

AUDIT
OF
THE CANADIAN EMBASSY

SANTIAGO

FEBRUARY 2002

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Political, Economic Reporting and Public Affairs Program (PERPA), the International Business Development Program (IBD), Consular and Administration Programs was conducted in Santiago during the period of October 30 to November 3, 2000. The previous audit of the Consular and Administration Programs was a follow-up audit conducted in March 1994.

MISSION MANAGEMENT

The Mission has benefited from recent management initiatives introduced by the new Head of Mission (HOM). There is an experienced management team in place and with the exception of the Administration Program, morale of staff is good and cooperation between Programs is effective. Strategic, operational and management priorities are set in the HOM's Accountability Agreement from which Program objectives have been developed.

There is a need for developing and utilizing work plans as a tool for management and a guide for staff in all Programs. Staff have expressed the desire for more communication to provide greater opportunities for interaction between staff and to foster teambuilding.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM

The PERPA Program is well managed and has a full and active agenda on both the Political and Economic Reporting side and the Public Affairs area. The Program is effectively utilizing the Post Initiative Fund and the Public Diplomacy Fund. The Program needs to develop specific work plans and to hold more operational meetings.

INTERNATIONAL BUSINESS DEVELOPMENT

The IBD Program's workload is extremely heavy and the pressure constant as a result of numerous missions, enquiries and management of the five priority sectors as well as other sectors of interest. Moreover, as the Canada Chile Free Trade Agreement (CCFTA) becomes better known and with Chile now coming out of its first recession in fifteen years, demands on the Program are expected to increase.

The Program Manager should be less operationally oriented and provide more structure to managing the Program. This will involve better planning and prioritizing of work and moving away from a culture of addressing each and every demand. The Program will also need to more fully embrace the Trade Commissioner

Service's New Approach which will allow staff to be more focussed on value-added work.

The Program should be making a business case to add two incremental support positions and the Info Centre should be realigned with the appointment of a full-time manager and a redistribution of duties.

CONSULAR PROGRAM

The Consular Program provides timely and effective service. The Consular Officer and Assistant work with the DMCO, to whom they report. The current workload primarily comprises of issuing passports and handling requests for Citizenship documents and diplomatic or official passports. The Mission has two Honorary Consuls both of whom are working well with the Mission.

ADMINISTRATION PROGRAM

There are serious issues with respect to the management of the Administration Program. The Program is not focussed on the delivery of services to CBS and to Programs and inequities in service have been noted. Management of the Program is reactive and there is little evidence of sound management fundamentals, in particular with respect to planning and the lack of control in the areas of Finance and Physical Resources. Communications with the LES are not effective and consequently morale is low. The DMCO's responsibilities and workload should be reviewed to determine the continuing need for a CBS in this position.

With respect to housing, Departmental policies have been circumvented, TB guidelines have been exceeded and unnecessary expenses have been incurred.

Physical resources are generally not well managed particularly with respect to the condition and maintenance of Staff Quarters (SQs). Several issues arose with respect to the leasing of an SQ and corrective action is recommended. There are significant inconsistencies in the application of funds for the repair of SQs, creating a situation of "haves" and "have nots".

Knowledge of IMS by Program management is limited. Consequently, control over finances at the Mission is not effective

Human Resources and Informatics run well but a number of recommendations have been made to improve overall effectiveness.

RECOMMENDATIONS AND MANAGEMENT RESPONSES

A total of 46 audit recommendations are raised in the report. Management has responded to each recommendation indicating action already taken or decisions made as well as future action. Of the 46 recommendations, management has stated that 31 recommendations have been implemented. For each of the 15 remaining recommendations, management has indicated the initiatives in progress or the intended future action.

MISSION MANAGEMENT

1.1 Overview

1.1.1 The Mission is headed by an experienced Head of Mission (HOM) who arrived at the Mission in the summer of 2000. Staff have responded positively to the HOM's approach and management style.

1.1.2 There is good cooperation between the IBD and PERPA Programs in the areas of public affairs, economic reporting and between the Canadian Studies Program and the Canadian Education Centre (CEC).

1.2 Communications

1.2.1 From a constructive point of view, staff would appreciate more information about the Mission's Program objectives and direction. Specifically they would like information to be shared about management's vision, goals, strategies, etc., that would enhance team spirit and a team approach. They would also like a forum in which to raise issues and ask questions. It is suggested that communication vehicles such as staff meetings, social events, newsletters, CMM summaries and retreats could be used for this purpose. Management needs to assess the best use of time and resources in selecting the appropriate mix of effective communication methods.

Recommendation for the Mission

1.2.2 Develop a communication strategy to enhance the sharing of information and team building in the Mission.

Mission Response

1.2.2 The Audit Team has noted that communications should be strengthened in every program. Each section will be answering these concerns individually and HOM will be implementing a regular schedule of meetings with LES. A Community Coordinator newsletter will also be a new vehicle of communication for various items and regular social events. Retreats for each program have now been held and will become a regular tool for more effective communication.

1.3 Work Plans

1.3.1 There is an Accountability Agreement between the HOM and LGD which sets out the strategic, operational and management priorities of the Mission. All Programs have developed objectives which tie into and reflect the HOM's objectives. These, however, have not been translated into work plans at the Program level nor at the Officer and staff level. These would typically describe how objectives are to be carried out in terms of activities, processes, expected results, assigned responsibilities and deadlines. Without such plans it is difficult to provide direction, monitor progress, make adjustments, determine resources required and evaluate results.

Recommendation for the Mission

1.3.2 Develop formal work plans for each Program building on the objectives already established at the Mission and Program levels.

Mission Response

1.3.2 Noted and actioned by individual programs.

1.4 Logistical Support and Contact Data Bases

1.4.1 Logistical support devoted to maintaining contact data bases and preparing and sending out invitations is being carried out by the Social Secretary for the HOM and PERPA Program, and by a Commercial Assistant for the Trade Program. In support of these activities, there are at least three data bases being maintained, one for the PERPA Program, one for the IBD Program and one for the Social Secretary. Logistical support activities are also provided by Administration, taking up 0.5 of an FTE. The present situation has evolved due to separate program requirements and assigned responsibilities of staff. The Mission, with the assistance of the Systems Administrator, should review the possibility of combining the databases or parts of them and rationalizing the responsibility for and resources utilized in preparing invitations and other related logistical support.

Recommendation for the Mission

1.4.2 Management initiate a review of the procedures, systems and resources involved in preparing invitations and other logistical support.

Mission Response

1.4.2 The new SA, arriving early this summer, will be given as a priority the consolidation of different data banks and a more efficient system of

preparation of invitations will be implemented through the rationalization of the responsibilities and a better coordination between the staff that produce them.

1.5 Committees

1.5.1 The CMM meets on a weekly basis and is functioning as intended. The Mission's Contract Review Board (CRB) is also functioning properly with all contracts subject to review. The Housing Committee has only met once in the past year. In consideration of the issues being raised in the Physical Resources Section of this report, the Housing Committee needs to be revitalized and tied into the property and maintenance plan. The Occupational Health and Safety Committee has only just been struck. The LES Committee has not been meeting on a regular basis and communication with the MCO has not been conducive to satisfying the expectations of that Committee. More regular meetings are required.

Recommendation for the Mission

1.5.2 Ensure that the Housing Committee, the Occupational Health and Safety Committee and the LES Committee are meeting regularly and functioning as intended.

Mission Response

1.5.2 Noted and will be implemented. A mechanism to inform HOM regularly will be devised and minutes taken at each meeting.

1.6 Appraisals

1.6.1 Appraisal files indicate that there have not been regular yearly appraisal reports completed for every employee. In Administration, three LES and two CBS appraisals are still outstanding. In the PERPA Program, appraisals were completed but covered a two year period. Employees should receive appraisals annually with meaningful feedback on their performance.

Recommendation for the Mission

1.6.2 Annual appraisals be completed for all employees.

Mission Response

1.6.2 Noted and recommendation will be enforced or it will appear in rater's file.

1.7 Resources

1.7.1 The Audit Team questioned the necessity of the second Canada-based position in the Administration/Consular Programs. The DMCO is responsible for the Consular Program and the Property Function in the Administration Program and divides his time equally between each function. The Consular Program is steady and is adequately staffed with an LES Officer and a part-time Assistant. The workload does not warrant 50 percent of the DMCO's time. The LES Consular Officer could de facto manage the Program and report directly to the MCO instead of the DMCO as is now the case. The property portfolio is not a complicated one: the Chancery is new, the OR is in very good condition, four SQs are Crown-leased and five are Crown-owned. The housing market in Santiago provides very good accommodation. An LES Property Manager could effectively manage the property portfolio.

1.7.2 At the current time, there are serious management issues in the property area of the Administration Program which need to be addressed. However, once these are resolved, consideration should be given to realigning responsibilities for the management of Consular and Property activities to the MCO, and converting the second CB Administrative Officer to an LES Property Manager who would be dedicated fully to property.

Recommendation for UAM

1.7.3 Review, in conjunction with JPD, HPF and the Mission, the workload and responsibilities of the DMCO position with the view to converting this position from CBS to LES for the next assignment.

UAM Response

1.7.3 It remains UAM's contention that STAGO is a large enough mission to warrant having a MCO and a DMCO. There are 11 CBS and 28 LES at this Mission (total staff 39), making it a medium sized mission, at which DFAIT usually assigns two ASs. The MCO is realigning responsibilities within the Administration Section rewriting job descriptions to reflect the actual duties of the employees and to rejig the workload. In addition, the high number of visits to the Mission (Ministers, Trade Missions, GG, etc.), and work this generates supports UAM's contention that two ASs can be kept busy full time.

POLITICAL/ECONOMIC RELATIONS & PUBLIC AFFAIRS (PERPA) PROGRAM

2.1 Management of the Program

2.1.1 The PERPA Program is managed by an experienced EX-1, supported by one Canada-based FS-01, one LES Officer (LE-08) and two support staff (LE-05s). The main work objective of the Program is to oversee the bilateral relations between Canada and the government of Chile. The program's mandate also encompasses support for the Cultural and Public Affairs and Academic Relations Programs of DFAIT and the provision of social secretarial, protocol, translation and interpretation services to the HOM and the Program.

