allow for the finalizing of the LES Handbook. In our discussions with the disbanded LES Committee it would appear that they were not aware that Headquarters is planning these reviews.

5.2.6 The LES Committee meetings should be a forum to raise issues with Mission Management and, as such, the LES Committee needs to solicit issues or concerns from staff and bring these to Management's attention. These meetings should

be formalized and scheduled either monthly or bi-monthly. The Committee should also meet with the HOM quarterly. Minutes of these meetings should be distributed to all staff.

Recommendations for the Mission

5.2.7 The Mission should review its policy on allowing the LES staff the choice of having overtime being paid out or taken as compensatory leave.

5.2.8 The Mission should provide clarification to LES with regard to the overtime policy as it relates to travel for business purposes.

Mission Actions and Time Frames

5.2.7 This was addressed at the CMM and the recommendation is now implemented.

5.2.8 Done. Upon consultation with HLD, local markers and lawyers, a message on behalf of the CMM was sent to all staff clarifying the policy.

5.2.9 The Mission recently updated all job descriptions. The job descriptions were found to be complete, signed off by both the employee and his/her supervisor, a copy provided to the employee for his/her records and maintained within the employee's personnel file. However, the Audit Team noted the following discrepancies:

- a job description for the Public Affairs Officer appears to have been misplaced and is not on record; and
- the job description for the HOM Driver has not been updated to reflect the split of overtime with the Property Assistant for activities relating to driving of the official vehicle (see paragraph 5.3.9).

Recommendations for the Mission

5.2.10 Ensure that a job description for the Public Affairs Officer is updated and signed off by the employee and their supervisor.

5.2.11 The Mission should make an official decision on who is entitled to overtime Driver duties, taking into consideration safety and operational concerns.

5.2.12 The Mission should ensure that the job descriptions for the HOM Driver and the Property Assistant are updated to properly reflect the

split in responsibilities in overtime for activities relating to the driving of the official vehicle.

Mission Actions and Time Frames

5.2.10 Done. The GR Program Manager has reviewed the job file for the Public Affairs Officer and has presented an updated job description to the employee.

5.2.11 To ensure good management of our operations and safety of the HOM, overtime duties have been distributed in a flexible and efficient manner by the HOM. It has been agreed that the HOM full-time driver and substitute driver share overtime within the city of Madrid vicinity when it is the substitute's OT month (e.g. every two months). OT associated to traveling outside the Madrid area will be performed by the full-time driver.

5.2.12 Both job descriptions have been updated accordingly.

5.2.13 There has been no interest from CBS spouses to fill the vacant Community Coordinator position. In our discussions with CBS staff it would appear that there is no demand for such a role.

5.3 Physical Resources

5.3.1 The Property Section is managed by the DMCO (AS-04), who spends the majority of his time on this function, assisted by a Property and Materials Assistant (LE-05). The Section has a number of good procedures, documentation and controls in place, but is perceived by staff to be particularly weak in its delivery of client service. Many staff commented that the Section was overly bureaucratic and sometimes difficult to deal with, even for small or low dollar value requests. The client service problems tend to overshadow some of the good work the Property and Administration sections have done at the Official Residence (OR) and the Chancery. Without sacrificing proper controls and procedures, the Section needs to look at ways to be more flexible and to better serve its clients in the Mission.

Staff Quarters (SQs)

5.3.2 Documentation related to SQs management is well organized, complete, and allows for adequate maintenance planning. Based on the sample toured, the SQs in the inventory seem to be appropriate in size and are well maintained. There are some problem SQs that will be disposed of upon the next rotation.

Housing committee

5.3.3 An active Housing Committee is in place. There is a terms of reference document for the Committee and decisions taken are documented. Members expressed interest in seeing all properties sent by the real estate agent, in addition to the detailed proposals for those the Property Section was proposing. This occurred for the last SQ acquired, but members would like to see it continue.

Recommendation to Mission

5.3.4 The Property Section should ensure that the Housing Committee is briefed on the full range of properties that the real estate agent has presented to the Mission.

Mission Action and Time Frame

5.3.4 Done. As previously mentioned in paragraph 5.3.3, the section informs the Housing Committee of options presented by different real estate agents.

The Mission has disposed of three SQs during the 2005 relocation period which have been replaced by properties that have added much value to the Mission's portfolio. It also added a new SQ following the creation of a new position. Comments from newly arrived staff are extremely positive.

Official Residence (OR)

5.3.5 Major improvements were made to the OR before the arrival of the current HOM and further improvements and refurbishment are planned. The Property Section has received good feedback for its work on these projects.

