AUDIT OF THE CANADIAN EMBASSY

MANILA

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 Manila from March 2 to 11, 2005. The Mission was last audited in October 1997.

The Mission is managed by an experienced and capable HOM who has fostered a "whole of government" approach to external activities and initiatives. While the HOM is accessible to staff and provides valued support and input to Programs, he should increase the guidance and insight he provides to Program Managers. In this respect, more effort is required in assisting the General Relations Program to establish priorities and to match workload with resources; the Administration Program requires oversight to ensure client relations and service delivery are improved; and the IBD Program needs increased support in its strategic re-alignment and resource rationalization process.

The General Relations Program lacks a structured approach to identifying priorities, which results in excessive workload and lack of focus. *** Program requirements need to be assessed by the Mission and HQ to determine whether existing resources are appropriate or could be reallocated. *** As well, logistical support for visits and projects centered in Administration would free up officers' time.

The IBD Program is a large program in a market which is in slow decline with little optimism regarding future prospects. Accordingly, the Program Manager has launched a process of strategic re-alignment of priorities and processes upon which continued resource rationalization will be based. A regional approach is being employed to attract clients to emerging opportunities, e.g. mining. The HOM views developments in the country over the next six months as critical for assessing the on-going requirement for the current level of resources in the Program. The Program Manager was slow in taking full charge of the Program (i.e. setting direction, establishing goals and objectives, monitoring results) due to language training and other demands. These initiatives will be needed to demonstrate the value of the Program and to provide a basis for determining the appropriate level of resources. The Program is involved in a high percentage of non-core service activities which should be curtailed. Staffing changes and reclassifications are taking place that will improve the alignment of resources and activities. The Office of Liaison with International Financial Institutions is very active in providing good service to clients in the Philippines and the region. To continue to do so it is adapting services to meet changing business conditions. Clarification of funding sources and levels for this Office is required from Headquarters.

The Consular Program has been providing good service maintaining departmental service levels while experiencing heavy workloads. Morale and control issues are raised that require more involvement by the MCO in mentoring and supervising the Deputy Management Consular Officer. Controls that need to be strengthened include review of original passport documentation by a CBS, tracking

passport inventory assigned to local staff, witnessing passport inventory counts and securing access to consular assets.

The Administration Program works effectively, supported by knowledgeable staff and having appropriate policies and procedures in place. At times, the Program is viewed as rigid in its adherence to procedures. Client relations could be improved with more communication, particularly in the form of client feedback. It was interesting to note that clients often viewed Administration as 'Management'. Program Managers and the CMM need to be more engaged and seen to be more engaged in making decisions and supporting administrative policies. Recommendations are raised concerning improving the reporting structure of the LES Committee, addressing the employer/employee relationship of the contracted Gardener, reviewing the time monitoring system, increasing the number of apartments in the housing portfolio and involving the MCO in banking arrangements.

A total of 57 audit recommendations are raised in the report; 52 are addressed to the Mission and five are addressed to Headquarters (HQ). Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 57 recommendations, management has stated that 54 recommendations have been implemented. For each of the remaining three recommendations, management has indicated the initiatives in progress or 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 GR, IBD, 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 program.

Physical Resources

Assets	Crown Leased	Crown Owned
Chancery	1	0
Official Residence	0	1
Staff Quarters	25	0
Vehicles	0	7

Financial Information 2004/05

Operating budget (N001)	$3,679,029
Capital Budget (N005)	292,081
CBS Salaries Budget (N011)	43,600
LES Salaries Budget (N012)	1,414,107
Total	**$5,428,817**

Organization Chart

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                          │      HOM        │          │   1.0 CBS     │
                          │    (EX-03)      │──────────│   6.0 LES     │
                          └─────────────────┘          ╰───────────────╯
                                   │
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│ Management /  │ │   CIC    │ │   IBD    │ │   CIDA   │ │ General Relations│
│  Consular     │ │          │ │          │ │          │ │                  │
│  (AS-07)      │ │ (EX-02)  │ │ (EX-01)  │ │ (EX-01)  │ │    (EX-01)       │
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   │ 4.0 CBS │    │ 13.0 CBS │ │ 2.0 CBS  │ │ 2.0 CBS  │    │          │
   │ 24.0 LES│    │ 62.0 LES │ │ 12.0 LES │ │ 7.0 LES  │    │ 2.0 LES  │
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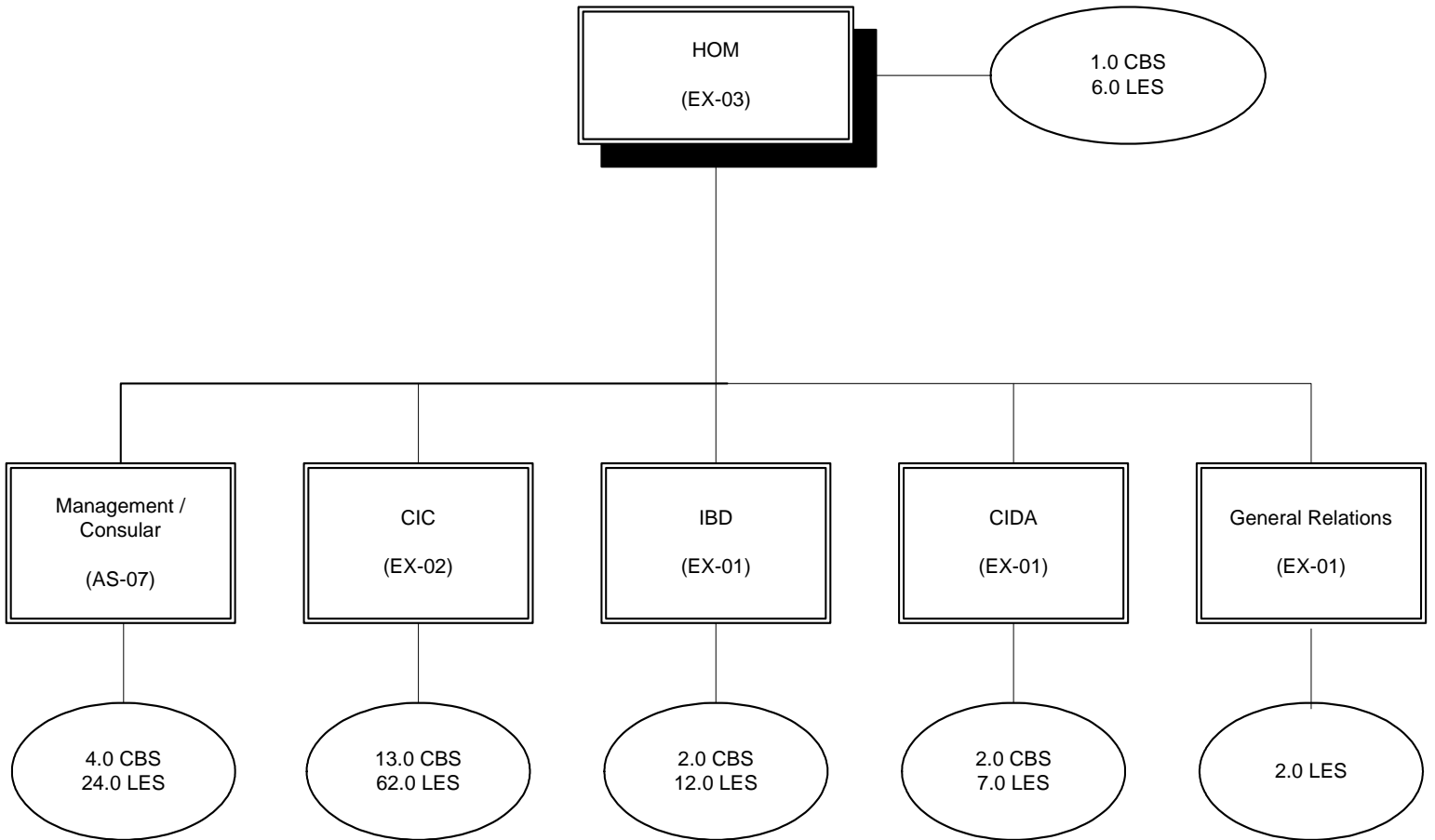
MISSION MANAGEMENT

1.1.1   Manila is a large mission managed by an experienced HOM. There is a large complement of CBS who are supported by very capable and enthusiastic locally-engaged staff. The Mission has recently moved to a new Chancery that is spacious and well appointed.