2.1.2 The Mission has documented statements of objectives and responsibilities for both the HOM and the PERPA Program Manager. These documents, however, have not been transposed into quantified deliverables which can be communicated and delegated to staff and, in turn, used by management as a means to measure performance, determine resource requirements and adjust plans. One consequence of the present situation is that staff attempt to deliver on the entire range of demands and opportunities in their Programs. Without the benefit of a plan that prioritizes and defines deliverables and allows for periodic feedback concerning progress, resources become stretched and there is no assurance that work is always actioned on the basis of Mission priority. It also becomes difficult to rationalize and justify the need for more resources, as proposed by the Program regarding support activities in the Public Affairs area, if the benefits of additional resources cannot be demonstrated.

2.1.3 The Section would benefit from more meetings to discuss operations, share information and receive management advice and support on a regular basis.

Recommendations for the Mission

2.1.4 The PERPA Program develop a work plan for the Section and corresponding detailed work plans for each staff.

2.1.5 The PERPA Program hold regular meetings of all staff.

Mission Responses

2.1.4 We will use the HOM's Accountability Document as well as that of the Program Manager to develop a Section work plan, based on the priorities identified for the delivery of the Program. This will be made even easier by the fact that new work descriptions were developed for each staff of the section, redefining their roles and responsibilities to maximize their performance. Our management of

the PIF was specifically praised by the inspection team, and we will pay particular attention to the continuation of these good management practices and to the detailed development of our requests within the scope of the Public Diplomacy Fund (PDF). We will carefully examine the applications that we receive for cultural activities and attempt to fund them within the framework of the recent cultural agreement signed with Chilean authorities.

We will work in concert with the CEC with a view to using their network of contacts to further extend the reach of our grant programs and the advertising we do in connection with La Francophonie for the event known as the *Dictée des Amériques* [spelling competition of the Americas]. We will develop a series of conferences, together with our Chilean partners, based on the three pillars of our foreign policy, i.e. Security, Prosperity and Culture, always set against the backdrop of national unity.

Once we get up to speed, we will be in a better position to judge whether there will be a need to increase the number of staff.

- 2.1.5 In the past, the members of the Program held ad hoc meetings based on the amount of work and number of activities. From now on, a meeting will be held every two weeks, on a set day and at a set time to be determined following consultation with those involved.**

2.2 Post Initiative Fund

2.2.1 The PERPA Program is responsible for the management and administration of the Post Initiative Fund (PIF). A budget of \$15,000 has been allocated over nine projects. In addition to a project description, goals and objectives, anticipated outcomes have been determined for each project. The Program has also been allocated \$24,000 from the Public Diplomacy Fund (PDF). Four projects have been identified for these funds. Both the PIF and PDF are well managed and being effectively utilized.

2.3 Developmental Plan

2.3.1 Given the small size of the Program, the variety of work being undertaken and the extensive experience of the Program Manager and LES staff, it is an excellent situation in which to leverage the development of the Third Secretary who is on a first assignment. The Officer could benefit by taking on supervisory responsibilities regarding the Public Affairs and Academic Relations activities. This would provide valuable experience in these areas and develop supervisory skills that will be useful in future positions. Supervisory skills will also complement the experience and exposure

the Officer will be receiving by working with a senior Program Manager. The value of a formal developmental plan is to ensure that the Officer does not become consumed solely in specific files and lower level work, and that an opportunity is provided to review progress and adjust the plan accordingly.

Recommendation for the Mission

2.3.2 A developmental plan should be considered for the Third Secretary in the PERPA Program.

Mission Response

2.3.2 The job posting for the Third Secretary in Santiago will henceforth specify “direct supervision of the Public and Academic Affairs Program”. These new responsibilities will be taken into consideration when appraisal reports are written. Guided by the Program Manager, the new head of Public and Academic Affairs will be the immediate supervisor of the media program officer (LE-08) and the academic issues officer (LE-05). This will include developing new job descriptions if warranted, chairing meetings and writing annual appraisal reports; other elements include disciplinary measures and the general direction of the programs. This person will also determine budget requirements, management of the PIF and the funds allocated by Ottawa for the PDF. Lastly, this person will represent the Mission at all meetings dealing with the above-mentioned subjects that are held either at Headquarters, in the region or at the Mission.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

3.1 Program Overview

3.1.1 The IBD Program in Santiago is responsible for both trade policy and trade promotion in Chile and is headed by an experienced Program Manager, an FS-02 Commercial Counsellor. He is assisted by two Canada-based Officers, both FS-01s on their initial postings, four LE-09 Commercial Officers (COs) and three LE-05 Commercial Assistants (CAs). There is also a Canadian Education Centre (CEC) Manager (LE-08) who reports to the Program Manager. One of the CO positions is new and has yet to be staffed. This position replaced a Canada-based Officer position in the summer of 2000 that was transferred to Rio de Janeiro.

3.1.2 The Program benefits from funding from the Program for International Business Development (PIBD) and Special Trade Promotional Funding (STPF) in the amounts of \$43,000 and \$24,000 respectively. In addition, the Program encourages and supports events fully funded by federal OGDs, Provinces and various trade associations. In the initial ten months of 2000, the Mission has been involved with 70 missions/visits and 20 major events including trade shows and exhibitions, the majority of which involved the IBD Program. Between September and December alone there will be 15 trade missions to Chile. The Program has also been involved in a large volume of seminars and consultations.

3.1.3 The Mission makes the case that Chile's open market economy, its stable political system and predictable regulatory environment allows for a significant and growing relationship with Canada. Canada enjoys a distinct trade advantage over other countries because of the Canada Chile Free Trade Agreement (CCFTA) which came into force in July 1997. Currently, close to 90 percent of industrial and resource-based exports are duty free while all traditional competitors face a nine percent tariff fee. Canada is the only G-7 country to have an FTA with Chile, although the United States will be entering into FTA negotiations shortly. Canada is also the only industrialized country to have a Double Taxation Agreement with Chile. This provides a huge advantage to Canadian firms and service providers operating in Chile. Exports to Chile are expected to increase as these advantages become better known in Canada. Moreover, Chile is now coming out of its first recession in 15 years and the GDP is expected to grow by close to six percent this year.

3.1.4 Canada is the second largest investor in Chile (behind the USA) with investment estimated at close to \$11 billion, most of which is targeted for the mining sector. It is acknowledged that direct investment helps lead trade and that the greater the level of investment, the greater the future opportunity for Canadian exports to that market. International investment firms have given Chile an A-minus investment grade, the highest ever reached by a Latin American country. Two-way trade reached a reported high of \$717 million in 1997 and increased by 11 percent in 1999.

Reconciliation of trade figures between the two countries indicated discrepancies suggesting that Canada's and Chile's exports are under-estimated by as much as 25 percent because much of the trade is trans-shipped through the United States and statistics are difficult to capture.

3.1.5 Trade statistics provided by the Mission suggest that Chile ranks as the most diversified market for Canadian products in South America ahead of Venezuela, Brazil and Argentina. This diversification is a direct reflection of the strength of the CCFTA and the good business climate found in Chile. Also, the number of Canadian export sectors valued at greater than \$1 million suggests that Chile is almost equal to those of Brazil even though Brazil's economy and population are almost 10 times that of Chile's. In 1999, for example, the number of Canadian export sectors greater than \$1 million for Chile and Brazil were 72 and 75 respectively. Chile also led the way in 1999 as the strongest Canadian export market in South America for Canadian export sectors under \$5 million. This is an area where SMEs are actively involved and to which IBD Officers bring significant value-added. This is not always the case with larger companies who do not necessarily need the same kind of assistance.

3.2 Planning

3.2.1 The Accountability Agreement for the HOM spells out the strategic and operational priorities of the Mission including those for the IBD Program. In turn, objectives have been established for the IBD Program Manager and, in consultation with each Officer, agreement has been reached on what each individual's goals and objectives are. In addition, strategic priorities have been identified for the Program as a whole.

3.2.2 The goals and objectives developed for each Officer are not expressed in quantifiable and qualitative terms. This makes it difficult to measure results and evaluate performance. There are also no detailed work plans prepared for each priority sector (in addition to those sectors considered important by the Program Manager) identifying the activities to be undertaken and identifying companies to be targeted to realize the intended results. These work plans would also assist the Program Manager in prioritizing his workload and best allocating his limited human resources, a problem that was identified in the audit.

3.2.3 Staff in the Program now work largely in a reactive mode. One Officer went as far as to state "we have worked so long in a reactive mode that it seems we have lost the capability to be pro-active". Better planning and prioritizing of the work as well as moving away from a culture of seldom saying "no" and trying to be "everything to everybody" is required if the Program is to change its approach.

Recommendation for the Mission

3.2.4 A more structured approach should be taken to managing the Program which includes:

- **setting specific goals and objectives for each of the key sectors and Business Development Officers; and**
- **developing work plans that reflect activities to be undertaken as well as their time frame, resource commitments and expected results.**

Mission Response

3.2.4 Each officer is currently preparing their work plan for the new FY, taking into account the rationale for proposed activities, the companies to be identified and the expected results required in order to justify the time, money and effort required to undertake each of these activities. Specifically, actions underway include: development of summary business plans to provide the rationale for undertaking the activity by highlighting the activities; their value-added to exporters; cost rationale and event/activity objectives that can be quantified (event objectives with measurements based upon results such as increased exporter leads; new market intelligence; heightened local market awareness of Canadian products and services as a result). Each Officer will now be using IMS Project software to establish objectives, track costs and, most importantly, develop work plans. There will be a periodic benchmark review by the Program Manager to ensure the activity is on track and to provide guidance as required to the IBD Officers.

The Manager disagrees with the comment that he alone has decided that there are other sectors of interest on which his staff must spend time. Other sectors take time because of the level of interest experienced by Canadian exporters. In short, whether we want to concentrate our time and effort on a non-priority sector is not a decision the Program Manager or anyone else makes; rather, it is based upon market demand and Canadian exporter interest.

3.3 Trade Commissioner Service - New Approach

3.3.1 The TCS New Approach, which focuses on client and service delivery, is not fully implemented. While the concepts of the New Approach are understood and accepted by the Trade Section, the application of the New Approach is not evident. For

example, when asked to define what kind of changes the New Approach has brought to the way they work, responses focussed more on “we no longer have to make hotel reservations” or “we don’t have to act like tour operators and pick people up at the airport” than on providing more time for value-added work.

3.3.2 There is little evidence of TCS promotional material, e.g. business and partner-client brochures in the Trade Section or in the lobby of the Mission. Given the active nature of the Trade Program and with the high number of business missions and visits, opportunities to promote and educate TCS clients are lost. The Business Mission Agreement (BMA), a best practice tool designed to assist Trade Commissioners and Mission Organizers plan and execute effective and productive trade, investment or Science and Technology missions, is not being used. While the Program Manager may “draw” from parts of the Agreement when organizing missions with partner-clients, he needs to foster the use of the BMA as a standard practice within the Trade Section.

