

that 25 others be simplified<sup>1</sup> and that 7 reports be transferred to a larger mission (Hub) subject to the decision of the geographic branches concerned. The list of the reports affected by these recommendations is contained in Annex B.

## THE HUB AND SPOKE CONCEPT

The study also revealed that in many cases small missions would deliver their program(s) more effectively if their financial functions could be handled by a larger mission which is generally equipped with administrative resources and technology capable of handling for example large amounts of financial transactions. The adoption of a Hub and Spoke concept<sup>2</sup> in the area of financial management is expected to improve the quality of administrative processes. Financial responsibilities should only be transferred to a "Hub" if the Hub is equipped to handle the increased workload. In some cases, a Spoke's financial tasks could easily be devolved to a Hub while in others these tasks should remain with that Spoke. This will depend, among other things, on the size of the small mission (whether for example it has a MAO or not), its proximity to the Hub, the quality of the communication system which links it to the Hub as well as the efficiency of the banking system.

In cases where the Hub and Spoke concept can be applied, the Hub would become responsible for cash management including processing and replenishing the Spoke's standing and travel advances, monitoring ENs, processing telegraphic input data (TIDs), entering data into FINEX (if FINEX has been implemented) and providing financial reports to the Spoke. Under this system, the Hub could also make large or sequential payments on behalf of the Spoke, such as rent, utilities, salaries, CIDA disbursements etc.

Signing authority under section 34 of the FAA would be delegated to LES staff with an enhanced reliability check while section 33 would be delegated to the CB officer at the Spoke in order to facilitate the signing of documents in either location.<sup>3</sup> The Spoke would retain the responsibility for budget formulation and financial forecasting.

The MAO and the HOM at the Hub mission should be evaluated based on the level of support provided to the Spoke. Auditor's evaluations would also take these factors into consideration when performing a mission audit at the Hub however the number of audits performed at small missions should be reduced.

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<sup>1</sup> The most prominent changes proposed in this area include reducing the number of markers required to complete the annual LES compensation survey from 7 to 4 markers, simplifying the LES appraisal reports, reducing the frequency of the hardship rating reports, the meal rate surveys and financial forecasts.

<sup>2</sup> Although this concept has already been applied in some areas on an ad hoc basis, it has never been formalized and official procedures have never been developed.

<sup>3</sup> Under the current system, a Canada-based officer at a small mission is required to sign under section 34 while section 33 has to be signed by another Canada-based officer in another mission.