1.1.2   Communications in the mission are good and morale on the whole is positive. The HOM is accessible to all staff and Program Managers (PMs) value the support he provides to their Programs. Individual meetings between the HOM and PMs are held weekly and more frequently as needed. Weekly coffee meetings with small groups of staff and the HOM are very effective and greatly appreciated by staff. All-staff meetings are difficult to arrange due to the size of the Mission and the lack of suitable meeting facilities. Group events tend to centre on social occasions such as Christmas parties and award ceremonies. It would be useful for the Mission to hold regular all staff meetings to discuss common issues, share information and seek input from staff. A need for management to reinforce and clarify messages was cited by staff. As mentioned in the Executive Summary, there exists in the Mission a perception that equates "management" with the Administration Program rather than with the HOM and CMM. This perception needs to be changed through communication and action.

1.1.3   There is a solid committee structure in the Mission. Committee on Mission Management (CMM) meetings are held weekly with minutes recorded and distributed to all staff. Each program has regular meetings to brief on CMM discussions, share information and review events and activities. Other committees include the LES Committee, Housing Committee, Health and Safety Committee, Contract Review Board, and Classification Committee. These committees are functioning well with equitable participation by all CBS.

1.1.4   Performance Measurement Agreements (PMAs) are in place for all Program Managers including the HOM. PMAs reflect priorities, specific outputs and anticipated results established in the Mission Plan. Both the Mission Plan and PMAs are reviewed bi-annually. While PMAs are fairly substantial, more definition could be included regarding how objectives will be achieved. This would include specific descriptions of the activities and initiatives planned to meet objectives and achieve outputs and results. These would then form the basis for Program workplans and cascade down to staff members.

1.1.5   The management of the Mission's programs would benefit from the provision of more guidance and insight from the HOM. As noted in the relevant sections of the report, the HOM needs to (a) work more closely with the General Relations Program to ensure priorities are in line with objectives and to minimize overtime (b) ensure that the Administration Program achieves a proper balance between the service provided to clients and adherence to policies and procedures, and (c) support the IBD Program in its strategic re-alignment and resource rationalization process.

Recommendations for the Mission

1.1.6   **The Mission should hold regular all staff meetings.**

1.1.7   **PMAs should include the specific activities and initiatives to be carried out for objectives identified.**

1.1.8   **The HOM needs to increase involvement in Program operations and provide more guidance to Program Managers.**

Mission Actions and Time Frames

1.1.6   **The Mission does not have a room large enough to accommodate the entire staff. Bi-annual meetings with all staff are held at the OR supplemented by regular HOM meetings with smaller cross-program groups of CB and LE staff.**

1.1.7   **To be included in all 2005/06 PMAs when process initiated by Headquarters.**

1.1.8   **The HOM will provide guidance to Program Managers and ensure their programs are operating in accordance with the objectives agreed to in their PMAs.**

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1   The General Relations Program Manager's position is at the EX- 01 Counsellor level. It is supported by an FS-02 position, a CBS Assistant AS-01, a Public Affairs Officer LE-08 and a Program Assistant LE-05. The Program is experiencing difficulties in managing workload, setting priorities and coping with internal performance issues. The Program had an unforeseen vacancy in the Program Manager's position and, as a result, the Third Secretary FSDP (already acting in the FS-02 position) was called upon to act in the EX-01 position for seven months. The Department needs to closely scrutinize these types of situation that stretch the limits of acting appointments. The current Program Manager is an FS-02 in the EX-01 position who is challenged by taking on the new responsibilities of managing a program, supervising staff and acquiring the knowledge and background of related administrative requirements.

Recommendation for HCM

2.1.2   The Human Resources Branch needs to reaffirm guidelines and instructions regarding limitations applicable to acting appointments.

HCM Action and Time Frame

2.1.2   Due to discrepancies in interpretation and application of the "overtime clause" for NON-EXs acting in the EX positions, HFR has sought a formal interpretation from TLN who has provided a written interpretation in June 2005 to all departmental Heads of Human Resources. In turn, HFR EX resourcing unit has disseminated this information within the HR Branch (HMA, HMO, HMOP and HSS). Further to the TLN interpretation, HSS was further consulted and involved with HFR in providing an interpretation of the FS collective agreement as it relates to overtime for FSs and especially for cases where employees are acting in EX positions and where eligibility to the EX PMP program applies. This was disseminated to PAFSO by HSS as well as to HR and to managers through consultations held by HFR with all branches regarding preparation for the EX PMP upcoming close of 2005/2006 cycle.

HFR has updated information on the intranet site "leadership page". As such, information on EX related HR policies (i.e. overtime for NON-EX acting in EX positions, EX Terms and Conditions of Employment, etc.) was updated in December 2005. Additional information regarding EX promotion exercises will be updated in the spring in keeping with the initiative to update the intranet site for

HCM Branch and this will include a "suite" of information for and about Executives.

2.2 Planning and Oversight

2.2.1   Workload for the GR Program has three main sources; the HOM's agenda including the objectives set out in his Performance Measurement Agreement; Public Affairs projects centred on Post Initiative Funds of $13,000; and tasking from HQ and OGDs, in part based on a reporting contract with Headquarters.

2.2.2   The HOM has a busy agenda encompassing activities within the Mission and across the Philippines. While a whole-of-government approach is being pursued with increasing input and participation by other Programs, most support for the HOM falls to the GR Program. This places constant expectation and pressure on the Program. The reporting contract developed for 2004/05 outlines reporting requirements under defined topics including frequency of reporting. This contract has not been rigorously adhered to by the Mission or HQ and its usefulness is therefore limited. Consequently, priority setting and determining the breadth and scope of work and results to be achieved are not subjected to rigorous assessment or discussion by all concerned. Public Affairs activities, conversely, are well-defined and aligned with departmental and mission objectives. There is a large number of projects many of which are leveraged by means of co-sponsor funding.

2.2.3   The GR Program has sufficient resources but needs to rationalize the demands and workload that it faces. Excessive amounts of overtime are being performed by the two CBS officers, in one case 90 hours was claimed in one month. The Program has difficulty in dealing with the constant inflow of demands that have not been planned and that require attention. This is not unusual in a GR Program and it requires management to assess relative priorities on an ongoing basis and to be able to determine the extent of work required. Good communications and team work are essential, and this is not happening. Management, including the HOM, must develop a common framework that establishes priorities and performance expectations. Resources can then be matched to workload and decisions made as to what is to be actioned and (of equal importance) what is not.

Recommendations for the Mission

2.2.4   The GR Program should develop a framework by which workload priorities are determined and matched to resources.

2.2.5   Overtime should be strictly controlled, limited to urgent and unforeseen requirements.

Mission Actions and Time Frames

2.2.4   Working with the new PMP system, the GR programme has identified its top priorities and objectives, and clearly laid out reasonable and manageable responsibilities for the CB and LE staff.

2.2.5   The GR program is now working within e3 principles, and the CMM approved overtime policy. There have been no further undue overtime claims since the one-time excessive claim.

2.3 Resources

2.3.1   Two other factors impact the Program's performance. *** Second, visits management and HOM support would benefit from a more organized approach. The Mission should establish a protocol for logistical support for visits and projects that would be centred in Administration. This has been achieved in other missions and provides a common understanding of roles and responsibilities for everyone involved, retains lessons learned and realizes economies through regularizing procedures and assignment of tasks.

Recommendations for the Mission

2.3.2   ***

2.3.3   A Mission visit and event support protocol should be established and centred in the Administration Program.

Mission Actions and Time Frames

2.3.2   ***

2.3.3   Because we have few official visitors and because the procedures we have in place work well, we have decided not to establish a formal visits management unit. Instead we will create a "virtual" visits team which will include designated representatives from each program who will be called upon as needed to organize incoming and outgoing visits. Collectively they will bring the required expertise and contacts to the team.