3.3.3 The Trade Section has identified local service providers for outsourcing purposes, but has not posted them on InfoExport where its clients could easily access the information; nor has it delegated what appear to be time-consuming elements of missions/visits to local service providers (e.g. organizing networking reception, invitation list mailout, organizing events). These activities are done by the InfoCentre in collaboration with the Officers.

3.3.4 Horizons, the TCS intranet web site and an excellent source of post support online is not being utilized by trade staff. The only exception is the Trade Program Manager who refers to the Horizons website on a regular basis.

3.3.5 Information management methods vary from mission to mission, and from officer to officer. WIN Online, the version of WIN Exports that offers trade staff a client tracking system for their activities with Canadian companies, is not being used by trade staff in Santiago. The most common explanation being recurrent technical difficulties, slowness, and lack of faith in the system as a whole. By choosing not to use WIN Online, the trade staff are not accessing the most recent data on Canadian companies and they are not sharing their activities with other Missions. If they do any tracking at all, it is with the Mission WIN system; however, while Mission WIN enables trade staff to maintain local contacts, any tracking on Canadian clients is seen by Santiago Trade Program staff only.

3.3.6 The InfoCentre informs us that they use WIN Online to check for tracking messages from the Post Support Unit. However, they use Mission WIN for local contact information and enter Canadian contacts when necessary. Due to workload pressures, the InfoCentre is only able to update Mission WIN every three to four months. The InfoCentre does not enter tracking for the officers.

3.3.7 The previous Program Manager had created an Information Centre designed to alleviate routine enquiries away from officers and to enable them to focus on more value-added work, i.e. outcalls, market intelligence/information. It is not evident that the InfoCentre in its present structure has had a significant impact on the Program's operations. The Centre is staffed with three CAs, who, in addition to their InfoCentre workload, act as assistants to the COs. One of the CAs spends over one-third of her time working directly for the Trade Program Manager. There is no InfoCentre Manager.

3.3.8 Most, if not all, officers continue to spend time on answering new and general requests that come to them directly, instead of forwarding them to the InfoCentre for action. The InfoCentre, at present, responds directly to information requests that come in via fax, letters and e-mails. There is an e-mail address specific to the InfoCentre, but no mechanism is in place to redirect trade officer enquiries on to the InfoCentre.

3.3.9 The Centre's mandate is to respond to trade information requests from Canadian and local business and partner-clients, and to assist with logistical arrangement of official missions, trade shows, seminars, etc. Considering that the Mission has been involved in 70 missions/visits and 20 major events since January 2000, this part of their work keeps them largely occupied leaving little time for keeping information sources like the trade library, filing system, WIN Exports and Mission WIN, updated. There is a service standard to respond to InfoCentre correspondence within a maximum of five days, as per TCS service commitment. It is not obvious that this standard is always being met.

3.3.10 As an indication of the level of activity in the Commercial Section, in 1999 there were approximately 4,000 enquiries and 30,000 e-mails. The InfoCentre needs to become the single window delivery of routing all faxes, letters, and e-mails for trade staff. Both Sao Paulo and Buenos Aires have been successful in implementing a central e-mail box for enquiries and printing that address on all business cards. Santiago needs to follow this example and ensure that the InfoCentre e-mail address becomes the primary contact address on all business cards.

Recommendations for the Mission

3.3.11 Assign an Officer as Manager for the InfoCentre.

3.3.12 Develop an action plan to re-invigorate the Santiago InfoCentre within the context of the New Approach.

3.3.13 Develop a communications plan to increase awareness of the New Approach within the Mission and with TCS clients.

- 3.3.14** The Trade Section should make a commitment to track Canadian clients using WIN Online and to use the Business Mission Agreement.
- 3.3.15** The Info Centre should become the single window delivery of routing all faxes, letters and e-mails for Trade staff.
- 3.3.16** Ensure that the five day turnaround standard for enquiries is being met.

Mission Responses

- 3.3.11** The Section acknowledges that the New Approach has not been fully implemented and despite the limited resources available (notably in the InfoCentre) is working to correct this situation. Since the auditors' visit, numerous changes have been implemented.

New resources including a Manager for the InfoCentre were requested, but we were subsequently told not to expect any incremental resources which now means trying to be more innovative and resourceful with our existing staff. On this point, one of the Commercial Officers has agreed to take on the additional responsibility of managing the InfoCentre. The price paid however is that less of this Officer's time (possibly as much as 50 percent) will be available for IBD related activities.

- 3.3.12** We have specifically prepared an action plan to re-structure the Info Centre which is critically important if we are to fully implement the TCS "New Approach". Moreover, we have also prepared an overall business case to argue for more resources for the Section.

- 3.3.13** The Section has completely re-built the Website highlighting our priority sectors and outlining our key services as part of the New Approach. We have also developed a number of hyperlinks to better inform our clients about the TCS, its services and information on Chile, the priority sectors and our approved out sources.

We are trying to utilise the business Mission Agreement but with varying degrees of success.

While promotional material on TCS is now being displayed in the Lobby, lack of space given its small size and the presence of the Canadian Education Centre (CEC) have prevented us from being able to put up a proper display. We are now trying to re-organise a space

in the Trade Section itself to better promote the New Approach to our clients.

- 3.3.14** We have fully implemented this recommendation but would offer the following comments. The WIN system is slow and time consuming and we are concerned that the system's resources are not always being offered equitably from Headquarters, e.g. differing bandwidth between missions.
- 3.3.15** We now have a common e-mail address on all of our business cards which will help to direct e-mail traffic to the InfoCentre. Officers have been instructed to direct all enquiries to the InfoCentre for response and also as a way of better tracking incoming correspondence, etc. If the Officer needs to contribute to the response, this also is being directed to the InfoCentre who incorporate the new information and send it out in final form. By working all enquiries and responses through the InfoCentre, they are much better able to track the response.
- 3.3.16** By implementing 3.3.15, we have been able to better manage the necessity of monitoring and thereby meeting this five day response requirement. As the enquiries come in, the InfoCentre logs them, determines who they are assigned to and then flags and BFs the enquiry within Outlook to ensure the response has been answered and not forgotten and also to ensure the Officer has provided his/her input (if required) for the InfoCentre's response. Better use is now being made of the standard reply letters available through Horizons.

Recommendation for TCS

- 3.3.17** A TCS team should be assembled to visit the Mission to provide the training required to (a) ensure the Mission is fully capable of implementing the New Approach on a day to day basis and to (b) enable the Program Manager to demonstrate results in line with the New Approach.

TCS Response

- 3.3.17** TCS is aware of the situation and has added Santiago to a priority list which will be used to identify the Missions which will be visited once the roving team approach has been finalized.

3.4 Resourcing

3.4.1 The Audit Team believes, given the level of current activities and the sectors for which the Mission is responsible, that IBD Program will not be able to continue to keep pace with the demand for services. Moreover, as the advantages of the CCFTA become better known and Chile's economy continues to grow, the number of Canadian exporters will likely increase. The Audit Team recognizes that apart from incremental resources, more structure in terms of planning and managing the Program, as well as further developing the New Approach, is necessary if the Mission is to be properly positioned to accommodate this growing interest in Chile.

3.4.2 Staff within the IBD Program are professional, knowledgeable, hard working and dedicated. The work is heavy and the pressure is constant. Officers regularly work long days. A couple of the Officers, the Program Manager and the Third Secretary, who is dedicated fully to trade policy work related to the CCFTA, are working 60 to 70 hour weeks to manage what appears to be a never-ending workload. For others, the workload is seen as more manageable but also very heavy.

3.4.3 The Program Manager is overloaded with work. A considerable amount of his time is spent outside the office networking with local contacts and Canadian companies active in the Region. The Proyecto Tridente file (Chilean Frigate Replacement Program) is now also his responsibility. This file was the full-time responsibility of a former Canada-based Officer. In addition, the Program Manager is managing the Banking and Finance sectors as well as the Investment Servicing and Development sectors. He also is the back-up to other Officers for three other sectors. This heavy workload has resulted in limited accessibility. The weekly meetings are protracted as staff take the opportunity to discuss issues that, were the Program Manager available during the week, would not have to be dealt with in this forum.

3.4.4 Staff, because of the inaccessibility of the Program Manager, do not always receive the direction, guidance and supervision that is required. This is particularly so in the case of a Canada-based Officer who recently arrived, who is on her first posting as a Trade Commissioner and whose responsibility includes two highly important sectors, namely Information and Communications Technology (Connectivity) and Agriculture. It should also be noted that her predecessor had spent little time on the Information and Communications Technology sector as he had been full-time on the Tridente project.

3.4.5 This past year, the Program Manager's first at the Mission, has been particularly trying because of personal problems between two staff members. This was a delicate and time consuming situation to manage and put considerable strain on the Program Manager. With the resolution of this situation the Section has seen an increase in morale and a new enthusiasm amongst staff.

3.4.6 There are five sectors that have been identified by the Trade Team Canada Sector (TTCS) process as being priority markets for Chile. These include Environmental Industries, Information and Communications Technology (Connectivity), Electric Power, Service Industries and Capital Projects, and Plastics. Other sectors that are seen by the Program Manager as having significant potential (in some cases more so than those considered priority by the TTCS), are Mining, Agriculture, Transportation and Defence, and Building Products and Housing. A significant effort is spent on these non-priority sectors, e.g. 50 percent of one Officer's time is devoted to Agriculture while another spends 60 percent on Mining. In effect, sectors considered a priority by TTCS, in some cases, are given short shrift by the Program. In order to demonstrate the potential for results for these non-priority sectors, a business case should be formally presented to the TTCS network and DFAIT HQ outlining the rationale and the impact on Program resources.

3.4.7 Comparisons with our missions in Sao Paulo and Buenos Aires show the IBD Programs there to have more resources than Santiago. Sao Paulo has 14 staff and Buenos Aires has 13, while Santiago has 11. The TTCS process has identified eight priority sectors for Sao Paulo and seven for Buenos Aires. According to the Mission, Argentina is considered a priority market for Canadian automotive products, yet exports of automotive products to Chile are higher than those to Argentina. Moreover, only Brazil has been granted priority status in Agriculture, however, there has been a 63 percent decline in these exports to Brazil between 1997 and 1999, while Chile has seen only a marginal decline. In 1999, Agricultural exports to Chile grew where today there is little difference in the value of these exports to Brazil and Chile.