Chancery

5.3.6 Many deficiencies exist in the current chancery, the most pressing being the lack of proper fire escapes. The Physical Resources Bureau (SRD) and the Mission are currently in the final stages of choosing a new Chancery location. The Chancery is well maintained through the use of a detailed maintenance plan. Staff are satisfied with its condition and upkeep and appreciate the improvements that have been made by the Property Section. The Mission is currently in discussions with its Building Owner's Association to address the situation of some owners in the building that are delinquent in payment of fees for common building services. As an owner in good standing, the Mission is seeking a reduction in future fees to compensate for non-payment by these owners. The Mission has received confirmation from the Condominium Association that

16,733 Euros should be reimbursed as a result of the under-contribution to the common services fund by some owners over the years.

Material Management

5.3.7 Generally, there are good controls and detailed documentation related to material purchases. Inventories are up to date, except for the Chancery basement storage area where no inventory has ever been done.

Recommendation to Mission

5.3.8 The Mission should take an inventory of the storage facility and verify it on a yearly basis.

Mission Action and Time Frame

5.3.8. Done. The mission has produced a detailed inventory of its different storage facilities.

Vehicles

5.3.9 Vehicle logs are up to date and complete. There was an oral agreement made with the Property Assistant, a former Driver, and previous Management that he would perform after-hours driving duties every second month. This fact is supported by current Management, but disputed by the HOM driver, who takes the alternate months of overtime duties (see paragraph 5.2.9).

5.4 Finance

5.4.1 Finance is managed by the MCO, assisted by an LE-07 Accountant. Signing authorities are properly exercised and there is sufficient segregation of duties to ensure an appropriate level of control. Bank reconciliations are up to date and appropriately reviewed by the MCO and the HOM. Budgets are properly controlled and reports prepared in a diligent and timely manner.

5.4.2 Within the Finance Section, there is good segregation of duties. There are effective controls in place over the receipt and payment of funds. Mission accounts are well organized and appropriate processes and controls are in place. Day-to-day responsibilities are handled by an experienced Accountant. The Accountant is knowledgeable, well organized, and diligent. The Accountant is currently documenting the processes for all finance activities. If away on vacation or other leave, the Accountant is supported by the Administrative Assistant. The Administrative Assistant is relatively new to their position and could benefit from further accounting training.

5.4.3 During our discussions with Mission staff it became apparent that although the Finance Section provided a timely processing, the Section has not been meeting expectations in assisting staff to understand and stay abreast of the various administrative rules and regulations.

5.4.4 Financial services are provided by the Section to the Mission and to the Consulates in Barcelona and Malaga. Services standards have been created; however, they have not been finalized. The service standards have not been approved by the Finance Section (MCO and HOM) nor by the Consulate in Barcelona.

Recommendations for the Mission

5.4.5 The documentation of the accounting policies and procedures should be finalized, presented to the CMM, approved by the HOM, and communicated to all staff.

5.4.6 The service standards should be finalized, presented to the CMM, and approved by the HOM.

Mission Actions and Time Frames

5.4.5 The finance section has put together a series of helpful tips for all employees on policies and procedures. Any new financial procedures are communicated to all employees.

5.4.6 Financial service standards between the Embassy and its satellite offices have been completed, presented to the CMM, and approved.

Reporting to Program Managers

5.4.7 The Finance Section provides all Program Managers with a monthly report that compares actual expenditures (relating to travel, hospitality and LES overtime) to those originally budgeted. During our discussions with Mission Management it was apparent that overall Mission financial information is not being communicated to the Committee on Mission Management (CMM). It was further explained to the Audit Team that the CMM was not always involved in the financial decisions that affected the Mission's budget on a whole.

Recommendation for the Mission

5.4.8 Financial reports relating to budget variance analysis that relate to all Mission budget lines should be distributed to the CMM on a periodic basis.

Mission Action and Time Frame

5.4.8 Done. Budget information has been communicated to the CMM upon completion of exercises such as the mid year-review, third quarter review and at the end of the financial year. Additionally the accountant will be invited periodically to accompany the MCO to address overall mission budgetary information.

Accounting Procedures and Reporting to Financial Management Services (SMFF)

5.4.9 The monthly bank reconciliations are prepared by the Accountant and reviewed and approved by both the MCO and the HOM. The bank reconciliations are up-to-date and submitted to SMFF on a timely basis. Although sufficient internal controls surround the accounting function, the following procedures, as required by SMFF, have not been implemented by the Finance Section:

- the MCO does not review, approve and submit to SMFF the monthly Asset and Liability Report;
- the MCO does not review and approve SA documents;
- COs are not being used for SPAs; and
- PAYEs are not reviewed and approved by the MCO.

Recommendation for the Mission

5.4.10 Implement the following procedures:

- a) on a monthly basis, the MCO should review and approve the Asset and Liability Report;
- b) on a monthly basis, the Asset and Liability Report should be submitted to SMFF;
- c) the MCO should review and approve all SA documents;
- d) COs should be used for all SPAs;
- e) the MCO should review and approve all PAYEs.