Recommendation for RAD

2.3.4   ***

PSD Action and Time Frame

2.3.4   *******

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Overview

3.1.1 The IBD Program is managed by an experienced acting EX-01 Senior Trade Commissioner (STC) who is supported by a very experienced and capable team. The STC arrived in August 2004 but assumed full duties only in November 2004, after successfully completing on-site French language training. She has completed the initiation phase of her assignment and was on the verge of instilling full managerial oversight, direction and support, at the time of the audit.

3.1.2 The IBD Program is composed of an FSDP, three LE-09 Officers, one LE-06, five LE-05 and one LE-03 Assistants. Reclassification for two of the assistant positions is in progress (LE-03 to LE-04, and LE-05 to LE-06).

3.1.3 The Mission has an Office of Liaison with International Financial Institutions (OLIFI) because of the presence of the Asian Development Bank in Manila. The OLIFI is managed by an experienced FS-02, supported by an LE-08 officer and an LE-05 assistant. The Office is currently going through a reconfiguration as the LE-08 position has been terminated, as discussed and agreed with the Export Financing Division (TBF). The LE-05 position is under reclassification to LE-06.

3.1.4 Canada is well-perceived due to the consideration given to social development, and the importance of the Filipino community in Canada. The middle-power role undertaken by Canada on the international scene has a resonance in the Philippines. Key players within the government and business community are readily accessible. A good network of high level contacts is in place, being most important in the Phillippines context, in order to promote Canadian interests, facilitate business and troubleshoot when necessary.

3.1.5 The relatively low level of Canadian economic interest in the Phillippines, as evidenced by the low number of enquiries, visitors, trade missions and investment activity, represents a major challenge for the Program. Another challenge is that the Program is relatively well-endowed in terms of resources. To counter this perception, a process of resource rationalization is taking place within the Program, together with the development of initiatives and opportunities for attracting new clients to the market. A regional approach is being emphasized throughout this process.

3.2 Management of the Program

3.2.1 The basic elements of a management framework are in place and used to guide the program. The STC's PMA is linked to that of the HOM, and to the Program's IBD Plan. There are well established sector responsibilities and duties that are divided between sector teams, composed of an officer and an assistant. A team of three provides support to the Program (STC's Assistant, Information Manager and Trade

Clerk). Upon arrival, the STC implemented a number of managerial and interpersonal initiatives (e.g. updating CSF initiative planning, empowering the Commercial Assistants (CA), and rationalizing OLIFI resources), ***.

3.2.2   Morale within the program is high. Sector teams are empowered to develop their priority sectors and encouraged to explore emerging opportunities. The STC concentrates on overall priorities, as well as on issues related to other programs of the Mission. Officers count on the STC to provide support when needed, including access to higher levels of contacts and securing necessary resources to undertake initiatives. Communications and teamwork within the Program are good. The STC meets bi-monthly with staff to discuss ongoing activities, issues and upcoming events. Notes regarding decisions and actions are distributed to all staff.

3.2.3   To meet the challenges described above, the STC has launched an extensive process of updating the management framework, including review of IBD objectives and realignment of sector teams' priorities and work plans. The entire process is based on a team approach, as mentioned earlier, including a Program retreat at the end of March 2005. The end result of this exercise is to be a series of measures resulting in a revised strategic direction for the Program.

3.2.4   The audit team and the STC discussed potential risks involved in undertaking a broad range of review and improvement initiatives. It was agreed that communication, however good at the moment, must be maintained to ensure continuity in the improvement process. Also, while the empowerment of individuals and of sector teams was commendable, up to a point, the influence of the STC's leadership and sense of direction should be evident to all staff at all times. The STC indicated a number of measures to ensure the foregoing takes place, such as having her calendar available to all staff and maintaining communication through regular Program meetings.

3.2.5   To ensure that officers are clear on the results expected of them, the STC is planning to draw up accountability agreements with all staff in line with the new Performance Management Program of the Department. These accountability agreements are to be based on the strategic plans developed by the sector teams and will include detailed work plans that outline expectations and results-based performance measurements. The STC should use the accountability agreements as her major tool in managing the Trade Program, making periodic checks against objectives and holding formal periodic reviews of performance with each staff member.

Recommendation for the Mission

3.2.6   Implement plans to develop accountability agreements and formalize the feedback process with all IBD staff.

Mission Action and Time Frame

3.2.6 **A new performance measurement strategy was launched April 1, 2005 which links/integrates the Mission's IBD Plan to the STC's PMA, then to newly created mini-PMAs for the 4 Sector Teams and the OLIFI-Team, which then links/integrates to each employee's PMP. Percentages of time have been allocated for training, vacation and special projects, as have/will the results of the Program's three-phased "strategic planning to strengthen individual and team capacity" exercise (scheduled in March, June, and September 2005) . The STC initiated an upwards feedback exercise (TCs to STC and TCAs to TCs) as part of the Phase Two (June 2005) element, which positioned the Program for the Mission's 360 degree exercise in the fall of 2005. In addition, the STC will conduct a follow-up upwards feedback exercise as part of Phase III of this exercise. Individual one-on-one meetings with the STC, and then between the STC and the sector-teams, initiated by the STC in September 2004, and undertaken again in April 2005, have been incorporated formally as part of the performance evaluation loop and as a means to ensure a further "checks and balance" approach in the adaptation of best practices and lessons learned, as well as sufficient and timely recognition and initiation of next-steps per individual and sector-teams performance measurements.**

3.3 New Approach

3.3.1   The New Approach is well understood and is for the most part being applied. The Commercial Officers (CO) deal with enquiries from Canadian clients and local contacts in priority and emerging sectors. The CAs respond to low level enquiries from local contacts and Canadian clients for both priority and emerging sectors. The Trade Clerk and the STC's assistant deal with global and non-trade related enquiries. When appropriate, enquiries are referred back to PSU, IBOC, or other resources in HQ or in the region.

3.3.2   All staff have received LES Serving-our-clients training, except for the STC's Assistant (who participated in the pilot for GLI 2). Officers participated in various types of sectoral training. The STC held a retreat to explore the TCS Core Values in November 2004.

3.3.3   The Program has well-documented plans in place centred on the IBD business plan and the Client Service Fund (CSF). The STC wishes to orient the IBD program towards emerging opportunities (e.g. mining) and encourages COs and CAs to conduct outcalls proactively, thereby expanding their activities outside of Manila towards other parts of the country.

3.3.4　　　The local contact database (Mission WIN) is well structured and regularly updated, providing quality contacts information. More emphasis needs to be placed on tracking in WIN Export. Officers find the system to be cumbersome and therefore do not use it regularly, or else they enter backlogs periodically during the year.

3.3.5　　　In order to evaluate the results achieved by the Program, the STC needs to monitor output on a regular basis. By periodically taking stock of officers activities and results (e.g. services offered, WIN entries, outcalls completed, reports produced, etc.), the STC can hold officers responsible for their activities, services and outputs. At present there is no formal system for determining adherence to service standards (e.g. the five-day turn-around), or for regularly following up (i.e. three-months-after) on impact of service provided and further developments.

Recommendation for the Mission

3.3.6　　　Implement a formal system of operational performance measurement so that objectives achievement, service standard adherence and follow-up activity results can be monitored.

Mission Action and Time Frame

3.3.6　　　The Program has restructured its operations to initiate an Info Centre, which has, as part of its operation, a formalized system for adherence to service standards, etc., through monitoring of general enquiries received. At the second tier level, which provides business intelligence and more in-depth analysis/guidance, the Program will continue to monitor and assess progress through its every two-week meetings, as well as during its every six-month one-on-one meetings with the sector teams and individual employees (both in effect since August 2004). The Program eagerly awaits TRIO, which should further facilitate information management, and complement the Info Centre structure for monitoring input/output on enquiries/activities. The Program expanded its January - March 2005 Philippines Quarterly Commercial Summary Report to include a "highlight" section for the next quarter period. This was initiated to serve not only as a monitoring and evaluation tool of our quarterly activities that are reported on in the subsequent quarter report, but also to act as a cross-reference tool when completing IBD Plan project reports. This is being proposed as a best practice to the TCS, given PSE has already recognized our *Quarterly Commercial Summary Reports* as a best practice.