3.4.8 The number of resources in Santiago's IBD Program is deceiving as not all staff are involved in trade promotion. The Third Secretary position, for example, which is intended to be a hybrid position in which the incumbent divides her time equally between trade policy and trade promotion, is totally committed to trade policy. An LES Commercial Officer also is spending 15 to 20 percent of her time managing a side agreement to the CCFTA that deals with the environment. (Another side agreement relating to labour is handled by the PERPA Section.) The CEC Manager is totally committed to CEC operations. This position was formerly part of the PERPA Section. As a result the core of experienced Officers dealing with trade promotion, at the moment, adds up to only 3.8 Officers.

3.4.9 The Audit Team believes that in conjunction with efforts to develop work plans the Program should make a business case providing the rationale, in terms of workload statistics, comparison to other missions and output expectations, to support the following:

- a full-time Secretary/Assistant as is the case with his counterparts in Sao Paulo and Buenos Aires;

- an incremental support position for the Information Centre and the assignment of a CO to manage this operation;
- an assessment of the number of Commercial Assistants needed to ensure trade promotional officers are afforded the proper assistance to carry out their duties; and,
- consideration of having the Program Manager's position classified as an EX-01 position similar to his peers in Sao Paulo and Buenos Aires. Raising the level of the Program Manager to EX status would recognize present workload and responsibility and may also facilitate attracting more experienced Trade Officers (FS-02s) to Santiago.

Recommendations for the Mission

- 3.4.10 The IBD Program Manager should prepare a business case on behalf of the Mission, supporting incremental resource needs and submit it to LGD and TCD.**
- 3.4.11 The Mission should staff the vacant LES Commercial Officer position as soon as possible.**
- 3.4.12 A review and analysis of priority and non-priority sectors needs to be carried out from the Mission's perspective and discussed with TTCS in order to confirm current priorities or make required adjustments.**

Mission Responses

- 3.4.10 The Section has developed what we believe to be an extremely strong business case supporting incremental resource needs. It has been presented to LGD as part of the Bureau's Business Planning exercise, to date it has had no positive impact. The plan is scheduled to be submitted to TCD but it was thought important to first start with the L Bureau, gauge their response, and then present to others as required. During an upcoming trip to Canada in May, the Commercial Counsellor is arranging to present the business plan in person in an effort to convince TCD and LGD of the need to assist Santiago on an urgent basis with their worsening resource constraints.**
- 3.4.11 The Section has successfully run a competition and staffed the vacant LES Commercial Officer position.**

3.4.12 This has been done regularly in the past with each officer preparing the rationale for why sectors should be identified as priority ones for this Mission. Helping us to improve our planning and where we focus our efforts needs to start with reaching an agreement with TTCS on our priority sectors. This can only be achieved if the priority sector consultation process gives more weight to Mission's input, in a way that reflects not only Canadian industry's preferences but the operational realities of specific markets.

3.5 Canadian Education Centre (CEC)

3.5.1 In 1998, the Canadian Education Centre Network (CECN) set up three Canadian Education Centres (CECs) in the region. Two of the CECs are offices of the CECN and, as such, are wholly owned subsidiaries of the Asia Pacific Foundation. They operate under terms specified in MOUs signed between the Asia Pacific Foundation and the Mission. However, due to uncertainty of demand and limited resources in Chile, the Centre in Santiago ended up being a two year pilot project, co-located in the Mission, and fully funded by DFAIT until March 31, 2001.

3.5.2 The Centre in Santiago is staffed by a full-time Manager and a part-time Assistant who works 25 hours per week. Most CECs are staffed with a full-time Manager, full-time Counsellor and an Administration resource. This Centre has an operational budget of \$6,900.

3.5.3 The Manager devoted a large part of her time over a six month period to organizing the annual EduCanada Fair. This event is very successful with over 3,500 students visiting each of the past two years. It is the Centre's major promotional activity. The balance of CEC resources are spent being "reactive" (for example: reports, responding to any education-type questions coming into Mission, budgetary issues, etc.) versus "proactive" which is necessary in getting out and increasing Canada's share of the market. Little time, for example, is spent on Corporate Training, Distance Education and Language Institutes which are niche markets for Canada, but need attention from the CEC Manager to become better known.

3.5.4 The part-time Assistant services students by providing generic counselling. She also tracks the number of enquiries (either by telephone or in person) using the CEC tracking form. Tracking records indicate that the number of enquiries have continued to increase since 1998, with 1,104 students visiting the Centre in 1999.

3.5.5 Although it is difficult to gauge the proportion of students accessing CEC services who actually ended up studying in Canada, monthly statistics prepared by the Visa Section on student authorizations and visitor/student visas show an increase in student authorizations and visitor visas. For example, in 1998, 56 student authorizations were issued compared to 174 in 1999 and 127 today with three months

left to track (normally very busy months). Visitor visas are up from 78 in 1999 to 95 at the end of September, 2000.

3.5.6 The biggest issue facing the Program is deciding its continued resourcing. While increased funding and confirmation of extension of the Program was requested, there has been no decision or response. As a pilot project ending March 31, 2001, DFAIT and CECN need to assess present program effectiveness and any potential future benefits, against costs of operation. The option of continuing the Program should include the additional resources that will allow a full range of activities and services. Other factors that will need consideration and clarification are the availability and cost of increased space, training (including language training), and access to office facilities after hours.

Recommendation for LSR

3.5.7 In consultation with CECN, determine the future status of the CEC Program in Chile and ensure that any agreement covers relevant administrative support issues.

LSR Response

3.5.7 In consultation with the CECN, DFAIT has agreed to extend funding for the CEC Office in Chile, at its existing level of activity, until March 31, 2002.

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The Mission provides timely and effective Consular Services. The Consular Program is under the management of the MCO with daily operations the responsibility of the DMCO who supervises a full-time Consular Officer (LE-06) and a part time Assistant (LE-06). Objectives and work plans have not been formally established for the Consular Program. COSMOS is being used effectively.

4.1.2 The Consular Officer has been in her position for 10 years and the Assistant, for seven years. They share the workload on passport issuance and Consular cases with the larger part of the work being assumed by the Consular Officer. The Consular Assistant deals primarily with the Honorary Consuls.

4.1.3 The DMCO spends approximately 50 percent of his time on Consular matters. Given the experience and competence of the staff, it was not apparent that the DMCO's investment of time is warranted for the effective delivery of the Program. As the DMCO's time is also devoted to the management of Physical Resources where significant issues need to be resolved, the Audit Team would suggest that upon resolution of these issues, the requirement for the DMCO to manage the Program be reviewed. A recommendation to this effect has been made in the Mission Management section of this report.

Recommendation for the Mission

4.1.4 Develop objectives and work plans for the Consular Program.

Mission Response

4.1.4 The Consular Plan will be prepared in accordance with the HOM Accountability Agreement in order to develop objectives that will ensure efficient Program delivery.

4.2 Service to Canadians

4.2.1 The Consular Officer is responsible for the provision of services to Canadian Citizens as well as passport and citizenship services for Chile. There are 1,300 Canadians registered in Chile, but it is estimated that the real number approximates as many as 10,000. Many Canadians do not register as Chile does not recognize dual citizenship. The Consular workload is steady. There are not many Consular cases, but the ones they do have are difficult. The Mission receives approximately 100 citizenship applications per year. The warden system was updated

prior to Y2K and the Contingency plan was last revised in December 1999. There is no emergency cash parcel.

4.3 Passport Services

4.3.1 Passport and citizenship services are effectively provided by the Consular Officer. The Consular Officer uses official receipts which are controlled by the Accountant. The Mission issues between 50 and 70 passports a month. The reconciliation of the passports was conducted and everything was found to be in order.

4.4 Honorary Consuls

4.4.1 The Mission has two Honorary Consuls, one in Antofagasta and the other in Concepcion. The Mission has expressed a high level of satisfaction with both Honorary Consuls. The workload differs between the two Honorary Consuls with the one in Antofagasta having the larger number of Consular cases. The Mission is in regular communication with both Honorary Consuls. Both offices have answering machines with messages that provide 24 hour assistance and the Mission can contact either Honorary Consul after hours, if required. Financial arrangements with the Honorary Consuls are in order.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The MCO, an AS-04, is responsible for the management of the Administration Program. He arrived at the Mission in August 1999 ***. The DMCO, an AS-03, is ***. He is devoted 50 percent to Consular activities and in the Administration Program focusses primarily on Property management. He reports directly to the MCO as does a Systems Administrator (LE-07), an Administrative Assistant (LE-05), a Receptionist (LE-04) and an Accountant (LE-06).

5.1.2 Both the MCO and DMCO work long hours and are dedicated to their Programs, however, there are serious issues with the management of the Administration Program. The audit found that the Program is not focussed on service delivery to the Programs or to staff and there is a significant lack of management control in the key functional areas of Physical Resources and of Finance.

5.1.3 There are no plans, objectives, goals or priorities set other than those articulated in the HOM's Accountability Agreement. While some simple processes have been put in place, the overall approach to management is task driven with little thought to strategic planning.

5.1.4 Problem identification and resolution is limited to focussing on the capabilities and inadequacies of individuals as opposed to overall system deficiencies. Responsibility and blame for any problems which arise in the Program is allocated to staff while not providing them the tools required to facilitate the work. As a result, the staff feel that they are not respected and have no support from management. This has had a negative impact on the effectiveness and morale of the Program.

5.1.5 Program management lacks fundamental knowledge and expertise regarding IMS, budgeting principles and planning techniques. Therefore accounting staff are not provided adequate direction and advice.

5.1.6 Concerns were raised with respect to leasing of an SQ. Departmental policy has been circumvented and, as a result, TB guidelines have been exceeded and unnecessary expenses incurred by the Crown to provide housing in excess of Departmental standards.

Recommendation for the Mission

5.1.7 The Mission in consultation with LGD and HPD needs to provide * with the training, counselling and direction that will ensure implementation of sound management practices, achievement of**

Program objectives and compliance to Departmental policies and procedures.

Mission Response

5.1.7 The HOM, in consultation with LGD and others (e.g. Lima), has taken immediate steps to help and support *.**

UAM has brought in another MCO to evaluate the working environment of the Program and to propose solutions. The resulting work program is presently being implemented and should be completed by the end of June. Positive results in service delivery are already evident and the morale of the Program staff has improved considerably. More efforts are required but it is definitely on the right track and improving daily.