Mission Action and Time Frame

5.4.10 Done.

Banking

5.4.11 The Mission has one bank account denominated in Euros. Most payments are made by electronic fund transfers (EFT). Funds are transferred from SMFF to the Mission in Euros on an as-needed basis.

5.4.12 Financial instruments are taken to the bank twice a week by the HOM Driver. On average the deposits range between 1,000 and 1,500 Euros. It is the Audit Team's understanding that the HOM Driver also performs personal banking for CBS and LES staff.

Recommendations for the Mission

5.4.13 The Mission should explore the possibility of having the bank or other security firm pick up the periodic deposits.

5.4.14 The Mission should eliminate the practice of the HOM Driver conducting the personal banking of Mission staff.

Mission Actions and Time Frames

5.4.13 The security firm used by the bank has been hired immediately upon receipt of the summary of the audit report, i.e. the first service took place at the end of July 2005; this service has completely eliminated cash deposits being made by the HOM driver.

5.4.14 No more personal banking is performed by the HOM driver.

Petty Cash

5.4.15 There are three petty cash accounts at the Mission; the first account is maintained by the DMCO and is predominantly used for property related transactions; the second account is maintained by the Senior Trade Commissioner's (STC) Assistant and is used solely for taxis used by the Commercial Officers; and the third account is maintained by the Assistant in Barcelona. The Audit Team counted the petty cash accounts maintained by the DMCO and the STC's Assistant. The count revealed that the monthly reconciliations of petty cash did not include a count of the petty cash on hand.

5.4.16 As mentioned above, the IBD Section maintains a petty cash account for its taxi related use. However, other Sections within the Mission are required to submit a travel expense claim for reimbursement of their taxi related expenditures. It is not clear to the Audit Team why these practices are different. Other Sections within the Mission expressed an interest in maintaining a similar petty cash account.

Recommendations for the Mission

5.4.17 The monthly reconciliation of the petty cash accounts that are maintained by the DMCO and the STC's Assistant should include the

counting of the petty cash on hand. The count should be conducted by the Accountant.

- 5.4.18 The monthly reconciliation of the petty cash account that is maintained by the Assistant in Barcelona should include the counting of the petty cash on hand. The count should be conducted by the Trade Commissioner.**
- 5.4.19 On a periodic basis the MCO or DMCO should count the petty cash account maintained by the Assistant in Barcelona.**
- 5.4.20 The Mission should explore the possibility of either centralizing a petty cash account for all taxi related expenditures or eliminating the IBD's petty cash allotment.**

Mission Actions and Time Frames

- 5.4.17 The petty cash previously held by the DMCO has been transferred to the responsibility of the receptionist and the amount of the advance reduced to 250 Euros. The accountant is now counting the money on hand as well.**
- 5.4.18 The Trade Commissioner is now counting the money on hand.**
- 5.4.19 The MCO or D/MCO will count the money on hand on future visits to the Barcelona trade office.**
- 5.4.20 The petty cash advance held by the Trade section has been eliminated and standing advances for taxi expenses have been offered to all staff concerned to give equivalent service standards to all staff.**

Hospitality

5.4.21 Hospitality diaries for the HOM and a number of Officers were reviewed. The Mission has an official hospitality policy and Officers maintain hospitality diaries for each function and submit quarterly Hospitality and Expense reports. The review revealed no major observations.

Contracts

5.4.22 The Contract Review Board (CRB) assesses all contracts at the Mission that are greater than 5,000 Euros. Clear guidelines should be distributed to staff members involved in contracting indicating service standards for replies to contracting

inquiries. It may prove useful for the MCO to offer a contracting workshop to selected staff involved in the contracting process. In December 2004, missions were instructed by HQ to enter all contracts greater than \$5,000 into the Automated Contracting System (ACS), part of the Materiel Management (MM) module in IMS. The Mission has asked SMFF as to whether or not they should be following this instruction. To date, the Mission has not heard back from SMFF and as a result has yet to begin to comply with this requirement.

5.4.23 For purchases under 5,000 Euros, the policy is for the Property Assistant to obtain three quotations and present this information to the DMCO for evaluation. It is the Audit Team's understanding that this practice is followed for small and/or routine purchases. Perhaps spot checks undertaken to ensure proper compliance on contracts of smaller value would be more efficient.

Recommendations for the Mission

5.4.24 The Mission should comply with instructions that all contracts greater than \$5,000 CAD be entered into ACS and communicate any concerns to SMFF.

5.4.25 The Mission should explore the possibility of implementing a less rigorous procurement process for small and/or routine purchases. Perhaps suppliers that are consistently used for these types of purchases can be assessed on a yearly basis as opposed to being assessed on every individual purchase.