Tools

3.3.7 Responsibility for maintaining the CSF accounts has been assigned to the STC's Assistant. Ensuring that information is accurate and up to date is difficult since the Program does not have access to the IMS financial system. IMS reports must be requested on each occasion from the Finance Section, with the attendant delays. The Program should have its own IMS terminal with read-only accounts for at least two individuals. The Mission Accountant could provide the appropriate IMS training and assistance.

3.3.8 Other tools to promote productivity were discussed. Cell phones, Blackberrys and cordless headsets should be acquired for situations where their use is justified in terms of saving time and increasing productivity.

Recommendation for the Mission

3.3.9 Provide IMS read-only capability to the IBD Program.

3.3.10 Prepare a business case for the acquisition and use of productivity enhancing tools, e.g. cell phones, Blackberries and cordless headsets.

Mission Action and Time Frame

3.3.9 Training was organized for the IBD Program and other programs (CIC & CIDA) who had agreed to participate, but IBD has been unable to complete the training as yet for operational reasons ***. As soon as IBD is in a position to continue training, we will arrange.

3.3.10 A business case has been prepared, approved, and productivity enhancing tools have been acquired.

Non-core Service Activities and Initiatives

3.3.11 The level of non-core service activity of the IBD team is relatively high, especially among CAs who spend a significant amount of time on trade fair-related activities (such as recruiting Canadian companies and representing them at the fair, preparing general TCS information and company brochures, inviting local contacts, manning the booth). Also, both COs and CAs become involved in organising programs for incoming missions and sometimes accompany the business visitors on their meetings. Finally, the Support Team devotes a significant amount of time in developing general and sector specific promotion material.

3.3.12   A visa referral service for business contacts is carried out by the Program. This service includes receiving the application, preparing a support letter, forwarding the application package to the Immigration Section, retrieving the passport once the visa has been approved and returning it to the contact. To address the question of visa referrals, Citizenship and Immigration Canada, in consultation with Foreign Affairs Canada and International Trade Canada has developed an approach and explicit guidelines on the scope and limitations of involvement of non-immigration staff in visa referrals. The guidelines were provided to all Immigration Program Managers on June 16, 2004 by Citizenship and Immigration Canada. The practice in Manila exceeds those guidelines, especially in respect to having access to applicants' documents and application forms. More than 100 referrals are passed to the Immigration Section per year.

3.3.13   The Program plays a proactive role in the promotion of Education in Canada. The FSDP and a CA devote a significant amount of their time to this file. In collaboration with the Immigration Section, the Mission holds three information sessions directed to schools in major centres, plus four in-house seminars a year. The CA is spending the bulk of her time preparing for seminars (advertisement, invitations, information packages, other logistical aspects). To conduct these activities, resources are obtained from HQ (TMM) through CSF funding ($7,600). As the former Education Marketing Division (ACET) has been transferred from FAC to ITCan, it will be important to evaluate activities aimed at promoting Canadian Education on the basis of the objectives and guidelines of the New Approach @ Work.

3.3.14   The IBD team has been included in different initiatives put forward by the HOM and by other programs of the mission (e.g. Canada Days in (City), Indigenous Peoples linking with the CIDA program, Corporate Social Responsibility initiatives in collaboration with PERPA, etc.). Although beneficial with regard to cross-program fertilization, such activities involve significant trade resources and the impact for the IBD Program itself must be considered.

Recommendations for the Mission

3.3.15   Examine the relevance and impact on IBD program objectives of all non-core service activities and initiatives, with a view to engage in only those that are significantly cost-beneficial.

3.3.16   Ensure that the visa referral procedures for visa applicants whose proposed visit to Canada is important to the successful delivery of the IBD program comply with CIC guidelines.

Mission Actions and Time Frames

3.3.15   **A review has taken place and will be ongoing to ensure the relevance of all future activities to IBD objectives.**

3.3.16   **Process for the Visa Referral Service for business-related IBD programme clients has been streamlined, and is in full compliance with CIC guidelines.**

Recommendation for Chief Trade Commissioner

3.3.17   **Ensure that the approach and explicit guidelines on the scope and limitations of involvement of non-immigration staff in visa referrals, as developed by CIC in consultation with FAC and ITCan, are communicated to all Trade Program Managers.**

Chief Trade Commissioner Action and Time Frame

3.3.17   **The approach and guidelines mentioned above were agreed upon in 2003 and distributed to Immigration Program Managers in June 2004. Following on those procedures, the Chief Trade Commissioner has issued a message to all Commercial Program Managers requesting them to revise the procedures currently applied at their post and to verify compliance with those guidelines. The related documents have been posted on Horizons.**

Resource Rationalization

3.3.18   In meeting the challenges outlined in Para. 3.1.7, the STC is reviewing strategic direction and priorities and engaging in ongoing resource rationalization. The STC asked PSE for its support in providing the region with a specific course on competitive intelligence. All staff are to be invited to the course, in order to develop outcall skills and increase proactivity. Effective prioritization should alleviate a workload based on urgent and reactive sectoral issues.

3.3.19   Under the New Approach, InfoCentres have been identified as a best practice and are particularly beneficial for tracking purposes. An InfoCentre would provide efficiencies by centralizing the receipt, recording, control and distribution of enquiries. At present, the maintenance of files, reports and other information is already centralized, as well as the receipt of incoming mail addressed to the Manila-TD electronic mail box. The implementation of an InfoCentre would complete the process and ensure that all enquiries would receive appropriate and timely attention.

Recommendation for the Mission

3.3.20   As part of resource rationalization, complete the process of establishing an Info Centre.

Mission Action and Time Frame

3.3.20   An Info Centre has been established and is now operational.

3.4 OLIFI - Manila

3.4.1   The Office of Liaison with International Financial Institutions (OLIFI) in Manila is responsible for relations with the Asian Development Bank (ADB), located in Manila. OLIFI Manila works with three different entities: the STC in Manila, the Canadian Executive Director at the ADB, and TBF in Ottawa. It serves two different types of client, Canadian companies interested in the ADB, and Trade Commissioners at missions in the ADB's countries of operation. Its major roles are providing information on the activities of the ADB to its clients, reporting to TBF and to the missions on Canadian clients, troubleshooting on ADB procedures and projects, and providing training to mission staff, both on- and off-site.

3.4.2   In its relations with Canadian clients, the Office is mostly reactive. While the CBS in charge concentrates on fostering relationships with the ADB officers and providing intelligence and training to OLIFI's clients, the CA handles first time visitors (gathering general information on the ADB and project-specific intelligence, organising program and attending appointments), does routine follow-up on specific projects, maintains the databases (WIN Export and Mission WIN) and collaborates with other sector teams events and activities of the IBD program.

3.4.3   While the CBS in charge reports to the STC for administrative purposes, and establishes the objectives of the program with the input of TBF, the geographic division in Ottawa is responsible for the position's staffing and funding. Although in the past two years, some incremental funding has been secured by TBF on an ad hoc basis, no CSF or other type of funding is solely dedicated to support the OLIFI. The Office needs to be allocated sufficient resources to effectively implement both CSF initiatives and capacity building activities within its regional scope of responsibility. The need to clarify the status of the OLIFI applies not only to Manila but also to the three other OLIFIs and the four Canadian Commercial Advisers to IFIs around the world. If these are to be maintained, their status will have to be clarified and funding secured to allow them to achieve their objectives.

3.4.4   The ADB is currently revising its guidelines on procurement. If implemented, those changes will have an impact on how OLIFI Manila operates. One possible implication is that procurement decisions will be made in recipient countries.

Increased understanding of ADB operations in Canadian missions in those countries will be required to serve Canadian business clients effectively. Ottawa will have to be responsive to this changing environment. Co-ordination and collaboration among the missions involved, OLIFI Manila and HQ will have to take place.