The comment regarding compliance with Departmental policies and procedures – and specifically the acquisition of an SQ which exceeds TB space guidelines – is being treated as a very serious issue by the Mission and steps are being taken to put the situation right. We are in the process of regularizing the situation with TB and have mandated the Housing Committee to look into replacing the SQ when the lease expires.

Administrative Objectives and Work Plans

5.1.8 The HOM'S Accountability Agreement contains a section relating to management priorities such as building morale, ensuring client service and enhancing the efficiency and cost-effectiveness in the management of personnel and finance. While broad objectives have been established by the HOM for the Administration Section, the MCO has not yet established goals, objectives and work plans for each discipline within Administration. Work plans should be established with each employee in order to clarify expectations. These work plans should form the basis of the annual appraisal process for the staff concerned.

Recommendation for the Mission

5.1.9 Goals and objectives should be established for all sections of the Administration Program and a work plan developed to meet the objectives set out in the HOM Accountability Agreement.

Mission Response

5.1.9 The Program manager set goals and objectives in December to rectify as quickly as possible the overall situation in the Program, with a focus on Program delivery and encouraging staff to work as a team. The next phase is to reinforce the linkages to the HOM Accountability Agreement to develop more focused objectives and goals and ensure optimum efficiency for Program delivery; this is underway.

Service to CBS and to Programs

5.1.10 Program Managers and several CBS were interviewed with respect to the services provided by the Administration Program. Responses varied significantly. Issues were raised concerning inconsistency and inequity of treatment with respect to housing, maintenance requests, IT services and the inability, until recently, of the Program to effectively track OGD expenditures. During the week prior to the audit, the Administration Program communicated services standards to all Mission staff. This is a step in the right direction. The MCO and the DMCO need to exhibit a clearer understanding that their role is to provide effective services to both Programs and staff in a consistent manner, while at the same time following the rules.

Communications

5.1.11 Communications in the Program are not effective. There has been only one meeting with staff in the past year. The Administrative staff as a whole are not consulted on issues, but rather told of decisions on a need-to-know basis. Staff would like to participate more in Program discussions and decision making and work in a team environment.

Recommendation for the Mission

5.1.12 The MCO should hold regular staff meetings and attempt to consult the LES as part of the decision-making process.

Mission Response

5.1.12 The Program now holds one interactive meeting per week with the staff. Minutes are kept.

The MCO has also offered other Programs the opportunity to have him or other Administration staff attend their meetings, as needed, to respond to pressing issues. One Program has so far taken

advantage of this opportunity with positive results; others have expressed interest.

5.2 Human Resources

Management of the Function

5.2.1 The Mission is currently employing five staff through service contracts, has a vacant position in the Trade Program and the Administration Program relies heavily on overtime. In order to ensure that the most effective and efficient staffing mechanisms are being deployed and that for contract personnel employer/employee relationships are avoided, the MCO, in his role as the personnel advisor, should consult with Program Managers to review their needs and identify appropriate resourcing alternatives. Intended staffing actions should then be reviewed by the CMM to ensure that Mission and departmental interests are considered.

Recommendation for the Mission

5.2.2 Systematically identify personnel requirements and changes for review at the CMM and incorporate staffing action plans into overall Mission planning.

Mission Response

5.2.2 The Mission will put a lot of emphasis in the next six months into reviewing the job descriptions of all employees in relation to the objectives, the workload and the new benchmarks that will be provided by HRL in the near future.

Overtime Management

5.2.3 The MCO and Accountant keep a good record of overtime for CBS and LES. The majority of funding for LES overtime was claimed by the three Mission drivers. Last fiscal year, the Drivers claimed \$30,000 of the total overtime budget of \$50,000, and in the first 7 months of this fiscal year, they had already received \$16,000 of the total \$20,000 spent. One driver alone received *** last year in overtime. Overtime needs to be analysed and where it is excessive, the workload should be reviewed and rationalized. For example, Driver schedules could be staggered to reduce overtime claims. Staff indicated that overtime cannot always be utilized or goes unpaid due to lack of funds. Overtime funds should be available to staff in all Programs and properly controlled and budgeted for.

Recommendations for the Mission

- 5.2.4 Driver related overtime should be reviewed in an effort to reduce it through better scheduling, tighter control and shift work.**
- 5.2.5 Ensure that LES overtime is managed in such a way that all LES who work overtime are paid accordingly.**

Mission Responses

- 5.2.4 Driver overtime has been reviewed and proposals have been presented at the beginning of the FY to the CMM for evaluation and decision by the members. Proposals are being analyzed by Program Managers to evaluate the impact on the delivery of their program.**
- 5.2.5 The draft LES Handbook sent to HRL for approval is explicit in dealing with overtime. Each Program has received a portion of the overtime budget to cover their needs throughout the year with a Mission reserve set aside for unforeseen operational needs, thus allowing “managers to manage”. The allocation of the reserve will be a CMM decision upon request by a Program Manager.**

Classification and Organization

- 5.2.6 The Mission organization chart is current and accurately reflects the personnel working at the Mission. Minor differences were found when compared to the Personnel Utilization Profile (PUPs) report and to EXT 208s. A number of positions recorded on the PUPs no longer exist at the Mission or are incorrectly classified.
- 5.2.7 The Mission Drivers are classified at LE-02s on the office scale and not on a separate non-office scale. The OR staff are classified at LE-00 and are considered as non-office employees. The Drivers work 37.5 hours a week and the OR staff 40 hours. Normally, the Drivers and the OR staff are considered non-office workers and generally have a longer work week than office staff. The Mission confirmed that the American embassy drivers and OR staff work a 48 hour work week. Salary costs for Mission Drivers have increased as a result of associated overtime costs. If the markers indicate that these positions are on a non-office salary scale, a reclassification of our employees to a non-office scale would result in an increase in their normal working hours and a decrease in overtime costs.

Recommendations for the Mission

- 5.2.8 Update the PUPs to reflect the accurate number of staff at the Mission, position numbers and levels. EXT 208's should all be reviewed and updated.**
- 5.2.9 Review the practice of the markers, and, if justified, reclassify the Driver and OR staff positions to a non office pay scale.**

Mission Responses

- 5.2.8 The review of the PUP will be done in cooperation with UAM in May. EXT 208's are being reviewed and will be finalized with the PUP update.**
- 5.2.9 Most of our markers, except Embassies, have no drivers and OR Staff. The Mission will extend its survey to other Embassies to evaluate the classification of these staff. If they are classified as non-office workers, the Mission will, in coordination with HRL, reclassify the positions.**

Spousal Employment

5.2.10 The Mission considers spousal employment when staffing vacant positions or filling contract requirements. The LES SA position is staffed by a CB spouse who is departing the Mission next summer. The Community Coordinator position is filled by a spouse and both the IBD and PERPA Programs have recently contracted spouses. The Mission could not provide sufficient justification for hiring *.**

Recommendation for the Mission

- 5.2.11 Ensure that all appointments higher than the first step of the LES salary scale are fully justified and in accordance with regulations.**

Mission Response

- 5.2.11 Agreed; many of the existing appointments resulted from decisions taken several years ago. Management will ensure that any future hiring above the first step is documented appropriately.**

Pay and Benefits

5.2.12 The Mission recently conducted a benefits survey which has been forwarded to HRL for comment and action. The medical and insurance coverage survey, which is normally part of the benefits survey, has yet to be completed by the Mission. This is fast becoming a contentious issue for the LES. Although part of a local medical scheme, LES are presently able to claim a supplementary prescribed drug benefit from the Mission to a maximum of \$120 per annum. However, they indicated that there was insufficient coverage from the local plan for doctors costs and that the supplemental drug coverage from the Mission was no longer sufficient.

Recommendation for the Mission

5.2.13 Complete the medical and insurance survey in a timely fashion, and report to HRL on the medical and prescribed drug coverage.

Mission Response

5.2.13 Medical and prescribed drug survey was submitted to HRL in late December 2000. We are awaiting a decision.

Recommendation for HRL

5.2.14 Give priority to completing the review of the benefits survey for Santiago and communicate the results to the Mission as soon as possible.

HRL Response

5.2.14 HRL has completed the analysis of the submitted medical and insurance survey (April 2001). Amendments to the various provisions are currently being actioned.

LES Handbook

5.2.15 The LES Handbook has not yet been approved by HRL. Changes in the past two years to the Handbook concern overtime calculations and hours of work. It was also noted that when appointed, the LES are given a letter of offer and a locally drafted employment contract. The LES are confused as to which document constitutes the terms and conditions of their employment. LES are hired under the Locally-Engaged Staff Employment Regulations, and their employment is governed by the LES Terms and Conditions of Service. The LES Handbook is a local synopsis of these terms provided at each Mission. This should be clearly indicated in their letter of offer

on appointment. The Mission will need to review, with the Mission lawyer, the need for a separate contract under Chilean law.

Recommendations for HRL

- 5.2.16 Review and approve the LES Handbook.**
- 5.2.17 Assist the Mission in clarifying the terms and conditions of employment for LES at this Mission.**

HRL Responses

- 5.2.16 HRL has recently produced a generic LES Handbook to standardise the terminology, interpretation and application of the terms and conditions common to all LES. Missions have been asked to extract from their current handbook all sections pertaining to the conditions of employment specific to their mission and to consolidate them under Part 2 of the generic LES Handbook. This will make the updating of the Handbook easier and facilitate and expedite the review and approval by HRL. HRL will review Santiago's handbook after Part 2 is completed.**
- 5.2.17 The generic LES handbook should assist in clarifying the terms and conditions of LES given that it is based on existing regulations and policies governing the employment and terms and conditions of LES.**

Recommendation for the Mission

- 5.2.18 Review the need for a separate employment contract with the Mission's lawyer.**

Mission Response

- 5.2.18 The Mission lawyer has confirmed that the Chilean Labour Contract is mandatory for an employee to be recognized by Chilean Government agencies for pension, social security, medical insurance, etc. This item has been brought forward to HRL through a new and more comprehensive draft LES Handbook submitted on the 5th of January 2001 for their approval.**

Training

5.2.19 The MCO is the training coordinator for the Mission. Staff have participated in many Headquarters training courses, conducted primarily in Ottawa. The Mission has also sent LES to neighbouring missions to benefit from mentoring by experienced LES. Staff in all Programs identified a need for training, but the Mission does not have a training plan identifying key training needs. CFSS has contacted all Mission training coordinators and is developing tools to better plan Mission training. The Mission would benefit from making full use of these tools.