Mission Actions and Time Frames

5.4.24 In accordance with SMFF's instructions, all contracts over \$10,000 CAD are entered in the Intranet based application as per instructions. We have reiterated our request with SMFF to provide us with proper instructions to enter contracts over \$5000 CAD into ACS (Automated Contractual System) as per instructions and are now entering all contracts in ACS.

5.4.25 The Mission has corporate accounts with a number of trustworthy suppliers and service men which enables it to act not only quickly but with diligence. The Mission has also signed some collaboration agreements over the past year which help enhance quality and cost of service (ex: relocation companies, travel agency, etc.) Moreover, and in order to improve client service over the years, CBS were/are often given the opportunity for small purchases to buy and get reimbursed by the Mission.

Consular/Passport Revenues

5.4.26 Consular and passport funds received, as well as refunds issued, are recorded in a single cash register on-site at the Mission. Receipts include CAD or Euro financial instruments, cash, postal orders, certified cheques, etc. The Audit Team reviewed the reconciliation process with the responsible Consular Assistant. Consular revenues are provided to the Finance Section on a daily basis (the Accountant provides the Consular Assistant with an official receipt) and are deposited in the bank on bi-weekly basis. Due to the relatively small number of daily transactions, the reconciliation of consular/passport services provided and cash received is performed on a weekly basis. The Consular Section completes EXT-119 (Record of Fees Received) and issues official receipts for all services. The weekly reconciliation of the consular/passport revenues is reviewed and approved by the MCO.

5.4.27 A key is required to process refunds using the cash register. This single key is stored in the desk of the Consular Assistant. Access to the desk is not limited, thereby increasing the risk that inappropriate refunds could be made.

Recommendation for the Mission

5.4.28 The refund key should be stored in a safe with limited access. All refunds, including voids due to data input error, should be signed by the MCO or the DMCO.

Mission Action and Time Frame

5.4.28 The refund key is stored in the office of the Passport Assistant under a locked drawer. When she is not present the doors of her office are locked. The MCO or D/MCO now sign all refunds, including voids.

5.5 Information Technology (IT)

5.5.1 The MCO is responsible for the overall management of Information Technology, with an experienced LE-08 Locally Engaged Information Technology Professional (LEITP) managing the day-to-day operations. A new Foreign Service Information Technology Professional (FSITP) position is being added in the Summer 2005. This position will have responsibility for Madrid, Barcelona and Lisbon.

5.5.2 Systems are functioning within the Mission and staff indicate they receive good service from the LEITP. The Mission conducted a survey to assess IT training requirements and the next step is to incorporate the results into the Mission-wide training plan (see paragraph 5.2.3).

5.5.3 Currently the LEITP does not use Remedy to track all requests but only those that escalate, are complicated or become repetitive. The Mission needs to ensure that Remedy is used faithfully, as the arrival of the FSITP will require requests be tracked so that both staff will be up to date on issues.

5.5.4 Both Honorary Consulates are equipped with PSAT communications equipment. This equipment has not been tested on a periodic basis.

5.5.5 There is uncertainty with some staff regarding the location of the new FSITP's office. Staff that may be affected by a relocation are concerned that they have not been provided with the opportunity to discuss alternatives.

5.5.6 The Mission invested considerable time and effort in developing its electronic filing system CORE. With the recent introduction of InfoBank, the departmental system, the Mission will require considerable time and effort to transfer files from the CORE system to InfoBank, and HQ has indicated that it does not have the resources to assist this process. The Mission's initial reaction to InfoBank has not been totally positive, with staff indicating that the lack of a filing structure and the number of screens to be completed hinder efficiency.

Recommendations for the Mission

5.5.7 Incorporate the IT training requirements into the Mission-wide training plan.

5.5.8 IT staff should use Remedy when responding to IT requests.

5.5.9 Test the PSAT equipment located with the Honorary Consuls on a periodic basis.

5.5.10 The Mission should initiate dialogue with staff potentially affected by the decision regarding the location of the new FSITP's office.

Mission Actions and Time Frames

5.5.7 The mission will indeed incorporate the results of the IT survey in its mission-wide training plan by offering group training if there is a significant number of staff interested or personal coaching. Our experience proved that the latter option is more efficient and also preferred to online courses.

5.5.8 Since the arrival of the new FSITP and in order to better assess priorities and plan the workload accordingly, the mission has much

improved its efficient use of Remedy and will keep on doing so in the future.

5.5.9 PSAT phones have been tested periodically in both offices but we will make sure to test them systematically every two months.

5.5.10 Staff were advised accordingly. Both offices should be adjacent to each other in our future Chancery.

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 therefore 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