Recommendation for the Mission

3.4.5 **Adapt OLIFI Manila operations to the evolving procurement policies and procedures of the Asian Development Bank.**

Mission Action and Time Frame

3.4.5 **OLIFI-MANIL is in regular communication with its Canadian clients and the responsible ADB units on proposed changes to the ADB Procurement and Consulting Guidelines. OLIFI-MANIL operations will be adapted to take any new approved guidelines into account, to better position and service its Canadian clients.**

Recommendation for TBD

3.4.6 **Clarify the status of OLIFIs and secure proper funding in accordance with their status and scope of responsibilities.**

TBD Action and Time Frame

3.4.6 **We agree with the recommendation that the status and the scope of OLIFIs must be clarified. As the OLIFIs are one of the few regionally-focused business development programs in International Trade Canada, this is a complex issue. The four offices of liaison to international financial institutions (OLIFIs) are located in Washington D.C. (World Bank and InterAmerican Development Bank), Manila (Asian Development Bank), Tunis (African Development Bank) and Bridgetown (Caribbean Development Bank). As well, International Trade Canada partially finances the salary of the Canadian Business Advisor to the European Bank for Reconstruction and Development in London. The OLIFIs have regional mandates to provide information on business opportunities, strategic approaches and key contacts for their respective multilateral development banks to Canadian companies. They are co-located with the bilateral trade programs of their host countries and in many cases their work has little or nothing to do with the bilateral trade program. (In Washington, the OLIFIs work is entirely focused on developing markets outside the U.S. and their work has no impact on the bilateral program objectives.) This is a complex arrangement that**

requires coordination and cooperation between the OLIFI manager, the bilateral trade program manager, the World Markets branch, and TBF (International Financing Division).

As a result of the recommendation, TBF will take the lead on clarifying accountabilities and responsibilities for the OLIFIs. TBF will work with the OLIFIs and the concerned World Markets divisions to determine clear roles for the OLIFIs, World Markets, and TBF and how best to manage this regional relationship within the bilateral framework of the host missions. We will also review how resources (staffing and financial) should be used (and/or secured) to ensure consistent service standards between OLIFIs.

TBF plans to complete this review of the OLIFIs by the end of fiscal year 2005/2006 and to implement new procedures for the new fiscal year to coincide with the next performance measurement program review period.

3.5 Regional Approach

3.5.1   Another part of Manila's IBD initiatives is the development of a regional approach to the Asian market. One way of developing client interest in a country with low attraction for Canadian clients is to promote it as part of a group of neighbouring countries with specific attractions for Canadian businesses. This regional approach, first, pulls together trade resources in the region to facilitate the exchange of information, intelligence and best practices, and second, sells the Philippines to Canadian clients already interested in the other markets in the region. In this respect, Manila has already taken advantage of incoming missions to other countries in the region to promote its own market, e.g. the Team Canada visit to HK.

3.5.2   Joining efforts with like-minded countries is another way of attracting local contacts to explore Canadian capabilities, e.g. the four-country food show with US, Australia and New Zealand. This combined event attracts more visitors than any one country could achieve on its own.

3.5.3   Manila participates in a number of virtual sector teams, e.g. AgriFood, ICT, Aerospace, Education, Mining, OLIFI. Virtual teams typically combine the officers at missions that are responsible for the sector in question (with a team leader from the country most active in that sector), the geographic desk officer (PSE), the relevant market support officer (TMM) and the officer responsible for the sector in Industry Canada, who usually acts as team leader for HQ. A representative of EDC or CCC is also part of some teams. Virtual teams share best practices, information on Canadian clients active in the region and upcoming events. Information is sometimes gathered in

a newsletter, but the lack of dedicated resources makes such activities difficult to sustain.

3.5.4   There are a variety of levels of activity in these virtual teams, and corresponding levels of success. The most successful is the AgriFood team. The factors of its success are as follows:

- committed support from HQ (AAFC);
- regional lead officer in the field (AAFC-SPORE);
- adequate funding allowing yearly meetings of involved officers;
- priority sector in each country;
- strong and active industrial sector associations in Canada; and,
- good planning, objectives and performance measures, regionally shared but specifically defined and adapted to each market (a "think globally, act locally" approach).

When virtual teams run into trouble it is usually as a result of the absence of one or more of the success factors mentioned above. The AgriFood model should be emulated to ensure the success of other virtual teams. HQ participation and support will be required in this endeavour.

Recommendation for TCS

3.5.5   Explore the AgriFood virtual sector team model with a view to promoting it as a best practice for the benefit of other virtual sector teams.

TCS Action and Time Frame

3.5.5   As highlighted in this report, virtual sector teams prove to be an effective way of opening markets and developing knowledge of the Canadian capabilities of that sector. Certain conditions must be met to ensure the success of such teams. In collaboration with the World Markets Branch and relevant ITCan divisions, TCS will explore the possibility of developing best practices and generic models for the implementation of virtual teams in various markets, to be completed by the end of June 2006.

CONSULAR PROGRAM

4.1.1   The Consular Program is managed by a Deputy Management/Consular Officer (DMCO) (AS-04), who is assisted by two full-time Consular Assistants (LE-05). Staff within the Section work well with one another. Objectives and goals have been developed, and required reporting documents such as Passport Inventories are up-to-date. Despite a heavy workload, the Section has adequate resources and has been maintaining departmental service standards. Client service was rated very high in a recent FAC Evaluation report; however, internal controls related to passports and other assets need improvement.

4.1.2   The DMCO approves all passport applications based on copies of the citizenship documentation provided by applicants. The LES Assistant at the consular window verifies the authenticity of documents taking a copy and returning the originals to the client. The DMCO should personally verify all original citizenship documentation included in passport applications.

Recommendation to the Mission

4.1.3   The DMCO should verify all original citizenship documentation submitted with passport applications.

Mission Action and Time Frame

4.1.3   The DMCO is now verifying all original documentation.

4.1.4   The LES Consular Assistant is given a working stock of one to two boxes of passports at a time. A record is kept of the passport numbers in the possession of the Assistant, and signed by the DMCO. There is no formal method of reconciling the blank passports given to the Assistant to the completed passports received by the DMCO for the final check. Rather than issuing a working stock, passports should be assigned to the LES on a daily basis, based on applications ready to be processed. Each one should then be duly accounted for as they are processed. The bulk of the Mission's passport inventory is properly stored and reconciled on a monthly basis. The DMCO performs the reconciliation without the presence of another CBS. The passport inventory was reconciled by the audit team at the time of the audit.

Recommendations for the Mission

4.1.5   The DMCO should develop a system to track each passport signed out to the Consular Assistant. Working stocks should be minimized.

4.1.6   **Two CBS should participate in the monthly passport count. On a quarterly basis, the HOM should participate in the count with the DMCO.**

Mission Actions and Time Frames

4.1.5   **This is now in place. The required number of passports for printing are requested at the start of the day. A passport request sheet is given to the DMCO (or the MCO in the absence of the DMCO). Unused passport stocks are returned to the DMCO at the end of the day and are returned to the Secure Area.**

4.1.6   **Passport counts are now done with two CBS and on a quarterly basis by the HOM.**

4.1.7   There are weak controls in place for the Consular cash and for passports that place both the items and the Consular staff responsible for them at risk. The Consular booth has a cash register and a filing cabinet that contains the key to the register, a petty cash, and passport/citizenship documents awaiting client pickup. During the work day, the filing cabinet remains unlocked. The key to the cash register should be assigned to, and in the possession of, the person on duty in the Consular booth. The key should be transferred to the next individual on duty or placed in the filing cabinet for the next day.

4.1.8   There is no lock on the door to the Consular booth, which allows anyone inside the working area of the Mission to have access to the cash and documents when the DMCO or Assistants are not in the booth. Cash is properly reconciled at the end of each day, but not necessarily after each Assistant's shift in the Consular booth. At the end of their shift, the cash should be reconciled and prepared for delivery to the Accounts section.

Recommendations for the Mission

4.1.9   **Install a lock on the Consular booth door.**

4.1.10   **Assign the cash register key to the Assistant on duty in the Consular booth.**

4.1.11   **Reconcile the Consular cash at the end of each shift.**

Mission Actions and Time Frames

4.1.9   **A lock is now installed.**

4.1.10   **The cash register key has been assigned to the Assistant.**

4.1.11   The consular cash is reconciled at the end of each shift.

4.1.12   Over the years, a total of 3,750 PHP cash was collected as a result of client payment overages and kept in a cash box in the Consular booth filing cabinet. This unofficial petty cash is not recorded in IMS, nor reconciled on a regular basis. The Mission now informs clients it can only accept exact change, with any overages signed off by the client, and recorded in IMS as such.