Recommendation for the Mission

5.2.20 Consult the LES Training Guide provided by CFSI and develop an annual training plan.

Mission Response

5.2.20 The MCO has appointed an LES training coordinator to prepare and maintain a Mission training plan. All Staff have been made aware of CFSI opportunities for training. Names of staff have been submitted to UAM and CFSI for HQ training. A local training plan for work related enhancement is being developed in cooperation with the LES. Money has been earmarked specifically from the Operational Fund for Local training.

LES Committee

5.2.21 The LES Committee is made up of members elected from each Program. The interaction of the Committee and the MCO could be improved if a more formal structure were in place to govern the Committee, and if regular consultation took place. Minutes of meetings and Committee decisions are not kept and circulated among the staff. The Committee needs terms of reference that explain to the members its role and the role of Mission Management. The Committee did indicate that the new HOM had met with all LES and the Committee upon his arrival, signalling a new spirit of consultation.

Recommendations for the Mission

5.2.22 Develop terms of reference for the LES Committee with roles and responsibilities defined for itself and Mission management.

5.2.23 Maintain and circulate minutes of all LES meetings and decisions.

Mission Responses

- 5.2.22** Terms of reference are being developed for the LES Committee members and Mission management. They will be discussed at the next LES Committee meeting scheduled for the end of May after the Governor General's visit.
- 5.2.23** LES Committee meets first Wednesday of each month and minutes are taken and distributed to all employees.

Import and Sale of Personal Motor Vehicles (PMV)

5.2.24 CBS are allowed to sell PMVs in Chile under diplomatic privilege. The Audit Team reviewed the Mission documentation and practice of approving sales of PMVs. All CBS may sell two PMV. An EXT1494 form (Application for Permission to Sell Personal Motor Vehicle) must be completed and signed by the HOM, or, in the case of the HOM, the Director General. While the Mission maintains records of sales and copies of each EXT1494, not all applications were properly completed by the applicant. Two EXT1494s were not signed by the HOM prior to the PMV sale and the departure of the CBS. The former HOM sold his two PMV's, but only one application was signed by the Director General in Headquarters.

Recommendation for the Mission

- 5.2.25** Ensure that for each sale of a PMV, EXT1494 is properly completed by each applicant and signed by the HOM/DG for approval, prior to the departure of CBS.

Mission Response

- 5.2.25** The Mission will ensure that an EXT 1494 is properly completed for each applicant and approved in a timely fashion by the proper authority. This item has been added to the departure check list maintained by the Administrative Assistant with a copy provided to the CBS leaving the Mission.

5.3 Physical Resources

5.3.1 The MCO is responsible for the function and has delegated to the DMCO the role of Property Manager. Assisting the DMCO are the following LES: a Property Assistant (LE-05), a Handyman on contract and two Driver/Messengers (LE-02). The Drivers report to the Property Assistant. The materiel portion of the function is divided between the Property Assistant and the Administrative Assistant.

Management of the Function

5.3.2 The Physical Resources function is not well managed. The Mission has a Mission Property Management Plan (MPMP) which was revised in March 2000. The MPMP provides some direction to the function, however the projects identified in the plan have not had business cases developed. Very few systems are in place: the five year Mission maintenance plan focusses on selected properties and not on all Mission properties; there are no regular property inspections; there is no furniture replacement plan; there is no formalized work order system; and, there is no follow-up system. The Property Assistant is attempting to develop work plans without the proper tools, systems or guidance which would normally be provided by the Property Manager. As a result, there are a number of deficiencies and varying degrees of client satisfaction with the Property function at the Mission.

Chancery

5.3.3 The Chancery is located in a building constructed in 1996. The Chancery is split between two floors: the Crown-owned portion, located on the 12th floor, houses all Programs with the exception of Immigration which is in a leased facility located on the 14th floor. The Chancery is being well maintained.

5.3.4 There are a number of areas in which the Chancery could be improved, most of which have been noted in the MPMP, i.e. alterations to the receptionist booth to allow for appropriate visibility into the reception area and the need for an adequate conference room. While the Mission has identified these improvements in their proposed action plan, little consideration has been given to improving the overall Chancery layout. The action plan for the Chancery needs to be developed taking into account the following issues:

- the possible purchase of the 14th floor leased space. The Mission is leasing the 14th floor for \$7,800 per month plus 10 percent condominium fees. The Mission should explore the possible benefits of ownership of this location;
- the secure area is too large for its needs, resulting in significant wasted space. Options for reconfiguration of the secure area should be developed and assessed; and,
- the planned conversion of existing office space into a modern multimedia conference facility for the 2001/02 fiscal year.

5.3.5 These issues should not be reviewed in isolation, but rather in conjunction with one another in order to provide the Mission with the most economical and effective use of Chancery space. A visit by SRD would provide the expertise and experience to deal with all aspects of these issues.

Recommendations for SRD

- 5.3.6 Investigate the benefits of purchasing the 14th floor space to effect costs savings and provide options for the Chancery reconfiguration.**
- 5.3.7 Develop an overall Chancery space utilization plan for the Mission.**
- 5.3.8 Advise the Mission concerning the proposed conference facility and include in the overall space utilization study.**

SRD Responses

- 5.3.6 The lease to the 14th Floor (PR6330066) is renewed annually. The last renewal was sent to Mission on 13 June 01 by SRSK. The portfolio manager will initiate a project memorandum to Bureau Program Committee to request a mandate to conduct a purchase feasibility assessment.**
- 5.3.7 A space study of the Mission is currently underway by SRSR and will be examined by SRSK/portfolio manager as part of the submission to BPC referred to in 5.3.7.**
- 5.3.8 A space study of the Mission is currently underway by SRSR and takes into account the proposed conference facility.**

Official Residence

5.3.9 The Official Residence (OR) was purchased in 1993. The OR is located on a hillside in the outskirts of the city and is, therefore, afforded some relief from the pollution of the city. The private area is small and all rooms run off a long hallway. The grounds are immaculately kept and are frequently used for functions. The interior of the OR, however, is small for indoor functions unless all the furniture is removed. The OR has a terrace which is rarely used. The preference for functions, when the weather is good, is to have them at poolside. The Mission has identified in the MPMP the possibility of expanding the representational area by enclosing the terrace. The Audit Team sees merit with this suggestion as it would increase the representational area as well as optimize space utilization without detriment to the style of the OR.

Recommendation for the Mission

- 5.3.10 Prepare a business case for enclosing the OR terrace for SRD consideration.**

Mission Response

- 5.3.10 A detailed business case will be prepared, incorporating architectural drawings and relevant costing, and submitted to SRD.**

Carpets at the OR

5.3.11 Carpets were purchased in 1994 at a cost of \$8,000 and installed in the living area of the OR. The living area consists of a master bedroom, two bedrooms, an office, a hallway and a den. The carpets in question were considered to be ten-year carpets of the best quality. Upon change of occupant in the summer of 2000, the carpets needed to be replaced because they were soiled. In addition the concrete floor beneath the carpet had to be cleaned and sealed. The old carpets were sent to SRPD to determine the cause of the damage to the carpets. SRPD is proceeding with the appropriate tests. The cost of removing the soiled carpet, cleaning and sealing the concrete floor, installing the new carpets and shipping the old carpets to SRPD for analysis is estimated at \$14,000, excluding the actual cost of the new carpet. If it is determined that the damage was in fact due to the previous occupant, LGD will need to take the appropriate steps to ensure that restitution is made by the previous occupant for the damage caused.

Recommendation for SRD

- 5.3.12 Determine the cause of the damage to the OR carpets and if it is determined that the damage was caused by the previous occupant, advise LGD accordingly.**

SRD Response

- 5.3.12 The carpets were returned to Ottawa and a carpet expert has confirmed that the damage is as a result of a urine stain. SRPD has provided a copy of the expert Report to UAM, who will take the matter up with LGD.**

Recommendation for LGD

- 5.3.13 If the cause of the damage is attributable to the previous occupant, initiate recovery of the cost of the carpet and the damages incurred.**

LGD Response

- 5.3.13 Further to confirmation from SRPD that the damage was indeed caused by pet urine, UAM is finalizing the cost of the damages incurred with SRPD. UAM will be contacting the former HOM and he**

will be given an opportunity to comment on the SIV observation in general and SRD's findings in particular. At that point a recommendation will be made by LGD as to damage attributable to the former HOM (if any) for which reimbursement will be sought.

Staff Quarters

5.3.14 All nine SQs were visited by the Audit Team. The housing portfolio consists of five Crown-owned and four Crown leased properties. The SQs are all well located in the city with the exception of one Crown-owned property, PR6330038, which is located in the suburbs. The condition and quality of the SQs vary significantly due to a number of factors: lack of planning, irregular inspections and inequitable distribution of maintenance funds.

Space Guidelines

5.3.15 Measurements for two of the Crown-owned properties are not available, PR6330038 and PR6330046. However, the DMCO living in PR6330038 is considered overhoused as his family of four is living in a 5+1 SQ.

5.3.16 All Crown-leased SQs are within the space guidelines with the exception of PR6330072. This is an SQ occupied by *** and is also considered a 5+1 property to accommodate ***. The property exceeds the SQ space guidelines for this occupant by a total of 31.2 percent.

5.3.17 A number of issues are of concern with respect to the leasing of PR6330072:

- The Mission already had a suitable Crown-owned 5+1 on its inventory, currently occupied by ***. This SQ was rejected due to the 10km distance from the school which was considered too far. While the location of schools is a factor which can be considered when allocating houses it is not the sole nor is it the deciding factor. The Mission also provides school runs which would enable the children to attend any school with reasonable dispatch. The distance from the new SQ to the school is one km.
- The size of the property exceeded the HOM's authority and required Treasury Board approval. Treasury Board approval was not sought by the former HOM who approved and signed the lease in 1999 at a cost of \$US3,800 per month.
- No Housing Committee minutes could be located that would have chronicled the decision to acquire the SQ.

- The MCO has not accounted for the rent savings of one fewer SQ in the Mission budget as a result of an employee couple posted to the Mission.

5.3.18 As a result of actions regarding the leasing of SQ PR6330072 Departmental policy has been circumvented, TB guidelines have been exceeded and unnecessary expenses have been incurred.

Recommendations for the Mission

5.3.19 Seek retroactive Treasury Board approval for the lease on the property PR6330072.

5.3.20 Replace property PR6330072 when the lease comes up for renewal October 1, 2001.

Mission Responses

5.3.19 Retroactive Treasury Board approval for this lease is being sought.

5.3.20 The Housing Committee at the time was fully involved in the choice of the SQ. Minutes were unfortunately not kept but each member was asked and submitted a statement after the Audit comments were made. The Housing Committee has been mandated to look into the replacement of this SQ and recommendations will be forwarded to UAM.