Recommendation for the Mission

4.1.13   The Mission should deposit the unofficial petty cash in the Mission's bank account and code it to the appropriate account in IMS.

Mission Action and Time Frame

4.1.13   This has now been implemented.

4.1.14   The Honorary Consul (Hon Con) in Cebu is providing a wide range of services on behalf of the Mission at a modest cost. The Mission receives detailed reports and expenditure claims for all activities performed. The Mission communicates with the Hon Con on a regular basis. A new contract is being developed as the current one is set to expire this year. Neither the MCO nor the DMCO has visited the Hon Con office, but visits are planned for the coming months.

Recommendation for the Mission

4.1.15   The MCO and the DMCO should visit the Honorary Consul's office in Cebu for briefing, inspection and quality of service purposes.

Mission Action and Time Frame

4.1.15   Both the MCO and the DMCO visited the HonCon on December 3 to coincide with the annual Christmas event organized by the HonCon.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1   The Administration Program is managed by an experienced MCO (AS-07) with assistance from a DMCO (AS-04), who also brings knowledge and experience to the Section while dedicating most of his time to the Physical Resources function. Locally Engaged Staff (LES) in the Program are knowledgeable, dedicated, team-oriented, and generate positive results. The Program functions very well at the process level and combines service delivery with good administrative controls. However, there is a perception by many clients that the Program tends to say "no" too quickly, without sufficient explanation and that procedures are too rigid in terms of requesting and accessing services. More flexibility and understanding of client needs and emphasis on positive interaction are required. The MCO and his team need to ensure that a professional, transparent and measured approach is maintained in their interaction with clients.

5.1.2   During interviews with staff, the term "management" was consistently used in reference to the Administration Program rather than the Mission's management team, particularly on HR issues such as staffing. 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.

5.1.3   There is also a second DMCO position that, while fully dedicated to the Consular function, should be more effectively associated with the Administration Section. This would provide the Section further depth during absences of the MCO. Secondly, recent history illustrates that this DMCO position has typically been staffed by a first posting DMCO. It is important that first posting DMCOs receive mentoring and exposure to both administration and consular work to prepare them for future assignments. The current DMCO has received almost no exposure to administration although she has nearly completed her assignment. A new DMCO is replacing the incumbent this summer and it is important that he be integrated as a full member of the Admin/Consular team.

5.1.4   Security occupies a large percentage of the MCO's time, including considerable overtime. More delegation to the two DMCOs and the MSG would allow the MCO to devote more time to management issues.

Recommendation for the Mission

5.1.5   Upon arrival of the new Consular DMCO, the MCO and DMCO (Property) should develop a plan to expose the DMCO to various responsibilities in the Administration Section.

5.1.6   **Delegate security responsibilities, where appropriate, to the DMCOs and MSG.**

Mission Action and Time Frame

5.1.5   **The MCO and DMCO (Property) have prepared a comprehensive mentoring program in finance and property for the new Consular DMCO. The objective is to involve him immediately in administrative responsibilities while providing support and mentoring and gradually introducing other administrative responsibilities (Human Resources, Security, Material Management, Information Technology) to provide him with experience in the broad administrative spectrum.**

5.1.6   **The MCO will focus macro management and delegate specific security issues to MSG and DMCOs.**

5.2 Human Resources (HR)

5.2.1   The HR Section is managed by a Human Resources Officer (LE-07) under the direction of the MCO. The Section is well organized and has brought rigour and innovation to the HR function, while maintaining a facilitative approach with clients.   The Human Resources Officer, while knowledgeable, could benefit from more visible involvement and support from the MCO and other Program Managers on sensitive HR matters.

5.2.2   The Mission LES Committee meets on an as-needed basis with Mission Management, represented by the MCO. An agenda is prepared prior to meetings and minutes are taken and distributed. To encourage further communication, a monthly meeting with the MCO should be formalized. A quarterly meeting with the HOM, independent of the MCO, should also be established, and the Committee could also meet occasionally with the CMM. This would improve the effectiveness of the LES Committee and illustrate that Human Resources management is a responsibility of Managers at all levels.

Recommendations for the Mission

5.2.3   **The LES Committee should meet monthly with the MCO and quarterly with the HOM.**

Mission Action and Time Frame

5.2.3   **The MCO began scheduling a monthly meeting with the Committee in August; the HOM began quarterly meetings in September.**

Benefits

5.2.4   A comprehensive benefits review was completed by the Locally Engaged Staff Services Bureau (HLD) in October 2004, but some aspects such as pensions and severance remain under review by HLD. Following approval of the Handbook, the HR Officer offered orientation seminars to interested staff to explain changes. Administration of certain benefits such as Medical Coverage and Social Security is complex and staff require a lot of assistance from the HR Section to complete forms properly and avoid unnecessary delays.

Staffing and Classification

5.2.5   A review of staffing actions illustrated a professional approach to managing the selection process, with documentation on file supporting the selection of candidates. The Mission has a comprehensive program for screening external candidates which includes competency testing and pre-interviews. Once hired, new employees are offered orientation sessions and must complete rounds to meet key personnel and receive briefings. Unsuccessful internal candidates are offered post interviews to help them prepare for future competitions. Positions which have been identified as bilingual imperative are staffed accordingly.

5.2.6   Proper justification for classification actions is maintained on file; however, the HR Section has been asked by Managers in specific instances to write position descriptions for employees they wish to reclassify. Classification actions should be considered by the Classification Committee following a significant change in duties, as illustrated by a revised position description, prepared by the responsible Manager and employee. The HR Section is a resource for advice and guidance but is not in the best position to undertake a review of duties for specific positions. That being said, the HR section is diligent in reminding managers and employees of the importance of the continuous review of position descriptions by attaching a copy of the position description when notifying them of the due date of performance reviews.

Performance Review and Development

5.2.7   Performance reviews are taken seriously with a 99% completion rate at the time of the Audit. An assessment of performance reviews indicated that most included an assessment of skills and necessary training. Training requirements identified in performance reviews are integrated into the Mission Training Plan which is approved by the CMM. This Mission was one of the most active during the past year in terms of staff participation in organized training.

Emergency Employment

5.2.8   The Mission has addressed past problems pertaining to the administration and use of emergency employment. There are currently no emergency employees whose employment exceeds the allowed thresholds.

Contracting for Personal Services

5.2.9   The Mission has decreased its use of personal service contracts by using employment agencies. However, the relationship with a contracted gardener should be reviewed by the Mission in consultation with the Contracting Services Division (SPPG) to determine if an employer-employee relationship has been created. The gardener was on a personal services contract with the Mission for over ten years until the arrangement was changed to retain his services through an employment agency. He continues to live at the Official Residence (OR) and his wages are deposited directly into his account by the Mission.

Recommendation for the Mission

5.2.10   The Mission, in consultation with SPPG, should determine if an employer-employee relationship exists with the contracted OR gardener.

Mission Action and Time Frame

5.2.10   Following our review we have decided to regularize the position. Lack of incremental funding prevented proceeding this year, but we are attempting to include this position in the 2006/07 Mission Plan and are awaiting confirmation from RSA.

Spousal Employment

5.2.11   Spousal employment opportunities are limited because of a growing local unemployment rate and a local language requirement for most positions. Spousal employment opportunities in the Mission are not numerous and pay a local wage that is generally unattractive to spouses. A community coordinator position exists and is shared by two spouses. The spousal employment report needs to be updated so that the difficulty in acquiring meaningful employment is accurately portrayed.

Recommendation for the Mission

5.2.12   The spousal employment report needs to be updated to reflect the difficulty in acquiring meaningful employment.

Mission Action and Time Frame

5.2.12   The spousal employment report has been updated and is reflected in the report on Spousal Employment and in the Mission Report (the latter is being translated and will be updated as soon as translation is completed).

Swipe Card System

5.2.13   The Mission introduced an automated Swipe Card System in 2004 to streamline HR processes and to be able to track who is in the Chancery in an emergency situation.   As many CBS do not swipe in or out, the security aspect of this system has been rendered ineffective. The system has automated and streamlined administrative processes in the HR Section, and includes increased integration of functions such as LES attendance and overtime. However, the benefits to other Sections remain unclear. Although the system was approved by the CMM in 2004, current Program Managers expressed concern that the system did not meet the needs of their Sections. Suggestions ranging from improving the current system to removing the system were voiced, with general agreement that any time tracking policy should encompass all CBS and LES in the Mission not just those in specific programs. As such, the CMM should reevaluate its time monitoring needs and how to best address these needs.

Recommendation for the Mission

5.2.14   The CMM should re-evaluate the Mission's automated time monitoring system with a view to either improving its equity and utility, or removing it.

Mission Action and Time Frame

5.2.14   The current system has been reviewed and adjustments made to the software to address concerns noted in the Audit Report and to meet the adjustments and enhancements requested by Program Managers.

5.3 Physical Resources

5.3.1   The Property Section is well managed by an experienced DMCO. The Section is client-service oriented and operates in an effective team environment, with high morale. Good preventative maintenance plans are in place for staff quarters (SQs) and the Mission ensures that annual technical and security inspections are conducted at all SQs.

5.3.2 The Mission moved into the new Chancery in October 2003 and now occupies three floors in a modern high-rise commercial building. The Chancery is functional and suits the needs of the Mission. Given security concerns at the previous Chancery, this Chancery project was fast-tracked to ensure a quick move. The Chancery project was a success and should be considered as a best practice.

5.3.3 The Mission's housing portfolio consists of 21 single and semi-detached Crown-leased houses and four Crown-leased apartments. Overall, housing is of good quality. The SQs are currently located in three villages: San Lorenzo, Dasmarinas and Urdaneta. The Mission plans to move out of San Lorenzo over the next two years given security and traffic concerns as well as the general deterioration of this village. This will address some concerns from staff with regard to perceived inequalities between this village and Dasmarinas Village.

5.3.4 The costs and efforts of maintaining houses are significantly higher than that of apartments. Utility costs for houses are approximately 113% higher than for apartments, and fit-up, repair and maintenance costs, 155% higher. The Mission should seriously consider increasing the number of apartments in the housing portfolio. A number of staff currently in houses indicated that they would prefer to be in apartments. Although rents for apartments are approximately 17% higher than for houses, the Mission would not only reduce maintenance, fit-up and utility costs, but also eliminate the cost of guards, which is approximately $9,600 per year, per house. Security would also be enhanced. More and more apartments are coming on the market and this is expected to stabilize rents for apartment units.

Recommendation for the Mission

5.3.5   Serious consideration should be given to increasing the number of apartments in the housing portfolio.

Mission Action and Time Frame

5.3.5   In the context of the 2005 removal season, the mission has increased the apartment portion of its housing portfolio from 4 units to 10 units. This trend is expected to continue in the 2006 season.

5.3.6 Occupancy agreements, condition reports and distribution accounts have been completed for all SQs. While all occupancy agreements had been signed by the occupant, 33% of occupancy agreements reviewed were missing a mission representative's signature. The Mission should ensure that all occupancy agreements are signed by a mission representative once the SQ inspection has taken place.

Recommendation for the Mission

5.3.7   The Mission should ensure that all occupancy agreements are signed by a mission representative.

Mission Action and Time Frame

5.3.7   Occupancy Agreements have been signed and will now continue to be signed by the MCO as mission representative.

5.3.8   A Housing Committee is in place; however, it has only met once this year in preparation for the summer employee turnover. Minutes, records of decisions and supporting documentation have not always been kept in past years. This lack of a transparent track record has led to perceptions of inequity related to past housing decisions. The Committee should ensure that these records of decision are kept. In addition, it is recommended that the DMCO/Consular not be a member on the Housing Committee given her reporting relationship to the MCO.

Recommendations for the Mission

5.3.9   The Committee should ensure that minutes, records of decisions and supporting documentation are maintained.

5.3.10   The DMCO/Consular should not be a member on the Housing Committee.

Mission Actions and Time Frames

5.3.9   The new Chair of the Housing Committee has ensured that minutes, records of decisions and supporting documentation are maintained.

5.3.10   The DMCO is no longer a member of the Housing Committee.

5.3.11   Two *** clients are taking up approximately 30% of the Section's time. In one of these cases, the Property Section has accumulated 1,200 pieces of correspondence over a 28 month period and in the other, 600 pieces of correspondence over a seven month period. The Mission has taken necessary steps to address the issues raised and the Housing Committee has decided not to renew one of these leases, during the summer 2005 turnover. An accommodation deficiency adjustment (ADA) application was presented to, and approved by, the Housing Committee last year. At the time of the audit, the same occupant submitted a second ADA application to be reviewed by the Committee.

5.3.12   The cost of internet at the OR is paid for by the Mission; however, the departmental policy provides no provision for this type of payment. While the OR office is designated an off-site office in case of emergency, the occupant must pay for internet fees, as per Chapter 7 of the Property Management Manual.

Recommendation for the Mission

5.3.13   Internet fees should be paid by the occupant.

Mission Action and Time Frame

5.3.13   Recovery action for internet fees has been addressed.

5.3.14   ***

Recommendation for the Mission

5.3.15   *

Mission Action and Time Frame

5.3.15   *

5.3.16   Following these incidents, the Mission took corrective action by implementing control measures to prevent future recurrences of losses. These measures include:

- having material transfer forms completed and signed by the DMCO and Property Manager before material is transferred out of the storage area;
- having keys to the storage area held only by two designated officials to control ins and outs to the storage; and,
- implementing a new bar code inventory system.

In addition, it is recommended that the MCO conduct spot checks on inventory. The Mission is in the process of finalizing the inventory system and, when developed, this system should include a plan for cyclical furniture replacement.

Recommendations for the Mission

5.3.17   The MCO should conduct spot checks on inventory in storage.

5.3.18   The Mission should develop a plan for cyclical furniture replacement.

Mission Actions and Time Frames

5.3.17   Both the MCO and DMCO now conduct spot checks on inventory in storage.

5.3.18   The new mission bar code system includes provision for reporting cyclical replacement data which will be used in combination with physical inspection and verification of condition to establish annual furniture sourcing requirements.

5.3.19   In fiscal year 2004-05, the Mission obtained several maintenance services without contracts having been negotiated. The companies were paid on a month-to-month basis given the Mission's intention of assessing the level of service before signing contracts. At the time of the audit, the Mission had sent several requests for proposals to maintenance service providers and will be conducting a competitive bid process to award maintenance contracts for 2005-06.

Recommendation for the Mission

5.3.20   The Mission should ensure that contracts are prepared for services that are provided on a regular basis.

Mission Action and Time Frame

5.3.20   A competitive bidding process has now been introduced.

5.4 Finance

5.4.1   The Finance Section is managed by the MCO, with the assistance of two Accountants (LE-07 and LE-05). Despite the large size of the Mission, the Accountants are coping fairly well with the workload. Both are knowledgeable and conscientious, and have a good working relationship with the MCO. There has been an emphasis on improving controls in the Section by the MCO. Good progress has been made, but there are still some areas that need to be addressed.

5.4.2   The payment process was reviewed and it revealed that proper controls are in place. Appropriate signing authorities and approval are obtained and only original documentation is accepted. Both the MCO and one of the DMCOs are very involved in the process, carefully reviewing all documentation before granting Section 34 and 33 approvals.

5.4.3   On average, revenue equivalent to $129,000 from Immigration, and $2,000 from Consular is collected monthly. The majority of revenue collected is in the form of bank drafts, as the Immigration Section does not accept payments in cash.

Revenue collected is delivered to the Accounts Section on a daily basis, accompanied by a reconciliation approved by the relevant Program Manager. The revenue is counted by the Accountant in the presence of the Cost Recovery Clerk/Consular Assistant, and an official receipt prepared.

5.4.4   Since June of 2004, there has been an outstanding adjustment of $125 on the Mission's bank reconciliation for its Canadian Dollar account. This issue has yet to be resolved by either the Mission or the Foreign Operations and International Banking Division (SMFF). The adjustment relates to a bank draft from the Immigration Section that was recorded and sent to the bank for deposit, but never appeared in the bank account. At the time, revenue from the Immigration Section was brought to Finance in a sealed envelope with a completed bank deposit slip attached. The Accountant now counts the revenue received from Immigration in the presence of the Cost Recovery Clerk, and each signs the daily revenue reconciliation report to signify that all funds were accounted for. An official receipt is also exchanged.