Condition of SQs

5.3.21 All Crown-leased SQs were found to be in excellent condition. They are modern, well situated and extremely functional. Of the Mission's five Crown-owned SQs, two are in good condition while three others are not.

5.3.22 Three Crown-owned SQs, PR6330009, PR6330044 and PR6330046 are in poor condition and require significant work. PR6330009 is a 2+2 house which was purchased in 1978 for \$US144,000. It has been severely neglected and requires extensive repair. Asbestos roof replacement, extensive rewiring, kitchen renovations and construction of a third bedroom are all projects which have been identified by the Mission for this SQ.

5.3.23 PR6330044 was purchased in 1990 for US\$208,000. It needs significant updating. The bathrooms and the kitchen are of the 1960's vintage and very outdated. The kitchen lighting is old fluorescent lighting. The circular staircase to the 2nd floor is dangerous and the carpeting is old and worn.

5.3.24 PR6330046 is a 2+1 apartment which was purchased in 1990 for US\$189,948. The only projects identified in the five year maintenance plan for this fiscal year are to revarnish the woodwork and to replace the wallpaper in the bedroom halls. The installation of hardwood floors is planned for FY2003/04 on change of occupant. This SQ is in poor condition and has been neglected for some time. The kitchen is badly outdated and the tile flooring is in need of either replacement or extensive repair. The same can be said for the bathroom where tile is in serious disrepair. Carpets are old and worn and well beyond the stage of cleaning. The lighting is old fluorescent lighting and the entire apartment is old and dank. Significant expenditures would have to be made to bring this SQ to standard.

5.3.25 PR6330009 and PR6330046 require substantial work to bring them up to standard. Projects identified in SRSF's five year maintenance plan only present a partial picture of the maintenance requirements for the Crown-owned SQs. As extensive and costly repairs will have to be made to these two properties, serious consideration needs to be given to whether or not the properties should be kept in the Mission inventory. Certainly, even after repairs, PR6330046 will not be of the same quality as the other SQs. The size and lay-out of the apartment will always be inferior to the other SQs in the inventory and, consequently, result in two classes of housing at the Mission.

5.3.26 Given the excellent condition of our Crown-leased SQs in Santiago, consideration should be given to reviewing the benefits of leasing versus the notion of owning SQs in the Santiago market. All this should be taken into consideration when formulating a comprehensive SQ replacement plan.

5.3.27 The cost of repairs and project work for the Crown-owned properties is as follows:

**Repairs And Project Costs
Crown-owned SQs**

| Staff Quarter | FY 1999/2000 | FY2000/01* | Total |
|---------------|-----------------|-----------------|------------------|
| PR6330007 | \$4,200 | \$34,400 | \$38,600 |
| PR6330009 | 7190 | 2940 | 10130 |
| PR6330038 | 47440 | 3850 | 51290 |
| PR6330044 | 3360 | 22680 | 26040 |
| PR6330046 | 4350 | 210 | 4560 |
| TOTAL | \$66,540 | \$64,080 | \$130,620 |

* To November 2000

**Proposed Maintenance Plan
Crown-Owned SQs**

| Staff Quarter | FY 2000/01 | FY2001/02 | Total |
|---------------|------------------|-----------------|------------------|
| PR6330007 | \$35,000 | \$10,000 | \$45,000 |
| PR6330009 | 30000 | 20000 | 50000 |
| PR6330038 | 50000 | 40000 | 90000 |
| PR6330044 | 36000 | 0 | 36000 |
| PR6330046 | 0 | 0 | 0 |
| TOTAL | \$151,000 | \$70,000 | \$221,000 |

5.3.28 A review of the expenditures per property and the proposed Mission maintenance plan revealed that maintenance projects and funds were not allocated on an objective, transparent and justified basis with a disproportional amount dedicated to the DMCO's SQ, PR6330038. These priorities have been established by the DMCO.

5.3.29 The DMCO is not conducting inspections of the SQs to determine the work required to keep all SQs in an acceptable standard. An architect was hired to review the needs of the Mission properties. The report was used to form the basis of the Mission maintenance plan. However, the architect's report raises some questions. For example, in PR6330038, *** it was recommended that the circular staircase be removed due to the dangers it presented in light of the two children that live in that SQ. This was a very sound recommendation, however, in PR6330044, a similar situation exists where a circular staircase would present the same danger to its residents yet the architect's report was silent on this point. The architect's report, while a useful tool, should only have served as the starting point for a comprehensive maintenance plan based on a full inspection of the SQs by Administration and by the Housing Committee.

5.3.30 Maintenance concerns such as carpet replacement, roof repairs and inadequate lighting, have been raised by CBS. To promote a better appreciation of overall SQ maintenance, i.e. priority setting and budget restraints, and ensure equitable distribution of the maintenance budget, it would be beneficial to provide the Housing Committee with the SQ maintenance plan. This has not been the case to date. The last SRSF visit to the Mission was in May 1998.

Recommendations for the Mission

5.3.31 With the assistance of SRSF, prepare a cost benefit analysis of leasing versus owning.

5.3.32 Ensure that maintenance funds are distributed based on a long term overall maintenance plan for Mission properties.

- 5.3.33** **Develop a regular inspection schedule and a comprehensive maintenance plan for SQs including proposed renovations and maintenance projects and provide them to the Housing Committee for its information.**

Mission Responses

- 5.3.31** **SRSF has already been approached for a cost benefit analysis of leasing versus owning for the two SQs. One important element which is costly in renting in Santiago is that the owner provides neither light fixtures nor curtains. Because of this, any new set up for an SQ usually runs at approximately \$10,000 just for these items.**

- 5.3.32** **In July, 1999 upon the MCO's arrival, the MPMP consisted of only three pages and the SRSF 5 year plan consisted of only one project for Santiago for that year and none for the other 4 years. The new MPMP created from scratch in early 2000 was considered well done by SRD with a complete 5 Year Plan.**

- 5.3.33** **A regular inspection schedule has been created and put into action.**

A comprehensive maintenance plan is being documented in conjunction with the inspection schedule and the MPMP. The result will be presented to the Housing Committee for information and also for comments to improve the service.

Recommendation for SRSF

- 5.3.34** **As part of the recommended visit (Section 3.5), assist the Mission in the development of a comprehensive maintenance plan and review the viability of retaining SQ PR6330009 and PR6330046.**

SRSF Response

- 5.3.34** **A visit to the Mission has been tentatively scheduled for the Fall of 2001. Regional Maintenance Officer will visit Santiago and conduct a maintenance inspection at that time. SRSF will take note of the minor and major repairs and report back to SRS for further authorisation on expenditures.**

Work Orders

- 5.3.35** **There is no effective work order system in place at the Mission for regular on-going maintenance and repairs. The Property Assistant has attempted to develop a system, but received little guidance from the DMCO on how to develop and implement**

an effective system. Currently, requests are actioned on a first come first serve basis. There is no prioritizing of work and there is no follow-up to ensure that the work has been completed and that the individual initiating the request is satisfied. As a result, a number of requests have not been actioned. At the time of the audit, the Audit Team provided the DMCO with suggestions and examples of how an efficient work order system should work.

Recommendation for the Mission

5.3.36 The DMCO should develop a work order system for the Mission.

Mission Response

5.3.36 A work order system has been presented to the CMM under a new Administrative Notice to indicate to the employees the system being put in place.

5.4 Finance

5.4.1 The MCO is responsible for financial operations. The Accounts Section consists of a Senior Accountant who has worked in the Accounts Section for 14 years. The present Assistant Accountant was hired one month ago. The Senior Accountant has a good understanding of the IMS system and the Assistant Accountant is scheduled to attend the next IMS training course for accountants.

Management of the Function

5.4.2 Management of the Accounts Section could be improved. The MCO cannot and therefore does not use IMS. He instead uses a duplicate system (Quattro Pro) which is inefficient, time consuming and inaccurate. Ineffective planning and management of the Mission's discretionary expenditures has resulted in overspending in many areas and a \$50,000 mid-term shortfall. This shortfall is forecast despite budget savings from the Mission requiring one less SQ and the sale of surplus materiel. Moreover, staff relation issues continue to impact the Accounts Section and the development of improvements to the overall accounts processing.

5.4.3 The DMCO does not use IMS. He has not been sufficiently involved in the management of the accounts and as the Property Manager, has not been involved in the planning and accounting for the expenditure of property related budget items. His involvement in the supervision of the accountants and the review of bank reconciliations would be valuable training for his career.

Recommendations for the Mission

- 5.4.4** The MCO review the budget and provide, to the HOM and UAM, detailed justification for the anticipated shortfall.
- 5.4.5** The DMCO should be involved in managing Mission accounts, planning, reviewing bank reconciliations and supervising accounting staff.
- 5.4.6** Both the MCO and the DMCO should immediately receive supplemental IMS training and actively participate in its use to become more proficient with the system.

Mission Responses

- 5.4.4** At the third quarter review, in early January 2001, the Mission presented the update of the budget and options to balance it in order to avoid a deficit. This approach was successful; at fiscal year-end, the Mission Operational and Capital budgets were right on target with no overrun and no money lapsing. The members of the CMM were also kept well informed on spending during the entire 4th quarter.
- 5.4.5** The DMCO is participating more effectively in the Finance function. In the reorganization of the Program, the DMCO will take over other responsibilities which will enable him to participate more in the budget planning of the Mission, providing financial information to other programs and becoming more knowledgeable on bank reconciliation. He will supervise the accounting staff when replacing the Mission MCO.
- 5.4.6** The MCO is now fully operational in the use of the IMS system for controlling the budget, following day-to-day expenditures, and can now use the system to prepare forecasts. The DMCO will shortly start IMS training.

Budget Control

- 5.4.7** There is a significant lack of control over the Mission budget as evidenced by the following:
- IMS was rolled out to the Mission in May 1999. IMS is not being used to control expenditures and analyse budget data. A duplicate system, Quattro Pro, is used, which does not match the financial data entered into IMS. Without IMS, the MCO cannot effectively monitor and control the

financial operations of the Mission. The Accountant, however, is generating the required IMS reports and filing them with the monthly accounts.