5.4.5   In addition to changing its revenue collection and reconciliation process, the Mission cancelled the free mobile banking service provided by its bank. *** Though the Mission feels more confident as a result of this decision, it has added an increased administrative burden and risk to the deposit process.

5.4.6   Twice a week, deposits are delivered to the bank by the Assistant Accountant, who is accompanied by a driver and a local security guard. As a result, it takes three resources approximately 1.5 hours to make each deposit. *** Other missions use the mobile banking service without issue, and CBS at the Mission continue to use this free service for their personal banking. The Mission has asked for proposals from the two banks located in its building, which would eliminate the need to make a deposit trip.

Recommendations for the Mission

5.4.7   The Mission should formally report the loss to Headquarters, as per the "Losses, Malfeasance, and Other Illegal Acts Against the Crown" policy.

5.4.8   The Mission should immediately arrange for deposit pick-up and meanwhile vary deposit times.

5.4.9   The Assistant Accountant should sign the deposit log before taking the deposit package to the bank.

Mission Actions and Time Frames

5.4.7   The Mission has formally reported the loss of funds to SMFF on April 2, 2005. The Mission also has settled the lost deposit in the Mission's CAD accounts in March 2005.

5.4.8   In December 2004, the Mission cancelled the mobile banking services provided by the bank, and since then the Mission has delegated one of the accounting personnel to do the deposits on a scheduled bank run. In April 2005, the Mission re-scheduled the bank run by varying the deposit times on a weekly basis. In addition, the Mission is reviewing the present banking arrangements with the bank and examining the possibility of transferring the Mission accounts to one of two banks located in the same building as the chancery for security and convenience reasons. By transferring the accounts to one of the two banks in RCBC plaza, we would eliminate bank runs (which at present are done twice a week) and ensure the more timely deposit of funds and other official banking procedures. Also, CBS would be able to open personal accounts with whichever bank is selected.

5.4.9   The Assistant Accountant now signs the deposit log before taking the deposit package to the bank.

5.4.10   Contact with the bank has been facilitated predominately by the Accountants. The Senior Accountant receives bank statements directly from the bank and orders cheques for the Mission. The MCO is not involved in ordering cheques. Once received, the cheques are adequately secured by the MCO. Generally, it is one of the Accountants that deals with the bank on a routine basis. The MCO, not the Accountants, should be the bank's first point of contact at the Mission.

Recommendations for the Mission

5.4.11   The MCO should become more involved in communications with the bank, and ensure he is the first point of contact at the Mission by banking officials.

5.4.12   The MCO should ensure that all bank statements are sent directly to him first.

5.4.13   The MCO should take over the cheque ordering function at the Mission.

Mission Actions and Time Frames

5.4.11   The MCO now communicates directly with banking officials for other than routine banking questions.

5.4.12   Beginning April 2005, all bank statements are sent directly to the MCO who verifies the legitimacy of the bank statements before they are forwarded to the Accountant for bank reconciliation.

5.4.13   The MCO and/or DMCO (Consular) have taken on the responsibility for the cheque ordering function.

5.4.14   Assets are generally well secured in the Finance Section. All revenues are secured in a safe between bank deposits. Blank cheques and the printer are secured in a Dasco cabinet, which is locked whenever the Accountants are not in their office. The Consular petty cash is well controlled and secured; however, problems were observed with the Property petty cash. This 40,000 PHP petty cash (approximately $950 CAD) was not always locked and keys were in plain view on a desk.

Recommendation for the Mission

5.4.15   The Mission should ensure that the Property petty cash is well secured.

Mission Action and Time Frame

5.4.15   Property petty cash is now properly controlled and secured. The Mission has purchased a safe with electronic lock for the petty cash holder for the safekeeping of petty cash monies.

5.4.16   The Mission has a Contract Review Board (CRB) that has met once this year to evaluate options for the OR kitchen renovation. The only documentation available from this meeting was the detailed analysis provided by the Property section of the various bids received for the project. No minutes or a record of decision were documented. Furthermore, there are no Terms of Reference for the Committee to detail the CRB and its members' responsibilities.

Recommendation to the Mission

5.4.17   The Contract Review Board should develop Terms of Reference. Minutes and records of decision should be recorded and maintained.

Mission Action and Time Frame

5.4.17   Terms of reference have been provided to the Contract Review Board and minutes and records of decisions will be recorded and maintained and forwarded to the MCO for retention.

5.4.18   Given the Accountants' workload, the requests for ad-hoc financial reports are sometimes difficult to manage. A recommendation in the IBD section of this report was made to give the Trade Assistant read-only access to IMS, which would take some of the burden off the Accountants, and give the IBD Section better access to the reports it needs. For other Sections, there is no established set of reports that are required on a regular basis. The Accountants would be better able to manage report creation if requirements were outlined in advance. As with the IBD Section, consideration could be given to obtaining read-only IMS access. Within the Finance Section, the Asset and Liability reports are not being produced on a monthly basis as required by SMFF.

Recommendations for the Mission

5.4.19   The various sections in the Mission requiring reports from the Finance Section should establish a list of reports needed on a regular basis.

5.4.20   The Mission should review the Asset and Liability report on a monthly basis and clear these accounts as required.

Mission Actions and Time Frames

5.4.19   A "read-only" access to IMS will be obtained for the IBD, CIC, PERPA and CIDA Program Assistants for various report generation. Training will be done by the accounting staff.

5.4.20   As of April 2005, the finance section, on a monthly basis, clears all outstanding Asset/Liability accounts and ensures only valid items appear in the account.

5.5 Information Technology (IT)

5.5.1   The IT team has been busy over the past two years with major projects such as the Chancery move, and the installation of SIGNET 3 and MITNET 2004. The Section consists of a Foreign Service Information Technology Professional (FSITP) on his first posting, and three Locally Engaged Information Technology Professionals (LEITPs). Staff in the Section possess a high level of technical expertise and are client service focussed.

5.5.2   While a good sense of camaraderie exists and staff make a concerted effort to maintain effective communications, this is made more challenging by the reporting structure. Both the FSITP and Senior LEITP report to the MCO. The Section has not been integrated to report to the MCO through the FSITP, as the FSITP has not yet been trained under the Enhanced Support Model Abroad for Information Technology (ESMAIT). It would be more efficient for the LEITPs to report to the FSITP, regardless of whether the FSITP has completed ESMAIT training.   This reporting structure should be implemented on the turnover of the FSITP in the summer of 2005. To further facilitate teamwork, the office of the FSITP should move from the secure area to the empty office next to the LEITPs.

5.5.3   User requests for support are sent by email to an Organizational mailbox, or by phone to the IT help line. The Senior LEITP accesses these requests and assigns them to the other LEITPs based on workload or specific competencies. REMEDY is used to log problems that cannot be resolved within one working day by the IT team. Given the large team, the use of REMEDY could be expanded to allow the Mission to improve the tracking of the workload of all ITPs, and particularly problematic hardware projects. All services should be logged in REMEDY.

5.5.4   A good Internet Committee structure exists and the Administration has developed an excellent Intranet whereby users can access many services and reference materials.

Recommendations for the Mission

5.5.5   Upon turnover of the FSITP, change the reporting structure to have the LEITPs report to the FSITP.

5.5.6   Move the office of the FSITP from the security zone to the Administration Section.

5.5.7   Log all services in REMEDY.

Mission Actions and Time Frames

5.5.5   Following the mission visit of the Regional Manager (RM) for Asia Pacific in April 25, 2005, change over of reporting structure was effected and became operational April 28, 2005.

5.5.6   The office of the FSITP was relocated on May 20, 2005.

5.5.7   As discussed with the RM during his operational review of the IT Section, LEITPs began to create Remedy Tickets for all service requests and mission IT activities beginning April 28, 2005.

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 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 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 receive 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 (Political/Public and Cultural)

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

Information Technology

Training	Capacity
Equipment Configuration	Contingency and Back-up
Systems	Web Sites
Service	PSAT