- The mid-term report indicated a \$50,000 shortfall to the Mission budget, despite SQ savings to the budget which have not been assessed or accounted for.
- IMS tools to allow for better management of the Mission budget have not been implemented. Commitments (CO) have not been set up to control non-discretionary budget expenditures, nor Internal Orders (IO) to track unusual or project related expenses, nor a Plan to prepare a budget forecast and monitor actual expenditures. The Mission has adopted, as a result of the RFO's visit in August, individual cost centres for each program, which allows them to track ongoing expenditures against each program. This is a step in the right direction.
- The appropriate Cost Centre is not always entered when payments are made to enable IMS to capture expenses in its reports. Without utilizing the various features of IMS, it is difficult for the Mission to effectively manage its budget.
- Extensive use of personal services contracts at the Mission are not being controlled. Last fiscal year, the Mission paid a total of \$60,000 for personal service contracts. In the first seven months of this fiscal year, the Mission has already paid over \$50,000 for similar services. While the Mission, at mid-term, was reporting a shortfall, there was no record of any review of these discretionary expenditures to offset the budget shortfall.
- The Mission Accountant maintains a listing of all IOs and COs received in IMS from Fund Centres outside the Mission. The Mission has had difficulty in the past ensuring that all expenses were correctly coded to the appropriate spending authorities and not absorbed by the Mission budget. In some cases, the Mission mistakenly processed payments against the Mission budget rather than to external codings that were provided. In some cases, payments were processed in advance of external codings. In one case, when spending authority finally was received from Headquarters, it was either too late to adjust the expense or it was simply not followed up by the Accountant and MCO. This resulted in the Mission being charged for an expense that should have been coded to other Funds Centres. Effort is now being made to ensure proper coding is received prior to expenditures. However, a review of the Mission budget, revealed that there was \$12,000 to be recovered. Recoverable entries should be closely monitored and follow-up action taken quickly to ensure that Mission funds are appropriately controlled. Some of these

expenditures were Development Program expenditures and should be coded to OGD funding.

Recommendations for the Mission

- 5.4.8 The MCO should terminate the use of Quattro Pro and use IMS for budget control and reporting.**
- 5.4.9 The Mission Accountant should ensure that appropriate Cost Centres are used when documents are entered into IMS.**
- 5.4.10 Review budgeting and expenditures relating to personal services contracts.**

Mission Responses

- 5.4.8 Terminated in November 2000.**
- 5.4.9 A new standard system has been developed for FY 01/02 to enter key information on IMS documents. The Cost Centres are an important part of the new conventions.**
- 5.4.10 A review has been carried out for FY 00/01 and proposals were presented to the CMM in early April for FY 01/02. Program Managers are evaluating the proposals. Two key items of the proposals are the lowering of the service contract budget and the distribution of the funds amongst the programs according to their expected needs.**

Revenue from the Sale of Assets

5.4.11 The Mission has made good progress selling surplus materials, and reducing its storage costs. At the time of the audit, the Mission had disposed of \$16,000 worth of surplus assets. The Mission received 90 percent of this from SRS as additional funding to the Mission. The Mission has yet to charge any expenses against this CO. These funds can be used to off set any shortfall in the Mission budget, except salary expenses.

Recommendation for the Mission

- 5.4.12 Ensure funds returned from sale of surplus materiel are shown in the Third Quarter Term financial report and used to offset any budget shortfall.**

Mission Response

5.4.12 It was presented at the third quarter review.

Accounts Processes

5.4.13 Payments are issued through the use of cheques or letters of instruction to the bank for a manual transfer of funds. A three month review of the Mission accounts indicated that there are, on average, 50 to 100 outstanding cheques each month in the local currency account. This results in a large bank balance to cover these cheques. For long-term outstanding cheques, the payee should be contacted to facilitate payment.

5.4.14 Many small expenditures are being paid by cheque. The Mission should consider increasing the use of petty cash to pay more expenses under \$200. The RFO had indicated in his August report that the Mission could also consider using acquisition credit cards for some payments. Electronic funds transfer, while not used at this time in the Mission, is another example of a more efficient payment system.

Recommendations for the Mission

5.4.15 Follow-up on long-term outstanding cheques.

5.4.16 Consider more efficient payment methods such as use of petty cash, debit or acquisition cards.

Mission Responses

5.4.15 Accountant will monitor closely any cheque overdue by two months. It will also be part of the verification done by the MCO and the DMCO when reviewing financial reports at the end of each month.

5.4.16 Petty cash for material and property has been increased, as has the limit (up to \$200 for a single payment).

In the banks survey, the provision of credit cards is being requested.

A credit card will be initially issued to each driver, the handyman, when he becomes a full time employee, and the Materiel and Property Assistant. At a later date, the Mission will evaluate if other staff should have these cards.

Bank Reconciliations

5.4.17 From April 1999 to September 2000 (18 months), the Mission was late in submitting its bank reconciliations. A large number of adjustments were carried forward from one month to the next. Accounts were signed late, months after they were submitted to the MCO and sent to Ottawa in batches three months at a time. Without timely reconciliations, the MCO cannot effectively control the Mission bank accounts and the risk of financial irregularities is increased. While this process is now improved, the Mission accounts should be closely monitored to ensure proper, regular reconciliations.

Recommendation for SMFB

5.4.18 Monitor the monthly reconciliations to ensure regular submissions and minimum adjustments.

SMFB Response

5.4.18 During the roll-out of IMS in 1999-2000, many Mission bank reconciliations were not being done on a timely basis as a result of a training issue. During the fiscal year 2000-2001, all Missions were provided extensive training on bank reconciliations which has significantly improved the situation. SMFF has recently implemented a new procedure where any mission with bank reconciliations outstanding for a period of greater than two months will result in the HOM being contacted by the SFFO. The Mission is currently up to date in submitting its bank reconciliations.

IMS Access for Programs

5.4.19 Mission Programs have a need to track and review expenditures related to their individual Programs. Presently, the Accountant is reviewing external spending authorities (CO's, IO's) and OGD budgets to provide, as needed, hard copy printouts from IMS for each Program. The associated printing and filing creates extra work for the Accountant. "Read Only" access to IMS for Programs would reduce the extra work and would promote more efficient financial management by the Programs.

Recommendation for Mission

5.4.20 IMS "Read Only" access should be made available to each Program along with appropriate training.

Mission Response

5.4.20 The Assistant in CIDA was trained on IMS in January and already has read-only capacity. The Trade Program has one person who has access to IMS. Immigration will have one person trained before the end of the FY. At least two more people in the Management and Consular Programs (besides the DMCO) will be trained on the MM module giving access to IMS. The staff will be the Administrative Assistant and one of the Consular Officers. It will bring to seven, by the end of the year, the number of people in the Program with some capability on IMS.

Banking Agreement

5.4.21 The Mission uses ***. The Mission does not have a formal banking agreement in place. The Mission has been dealing with this bank for many years, and has not reviewed services, charges and benefits. Competition from other banks regarding reduced charges and improved services could be of benefit to the Mission.

Recommendation for the Mission

5.4.22 Review services and costs provided by local banks to ensure that the Mission is receiving the best value.

Mission Response

5.4.22 A Bank Survey is in progress. An agreement should be signed by early June.

5.5 Information Management

5.5.1 The MCO is responsible for the function, but the day-to-day operations has been delegated to the LE-07 Systems Administrator (SA). The incumbent, a spouse, will be leaving the Mission in the summer of 2001. The function is well managed by the SA. Program Managers interviewed expressed satisfaction with the level of service provided by the SA. The SA is backed up by the Consular Assistant.

Capital Acquisitions Plan

5.5.2 A comprehensive list or a plan for acquiring the work tools required for each Program does not exist. Concerns were raised by staff that not all computers have the same capability and capacity. Some computers are outfitted with sound cards and expanded memory while others are not. Program Managers need to be canvassed individually to identify Program requirements which would enable the MCO to effectively

plan for any additional capital acquisitions in the coming year, and to provide input into the Mission capital acquisitions plan.

Recommendation for the Mission

5.5.3 Determine Program information technology requirements and note in the Mission's capital acquisition plan.

Mission Response

5.5.3 The SA has canvassed staff and each Program Manager to obtain information on their IT needs. He has produced a first draft for the Capital budget.

Information Management Practices

5.5.4 The SA is aware of the need to manage information more effectively. He has cleaned up the "I" drive and is strongly encouraging the use of CATS. He is also maintaining "Public Folders" as well as "Contacts" for the Mission.

Training

5.5.5 There is no formal IT training plan at the Mission. Training is done mostly on a coaching basis by the SA. All staff received SIGNET upgrade training with the roll-out of SIGNET 2000+. While staff did not express a need for training, it would be appropriate, particularly in light of the SA's imminent departure, to determine whether any training is required. These training requirements could then be incorporated into the overall Mission training plan.

Recommendation for the Mission

5.5.6 Develop an IT training plan for incorporation into the Mission training plan.

Mission Response

5.5.6 The IT training plan is being developed in coordination with other Mission training requirements. The SA has already canvassed staff on their need.

Website

5.5.7 The SA is the Webmaster. He improved the Mission Website to provide a cleaner, faster look. The Mission Website has a quick link to the HQs Trade Website.

He has also started a Website Committee to ensure consistent and regular updating of the Website.

User ID and Passwords

5.5.8 The SA indicated that some staff are sharing their user ID and password with other staff members ***. While the SA has endeavoured to explain to staff the proper procedures to follow, this practice is still continuing. The Mission needs to establish a system to report these incidences to management for follow-up action.

Recommendation for the Mission

5.5.9 The MCO and the SA implement procedures to systematically report continued ID and Password violations to Mission Management.

Mission Response

5.5.9 The SA has been instructed to report all IT security infractions in writing to the respective program manager as well as the MCO. When it is warranted, the HOM is informed.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

| | CBS | LES | Total |
|------------------------------------|------------|------------|--------------|
| HOM | 2 | 5 | 7 |
| International Business Development | 3 | 7 | 10 |
| PERPA | 2 | 3 | 5 |
| Consular | 1 | 1.5 | 2.5 |
| Administration | 1 | 8.5 | 9.5 |
| Immigration | 1 | 2 | 3 |
| Development | 1 | 1 | 2 |
| Total | 11 | 28 | 39 |

Physical Resources

| ASSETS | CROWN LEASED | CROWN OWNED |
|---------------|---------------------|--------------------|
| Chancery | 0.5 | 0.5 |
| OR | | 1 |
| SQs | 5 | 4 |
| Vehicles | | 3 |

Financial Information 2000/01

| | |
|-------------------------|--------------------|
| LES Salaries (N012) | \$1,015,468 |
| Operational (N001) | 1038791 |
| CB Overtime (N011/0104) | 8600 |
| Capital (N005) | 110275 |
| Total | \$2,173,134 |